

# NatWest Financial Capability and Young Workers Report



NatWest



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# Foreword



**Kirsty Britz**  
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At NatWest, we believe financial capability is essential to national prosperity. As a bank, we have a responsibility to provide fair products and great service. But for us, financial capability is about more than this. It's about helping customers – especially tomorrow's customers – develop better money management skills, knowledge and behaviours, so they are equipped to make the best financial decisions for life.

We do this because it's the right thing to do. Managing money is a basic life skill and it's important for all young people to learn how to manage their money effectively before they reach adulthood. But we know that many grow up unprepared for adult financial responsibilities and the challenges associated with getting on the housing ladder or managing a household budget in an economic environment of low wage growth, high rents and increasing inflation.

Having missed an opportunity to learn money management skills at school, it is important that young adults don't miss the opportunity presented by their next transition, as they enter college, university, an apprenticeship or the workplace. The expansion of apprenticeships means that more young people have the opportunity to earn and learn; making the workplace an environment in which young people can and should learn this vital life skill.

While there is political consensus that apprenticeships are good for the economy and should be encouraged,

without the right set of skills, knowledge and behaviours towards money, many may still face financial challenges. While we recognise that apprentices can be of all ages, the focus of our report are those aged 16-25. For some in this age bracket, this is the first time they are eligible for overdrafts, loans and credit cards, build a credit rating, rent property and make plans for buying their first home.

And yet, as this report highlights, more needs to be done to make sure our growing apprentice population are equipped not only with technical skills, but with essential life skills, such as financial capability. Our research provides insight into the attitudes, behaviours and ongoing financial challenges young apprentices face as they enter the workplace. Importantly, this report also identifies opportunities for influencing apprentices positively via their workplace. Good advice and support at any stage in life can make a positive difference to an individual's long-term financial future. It is clear from this report that it is essential those starting apprenticeships benefit from such advice.

As an employer of apprentices and other young workers itself, with over 450 apprentices currently in post and another 300 starting in 2018, and as the top financial services apprentice employer in 2017 by Rate My Apprenticeship, NatWest calls on policymakers, employers and training providers to recognize the importance of financial capability and provide this vital life skill for the next generation of employees and business leaders.



# Executive Summary and Recommendations

## Young workers, managing money and financial confidence

Our research identified that financial capability is low among young workers, with managing money regarded as one of apprentices' top three concerns. Almost half (44%) of apprentices say they struggle to keep up with bills and other commitments, with 23% finding it hard to stick to a budget. There are some gender and age differences in financial confidence scores, with young men more likely to feel confident than young women and those aged 18 to 24 less confident than those aged 25 to 34. Over two thirds (68%) of apprentices are concerned about short-term saving, with 36% worried about saving for a home.

## Seeking advice and support

When starting work, 76% of respondents admitted seeking some help or advice from friends and family, with 47% turning to them for advice on taking out a loan or credit card. They are the most popular source of support, followed by banks (34%), social media (29%) and online (26%). Given relatively low levels of financial capability across the UK population as a whole, and with very few households talking about money at home, this dependence on the advice of family and friends could be a cause for concern. Access to consistent quality advice at key life stages is therefore very important, as poor financial decisions can have a long-lasting impact.

Alternative sources that young workers access for advice and information include colleges and universities. Apprentices will attend these establishments as part of their training. If these young workers have not received financial education at school, the delivery of financial capability in a post-16 setting becomes even more important. At this stage apprentices require support in preparing for work, as well as understanding their rights and responsibilities as an employee. Crucially this will include knowing how much they should be paid for their apprenticeship level, as evidence suggests that some apprentices are not receiving what they are entitled to.

## The employer's role in improving young workers' financial management skills

Our research has highlighted a number of important issues, including the vital role that employers and the workplace play in supporting young adults to develop effective financial management strategies as they enter the workplace for the first time. The majority (90%) of employers in our survey agree they should play some role in their employees' money management skills, with 57% of employers stating they have a key role to play as it is "the right thing to do". Over half of employers (55%) admit to having come across young workers or apprentices in financial difficulty, while 45% of employers say employees have approached them having experienced financial difficulty. The root causes of financial difficulty can be complex, but in simple terms it often boils down to two key issues – poor financial skills and knowledge or low levels of income. It is therefore vital that employers are aware of the correct levels of pay for apprentices, in order to ensure that these young employees are not financially disadvantaged.

## The role of further and higher education, training providers, employers and policymakers

Therefore, there is a need for post-16, universities and employers to consider how they can learn from and adopt best practice (as laid out in a series of employer focus boxes throughout this report), in order to provide effective financial capability training during citizenship, induction and apprenticeship training programmes.

The role of training providers in delivering financial management training would particularly benefit smaller employers, who report being less likely (66%) than larger employers (87%) to be successful at supporting young employees with financial management. In addition, this report highlights how trailblazer groups (employers working together to design apprenticeship standards for their sector) and policymakers, those with responsibility for developing the curriculum for and regulating the introduction of apprenticeship standards could and should embed financial capability within their standards.

## Apprenticeships and financial capability – an opportunity?

The government's 2020 target for 3 million apprenticeships has led to a revision in the funding mechanism for apprenticeship training, resulting in the introduction of the Apprenticeships Levy in April 2017. This change reflects government policy that has put apprenticeships at the heart of debates on productivity, skills, education and training, and it is a key aspect of the recently launched Industrial Strategy.

Just as apprenticeships are seen as crucial to the future of the UK economy, so is the discussion of the importance of improving financial capability across the UK. Apprentices' transition into work has been identified by others as offering an opportunity for young workers to learn vital life skills that can contribute to improving their productivity at work. The Money Advice Service (MAS) Young Adults Steering Group, part of the MAS Financial Capability Strategy, has identified the transition from school to college or university; from living at home to independent living; and from job seeking into a first job as key teachable moments for these young workers to learn financial management skills. However, despite positive steps to include financial capability training in to the National Curriculum, many of the young workers entering the workplace today will not have received financial education at home or school, which is where positive life-long financial habits need to begin.

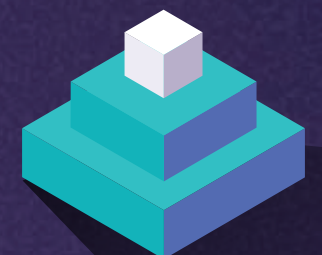
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**90% of employers agree they should play a role in employee money management**

## Our recommendations

NatWest is a member of the MAS Young Adults Steering Group and this report recommends ways to enhance the financial capability of apprentices across the UK. Assisting them with financial capability helps employees help themselves to become financially fit and resilient. It can also improve physical and mental wellbeing. This in turn can increase productivity and therefore have a positive impact on business output and contribute to the UK economy.

1. Financial capability support, training and education should be delivered across all post-16 settings, via colleges, training providers and universities.
2. Employers should include financial capability training and support as part of their employee induction process.
3. Financial capability training, support and education should be classified as off job training and be built in to future apprenticeship standards and curriculum.
4. The Education Select Committee should consider including financial capability within the scope of its current review on apprenticeships.
5. Government and business groups should proactively communicate apprentice pay rules to employers, with training providers supporting apprentices to understand their rights and responsibilities with regard to apprenticeship pay.





# Key findings on financial capability and young workers

As they enter the workplace for the first time many young adults are already experiencing financial difficulties. While some will have benefited from financial capability training at home or school, others are entering the workplace with little or no financial resilience or confidence. But help is at hand, as more employers recognise the well-being and productivity benefits of stronger personal financial skills among their employees

## Young workers and money

It is clear from existing research that young people face considerable financial challenges as they reach adulthood and enter the workplace. They are often managing finances from student loans or other income while studying and find themselves as inexperienced and unconfident consumers of financial products, paying household bills for the first time.

Our study supports the findings of previous reports, highlighting that despite being able to earn and learn at the same time, young apprentices are not immune from the pressures faced by other young adults.

Our report identifies several factors, other than age and experience, that affect young workers' financial confidence. Confidence and skill varies by their gender and depends on the sector they are employed in. Young men are more likely to be confident than young women, while those aged 18 to 24 are less confident than those aged 25 to 34. Young women demonstrate better financial management skills than young men. Young workers in financial services or construction are more positive about their skills than those working in public services and social work.

One concern identified is that students and apprentices are more likely to find it difficult to stick to a budget, highlighting the challenges of managing on low incomes

or budgeting habits that have yet to be formed. Almost a quarter (23%) of apprentices (compared to a national population average of 17%) admit to finding it tough to stick to a budget, with 12% admitting they struggle to keep on top of their income and outgoings every month (against a national population average of 8%).

As one respondent explained, "Because we have some debt, we are finding it hard to get the right balance between paying off debt, paying bills and eating well... the debts are going down slowly. I'm also aware that we need to find a way to save a little for emergencies."

Apprentices are also the most likely to struggle to keep up with financial commitments, with 44% agreeing with the statement that, while they are keeping up with all bills and commitments, it is a constant struggle (national population average 33%). A number of statements show the pressure apprentices experience, with one claiming, "I always make wrong decisions and it ends up worse." Meanwhile, another said simply, "I have less income than expenses."

## Where do they turn for help and advice?

Apprentices will have the same goals and plans, making starting their career or higher education a prime teachable moment for a money management intervention from family, friends and other influencers.

At the point young adults start their first job, they are seeking support in a number of key financial areas, such as budgeting, saving for the short term, and moving out of the family home – either into rented accommodation or to buy a first home.

When starting an apprenticeship 69% of respondents admitted seeking help or advice, with friends and family the most popular source of support (47%), followed by financial services (34%), social media and online (29% and 26% respectively).

The timing of advice and support is vital. Six out of ten of apprentices said they needed most support in the year leading up to starting an apprenticeship, which shows the need for financial education at home, school and in other post-16 settings. Financial education is now on the National Curriculum for maintained secondary schools in England, and on the school curriculum in Northern Ireland, Scotland and Wales. This means the opportunity for young adults to gain these vital skills in post-16 settings and beyond becomes even more important. For many the transition to work provides the first opportunity to experience financial independence, and decisions

**Recommendation 1: Financial capability support, training and education should be delivered across all post-16 settings, via colleges, training providers and universities**

made based on poor information or a lack of understanding can have long-lasting implications.

Colleges and universities already work in a broad, holistic sense to help young adults mature once they have left school and before they enter the labour market. This is what makes them effective potential influencers of financial capability at this stage. They can also have a positive impact through their role as a training provider. When starting an apprenticeship, many young adults who have not achieved a GCSE (or equivalent) in maths are taught basic maths as part of the functional skills element of their training. This doesn't, at the moment, include a focus on financial management, but it is prime opportunity to do so.



## Help from NatWest

NatWest MoneySense is a free, impartial financial education programme for five to 18-year-olds that has helped 4.5 million young people learn about money over the last 23 years.

Easy to use and interactive, it provides everything to teach young people about managing finances in a way that is relevant to their lives. Resources for young

people aged over 12 focus on developing the confidence to use money responsibly and take control of their future, including how to keep finances secure, understanding the financial risks and rewards and saving, investing and borrowing.

The programme aims to reach another 1 million people by the end of 2018 and demonstrates

the importance of building financial knowledge, skills and confidence from an early age into financial independence.

Further help and information is available online via NatWest Life Moments, which includes specific sections on becoming a student and graduation and resources for parents and carers to use.



The Money Advice Service's Maths in Context project, which is testing with 16- and 17-year-olds in secondary schools and a handful of colleges in England, offers one template for developing this once the pilot is completed in 2019.

### Employers' view - supporting young workers with financial management

The vast majority (90%) of employers in our survey agree they should play some role in their employees' money management skills, with 57% of employers feeling they have a key role to play. Their view varies depending on size of business, with 71% of those in companies with more than 250 employees thinking they play a key role (this number drops in smaller companies, with 55% of those with 50 to 249 employees and 45% of those with fewer than 50 employees agreeing).

When asked why they should invest in young workers financial management skills, anecdotal feedback included that they should have a duty of care to their employees; that "it encourages employees to feel that their employer takes a proactive role"; and that "this matters because most apprenticeships are offered to younger people with less experience of managing money".

Employers state that responsibility for assisting young adults with their financial capability also lies with a number of people, with 43% agreeing schools should chip in. Just over a third (34%) think the banks play a key part.

Employers can, and many do, play a role in helping young adults become more financially mature and confident. However, provision needs to be a consistent and collaborative effort, starting with financial education at home, through to school, further education and into the workplace. And it also needs to be supplemented by other trustworthy and credible sources, such as the Money Advice Service (or the new Single Financial Guidance Body from Autumn 2018).

### How can employers provide support with financial management?

A key finding from the 2017 study by the Chartered Institute of Personnel and Development, *Financial Well-Being: The Employee View*, was that "any financial well-being programme should consider the needs of young employees earning less than £25,000 who have recently started employment". This supports the findings from this research that any financial capability programme must consider the needs of young apprentices.

Some employers, such as Starbucks and Clarion Housing Group (both featured in this report) have begun to consider how this can be achieved and have developed schemes, either at induction or as part of ongoing professional development, to teach employees about the basics of money management.

Both agree that they take the time to listen and to provide support and help, and do all they can to help, including sorting out money problems. Another employer with a good record in this area is Capgemini, which is combining data, technology and behavioural economics to nudge its employees to develop positive habits.

The more employers that offer these schemes at the start and throughout an apprenticeship and subsequent career, the better the opportunity for them to learn this important life skill. What is now clear is that a range or mix of interventions, targeting specific challenges that young employees face throughout their career, will ensure good financial management skills are embedded for the short, medium and long term.

**Recommendation 2: Employers, as a minimum, should include financial capability training and support as a standard part of their employee induction process**



### Employer focus: Starbucks

Around 50% of employees at Starbucks (known within the business as partners) are under 25. All partners are paid at least the National Living Wage, whether they're an apprentice, trainee or barista. In an industry with high employee turnover rates, Starbucks has developed a range of financial capability interventions tailored to their partners' needs.

This includes English and Maths qualifications (up to L2) for partners, with the vast majority of its apprentices undertaking English and Maths qualifications as part of their apprenticeship.

At the start of 2018, in partnership with the Money Advice Service and Starbucks' Global Academy platform host, the Arizona State University, free financial education resources were made available, enabling partners to access free money

resources and tools to help with their money management and future planning.

Home Sweet Loan was the first scheme of its kind by a private company in the UK, developed in partnership with Shelter and Generation Rent and launched in September 2015. The scheme enables partners to receive a contribution towards a rental deposit in the form of an interest-free loan. The loan is paid back over 12 months and aims to help partners, particularly those under 25, to cope with living costs.

When it comes to more long-term financial support, eligible partners are granted Bean Stock restricted stock units (RSUs), which turn into shares of Starbucks stock over two years. This is available to partners, including apprentices, continuously employed during the vesting period.





### Working in Partnership

Smaller employers (both SMEs and sole traders) felt less able or well equipped to support employees with their finances and were the least likely to report that they were doing this effectively. Only 66% of firms with fewer than 50 employees reported being successful at it, compared with 87% of organisations employing 50-249 individuals and 88% for those employing over 250 staff.

But there are schemes available for small firms, who could signpost young workers to existing support (such as the Money Advice Service or NatWest Life Moments) as well as encouraging peer-to-peer mentoring between employees or external “buddies”. Third sector initiatives, such as the National Youth Agency’s My Money Now programme, have also been developed. Additionally, apprentice training providers could facilitate the provision of this much-needed training, removing the burden from SMEs (See our recommendation 1).

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“It is great to see young people learning the basics of money management”

### Apprentice case study: The NYA My Money Now programme

My Money Now, a money management programme delivered by National Youth Agency (NYA) for young apprentices entering the world of work for the first time. The programme, with materials co-created with young people, is supported by the Money Advice Service’s What Works Fund, aims to improve the financial capability of 16-21 year olds engaged in or preparing for an apprenticeship.

By the end of the programme in March 2018 it will have delivered 58 sessions to over 500 young people, a third of whom will be on apprenticeships with the rest on pre-apprenticeship courses, including traineeships.

Shannon Smith, 20, is a Level 3 business administration apprentice at the NYA, and also a peer associate for the programme. Shannon attends the sessions to evaluate young people’s engagement with them. “The impact it can have on them is amazing,” she says. “In some sessions young people are taught how to read their payslips, which many of them had never done before. Understanding where a tax code is, how to work out gross and net pay is so important and sets good financial habits for the future.”

Collins Kiplimo, 21, is a product design apprentice with Tata Technologies, based in Leamington Spa. He had never received any formal money management training until he had an opportunity to attend a My Money Now programme. Taking part in the sessions made it clear to Collins that there was more to improving his financial knowhow than he realised.

As he says: “I learned how to read a bank statement properly, there are so many details on there that I had never thought about before, and I learned about different types of bank account and what they were for. We also looked at long-term saving using case study examples to illustrate how much you could save by saving different amounts over different timescales. There was some great advice on managing your money.”



### Employer focus: Clarion Housing Group

Clarion Housing Group was formed in 2016, following the merger of two of the country’s largest housing associations, Affinity Sutton and Circle Housing Group. It uses Clarion Futures, a charitable foundation, to support 250 apprentices into work every year, placing Clarion residents into roles with a range of different employers. Clarion Futures also runs the Construction Training Academy, based in Tower Hamlets, which places young people into apprenticeship roles with construction firms.

As part of its support for new trainees, Clarion Futures is aware

apprentices would benefit from support on managing finances and is working with Clarion Futures Money to explore ways of embedding personal money management into the programme.

One such approach would be to use Guideline (its dedicated team of money guidance professionals) to make proactive calls to apprentices, to help them make the transition from benefits and onto a regular, monthly wage and to help them understand more about the products and services that are tailored for individuals on lower incomes.





# Key findings at a glance



## Financial concerns

**23%** of apprentices find it difficult to keep to a budget (national average 17%).

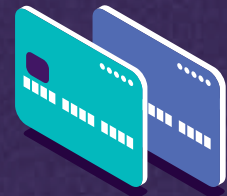
**12%** of apprentices struggle to keep on top of money each month (national average 8%).

**68%** students are concerned about saving for the short-term 68% apprentices 71% young workers.

Retirement is a concern for **42%** of young workers, while saving for a first home is a worry for 44% young workers and 36% of apprentices.

## Taking a loan or credit card

**47%** of young adults turn to friends and family before taking out a loan or credit card.



## Home sweet home

**76%** of young adults (against a national average of 64%) turn to friends and family for help and information before moving into rented accommodation

**48%** of young adults turn to banks for help with a mortgage



## Starting an Apprenticeship

**69%** of apprentices seek help before starting (34% turn to friends and family, 29% social media, and 26% online).

**60%** seek support in the year leading up to work.

**3rd** biggest concern when starting an apprenticeship is 'managing money'

## Financial attitudes and behaviors

**44%** of apprentices admitted that they struggle to keep up with financial commitments



## Who plays a role?

**90%** of employers agree they have a role to play in helping improve their employees money management skills



## Where does key responsibility lie?

**71%** the employees' responsibility

- 57% employers
- 43% schools
- 34% banks

**62%** of large employers (with 250+ employees) feel that families and friends have a major role to play, versus **39%** of companies with fewer than 50 employees

## Why should employers help employees with money?

**57%** believe that

- It is the right thing to do
- Younger employees have less experience of managing money
- It gives the right impression to employees

## Staff experiencing difficulties

**55%** admit to having come across young workers or apprentices in financial difficulty

**45%** say employees have approached them having experienced financial difficulty

### Methodology

This report is based on qualitative research commissioned by NatWest to understand the financial attitude and behaviours of young workers and the view of employers towards financial capability at work.

BDRC was commissioned to conduct the research and started with an online survey among 1,419 consumers and 100 employers in early October 2017. The average survey length was 11 minutes.

The firm conducted a further 910 interviews with a national representative sample of UK adults of working age, with boosts to include 449 young workers, 124 apprentices and 224 students.

This report compares results among these groups to those of the national representative population to better understand the behaviours, attitudes and needs of these audiences.



# The bigger picture requires policy change

While apprentices and employers can take responsibility for improving financial capability, there is also a major role for fresh thinking on the policy that sets the context for individual action.

## The role of policymakers

This report identifies that further and higher education establishments and employers have an important role to play in the financial education of young people, including apprentices.

Training needs to be seen as a priority and should meet an agreed standard. At present there is no requirement on those designing or delivering apprenticeships to include any financial capability training or support. The government's target of 3 million apprenticeships by 2020 has led to a rapid expansion of apprenticeships, including new degree apprenticeships at Level 6 and above.

With new apprenticeship standards being developed and previous ones being reviewed and renewed, there is an opportunity for the Department for Education and trailblazer groups to include financial management as a core behavior in the apprenticeship. To ensure that financial capability training is seen as a priority, policymakers could classify this as non-technical training which teaches new skills and counts towards the mandatory 20% Off Job Training requirement for all levels of apprentice.

In addition, the Education Select Committee's review into the quality of apprenticeships standards in England should also consider the importance of financial capability as a key driver of social mobility, and achieving quality of outcomes for apprentices.

The UCL/Sutton Trust report, *Better Apprenticeships*, identifies that "good quality apprenticeships lead to improved employment and pay prospects, and enable apprentices to progress further in their careers and education", and recommends that "apprenticeships should all be of good quality and give apprentices the expertise and capability to adapt to changes in the labour market, rather than merely the accreditation of current skills".

Our research supports the assertion that the right set of skills, knowledge and behaviors, are key to financial resilience. This can result in positive social

outcomes for apprentices, particularly those from more disadvantaged backgrounds. It is also clear that employees with lower financial stress and improved wellbeing are more productive. The same is true for apprentices. If apprentices are to deliver the most they can for the UK and live up to the expectations of a broad range of policymakers, it is important they are well prepared for working life.

**Recommendation 4: The Education Select Committee should include financial capability within the scope of its apprenticeship review.**

## Managing questions about pay

A significant number of apprentices report difficulty managing their finances. Providing them with skills to manage their money is one way to resolve this, but for those that state that they don't have enough income to cover their outgoings it is important to ensure they are receiving the right levels of pay.

In its report *Apprentice Pay: Sticking to the Rules*, the Learning and Work Institute recommends that employers and training providers take greater responsibility in ensuring individuals, employers and apprentices are aware of the rules and how entitlements change through the apprenticeship.

Its findings show a substantial minority of employers are unsure of the rules. One in five employers (22%) had not heard of the Minimum Wage for apprentices; 54% did not know an apprenticeship required off-the-job training, and 41% did not know minimum pay for apprentices aged over 19 increases in the second year of their apprenticeship.

Helping apprentices understand their rights and responsibilities, the ability to negotiate and deal with workplace challenges is an important skill that all employees need to learn, and apprentices will need workplace advocates to support them. Only then can young workers feel able to make key decisions about their future, including saving for a pension.

## Apprentice case study

Tom Bartlett, 20, is a Level 5 HR apprentice at Crosby Management Training. Although he has never had any formal financial management education, he recognises the importance of planning for the future and decided to invest his pay rise into his workplace pension scheme.

"When I was growing up it was instilled into me by my family that you always need a rainy day fund," he says. Tom is also aware that for many people, particularly those his own age, the last thing on their minds is putting money aside for their retirement.

He says: "Their attitude is 'I'll think about that when I come to it.' But then it is too late, because that's when you need the money. I know a lot of people who haven't saved into a pension, and they will have to work for a very long time. I won't miss my pay rise because by paying it into my pension I'll never have had it. You have to think ahead and when I do retire I want to be comfortable."

**Recommendation 5: Both employers and young workers must be made aware of the right levels of pay for apprenticeships, with young workers given additional support in the workplace to understand rights and responsibilities and ensure they receive the correct level of pay.**



# Why invest in young workers' financial capability?

While it might seem that setting up some form of financial capability training for apprentices will mean additional expense for many businesses, in fact not only is it the right thing to do, it is also an investment that can pay dividends in a surprisingly short time

## The impact on business and employee wellbeing

Most employers in our survey recognise that apprentices are younger and have less financial experience. Over half of employers (55%) admit to having come across young workers or apprentices in financial difficulty, while 45% report that employees have approached them with financial difficulty. When one considers the impact of employee financial stress on business, with £121bn and 18 million working hours in time off each year, the business benefits speak for themselves.

In its report, *Financial Well-being in the Workplace: A Way Forward*, produced for HM Treasury and the Financial Conduct Authority, the Financial Advice Working Group concluded that not only do employees need help with financial well-being, but there is also a

clear link between well-being and employee productivity.

This point is supported by our research with employers identifying that helping all young workers better manage their finances and develop financial capability helped boost productivity, employee well-being, added skills to their work and higher levels of staff retention.

“They remain at a company longer and are more productive knowing that they are financially secure”, said one respondent. “Because if they manage their money they won't drop out half way through.”

Among employers who appear most willing to help, the reasons are driven by hard business benefits and softer reasons (because it is the right thing to do or because it is good for the organisation's reputation among young staff). The research also found most employers understand this link and are willing to do more to help employees, but need guidance on what they can do.

At NatWest, we work with corporate clients to understand employees' financial capability needs. At Holt's Military Banking, our partnership with the Ministry of Defence ensures young customers are developing savings habits that last a lifetime (see Holt's case study on page 17).

## There is a clear link between financial well-being and productivity



## Holt's Military Banking

RBS Holt's Military Banking has been official military agents since 1809. The bank has a long history of serving the needs of the UK's armed service personnel and holds accounts for most Army Regiments, as well as Navy Ships and RAF Stations.

Holt's aims to provide a financial awareness service for junior soldiers and officer cadets through to the most senior serving officers and veterans.

It works closely with the military in order to understand the impact military life has on every day banking. This relationship

includes an introduction to finances presentation to recruits at the Harrogate Army Development College during their induction and to Officer Cadets at the Royal Military Academy Sandhurst.

Sessions cover financial awareness, fraud and security, the merits of savings and allow the opportunity to open a savings account. Officer Cadets and Recruits are supported by a weekly visit from a Holt's representative available to conduct Financial Health Checks and answer questions. If agreed with the customer, a regular

amount, called an allotment is deposited from their salary each month by the Ministry of Defence.

Customer analysis has shown young Holt's customers are more engaged in savings accounts than the equivalent bank population, 58% of customers who opened savings account, currently have £100 deposited and 39% have increased their savings in the last two months.

Anecdotal evidence has shown that some recruits increase their savings amount each month, above the level deposited for them by the Ministry of Defence.



# Conclusion

As this report demonstrates, the financial capability of young workers and in particular apprentices, is important on many levels. We believe that enhanced financial capability could make an important contribution to improving the social mobility and wider prospects of young apprentices and workers from more disadvantaged backgrounds.

Financial capability contributes to improved workplace retention and employee wellbeing, resulting in reduced workplace stress and improvements in business productivity. And for apprentices, financial wellbeing can be a significant contributory factor determining whether they complete their apprenticeship.

This report has made a number of recommendations for further and higher education establishments, training providers, employers and policymakers and it is important that they all play a part. It is only through the collective impact of these key influencers that we can bring about significant, sustainable change in young workers' ability to manage money throughout their lives.

## Sources and further reading

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Images: Alamy, Getty Images



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Money Advice Service

**Peter Pledger**  
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