



FACTSHEET#2 - NOVEMBER 2017

A FEASIBLE SERVICE FOR LOW-INCOME PEOPLE: FINANCIAL GUIDANCE

Existing financial guidance services for low or medium income people in various European countries were reviewed to identify among other the extent and nature of the needs; how services can be provided; subjects to be covered; who could provide financial guidance service; costs.

In France, Focus Groups were organised at the request of La Finance pour Tous. Researchers strove to bring together focus groups on the need for financial guidance. Such focus groups were difficult to gather because people are reluctant to publicly speak about their personal finances, especially when they encounter difficulties.

WHAT IS FINANCIAL GUIDANCE?

Comprehensive financial guidance should involve an assessment of the overall financial and asset situation of a consumer and should lead to the provision of generic but tailored advice, including a financial plan for the consumer to achieve his or her goals.

Financial guidance is intended to help medium and low-income people but it should be distinguished from assistance to households who are overindebted or in severe financial difficulties.

Financial guidance only includes generic advice. It differs from investment advice which involves a recommendation to buy a specific product.

WHAT ARE THE NEEDS?

Main needs of low-income people for financial guidance are identified as follows:

- savings
- insurance and protection
- borrowing and over-indebtedness
- social security
- Retirement planning
- budgeting

In France, the three most frequently mentioned topics are:

- knowledge of savings products,
- being able to ask for financial social assistance (Large part of the population does not assert its social rights)
- Understanding the calculation of pension entitlement.

SUBJECTS

Financial guidance provided to low-income people should be limited to focused subjects:

- Day-to-day money management



- Wealth management
- Saving
- Protecting family
- Long-term care planning

DIFFICULTIES TO OVERCOME TO OFFER FINANCIAL GUIDANCE

- A majority of low-income people are not ready to pay and cannot pay for benefitting from financial guidance.
- Personal finance is a taboo.
- The staff providing financial guidance should be trained

ARRANGEMENTS FOR PROVIDING FINANCIAL GUIDANCE

- Once-off advice on a specific topic
- Ongoing guidance to consumers, such as regular reviews with a financial planner to reassess goals, and financial position.
- On-line self-analysis tools

WHO MIGHT PROVIDE FINANCIAL GUIDANCE SERVICES?

- Social workers
- Retired employees of banks ready to be volunteers of non-profit institutions
- Employees of some low-cost banks provided that they do not start providing financial guidance with a view to sell products or services.
- Animators of Non-profit institutions, especially those active to help people suffering from serious illness and their family.
- Specialised social networks.
- A specialised public institution

COST

- Experience from the UK suggests a cost of 100 to 600 € for personal financial guidance, of around 3€ per website visit and around 140 € per telephone enquiry.

TOOLS

Study commissioned to the OEE by the European Commission on financial guidance:

[http://www.oee.fr/files/19. financial guidance - european commission 1.pdf](http://www.oee.fr/files/19_financial_guidance_-_european_commission_1.pdf)

Study commissioned to ESCP Europe by La Finance pour Tous. A study available on request to

<https://www.lafinancepourtous.com/contact/>