

Social Finance report highlights value of Jam Jar Accounts for UK consumers

Tuesday 14th June

Social Finance, confirms the value of Jam Jar Accounts to UK consumers in a report for HM Treasury. The UK's biggest providers of accounts with Jam Jar features, Secure Trust Bank and Think Banking, were today awarded the first ever Fairbanking Marks in recognition of their contribution to the financial wellbeing of UK consumers.

Social Finance estimates that around 9 million UK consumers are not currently benefiting from 'free if in credit' high street bank accounts. Many individuals on low incomes prefer to maintain control over their finances by managing in cash leading them to miss out on online discounts and direct debit savings. Many more consumers across the income spectrum incur high levels of penalty charges each month due to bounced payments or unauthorised overdrafts.

While no single banking product will meet the needs of everyone who is not currently benefiting from banking, consumer research indicates that a significant proportion would benefit from Jam Jar Accounts that:

- Allow customers to split their account balance into 'Jam Jars' for spending, saving and bill payment;
- Support customers to improve their budgeting and bill payment behaviour through low balance alerts and automated transfers of funds between Jam Jars; and
- Give customers access to trained 'Money Managers' that can provide budgeting advice and referrals on to specialist consumer services (e.g. debt advice or Citizens Advice Bureaux) where necessary.

Louise Savell, Associate Director of Social Finance, said:

"By supporting consumers to budget for their household bills and removing the risk of penalty fees, Jam Jar Accounts can offer consumers significant peace of mind. We estimate that, at present, only 150,000 UK consumers are taking advantage of such accounts. It seems likely that many consumers that would benefit are simply not aware that such accounts exist."

Following the publication of their report last month, Social Finance has been in discussion with Government about ways to reduce consumer fees for Jam Jar Accounts through contributions from social landlords, utility companies and service providers that would benefit from improvements in consumer bill payment behaviour. Such contributions could play an important role in ensuring that Jam Jar Accounts are accessible to those on low incomes.

David Hutchison, Chief Executive of Social Finance, said:

“Jam Jar Accounts offer a better approach to banking for a significant number of consumers in the UK. We encourage Government to support efforts to identify sources of revenue that would enable such accounts to be offered to the most vulnerable consumers at a lower cost.”

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Notes for Editors

1. Social Finance’s report on Jam Jar Accounts, *A New Approach to Banking – Extending the use of Jam Jar Accounts in the UK*, can be downloaded from the Social Finance website: http://www.socialfinance.org.uk/sites/default/files/SF_JamJarAccountReport_FULLREPORT.pdf
2. The Fairbanking Mark is an accreditation scheme developed to encourage banking organisations to improve the financial well-being delivered by their products. The Mark is offered by the Fairbanking Foundation (<http://www.fairbanking.org.uk/>), a not-for-profit, research-based charity created to encourage and assist providers of banking products to improve the financial well-being of their customers.
3. The Financial Inclusion Taskforce (http://www.hm-treasury.gov.uk/fin_consumer_fininclusion_taskforce_research.htm) is an independent body which has supported the Government’s work to ensure that everyone can access the financial services they need. The Taskforce was established in 2005, and concluded its work in March 2011. The Taskforce was chaired by Brian Pomeroy; Taskforce members acted in a voluntary capacity.
4. Social Finance (www.socialfinance.org.uk) is an FSA regulated non-profit organisation established in 2007 to develop an effective social investment market in the UK. The organisation provides access to capital, designs social finance interventions and offers advice to investors and social sector entities interested in delivering significant social impact.
5. Social Finance is committed to driving innovative, sustainable and scalable solutions by combining a deep understanding of social issues with expertise in financial modelling, business case development and investment structuring.

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