



Help to Save: consultation on implementation

A response from the Money and Mental Health Policy Institute

Introduction

The Money and Mental Health Policy Institute is a new charity, set up to conduct research and develop policy proposals to improve the lives of those with mental health problems and financial difficulties. We welcome the opportunity to respond to HM Treasury's consultation on the implementation of Help to Save. We have limited our response to the four questions that we consider most relevant to our remit.

We welcome the Government's ambition to promote regular saving amongst people on low incomes. In the general population, 25% of people experience a mental health problem each year, but low income and poverty have a well established association with mental health problems, so it is likely that this proportion is higher amongst the 3.5 million people targeted by Help to Save.^{1 2} With this in mind, our response lays out recommendations designed to ensure the maximum takeup and effectiveness of Help to Save amongst people with mental health problems.

Our response draws on the findings of our earlier reports, *Money on Your Mind* and *In Control*, as well as a survey of savings behaviour amongst people with mental health problems conducted online between 15th - 19th July 2016. Our survey had 209 responses and found that:

- 37% never save, a further 37% save only rarely
- Of those who do save, most do not save much; 72% save 5% or less of their income in an average month
- 87% would like to save more of their current income

We asked respondents to provide more detail, to tell us what would encourage or enable them to save more. These responses varied significantly, but a clear theme that emerged was a desire for a more supportive financial environment, with better incentives to save. Below are some illustrative examples:

- "An account that is simple to open with a small amount and allows small deposits."
- "Help with budgeting to enable spare money for saving. Incentives to increase savings, save x amount, get x amount bonus at certain milestones."

¹ Afifi, T, Asmundson, G. McMillan, K, Sareen, J. Relationship Between Household Income and Mental Disorders: Findings From a Population-Based Longitudinal Study. *Archives of General Psychiatry* 2011; 68; 419-427.

² Bebbington, P et al. Debt, income and mental disorder in the general population. *Psychological Medicine* 2008; 38: 1485-1493.



- “Help with discipline, e.g. must put money in savings to avoid penalty, cannot withdraw for specified period of time unless in case of emergency.”
- “Having a savings account that you can't keep taking your money out regularly and have limits on withdrawal so that I can save money rather than just taking out the money as and when I feel like it.”
- “It's all very confusing - clearer would be better. More money would help also.”
- “More incentives, higher interest rates.”
- “Savings projections and goals.”
- “Non judgemental advice at the bank aimed at people living on benefits - my local branch actually asked me about my disability last week when I paid in a cheque - I look healthy and my ESA had just been paid in. There were people behind me and I felt so embarrassed and felt that the man behind the counter was judging me. I never want to go in there again.”
- “Simple information, tailored to my need.”

Question 4 and question 5 (answered together) - Assessment of the options for delivering Help to Save accounts, through a single provider or multiple providers.

Ease of understanding

Our main concern with the multiple operator model is that it would make Help to Save significantly less simple to understand. As acknowledged in the consultation paper, promoting uptake may prove challenging. Many of those targeted by the scheme may be financially or digitally excluded, and, by definition, Help to Save requires a significant change in behaviour. Our concern is that a more complicated delivery model could be a further barrier to uptake.

Behavioural Economics tells us that people are put off by complicated user journeys. In general, the more steps that a journey contains, and the more complicated these steps are, the less likely the user is to complete the journey. These steps can be conceptualised as costs, which are weighed against the expected future benefit of completing the journey.³

The multiple operator model has more steps than the single operator model, as it requires the user first to gather information from a number of providers and then to decide between these options. In any population, these additional steps would likely have a noticeable behavioural impact, however, we would expect this effect to be particularly strong amongst people with mental health problems, and more generally in the demographic targeted by Help to Save. These additional steps would constitute a bigger burden for those who have limited previous

³ Algate, F et al. EAST Four simple ways to apply behavioural insights. The Behavioural Insights Team. 2014.

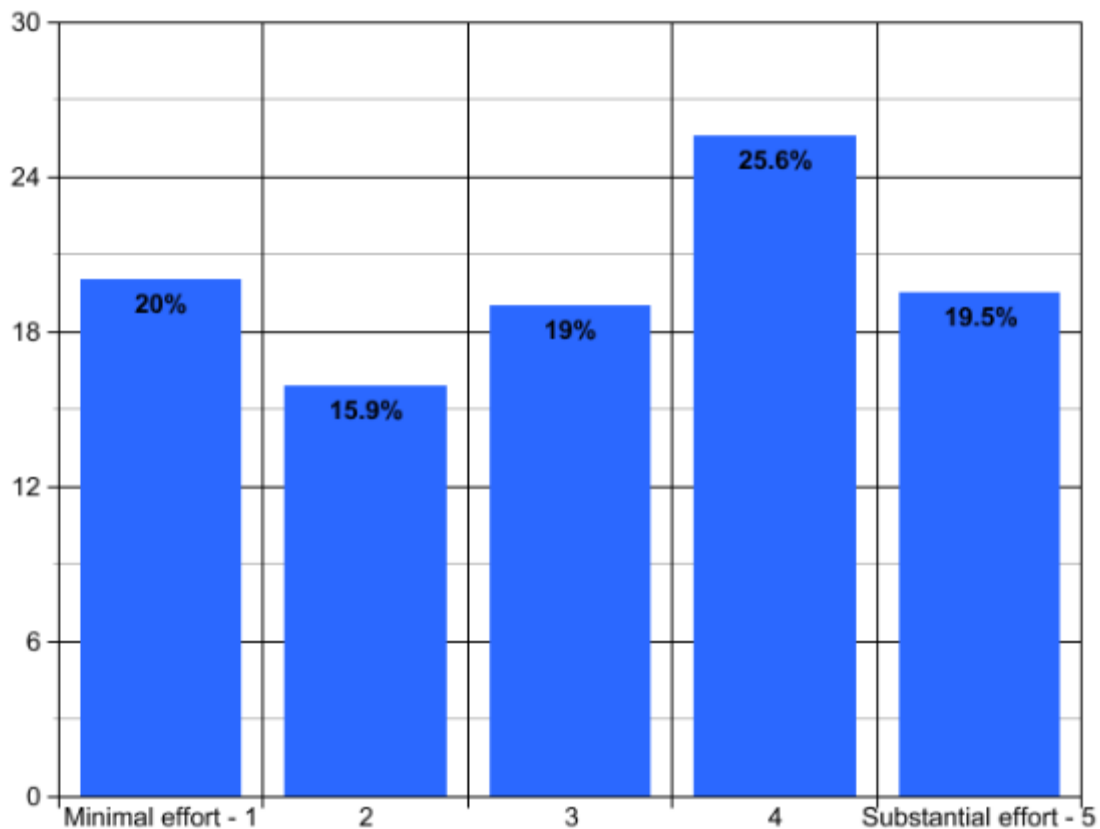


experience of financial products or have poor financial management skills as a result of their mental health problems.⁴

Our survey results reinforce this suggestion. Whilst an overwhelming 87% said that, in principle, they would like to save more, our respondents were far less enthusiastic about the practical aspects of saving. There was significant variety in how much effort the 87% who want to save more would actually be willing to dedicate to saving.

Imagine that you were opening a new savings account. How much effort would you be likely to put into this decision?

By effort, we mean the amount of time, thought and energy that you would spend on considering what to do. This could range from minimal effort, simply picking the first account that you find, to doing extensive research into different types of account and provider.



The above chart shows that whilst a sizeable proportion of respondents would be willing to dedicate significant effort to opening a new savings account, almost as many would only

⁴ Holkar, M, Mackenzie, P. Money on Your Mind. Money and Mental Health Policy Institute. 2016.



dedicate low or minimal effort. Thus, even amongst people with a self-declared desire to save more, there is a reluctance to bear personal cost.

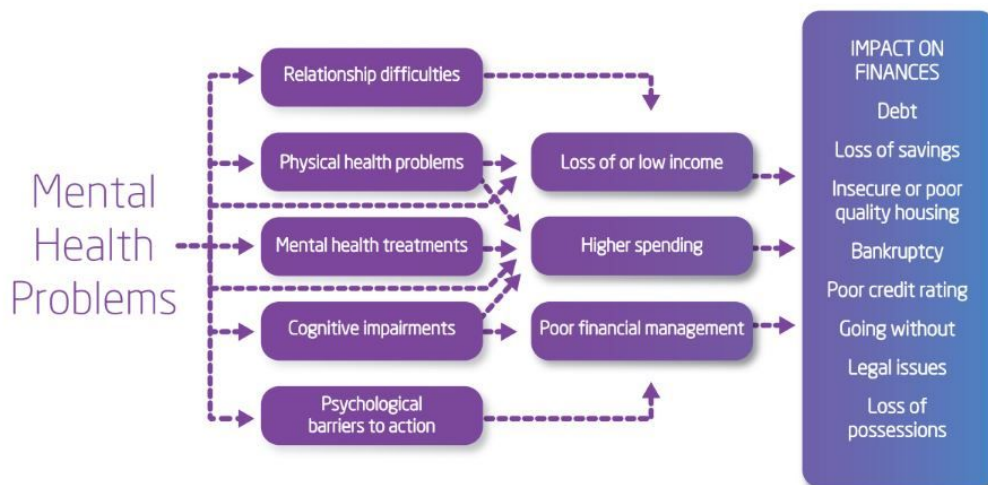
We advise the Government not to underestimate the potential disincentive constituted by extra steps in the Help to Save process. Any added complexity should be seen as a barrier, that will likely have a disproportionate effect on those who are most in need of the scheme.

Recommendation: Government should seriously consider the disincentive effect entailed by extra steps in the multiple provider model, and take steps to mitigate it should this model be adopted.

Accessibility

We believe that accessibility is a key issue for both the initial uptake and the long term success of Help to Save. As previously discussed, the demographic targeted by Help to Save contains high numbers of people who are digitally and financially excluded, as well as people with particular access requirements due to physical or mental health problems. Care must be taken so that all eligible parties can access Help to Save, and that those with protected characteristics such as a disability in particular are not excluded.

In *Money on Your Mind*, our first report, we mapped the causal links between mental health problems and financial difficulties based on a survey of nearly 5,500 people with mental health problems.⁵



⁵ Holkar, M, Mackenzie, P. Money on Your Mind. Money and Mental Health Policy Institute. 2016.



Of these causal links, the two discussed below are particularly important when considering accessibility of financial products. We found that mental health problems can cause poor financial management through “cognitive impairment” and “psychological barriers to action”.

Cognitive impairment

We found that mental health problems can impair cognitive functioning, making it harder for people to properly understand and manage their finances. This list is not exhaustive, but we identified four aspect of financial management that are most commonly impaired by mental health problems:

- Budgeting and numeracy
- Form-filling and paperwork
- Judgement
- Memory and timekeeping

These types of cognitive impairment constitute a clear barrier to accessing financial services, they can affect decision making and lead to financial passivity; people disengaging from financial management.

Psychological barriers to action

We identified psychological barriers to action as another way that mental health problems can lead to poor financial management. Many of our respondents reported being in a state of denial, phobic about their finances, or avoiding contact with financial institutions. This can include inability to open the post, answer the telephone or the door, or open bank statements. This mechanism is distinct from cognitive impairment, but the results are often similar.

Because of the issues identified above, people with mental health problems can have higher needs in terms of what is required for them to access and properly engage with financial services. To reduce the extent to which cognitive impairments are a barrier to access, we recommend that efforts are made to present information relating to Help to Save accounts in a clear and simple manner, using language that has been tested for comprehension amongst the Help to Save demographic and specifically with those with mental health problems. Further, we recommend that support services are made available to guide users through their application and account management. We recognise that it may not be possible to totally counteract the effect of cognitive impairment as a barrier to accessing Help to Save, but we believe that these small, reasonable measures could have a noticeable impact.

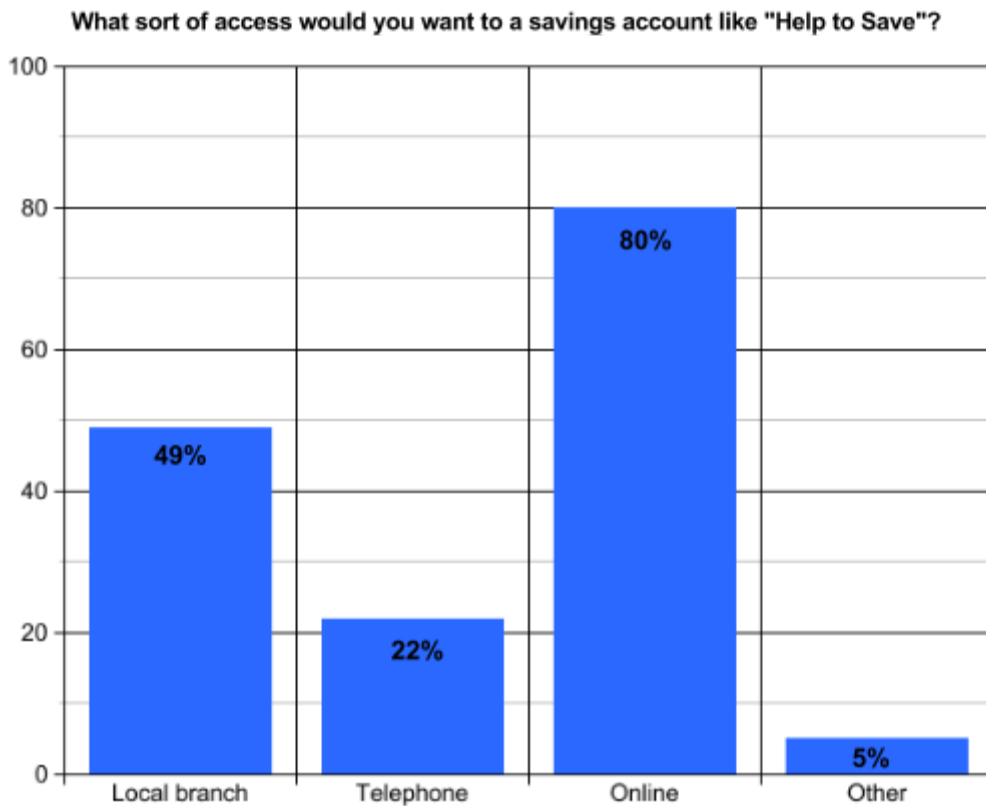
Recommendation: Information about Help to Save accounts should be presented in a clear and straightforward way, following user-testing with people with mental health problems.

Recommendation: Additional responsive support should be made available to guide users



through their application and account management.

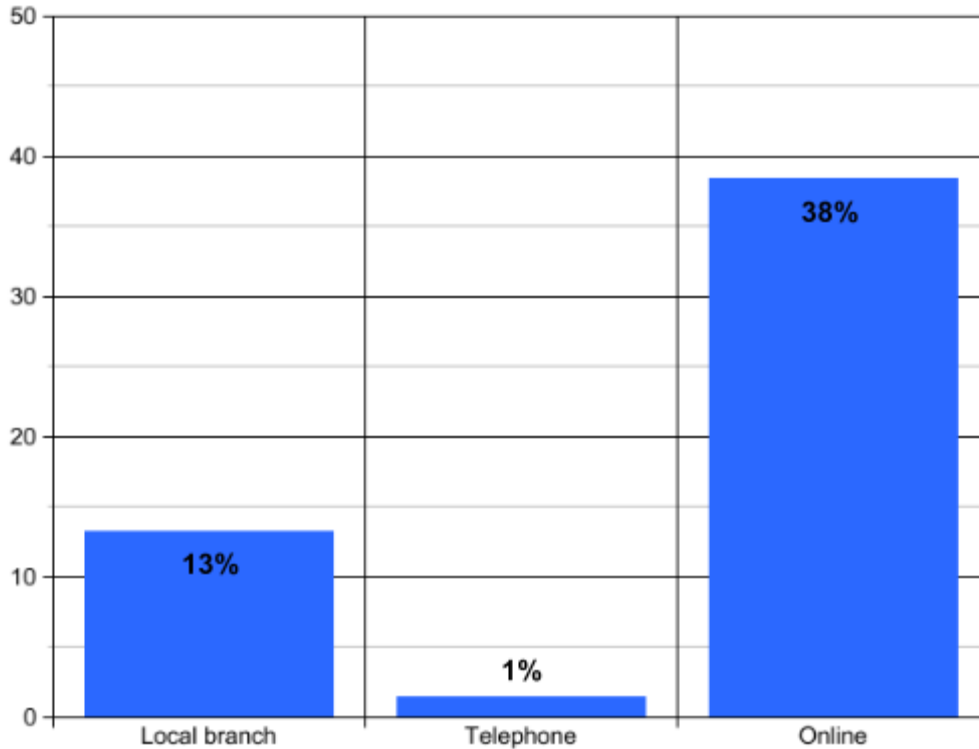
We found great variety in the psychological barriers to engaging with financial management which were presented by mental health problems. While different mental health problems have a variety of different symptoms, it's also true that at the individual level, the same diagnosis can manifest in wholly dissimilar ways. It should not be surprising, therefore, that these psychological barriers are not uniform. Thus, there cannot be a one size fits all solution to this accessibility problem. After describing the Government's Help to Save plans, our survey asked what type of access people would want from a savings account of this kind, highlighted in the two graphs below.





What sort of access would you want to a savings account like "Help to Save"?

(showing responses of people who specified only one type of access)



These charts demonstrate the variety of people's preferences; it is clear that our respondents have a preference for more than just online banking, although that remains important. It is particularly notable that 13% of all respondents would *only* want access through a local branch; this is consistent with findings that people with mental health problems are more likely to be digitally excluded and thus reliant on face to face banking services.^{6 7} However, these results are based on overall preferences due to multiple factors, so do not necessarily reflect additional need purely due to mental health problems. To explore this further, we asked people specifically how their mental health problems affected their access preferences. Below are a sample of the responses, which capture the variety of access requirements.

- "I often don't feel comfortable talking to people face to face."

⁶ Ipsos Mori. Digital inclusion, social impact: a research study. UK Online Centres. 2008.

⁷ Department for Communities and Local Government. Digital Exclusion Profiling of Vulnerable Groups: Adults with Mental Health Problems: A Profile. Citizens Online and National Centre for Social Research. 2008.



- “I find doing things face to face much easier and better for me. I hate doing things over the phone and can get quite anxious when doing so... I don't trust online banking and will avoid this for as long as I can.”
- “It depends - if [I'm] in a high, then face to face. If [I'm] depressed then online”
- “I find that I am able to use online facilities, but not the phone”
- “I can't handle the internet, I need human contact.”
- “I'd prefer to speak to someone face to face.”
- “Agoraphobia makes big town centres and parking issues difficult. It needs to be easy access physically or online”
- “I need to see a person. I can't cope with all this online banking stuff.”
- “Sometimes it's hard to understand things, I often need them written down. I may need someone with me to speak to others, etc.”
- “[I] do not like talking to people - [I] feel very anxious. Better doing it online or via email for me.”

Given this variety of access requirements, we strongly recommend that Help to Save accounts have a full range of access options, including both online banking and in branch support. The narrower the range of access options, the more that people with mental health problems will be effectively excluded from using Help to save accounts. We would expect accessibility problems to affect both initial uptake and subsequent engagement with Help to Save. We also recommend that, upon opening an account, users are expressly asked about their preferred means of contact. This would be a relatively simple measure, that could drastically improve response rates and spare users from channels of communication that they find particularly distressing.

Recommendation: Help to Save accounts must have a full range of access options, including both online and branch support.

Recommendation: Help to Save customers should be asked about their preferred method of contact on opening their account, and this should be used wherever possible.

Competition

We would advise the Government to be mindful of the potential behavioural impacts of competition through the multi-operator model. Competition is usually advocated on the grounds that it reduces prices and stimulates innovation, improving the quality of products. However, it is arguable that competition is ill-suited to provide such benefits in the case of Help to Save.

The fundamental details of the Help to Save product, such as the bonus rate, will be determined by the Government. There could be scope for different providers to compete by improving on the Help to Save offer, but it is unlikely that there would be strong commercial incentives to do so, particularly given the relatively small population size and low incomes of the Help to Save demographic. It is more likely that the core product, in terms of the payoff consumers get for saving, would be practically uniform across different providers, but that there could be competition on other grounds. For instance, providers could compete on their customer service record, or by offering enticements such as gifts to new customers.

Our concern is that this sort of competition can provide only marginal gains for the consumer but could have unintended behavioural impacts. Research has shown that consumers are poor at rationally comparing different products, and that this ability deteriorates further with complex products with more than one attribute for comparison.⁸ Moreover, research suggests that people with mental health problems may be even less effective at making such decisions.⁹ Thus, we do not expect that multi-operator competition would yield any meaningful gains for consumers, while at the same time presenting a further barrier to access.

The pros and cons of each approach

The main downside to the multiple provider model is that it introduces an extra layer of complexity. Moreover, it is uncertain whether commercial incentives would be sufficient to ensure the critical mass of providers required for the multiple provider model to deliver significant accessibility benefits. If only a small number of providers elected to offer Help to Save accounts, then accessibility might not be drastically greater than under the single provider model.

The single provider model avoids these downsides and would likely afford the government greater control over standards, whether through NS&I or a competitively tendered monopoly provider. However, one tradeoff is that the single provider model would likely entail reduced accessibility. The lack of in-branch accessibility is a clear downside to the NS&I option, this would certainly exclude some people with mental health problems. The single private provider option would offer some in-branch access, but likely less than if there were multiple providers, purely down to the reduced number of branches. However, by virtue of it allocating a monopoly, government might have more bargaining power to insist upon higher standards of accessibility and customer support through the single provider option.

⁸ Bohacek, M, Lunn, P, McGowan, F, Ní Chosidealbha, A, Somerville, J. PRICE LAB: An Investigation of Consumers' capabilities wth Complex Products. The Economic and Social Research Institute. 2016.

⁹ Lunn, P, Lyons, S. Behavioural Economics and "Vulnerable Consumers": A Summary of Evidence. The Economic and Social Research Institute. 2010.



We have identified key considerations for both delivery models. These considerations focus on the particular needs of people with mental health problems, but many will also apply more broadly to other elements of the low income Help to Save demographic. Either delivery model could be operated in a more or less effective manner, but we would stress that attention must be paid to these concerns, so as to reduce the extent to which people with mental health problems are excluded.

Recommendation: If the single provider option is taken, the account provider must offer some face to face banking services and take all steps to maximise accessibility.

Recommendation: If the multiple provider option is taken, the application process must be made as simple as possible with clear guidance and support.

Question 6- Policy design issues of Help to Save accounts

We believe that the priorities for the design of this scheme and calculation of the bonus should be:

- to encourage regularity of saving through the bonus scheme
- to ensure people aren't unnecessarily penalised for making withdrawals
- to support and encourage people to continue saving following the Help to Save account maturation.

In addition to these three priorities, simplicity of use should be an overarching principle throughout the design process; ensuring that all account holders can both understand how to use the account and to calculate the bonus that is due.

Incentivizing saving

The calculation of the bonus should allow people to easily understand month on month how they may benefit from saving. This means careful consideration should be given to how the bonus is communicated. Account holders may benefit from the use of clear reference points or digital tools to demonstrate how a given increase in monthly saving may add to their bonus. This may be of particular benefit for people with mental health problems as our *Money on Your Mind* survey found that a psychological barrier to good financial management was difficulties with figures as result of a mental health condition or the side-effects of treatment. This approach could also allow people to break the task of saving into monthly sub-goals, the instant feedback encouraging people to persist towards larger savings goal¹⁰. This may be of additional benefit

¹⁰ Loibl, C, Jones, L, Haisley, E, Loewenstein, G. Testing Strategies to Increase Saving and Retention in Individual Development Account Programs. 2016.



for those with mental health problems who often lack sufficient motivation to complete complex tasks.

74% of those with mental health problems who responded to our survey on saving behaviour said they saved rarely or never; for some of these people saving may be an unfamiliar process and some may not have an existing norm towards saving. We believe that the calculation of the bonus should be implemented in such a way that encourages people to practice saving behaviours that will enable them to continue to save following the end of the scheme, rather than the account offering perverse incentives to develop unusual saving patterns which will not otherwise be of benefit.

Finally, for many people with mental health problems disengaging from financial decisions and behaviours while unwell is a common issue. 92% of respondents to our *Money on Your Mind* survey told us they found it harder to make financial decisions in periods of poor mental health, while 74% have put off paying bills while unwell. Many people told us that they can be unable to manage their finances at all for weeks or months at a time as a result of their mental health. For some people these periods may be short in duration and quite spread out, for others they may be more prolonged and occur with greater frequency. It is important, therefore, that the calculation of the bonus should not overly penalise those who may disengage from their finances when unwell, and still rewards those who save even a small amount when they are able to. We feel this may be a particular issue in relation to the calculation of a bonus based on the highest amount reached in the account - those who disengage from financial management for a period may be left feeling that there is no point saving when their mental health recovers, as they'll never save enough to increase their bonus.

Recommendation: The bonus should be communicated clearly to encourage and allow feedback on monthly saving habits.

Recommendation: The bonus structure should not offer perverse incentives to develop saving patterns that will not be of benefit outside of the Help to Save scheme.

Recommendation: Those who disengage completely from financial management in periods of ill-health should not be penalised or discouraged from saving as a result of the bonus structure.

Limiting withdrawals

93% of respondents to our *Money on Your Mind* survey told us that they spend more while unwell, with this spending often being driven by emotional or psychological impulses rather than any specific need. For 50% of respondents this meant the depletion of existing savings, rather than necessarily taking on new credit. This increased spending while unwell is a key barrier to



those with mental health problems building their level of savings. Alongside a clear desire to save more, when asked what would enable them to do so many respondents to our survey spoke of a desire to limit their access to savings:

- "If I'm manic, online savings would be too tempting for me to access."
- "Being harder to get the money out, e.g. not being able to transfer online to [my] bank, having to physically go to get cash out."
- "Ideally depositing should be online but [you should need to be] in a local branch to take out. This would stop me from taking out money I had saved on impulse."

It is clear that for some, while unwell, the temptation to spend money is often too great and could lead people to treat their Help to Save account like a current account making regular withdrawals to fund impulsive, non-essential purchases. To overcome these impulses we are exploring the scope for people to self-impose greater levels of friction for withdrawals from their accounts in our recent report *In Control*.¹¹

We believe that one of the most useful of these that could be implemented with Help to Save accounts would be the use of a self-imposed time delay on withdrawals. An example of such a delay could be a 24 hour cooling off period with the account holder required to approve their withdrawal at the end of this period before it can be authorised. So as not to be unduly restrictive, and recognising that these control options will not be right for everyone, these should be choices that the person is offered when opening their Help to Save account, which they could choose to lock themselves into for the full two year period if desired. This would still allow account holders to withdraw some of their savings in order to fund essential spending, but would prevent people with mental health problems from undoing their efforts with impulsive spending while unwell.

Recommendation: It should be possible for people to self-impose restrictions on withdrawals to prevent unnecessary depletion of savings.

Supporting ongoing saving

We support the proposal of rolling Help to Save accounts over into a follow-on savings account on maturity as the default option. As stated above, avoidance of financial matters while unwell is a major issue for those with mental health problems, yet 87% of those responding to our survey on saving behaviour indicated they would like to save more. We believe that the rollover of accounts may best support and avoid punishing those who may struggle with financial management while unwell, but still have a clear desire to save.

¹¹ Murray, N, Holkar, M, Mackenzie, P. 'In Control' - a consultation on regulating spending in periods of poor mental health. Money and Mental Health Policy Institute. 2016.



Alongside auto-enrollment to a further savings account, we believe it would be beneficial to also encourage account holders to continue to save rather than opt out of the scheme. A possible approach in this regard could be presenting the potential net loss in financial terms from opting out as a salient message.¹² Given people are averse to losses, auto-enrollment coupled with such messaging could encourage account holders to stick with the default of rolling over their account.

Recommendation: Help to Save accounts should be rolled over following maturation and additional communication provided to discourage opting out.

Question 7- Promoting take-up and awareness of Help to Save accounts, through the role of intermediaries and harnessing insights from behavioural science.

Communication

Our research has indicated that when people are unwell, they can face several psychological barriers to good financial behaviours. Similarly when asked what would enable or encourage them to save more, a clear theme that emerged from our survey was the desire for greater simplicity in opening and managing financial products:

- “An account that is simple to open.”
- “It’s all very confusing - clearer would be better.”
- “Needs to be low-effort.”

As discussed above in relation to the multiple-provider option, the scheme must be clear and simple to understand. We advocate reducing complexity in design, and eliminating unnecessary steps in the customer journey¹³, as well as providing clear calls to action on how to sign up. If sign-up is a long process it should be broken down into simpler, easier actions that are clearly signposted.

Recommendation: The benefits of Help to Save scheme should be clearly communicated and the sign-up process should be simplified, with clear, discreet steps to take.

Promoting awareness and uptake

¹²A similar proposal has been made for NEST pensions: Hardcastle, R. How Can We Incentivise Pension Saving?: A Behavioural Perspective. Department for Work and Pensions. 2012: p.28

¹³ Algate, F et al. EAST Four simple ways to apply behavioural insights. The Behavioural Insights Team. 2014: p.12



Given that those on low incomes, and those with mental health problems within this group, are disproportionately likely to be digitally excluded¹⁴, it is important to ensure that efforts to increase awareness are not focused solely through digital channels. Awareness should be equally promoted through intermediaries with whom people may already have face to face contact, such as advice agencies, local authorities, workplaces or housing associations.

Though we recognise the suggestion that the multiple operator approach may allow for greater promotion and increased awareness of the scheme, we feel it is also important to consider the link between awareness and uptake. Receiving prompts from a trusted source has been shown to encourage greater behaviour change in a variety of different interventions¹⁵, and our research suggests this may be of increased importance for those with mental health problems. Our survey found one of the most common feelings experienced by those with mental health problems when in financial difficulty was stress or anxiety, which for many brought with it a general distrust of others around financial matters, for example:

- “I am unable to understand things and unable to trust anyone with financial issues.”
- “[My mental health problem] makes me very distrusting.”

In this case harnessing intermediaries that people may already trust and be in contact with to promote awareness may encourage greater uptake among those with mental health problems.

Additionally we would note that it is unclear the degree to which financial service providers, via the multiple operator approach, may be willing to promote the scheme and the opening of Help to Save accounts given the limited commercial incentive for doing so. As such we feel harnessing existing information channels and intermediaries used and trusted by potential account holders may do more to further awareness and uptake.

Recommendation: Awareness should be promoted through more than just digital channels; trusted face-to-face intermediaries should be utilized to encourage awareness and uptake.

Enabling choice

If the scheme is implemented through a multi operator approach we believe there is a clear benefit to impartial government advice that is easily available and easy to understand. The form this information takes should allow for standardised comparison and given that people have limited capacity to compare across criteria, attention should be brought to the most important product attributes. This would be particularly beneficial for those with mental health problems,

¹⁴ Ipsos Mori. Digital inclusion, social impact: a research study. UK Online Centres. 2008.

¹⁵ Dolan, P, Hallsworth, M, Halpern, D, King, D, Vlaev, I. Mindspace: influencing behaviour through public policy. 2014: p.19



as many in our survey on saving behaviour reported cognitive impairments and difficulties with evaluating providers, stating easier means of comparison would encourage them to save more:

- “Simplifying all the jargon, so we know which banks are best to use. It’s all too confusing for me. I don’t understand it.”
- “If it was easier to work out the best options.”
- “Easier comparison of savings accounts than just what my bank offers.”

Recommendation: If the multiple provider option is taken, impartial information allowing standardised comparison should be provided, drawing attention to most important attributes.

Embedding savings habits

Developing and embedding good financial habits may be aided by people being able to monitor and receive feedback on their behaviour.¹⁶ In the case of good savings behaviour, many people responding to our survey on savings told us that when unwell they disengaged with their finances due to the perceived effort involved of monitoring them. When asked what would enable them to save more, however, many people felt that an easy means to monitor their saving would provide greater encouragement to save, for example:

- “I like to be very much in control and see how much I have a daily basis via online banking.”
- “I like a simple app for viewing and transferring money. I currently use Barclays app which is good in places, but it’s good to be able see and access it 24/7.”

Additionally, when unwell, people have said they feel a general lack of control over aspects of their life, which brings with it feelings of stress and anxiety:

- “I would need access [to my account details] online via an app as my anxiety causes me to check my online banking on almost an hourly basis.”

On the basis of both these findings, we feel that the provision of digital tools would allow account holders to easily monitor their savings and adjust existing savings goals, and provide a greater sense of control. Such tools may then encourage the development of good savings behaviours, and also provide a more supportive financial environment to those who may struggle with their finances when unwell.

¹⁶ Elliott, A, Dolan, P, Vlaev, I, Adriaenssens, C, Metcalfe, R. Transforming Financial Behaviour: A Summary. Consumer Financial Education Body. 2010. p.12.



Recommendation: Digital tools should be provided to allow for feedback on saving, increasing motivation and development of good savings habits.

Money and Mental Health would welcome the opportunity to discuss any of the issues or ideas raised in this response with you in more detail. To arrange a meeting, or if you have any further questions, please email contact@moneyandmentalhealth.org.