HOUSE OF LORDS

Liaison Committee

Corrected oral evidence: Financial exclusion—follow-up

Tuesday 16 March 2021

2.10 pm

Watch the meeting

Liaison Committee—members present: Lord McFall of Alcluith (The Chair); Lord Bradley; Baroness Campbell of Surbiton; Lord Judge; Lord Lang of Monkton; Lord Smith of Hindhead; Lord Tyler; Baroness Walmsley.

Financial Exclusion Committee—members present: Baroness Tyler of Enfield (former Chair); Viscount Brookeborough; Lord Empey; Baroness Primarolo.

Evidence Session No. 1 Virtual Proceeding Questions 1 - 6

Witnesses

I: Natalie Ceeney, Chair, Innovate Finance; Martin Kearsley, Banking Director, Post Office; Martin Lewis, Chair, Money and Mental Health Policy Institute; Founder, MoneySavingExpert.com .

Examination of witnesses

Natalie Ceeney, Martin Kearsley and Martin Lewis.

The Chair: Welcome again. I am Lord McFall of Alcluith, Chair of the Liaison Committee. We are here today to examine the follow-up of the Select Committee on Financial Exclusion. That was an excellent inquiry with an excellent and simplified document. It was of great merit to the committee and the House itself.

I am delighted to be assisted today by Baroness Tyler of Enfield, who is former Chair of the Select Committee on Financial Exclusion. We also have some of the former members of that committee, Lord Empey, Baroness Primarolo and Viscount Brookeborough. They are participating in a relatively new procedure. It was one of the many recommendations of the 18-month review of House of Lords committees, which reported in 2019. This is now the third follow-up exercise of this type that has been conducted by the Liaison Committee.

I draw attention to the declaration of interests of Members who are participating in the meeting. To assist both witnesses and Members, I ask everyone to state their name before they speak for the first time.

The one with the hardest job today is Baroness Tyler of Enfield, who is chairing this session. There is an awful lot to get through in these few hours. Baroness Tyler, you are the ring person today for that. Thank you for your report, and over to you.

Q1 **Baroness Tyler of Enfield:** Thank you very much indeed, Lord Chair. I am absolutely delighted that the Liaison Committee decided to conduct a follow-up inquiry into our financial exclusion report. Particularly with COVID, the issues remain extremely relevant. As the Lord Chair said, time is very tight, so I ask both those asking questions and those responding to be very short and succinct.

An extremely warm welcome to our three witnesses for this session: Natalie Ceeney, Martin Kearsley and Martin Lewis. Would you introduce yourselves very briefly when you answer the first question?

Before I pose the first question, I declare my interests as a member of the Financial Inclusion Commission and as president of the Money Advice Trust.

Turning to the first question, what do you think the most significant developments have been since the committee reported in 2017, particularly taking account of COVID? What do you think the priorities should be in the next few years for those responsible for tackling financial exclusion? Natalie Ceeney, perhaps you would like to start, and introduce yourself.

Natalie Ceeney: I chaired the independent access to cash review. Thank you very much for having me here today.

The world has changed an awful lot in the last few years. To start with the positive developments, during the pandemic we have seen quite a strong focus on inclusion, with a recognition that not everybody who finds themselves in financial difficulty had any ability to influence how they ended up there. I welcome some of the moves over the last year: for example, increasing universal credit; the furlough scheme; and some of the actions to recognise that people need help.

Over the last few years, some of the infrastructure to help the most vulnerable has started to collapse. For example, as more and more people have gone digital, more and more bank branches have closed. As more people have used digital payments, more ATMs have closed. During COVID, shops have even stopped accepting cash. Despite everybody's efforts to help—the Government and the banks alike—COVID has exacerbated the number of people who are in financial difficulty and has made some of the exclusion issues in society even worse.

What are the priorities? I think the days of tokenism need to be over. We have not seen significant progress in, for example, the number of people unbanked in the last decade. At its heart is the fundamental issue that there are market segments that commercial models will never address. It may neverbe commercially viable to support the most vulnerable, the poorest or people with no money.

There are utilities that have a legal obligation to support everybody in their area; the Post Office is legally obliged to provide proper postal services for everybody. You cannot survive in today's society without basic banking and without access to payments. I think we need to take the same approach and look for structural change. For me, that would be about legislating where necessary, for example on cash, to put a legal obligation on the banks to provide services to all customers who need them. I would do the same on basic banking services.

I would give our regulators the power they need. At the moment, the regulators do not have the legal powers needed. They do not have a statutory duty to make the banks include everybody, and they need those powers.

Baroness Tyler of Enfield: Thank you very much indeed. Martin Kearsley, could I turn to you, please, for your perspective on those two points?

Martin Kearsley: Yes, certainly. Thank you. I absolutely echo Natalie's submission just now. Over this last year, we have obviously seen real difficulties with COVID-19. It has accelerated the decline in the use of cash across the country for the reasons that Natalie talked about. Shops are choosing not to accept cash.

Since 2017, we have not seen a great deal of direct intervention or guidance from government, but that is set to change. We welcome the imminent legislation. We think it might still be several months away. In the meantime, we are left with essentially commercial considerations, and that brings with it weakness. It exposes a fragile cash infrastructure. We saw that evidenced last year when one of the major banks wished to change its view on cash withdrawals through the Post Office. The significant public backlash at the time brought about a U-turn, but it underlines the fragility of that system. It is a commercial arrangement, and banks, quite rightly, are free to choose how they offer their services. If the commercial aims of the Post Office and the banks do not align, we will see that fragment even more.

When we last gave evidence to the committee in 2017, the banking framework had not yet started. We supported some banks for some cash services for some customers. Since 2017, the framework now supports almost every bank in the country, consumers and small businesses, and we have seen a huge increase in cash transactions. There were something like 50 million transactions in 2016. Last year, even during COVID, there were about 140 million transactions. We now move something like £23 billion of cash around the country. We have seen an increase of something like 120% in cash deposits. It is illustrated by the fact that about 43% of small businesses could not survive without Post Office services. I can run through some percentages—

Baroness Tyler of Enfield: Not at the moment, please, because we are very tight for time.

Martin Kearsley: Understood.

We continue to support vulnerable customers across the country in all our branches, including Department for Work and Pensions and a large number of Post Office card account customers. In all those vulnerable areas—rural and urban-deprived—where there is a limited network signal, where people cannot get online services, cash is still absolutely vital.

The biggest important element is that many vulnerable and less financially able customers need to budget to the penny. A large number of our transactions support those customers. We encourage them to carry on. Only by providing a really strong foundation for cash for those who need it can the country consider moving towards a more cashless future. We, as the Post Office, and Link, which runs the ATM schemes, are the shoulders on which the country's cash currently sits.

Baroness Tyler of Enfield: Thank you very much indeed, Martin. Could I now turn to you, Martin Lewis?

Martin Lewis: I am the founder of MoneySavingExpert.com and founder of the Money and Mental Health Policy Institute.

I agree with Natalie about the unbanked. We still have a situation where someone who obviously has a poor credit score and will not get a bank account is still given a personal account application form and not told up front about basic banking. That needs to change.

I agree too about access to cash. We should remember that many people are enjoying the move to a cashless society. That is almost a danger in itself. It becomes accepted by the mainstream that we do not need cash anymore, and therefore people do not consider the need to protect it.

Let me move on to some subjects that have not been covered. The shift from the Money Advice Service to the Money and Pensions Service has been very welcome. The change in attitude from "What can we do?" to "How do we improve the sector as a whole by working in partnerships with people who are already doing good jobs?" has been very welcome. It is a much better organisation for it.

The landscape for financial education—a big campaign of mine—has improved. We introduced the first textbook for schools in England, the curriculum-mapped textbook, working with the charity Young Money.. I paid for that. I am delighted to say that for the Welsh, Scottish and Northern Irish versions the Money and Pensions Service is splitting the cost with me. Its budget has been reasonable this year.

It is worth noting—I say this not to self-aggrandise but to put it in proportion—that I have still put more money personally into financial education than the official Money and Pensions Service has. I hear it is talking about reducing budgets for financial education next year. I think that is disastrous and needs to be overturned. I understand that it has a lot of priorities. Maybe we should not be looking at funding this crucial subject in schools solely from the budget of an organisation that has to do many other things. The Department for Education could do it.

We still have a problem of access for mortgage prisoners. That is likely to grow with the leasehold issue that is going on. With the difficulty of getting mortgage deposits, they have been trapped for 12 years.

The big one that none of us can forget when we are talking about financial inclusion is the up to 3 million people who have been excluded from financial support in a short-sighted way that will catastrophise their finances and leave them excluded, possibly for years in the future. I could not in good conscience come and talk to this committee without at least nodding to the problem of the excluded caused by the pandemic. They have just fallen through the chasms in the support system.

On legacy benefits, universal credit has been uprated, but carers and the disabled have not. They are financially excluded. They should have got an uprating too.

I will finish with my my potpourri. We have an explosion of scams in the United Kingdom at the moment. Many of them are financial and quite a few of them have my face on them; quite a lot do not. Those scams are eroding trust in official sources of information. It makes improving financial inclusion far more difficult when people who have already been burned by scammers using similar language will not trust official bodies. It needs to be put in the Online Harms Bill. There is no plan for that to happen. If it does not happen, I am extremely worried as to how we will ever be able to have financial leadership again in this sector, when there are so many scammers purporting to offer it.

Baroness Tyler of Enfield: Thank you very much indeed, Martin. I invite Viscount Brookeborough to ask the next question.

Q2 **Viscount Brookeborough:** I come from Northern Ireland. Part of my question has already been answered, but I would like any of you, if you can, to quantify the number of individuals at increasing risk of social exclusion and marginalisation during the crisis. Are there a couple of very important lessons that you think we can actually learn? Do you think it is socially responsible of the banks to be announcing further closures during these uncertain and serious pandemic times?

Baroness Tyler of Enfield: Natalie, would you like to go first?

Natalie Ceeney: There are a number of questions. Let me attempt to answer some of them, and others can fill in the gaps.

A huge number of people have been affected by the pandemic. We are still getting to understand how many. The FCA has published data on financial resilience showing that we have some of the lowest levels of financial resilience we have had in decades. To touch on a specific issue I know well, which is cash, up to 8 million people in the UK are dependent on cash, with all the issues that you noted.

On your other question, as to what it is responsible to do, one of the key issues and lessons we need to learn is how we act now. After the last recession, it took people who had been hurt badly up to a decade to recover. At the root of that was a fundamental belief that a lack of foresight was blamed: that people did not have enough money and they did not look ahead.

In this pandemic, no one had foresight—none of us. The Government certainly did not, and you cannot argue for a second that the people who have been affected are to blame. We still have an awful lot of work to do to protect the services that people are dependent on now. Cash would be very high up my list. It is about taking action on some core issuesto include people. Some of the issues Martin raised are up there.

It is also about looking at the recovery mechanisms. We still have not fundamentally changed the way debt is recovered. There are an awful lot of people in debt right now. If we do not look at debt recovery in a different way, we will have a crisis for consumers and small businesses over the next couple of years. There is still an awful lot of work to do.

Baroness Tyler of Enfield: Thank you very much indeed. Martin Kearsley, could I ask you to respond with a couple of short points?

Martin Kearsley: Yes, certainly. Viscount Brookeborough mentioned Northern Ireland. One of the key areas we focus on is supporting vulnerable customers who rely on cash. The Post Office card account is a classic example. In Northern Ireland, there is a particular regional focus on the need for cash. It is a particular area with its own particular problems, as we know.

We are very concerned but supportive of the Department for Work and Pensions move to migrate Post Office card account customers over to bank accounts. We want to make sure that vulnerable customers are really assisted in that migration, so that it becomes seamless and does not impact their way of life. As Natalie has mentioned, they are vulnerable , so it is vital to support them in moving over so that their lifestyle is not affected and they are not made more vulnerable by being moved from one account to another.

Across the rest of the country, we must make sure that the many millions of people who require cash as part of their daily lives can still have solid and robust access to it. It needs government intervention to ensure that happens.

Baroness Tyler of Enfield: Martin Lewis, just a couple of quick points, please.

Martin Lewis: It is worth understanding that, financially as individuals and as a nation, the pandemic has split and cleaved us into two. We cannot ignore the fact that there are silver linings. According to the Bank of England, people have stored up £100 billion of extra savings. That should help with future resilience. We need to be careful and clever and make sure that we use this as an opportunity for educating about financial resilience, and make sure that some of the people who may have been excluded before can finally, because they have continued to work and not had costs because they have been at home, actually use the money to protect themselves in the future.

You asked for the number of excluded. That number is hotly debated. My instincts tell me that it is around the 3 million mark, but let us be honest: does it matter if it is 2 million or 4 million? In common parlance, it is a shedload of people. Those people’s finances are absolutely catastrophic. I worry that they will become a burden on the welfare state, when previously they were able to support themselves. We should be enabling them to support themselves again.

To answer your question whether it is socially responsible for banks to be closing branches in the middle of this, I never attribute social responsibility to banks; that it is something that banks need to do. They are there to make money for their shareholders. Surely, it is for regulators and politicians to make sure that, if we need them to keep the bank branches open, they do so. Their job is not to look after us; their job is to make profits for their shareholders.

Baroness Tyler of Enfield: Thank you very much. I invite Lord Empey to ask the next question, please.

Q3 **Lord Empey:** My question is probably, in the first instance, directed at Martin Kearsley. What role does the Post Office currently have in providing access to financial services for customers who are or at risk of financial exclusion, and how might that role develop?

In that context, last week the Bank of Ireland announced a huge closure programme of banks on both sides of the Irish border. That is a huge blow because of our rural and spread-out population. It is perfectly clear that the problem has apparently risen by 70%; so 70% of bank customers no longer visit a branch.

Martin Kearsley: As Martin just explained, it is for the banks to make their own choices, so I reserve comment on that. What we do through the banking framework is support the customers of all banks. We currently have over 30 signed up to the banking framework. It is a common standard of services. It is typically cash only. It is cash deposits and cash withdrawals. We handle cheques and change for small businesses as well as their cash needs.

All sectors of the community, all across the country, in our 11,500 branches, can benefit from what you might call everyday banking services through their local post office. That is a hugely important role that we have played. It fulfils our social duty. It supports to a huge degree the post office being the vital heart of most communities. We have seen many thousands of bank branches close around us. To a certain extent, we have benefited from the footfall that has brought. It reinforces the heart of the community.

It is especially so in Northern Ireland, as I just mentioned. We have something like 50 branches across the Province. Whereas all the banks in Northern Ireland have gone through a similar structural change to the one the Bank of Ireland has just announced, we are the bedrock for those communities across the Province.

Similarly across the rest of the country, in the most rural, deprived and distant areas—the Highlands and Islands and the foothills and valleys—we have post offices serving bank customers. The most important thing is covering those with young families, those looking for work, those on benefits and the more elderly and vulnerable customers. They are all our population and all our citizens. We do not want them to have to travel to the next town to go to the last remaining bank in the area. They can bank next door at the post office.

While we focus mainly on everyday banking, and we are a transactional network by definition, we also offer a range of insurance products. We offer a range of savings products, most of which we will quite happily talk to our customers about when they visit the branch. They can visit online.

I think we need to expand into areas such as financial education, as Martin Lewis just mentioned, trying to make sure that everybody is aware of the services they can get, not just from us but from every organisation in the country, to help underpin their stability and increase their financial inclusion.

Baroness Tyler of Enfield: Thank you very much indeed. Natalie, is there anything you would like to add?

Natalie Ceeney: I am chairing a piece of work at the moment called the community access to cash pilots. In fact, I work closely with Martin and his team. One of the things we are looking at is whether the Post Office could step up a level and provide a new model that copes with the loss of bank branches.

We are about to launch some banking hubs, which will be an advance on the current Post Office model, in big enough places where consumers do not have to queue tightly and do not have other things going on around them. It will feel like an old-fashioned bank branch. We will also have community bankers from the banks coming into interview rooms to provide a personal banking service to supplement the Post Office service. If the model works, it could help protect people from the impact of branch closures by utilising the Post Office system and infrastructure, while reducing costs to the banks by allowing them to share services.

Baroness Tyler of Enfield: That is extremely helpful. Martin Lewis, is there anything you would like to add?

Martin Lewis: No. I think I will save my time for others. It has all been said.

Baroness Tyler of Enfield: I invite Baroness Primarolo to ask her question.

Q4 **Baroness Primarolo:** Thank you very much for the very comprehensive answers you have given so far. I want to concentrate on the question Martin Lewis touched on, which is the gaps that people fall down. These are the gaps, perhaps, between social policy and regulatory policy to prevent financial exclusion or to promote financial inclusion.

Could I ask each of you briefly to say whether you would support a change in regulation, not on individual financial providers but actually for the FCA to have a statutory duty of care? It would be twofold: to prevent harm to the consumer and to promote financial inclusion. Perhaps Martin Lewis could start, and then I would like to hear each of you comment on that.

Martin Lewis: Yes, we are now at a stage when we need to look at improving what the FCA does beyond just treating customers fairly. I need to say that this research does not have its "t"s crossed and its "i"s dotted. When we look at bailiffs coming to people's doors, for example, within debt the presumption has always been that most people can deal with that, and then there are some vulnerable people with mental health issues who we have to make sure are treated fairly and cautiously within that remit.

As I said, the research is not fully checked out, but it is starting to look as though more than 50% of the people on whose doors bailiffs knock have mental health issues because of the huge correlation between mental health and debt. You are four times more likely to be in debt crisis if you have a mental health issue than everybody else. In that case, we have to look at the presumption of the individual's ability and responsibility to take care of themselves. A duty of care and protection on the FCA would be important, but I am not sure legally whether, if the FCA has a duty of care but providers do not, apart from simply analysing and looking at what providers do, it can enforce that duty of care on the individual providers.

I suggest we are getting towards the point where we understand that a duty of care encapsulates something bigger. I know there are other nuances such as duty of best interest, but let us call it a duty of care and ignore the nuances. On core public service financial providers, we may need to differentiate between the types of financial services. There are core and there are niche, but we should be looking at moving to a duty of care on core financial services providers, as well as with the FCA.

Baroness Primarolo: Thank you. As others answer, could you touch on this? In financial regulation, there are not exactly conflicts but contradictions between personal responsibility, financial capability and duty of care on different providers. As Martin identified early on, what is meant by duty of care depends on where you join the conversation. I am trying to tease out exactly what duty should be there and how we make it fit.

Martin Kearsley: On your two points—social policy and regulation policy—there are clearly some very vulnerable people who, without being rude in any way, are without the capability of running their finances or lives in what we would call a non-chaotic, normal way.

We welcome those customers into post offices as well. Every week, we provide their benefit payments; we provide it through the Post Office card account, which, as the committee may know, is due to change soon. There is a replacement service for those who fall beyond the margins; we talked about dropping through the gaps. Most customers will be able to use and access a normal bank account, which would be the right thing to do, and to migrate to its use. It is the best and most cost-effective way of running those services. A significant number of people—about 20% of the remaining customers—will not be able to access a normal financial product, so a replacement product is being provided by the department.

We have some concerns about the ability of those customers to run it. It is, essentially, a voucher that will trigger a certain pay-out each week. Every one of those customers, possibly the least able and the most vulnerable, will therefore be given their entire week's money in one go at a post office counter—we are working with the department to do that—and will leave the branch. There is no ability for them to build up a balance or to leave some of the funds behind in an account. We find that challenging, because those customers will then have no reserve to fall back on. We think that is a challenge. There is a social obligation, both on the Post Office and the various departments, to ensure that those who are most vulnerable get the protection that they need and the ability to access a savings product, whereby they can store their money, should they have some.

On the regulatory policy, we welcome all sorts of innovations. Natalie touched on a few when she mentioned the community access to cash pilot a moment ago. There is the ability for various outlets to provide cash to the community and consumers in the way of withdrawals. We want to make sure, though, that the regulatory framework that sits within that provides security, robustness and stability to that service, so that it is not some sort of free-for-all, and that all providers working through various ways that consumers can access their cash should be controlled and regulated in a similar way.

As Martin just mentioned, it might be different for the biggest core providers, and we would include ourselves in that, versus what you might call convenience store locations. In any event, a general regulatory framework needs to be put in place that supports the accurate and robust safe provision of cash.

Baroness Primarolo: Thank you, Martin. Natalie, how do we protect the consumer in all this and have transparency with a duty of care?

Natalie Ceeney: To quickly answer your question, yes, we have a gap. If I step back to consider why, there is a mismatch between the commercial model that provides financial services and the social policy aspect of inclusion.

Martin Lewis said earlier, and he is absolutely right, it is not the banks' job to be a social service. It is not their job to serve the unprofitable. They are there to make profit. That means that there are swathes of consumers who are being poorly served. Unless we change the way legislation and regulation works, that will continue.

In fact, it is even worse than that. At the moment, if a bank takes more vulnerable consumers on to its books, it does worse commercially than its competitors, so there is a perverse incentive to support the vulnerable. We need to think differently. I agree with Martin Lewis that we need to think about this both at the level of the powers that a regulator has and as regards the legal obligations on companies. I have done a lot of work in this area on cash. The legislation we need, which I hope is coming, because it was promised a year ago, is a legal obligation on banks to make sure that their customers have suitable cash access, and then the powers for the regulator to enforce it.

Your other point is about the Bill having lots of contradictory language. I spent four years as chief executive of the Financial Ombudsman Service, so whenever I hear people talking about financial responsibility, caveat emptor and various other similar phrases, my hackles rise. The reality is that you do not have any choice but to use financial services in Britain if you want to function, yet financial services are very complicated. For most people, a lot of the terms and conditions are incomprehensible. There is significant financial asymmetry between banks and consumers. I spent four years presiding over systematic mis-selling, in that case PPI, which cost the banks £50 billion.

We need to make financial services easy to use. When things go wrong, nine times out of 10 it is because they were not clear enough and not explained well enough; it was not that the consumer was trying to pull a fast one. As Martin said, we have increasing numbers of scams, which are making things difficult. We have to recognise that consumers do not have a choice. They have to use financial products, so let us make it as easy as possible.

Q5 **Baroness Tyler of Enfield:** Thank you very much indeed. As a final question for this session, do you feel that the Government's leadership on financial inclusion, which is of course a very cross-cutting issue, has been sufficient in the last few years? What the impact of the Financial Inclusion Policy Forum has been? Do you feel, as we recommended in our report in 2017, that the Government should publish a financial inclusion strategy that is available for public comment and consultation?

Natalie Ceeney: We absolutely need a strategy. I do not doubt everybody's commitment and willingness, but we do not have a strategy and there are some big, strategic choices required. My belief is that we have now come to the point of recognising that the commercial model will only go so far, and we need to legislate on an obligation on providers and regulators to have regard to inclusion. That is a key issue for the Government to debate.

Again, if I take it down to a microcosm that I know well, which is cash, if we do not do exactly that in cash we will lose the cash infrastructure that we have in Britain within 12 months. That will leave between 5 million and 8 million people struggling to function. We need a very clear strategy, which needs to move beyond commitment.

Martin Lewis: I agree about a strategy. Natalie said it very well. I will not add anything.

I am a member of the Financial Inclusion Policy Forum. Having two Ministers with financial inclusion as their brief has been useful but far from revolutionary, and far from the scale and size of the change that we need. That policy forum is a nice talking shop that looks at some good experimental attitudes and things that we can do on the periphery to have change. I welcome it and I would not want to damage it, although I struggle at the moment to sit on something called "financial inclusion" when 3 million people are excluded from financial support. It is something I am considering.

The bigger picture is that it needs to be much higher up the chain, and larger amounts of money are needed to give us real financial inclusion. Dealing only with the periphery issues and the experimental, asking how we can get some market solutions to come in that can fix this and get some seed capital that enables us to distribute new cash, will not come close. We need far more senior, powerful and invested government in financial inclusion. Because it is the bedrock of employment. It is the bedrock of being a consumer and, frankly, it is the bedrock of being a citizen. All those decisions involve, to an extent, some form of financial knowledge and financial inclusion.

We have improved. We now at least have a car on the road, but we are far from the motorway.

Baroness Tyler of Enfield: As a quick follow-up, do you feel that the policy forum, if it were given more teeth, could do the sort of job that you are talking about, or do you think it needs a completely different sort of architecture across government?

Martin Lewis: I think the forum is good at feeding off what the Government want it to do. They set the agenda. They say, "Here's a nice idea we've had. Let's all talk about it". So we have a nice warm conversation, and we are all generally positive about the experimental attitudes, but it is far from dealing with the meat of the issues that are going on. Ultimately, we need a strategy from the top end, and then the forum should look at it.

It feels somewhat futile to me when I go, because I hear periphery discussions about a project that one organisation has come up with, and everybody else applauds, but it is not dealing with the big problems; it is dealing with a few things on the side. It is not close to being what is needed for financial inclusion. That would need to be the Government. Ultimately, the Government have to do that. No policy forum will ever be able to do that, because it has no power.

Baroness Tyler of Enfield: Thank you very much. Martin Kearsley, could I have your take on it, please?

Martin Kearsley: Certainly, Lady Tyler. I have two reflections—one from the Post Office perspective and a personal one, because we would all resonate with the same challenge.

From the Post Office perspective, I absolutely agree with Martin. We sit on the policy forum as well. It is a very useful talking shop—to use that phrase. There are lots of good ideas swirling around. Some of the useful things that have come from it have been about education, and I would wish to encourage that.

There are two things, however. There is a clear and present challenge right now, which is people who are excluded dropping through the gaps. They need to be protected by government action. As both Natalie and Martin have said, we need government intervention, or certainly government direction, to make that work.

There is a future problem looming, which brings me to my personal observation. I was chatting to our 17 year-old recently. She has just got a job, which is great news in COVID, and she is working quite happily and earning her own money. I started to talk to her about pensions and national insurance, and how all the money gets spent, taken into central government and distributed into all the things we spend. After about five minutes, she said, "Why don't they teach me any of this at school? Why is this not in schools?"

There is no education for the next generation coming through, first, about financial responsibility and, secondly, about financial awareness of what is due to happen and how the world works from a financial perspective.

I think the policy forum needs to focus on the problems right now, to make sure that we do not lose anyone else through the gaps and we support those who are in imminent danger of falling off the perch. We must also invest heavily in bringing forward financial education to make the next generation understand the obligations, especially in our post-COVID world, where the burden will rest on their shoulders.

Q6 **Baroness Tyler of Enfield:** Thank you very much indeed. We have a couple of minutes left, so I am going to sneak in an additional question, if I may.

Our report in 2017 recommended that the Government produce an annual report as a Command Paper to Parliament, which would give Parliament the opportunity to debate it once a year. That has not happened. It is obviously a point that I will be pursuing later on with the Ministers. Do you feel that, if it had, it would have helped increase transparency and accountability in this area?

Natalie Ceeney: A quick answer: yes.

Martin Lewis: On transparency and accountability, yes. On action, I am less convinced.

Martin Kearsley: I think anything that keeps the vitality and the vital need for cash and financial services alive in Parliament and at the top of the debate is to be welcomed. I would say a resounding yes; please bring it forward, but do act on it.

Baroness Tyler of Enfield: If there was one quick point that you would like the committee to be aware of, could you say what it would be in a sentence?

Martin Kearsley: It would be about education. It would be making sure that we capture those dropping through the gaps, that we educate the future generation, and that we bring action forward as fast as we can to do it.

Martin Lewis: We have financial education on the national curriculum in all parts of the UK, but the national curriculum, due to academisation and free schools, no longer needs to be followed. We need much more oomph to try to put money in schools, to put in proper resources and to help teachers teach it, and to help head teachers want to make sure that it is taught.

Natalie Ceeney: We have an awful lot of commitment and an awful lot of nice words, but nice words do not actually make inclusion happen. The Government need to take action. I think that means legislating and putting a legal obligation on the banks to provide core services to consumers and to give the regulator the powers it needs.

Baroness Tyler of Enfield: Thank you very much indeed. I thank all three of our witnesses. It has been a very rich session indeed. Thank you for being so short and succinct. We have got an awful lot out of the session. Thank you again for your time.

I hand back to the Lord Chair for the end of the session.

The Chair: Thank you very much everyone. I agree with Baroness Tyler that it has been an excellent evidence session. I dealt with this many years ago in the House of Commons, and there are some familiar faces among the witnesses—Mr Martin Lewis and Natalie Ceeney. Sadly, we are still talking about some of the issues, but you have put your points very succinctly and they are still very relevant today. Thank you very much for that. I believe we have a very short break before the next evidence session. So again, thank you, we are delighted to see you.