

### **About the Financial Inclusion Commission**

The Financial Inclusion Commission is an independent, nonpartisan body of experts and parliamentarians who want to see an improvement in the financial health of the nation. The Commission offers leadership, co-ordination and accountability, and acts to raise awareness, and advocate for change. A full list of Commissioners can be found in Appendix A.

For more information visit our website [www.financialinclusioncommission.org](http://www.financialinclusioncommission.org)

### **Our response to the Draft Payments Strategy**

1. The Commission agrees that the payments needs of those at risk of financial exclusion are well captured and articulated in the strategy.
2. Our 2015 report, *Financial Inclusion: Improving the Financial Health of the Nation*, highlighted issues around lack of control in existing payments such as Direct Debits. This goes some way to increase exclusion and add to the “Poverty Premium “ which excluded users pay, for essential services such as utilities. We support the introduction of a new flexible mechanism such as that outlined within the “Request to Pay” (RtP) feature, which would provide a mainstream alternative to existing, payment options, which can be unsuitable for consumers who regularly experience fluctuating income and expenditure flows.
3. The Commission hopes that the strategy is supported by stakeholders across the spectrum, including: the payments industry, national and local government, utilities, and financial capability stakeholders. We support a development and rollout of the RtP product, which needs to be accompanied by an effective consumer and business education programme.
4. RtP should be welcomed, supported and promoted as the right step towards helping to reduce the Poverty Premium. It will also help to provide payments which meet the needs of changing demographics around employment, and benefit payment flows. In order to deliver this in good time, industry and government commitment and collaboration is needed to deliver End User needs solutions quickly.
5. The Commission notes that other important issues for consumers at risk of inclusion include:
  - a. Access to cash – cash will continue to be the preference for many consumers. It is important to ensure reliable and free access to cash withdrawals, particularly in areas of multiple deprivation.
  - b. Poorly designed or implemented products which confuse consumers and lead to detriment e.g. Continuous Payment Authorities.

6. The Commission understands that there is a challenge for industry to decide whether inclusive design sits solely within the competitive space, or whether there is a role for oversight to ensure all financial products and services adhere to these principles.
7. The Commission support the latter option, and recommend that that oversight sits within the Regulator or with a new implementation body
8. User testing and input from specialist agencies (financial health and expert support agencies) should be built into the oversight process. Products and services which fail to meet the standards should be subject to scrutiny, with the ultimate sanction of the product having to be withdrawn from the market if it cannot be improved to meet the principles.
9. The Commission supports proposals regarding customer awareness and education. We fully support investment in non-brand specific national education campaigns to increase awareness of risks to consumers' financial health.
10. We would suggest that the delivery of these activities should be designed and delivered in close consultation with financial capability experts, as well as the Money Advice Service (and its successor) to ensure close alignment with the UK's Financial Capability Strategy.