

## Response from National Numeracy to the Financial Inclusion Commission's consultation on the state of financial inclusion in the UK

1. National Numeracy is an independent charity established in 2012 to help raise low levels of numeracy among both adults and children and promote the importance of everyday maths skills. We aim to challenge negative attitudes, influence public policy and promote effective approaches to improving numeracy both within the education system and more broadly within the community. Where possible, we work in partnership with other organisations to achieve these aims. [www.nationalnumeracy.org.uk](http://www.nationalnumeracy.org.uk)
2. We are responding in particular to Question 1 – relating to the policy changes that would most support financial inclusion among the client group we represent. By 'client group' we have in mind the three-quarters of the UK adult population whose numeracy (or everyday maths) skills are below Level 2, equivalent to GCSE A\*-C, and in particular the half of the population whose skills are equivalent to those expected of children at primary school. (These figures are derived from the Department of Business Innovation and Skills' 2011 Skills for Life survey for England. <https://www.gov.uk/government/collections/2011-skills-for-life-survey> . Data for other parts of the UK suggest a not dissimilar picture.)
3. **We believe that good numeracy underpins absolutely financial capability. It is essential for managing personal finances and choosing financial products. While good numeracy is clearly not the only factor determining financial inclusion, it is self-evident that individuals with poor numeracy skills are handicapped in financial decision-making and more likely to be excluded from full participation in everyday life. This very fundamental point is often poorly acknowledged across the financial industry.**
4. The OECD defines numeracy as 'an individual's capacity to identify and understand the role that mathematics plays in the world, to make well-founded judgements and to use and engage with mathematics in ways that meet the needs of that individual's life as a constructive, concerned and reflective citizen'. Our 'Essentials of Numeracy for All' provides an overview of the different skills this entails – [www.nationalnumeracy.org.uk/essentialsofnumeracy](http://www.nationalnumeracy.org.uk/essentialsofnumeracy) . Numeracy is therefore much more than the mechanical skill of computation. It means being able, for example, to compare financial risks and opportunities.
5. We believe that everyone has the ability to improve their numeracy skills – 'I can't do maths' attitudes are mistaken and unhelpful. But improving requires a positive approach, effort and support.

6. There is currently limited research into the precise nature and extent of the link between poor numeracy and financial capability and we would welcome such research to be funded by the industry. However we draw attention to a recent OECD report which noted a close correlation between the financial capability of 15-year-olds and their maths performance.  
<http://www.oecd.org/education/first-oecd-pisa-financial-literacy-test-finds-many-young-people-confused-by-money-matters.htm> . We would also point to a World Bank report which indicated that ‘a financial education program that does not specifically address numeracy has little impact on an individual's ability to make financial calculations’.  
<http://www.nationalnumeracy.org.uk/resources/113/index.html> .
7. We note also that the 2014 report from the Social Mobility and Child Poverty Commission recognised the importance of numeracy and quoted Andreas Schleicher, director of education and skills at the OECD: ‘Good numeracy is the best protection against unemployment, low wages and poor health’.  
<https://www.gov.uk/government/publications/state-of-the-nation-2014-report> . There is extensive academic research from the UK and elsewhere that draws attention to the correlation between low numeracy and outcomes such as social exclusion. <http://www.nationalnumeracy.org.uk/what-the-research-says/index.html#one> .
8. The cost of poor numeracy in the UK is estimated at £20 billion a year.  
<http://www.probonoeconomics.com/news/publications/high-cost-low-adult-numeracy>. This figure aggregates costs borne by the Exchequer, employers and individuals.
9. Our general proposals for improving numeracy are included in our Manifesto for a numerate UK.  
[http://www.nationalnumeracy.org.uk/userfiles/Documents/Manifesto\\_for\\_a\\_numerate\\_UK.pdf](http://www.nationalnumeracy.org.uk/userfiles/Documents/Manifesto_for_a_numerate_UK.pdf) . These amount to a set of measures designed to improve attitudes to numeracy, confidence and competence among adults and children. They require support from government, the education system, business and the media. We believe that the implementation of these measures would help to improve financial competence and understanding among the UK population.
10. In particular we note that too many young people leave school without the numeracy skills they need for life and that the current GCSE maths qualification does not necessarily guarantee those skills. We also note that OECD international comparisons show the UK to be the only country where young people’s numeracy is (slightly) worse than that of the over-55s.  
<http://www.oecd.org/site/piaac/Country%20note%20->

[%20United%20Kingdom.pdf](#). In other countries, younger people achieve better results than does the older generation.

11. We also point to our National Numeracy Challenge, started in 2014 as a means of supporting adults in improving their everyday maths, through positive messaging, an online assessment (with a high proportion of 'money' questions) and learning tailored to specific needs.  
<http://www.nationalnumeracy.org.uk/national-numeracy-challenge/index.html%20?> . In addition we are developing a new project for adults with particularly low numeracy skills and who therefore require different forms of intervention and we are piloting a Parent Toolkit to support children's understanding and appreciation of everyday maths.  
<http://www.nnparenttoolkit.org.uk> .