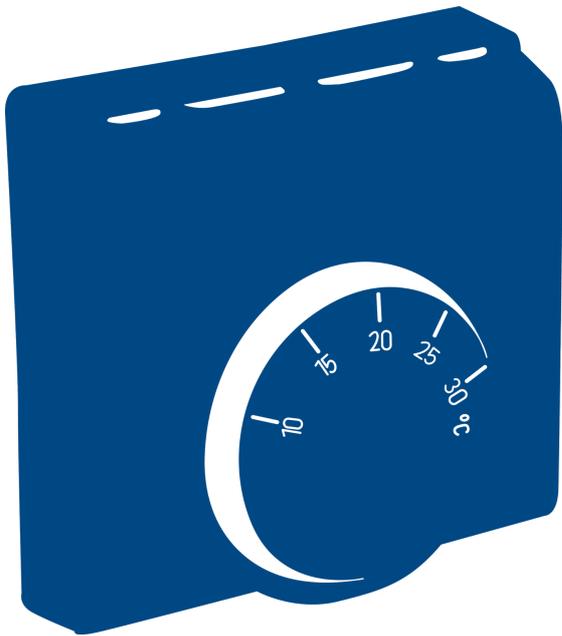


# Measuring financial capability

Technical paper: how we developed financial capability measures for our clients and services



Satdeep Grewal

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# Foreword by Sharon Collard

Understanding the personal financial capability of the UK population is an important first step to thinking about how we can develop services to better meet consumer needs. This applies to regulators, the market and non-profit actors, so that together they can work to achieve better outcomes for users (and potential users) of financial services.



Efforts to improve personal financial capability can often focus on getting results. While results are important, this research also highlights that it is essential to get the process right for measuring those results correctly in the first place. That's why the work of Citizens Advice to develop ways to measure their clients' financial capability is so important, particularly given they assist some of the most vulnerable people in society with their money problems.

Rather than make assumptions, Citizens Advice has taken a thorough, evidence-based approach to develop measures that reflect the lived experience of clients. In turn, this will help ensure that Citizens Advice services really hit the spot and bring about positive changes in their clients' personal financial capability.

This paper is an important contribution to the evidence base. It shares Citizens Advice's learning about how best to measure personal financial capability in a way that accounts for the characteristics of their services, as well as the clients with whom they work, who are often living on a low income and may also be living with issues such as poor mental or physical health.

Not only will these measures help assess people's financial capability needs in a more consistent and effective way, they will also allow Citizens Advice to track clients' progress before and after interventions, helping pave the way to understanding and compare what does and doesn't work in terms of improving financial capability.

Having been part of this project throughout its development, it is clear that Citizens Advice's work in this area will provide invaluable learning for those looking to deliver and evaluate financial capability focussed support, in the UK and beyond.

## **Sharon Collard**

Professor of Personal Finance and Research Director  
Personal Finance Research Centre, University of Bristol

# Summary

As we release our research into our clients' baseline money skills<sup>1</sup>, this report shares how we developed our approach to measuring financial capability so others can benefit from our experience.

## What the measures are and how they work

Financial capability is complex and nuanced, and comprises of a range of aspects. These need to be taken into account separately - knowledge, action and mindset all underpin the different financial capability or money skills areas we developed. That's why we recently invested in the research, development and testing of a set of financial capability measures that are appropriate and relevant for our clients and services.

## Citizens Advice money skills areas

	<b>Keeping track of money</b>		<b>Having enough money to live</b>		<b>Looking for the best deals</b>	
	<b>Controlled spending</b>		<b>Planning ahead with money</b>		<b>Staying informed about money services</b>	

## Understanding financial capability is important to how we work

Citizens Advice directly helped 2.7 million people with over 6.3 millions issues just last year, whether that was face to face, by phone, email or web chat. For many, financial capability are hidden issues that impact clients and need addressing. Our clients are representative of England and Wales in most respects, but are more likely to live on a low income, be unemployed, have a long-term health condition or disability. Working with some of the most vulnerable people in society means understanding their financial capability is key to providing appropriate support.

## How we'll use this approach to understand what works

Being able to measure financial capability allows us to understand where clients start out, where they need help and track progress to learn what does and doesn't work. We can now develop better services and contribute to the evidence base on what works to improve people's financial capability as part of the UK Financial Capability Strategy.

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<sup>1</sup> Citizens Advice, Understanding Money Skills: Where our help is needed most to improve client financial capability, 2017.

# Background

## Why financial capability matters

Financial capability underpins the way we deal with a range of planned and unplanned life challenges. It means having the right knowledge, behaviours and mindset to make the most of your financial situation now and in the future. For example, if you become unemployed, live on a low income or get a divorce you need a particular set of skills to cope. Similarly, changes to the way people need to claim and manage benefits, with Universal Credit rolling out, make it essential to have the knowledge and actions to be financially capable.

We support thousands of people each year who need help with money problems where finances are the hidden, underlying issue. That's why we wanted to understand the role of people's financial capability - or as we call it, money skills - so we can provide more holistic, appropriate services that help people find a way forward.

### Top 5 most common issues seen by our network 2016/17



We try to help people deal with their finances regardless of the problems they face - particularly when money is tight and needs to be carefully managed. Our advice often includes checking a client's finances, finding ways to maximise their income and providing some form of financial capability support - help that is tailored to their needs, relevant to their situation and presenting problem.

Experience tells us that determining how good someone's financial capability is - and what works to improve it - is complex and nuanced. Focusing on a single characteristic isn't enough to capture the significant financial challenges that our clients face on a day-to-day basis.

## How this project came about

Our research over the years has helped us build an understanding of how to measure our clients' financial capability and move towards demonstrating our impact in this area. As there is a gap in research evidence on what works to improve people's financial capability, we want to build sector knowledge and evidence in this area to better understand the needs of our clients and make sure we have the right services for them.

We understand the importance of developing our evaluation practice by taking stock of learning from across different projects. Part of this includes developing clear measures about the difference we make, to give us detailed insight into our clients' needs and what works, which informs the design of future service interventions and evaluations.

Our past research showed that the measurement of financial capability improvement is nuanced and challenging, so we recognised the need to do further work in this area. With funding from Prudential, we invested in a year of in-depth background research and development to draft a set of financial capability areas, questions and scales and an IT solution.

Together these measures will help local Citizens Advice track our clients' financial capability in a way that is appropriate for the complex circumstances they are facing, while giving consistency to how we measure across different services and pilots. The evidence we gather from this work will allow us to determine what works. Here we tell the story of how we did this.

## Alignment with the national strategy<sup>2</sup>

We designed our financial capability measures to touch on all elements of the Money Advice Service (MAS) UK Financial Capability Strategy's adult outcomes framework.

MAS have ensured the approach we took in this project and the measures we developed align with outcomes in the UK Financial Capability Strategy's Adult Outcomes Framework, and have agreed that due to this alignment, our measures can be used to evaluate our financial capability services.<sup>3</sup>

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<sup>2</sup> See [http://www.fincap.org.uk/outcomes\\_adults](http://www.fincap.org.uk/outcomes_adults)

<sup>3</sup> For broader coverage of the Adult Outcomes Framework, please see MAS's evaluation toolkit here: <http://www.fincap.org.uk/evaluation-toolkit>

## Our approach

The below diagram summarises the approach we took over the course of 2015-16 to research, develop and refine our financial capability outcomes areas and questions.

### The methodology we are using to develop our financial capability measures

<b>Background research</b>	<b>Literature review</b>	understand the conceptual, policy, research & practice landscape in relation to measuring financial capability
	<b>Service map</b>	financial capability services we deliver, to which audiences and channels with observational study to develop contextual knowledge of our services
	<b>Research on measures</b>	review ways that different existing domains of financial capability are impacted by various factors
<b>Development</b>	<b>Theory of change</b>	how we think our current advice and support services improve client financial capability
	<b>Question map</b>	look at various existing evaluations of financial capability & analyse their appropriateness to our clients & services
	<b>Draft measures</b>	create areas questions & scales based on research to date & align with UK financial capability strategy
<b>Testing and refining</b>	<b>Piloting and consultation</b>	gain feedback from internal & external experts on measures, pilot & refine with local Citizens Advice
	<b>IT system</b>	develop, test & refine to allow recording, tracking & reporting with linkage to case management system
	<b>National survey</b>	gather initial evidence & report on baseline scores whilst refining the measures based on findings
<b>Evidence gathering</b>	<b>Ongoing research</b>	test and validate the measures in different settings and gather evidence on what works

## Our money skills areas<sup>4</sup>

These are the areas we researched and developed to underpin how we measure our clients' financial capability, or as we call it, money skills.

 <p><b>Keeping track of money</b></p> <ul style="list-style-type: none"> <li>- Keep track of money going out, money coming in and calculate what's left over.</li> <li>- Check my current balance and keep my papers in order.</li> </ul>	 <p><b>Controlled spending</b></p> <p>Spend or save only what I can afford after covering the basics I need to live, like food, housing and electricity.</p>	 <p><b>Having enough money to live</b></p> <p>Have enough money to cover the basics I need to live like food, housing and electricity.</p>	 <p><b>Confidence</b></p> <p>Confidence about taking action on money matters.</p>
 <p><b>Planning ahead with money</b></p> <ul style="list-style-type: none"> <li>- Know when my bills and payments are due and keep on top of priority bills, like for electricity, loans and council tax.</li> <li>- Put some money aside for big or unexpected costs.</li> </ul>	 <p><b>Looking for the best deals</b></p> <ul style="list-style-type: none"> <li>- Look at different options and buying the best deal for things like food, clothes, large items or services like phone, electricity or insurance.</li> <li>- Get different opinions on what I am buying, like from reviews and comparison websites.</li> </ul>	 <p><b>Staying informed about money services</b></p> <ul style="list-style-type: none"> <li>- Read the main information about money services I get like banking, benefits and loans.</li> <li>- Stay on top of changes to these or get help when I don't understand.</li> </ul>	

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## Sample questions and scales

These are examples of some of the questions and response options we have developed to measure how good a client's financial capability and what their level of need is. They can also be used to track client progress when following-up with them after they receive help.

<b>Keeping track of money</b>								
<input type="radio"/> Calculate money going out, money coming in and what's left over. <input type="radio"/> Check my current balance and keep my papers in order.								
Rate your knowledge about the above	No knowledge	No to some knowledge	Some knowledge	Some to good knowledge	Good knowledge	Good to excellent knowledge	Excellent knowledge	Don't know
	1	2	3	4	5	6	7	<input type="checkbox"/>
How often do you do the above?	Never	Never to sometimes	Sometimes	Sometimes to often	Often	Often to very often	Very often	Don't know
	1	2	3	4	5	6	7	<input type="checkbox"/>

<b>Mindset</b>							
How much confidence do you have about taking action on your money matters?							
No confidence	No to some confidence	Some confidence	Some to good confidence	Good confidence	Good to high confidence	High confidence	Don't know

Score 1 to 3		Score 4	Score 5 to 7
Low financial capability		Average financial capability	Advanced financial capability
High need		Medium need	Low need

These are part of a larger suite of questions which are meant to be used together, and include light-touch and more intensive versions that can be used for clients to complete a quick self-assessment, as well as to be part of more in-depth face-to-face work. An Impact Tool is available in our online case management system for recording responses and progress.

Local Citizens Advice looking to use the full suite of questions can obtain the tools and guidance by emailing [impact@citizensadvice.org.uk](mailto:impact@citizensadvice.org.uk). Organisations outside of Citizens Advice can also contact us here to find out more about this work or to help us test and validate the questions in different contexts.

# 1 Research

In beginning this project, we felt we needed to build a solid knowledge base in financial capability, so we could improve our evaluation of our money advice while filling gaps in evidence base for what works to improve people’s financial capability. This section outlines how we did this and summarises the main findings.

## Literature review

The literature review set out to build sound knowledge and understanding of the conceptual, policy, evaluation, research and practice landscape in financial capability. The review provided a robust reference point from which to build our framework for measuring and evaluating the financial capability of our clients. A Rapid Evidence Assessment (REA) approach was used to undertake the review.

The review found that there are still significant gaps in evidence in the UK on what works to improve people’s financial capability, given the relative newness of the concept and approach. There is a need for more robust, longitudinal studies that evidence the impact of different approaches to improving people’s financial capability. Citizens Advice are in a prime position to meet this need. We found that further work needed to be done to ascertain whether existing evaluation approaches and measures would be appropriate for Citizens Advice clients and services.

### What is an REA?

REAs are defined by the Government Social Research Service as a: ***‘Quick overview of existing research on a (constrained) topic and a synthesis of the evidence provided by these studies to answer the REA question.’***



Download the literature review in full by clicking on this [link](#)

## Service Map

Before going any further, we needed to gain a better understanding of what services we deliver in relation to financial capability, to define what we would be evaluating. We gathered intelligence on the content, audience, reach and channels of our services and carried out observations of them to gain in-depth contextual knowledge of how they were being delivered. To do this we visited local Citizens Advice and gained input from key service leads to collate and analyse the relevant data.

We found that we delivered at least 14 different types of financial capability interventions in 2014-15, to different levels of intensity, a majority of them being face-to-face with clients. The below diagram<sup>5</sup> illustrates what our biggest areas of work were in terms of number of people reached.

### Citizens Advice financial capability services reaching 100k+ people, 2014-15



Through our observations, it was clear that our financial capability support could be incredibly responsive to different people's characteristics, situations and issues. We have bespoke group work targeted at particular people, such as money management workshops. These equip people who are leaving care with the right skills to live independently. Clients also come and talking to us one-to-one about their money

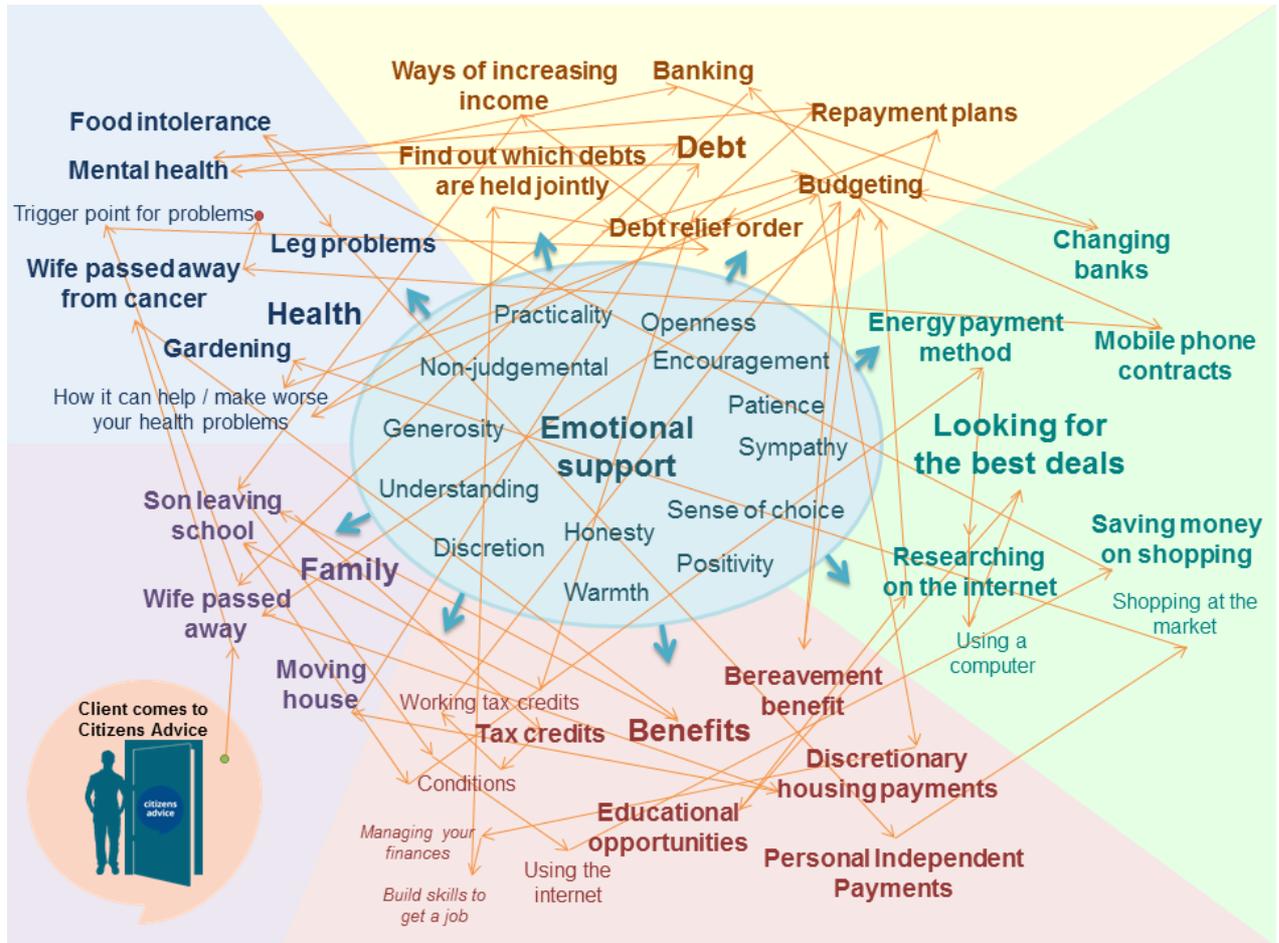
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<sup>5</sup> These numbers are not mutually exclusive as some people may use more than one service. Financial capability support tends to be light-touch when delivered as part of our debt advice.

situation, with advisors tailoring their advice and support to the client's particular circumstances and issues.

The below diagram illustrates an example of an hour-long financial capability one-to-one, showing the sheer breadth of the conversation that took place.

### Visualisation of a one-to-one financial capability session at Citizens Advice



Download our service map in full by clicking on this [link](#)

## Research on measures

Through our case management system we are able to collect detailed intelligence on our clients demographics, the issues they come to use with and the work we do with them, in order to monitor trends in our service and respond accordingly. The data gives us an in-depth understanding of the challenges that our clients are facing and their needs. For instance, they are five times more likely than the UK population to be living on a low income, a vast majority of our clients are of working age (88%) and many come to us when they are facing complex financial issues that are causing other difficulties in their life:<sup>6</sup>

Client response to being asked what negative consequences they felt as a result of the issue they came to us with	Our debt clients	Our clients
Felt stressed, depressed or anxious	73%	66%
Had to move home or worried about losing it	27%	21%

It is important to understand how these factors relate to financial capability, so building on our literature review, we conducted an in-depth evidence assessment to analyse how people's different characteristics and circumstances can relate to their levels of financial capability. The research allowed us to identify a set of commonly used financial capability domains in existing established research and evaluation, against which we were able to map characteristics and circumstances that were likely to relate to high, low or average financial capability.

Those domains were:

- Managing money
- Keeping track
- Controlled spending
- Making ends meet
- Planning ahead
- Resilience to changes in circumstances and financial shocks
- Choosing products
- Staying informed



Download our research on our measures in full by clicking on this [link](#)

<sup>6</sup> Citizens Advice, [National outcomes and impact research](#), 2014.

## 2 Development

Our background research provided a strong base of knowledge and understanding from which we could develop a theory of change alongside consistent, appropriate financial capability outcomes measures that would be relevant to both our clients and the nature of our services. The following details how we did that.

### Theory of Change

First we brought together our background research findings in the form of a theory of change, to show how we think our services impact on our clients' financial capability. The diagram below illustrates our theory to include our current updated financial capability areas outlined on page 5.

**The Citizens Advice Financial Capability Theory of Change**



## Question map and development of draft outcomes measures

Next, we needed to develop a set of question and response options in order to measure the outcomes identified in our theory of change,. We wanted these to enable us to measure client progress over time, before and after a range of interventions, in a consistent and appropriate way.

To do this, first we checked whether there were any question and response options we could use that were already in established research on financial capability. We mapped these out and assessed them based on their appropriateness for our clients and services, whether they would work as distance travelled measures and how well they mapped against the UK Financial Capability Adult Outcomes Framework.

Based on this mapping, there were no existing questions or response options that met all of our requirements. Therefore we used elements from a range of existing sources outlined below, to develop our own.

### Sources used to develop our draft financial capability question and response options

**Australian Securities and Investment Commission (2015)**

Australian Financial Attitudes and Behaviour Tracker

**Citizens Advice**

Various research and evaluation projects on financial capability

**Institute for Social and Economic Research (2011)**

Financial capability, income and psychological well being

**Mathematica Policy Research (2012)**

Measurement Models for Behavioral Frequencies: A Comparison Between Numerically and Vaguely Quantified Reports

**OECD (2009)**

Framework for the development of Financial Literacy Baseline Surveys: A First International Comparative Analysis

**Office for National Statistics (2015)**

Financial capability in Great Britain, 2010 to 2012

**The Money Advice Service**

Common evaluation toolkit for financial capability (2015) & The Financial Capability of the UK (2013)

**University of Bristol, Personal Finance Research Centre (2012)**

Quids In: The impact of financial skills training for social housing tenants.

**FSA (2006)** Levels of Financial Capability in the UK: Results of a baseline survey

The draft financial capability areas, questions and response options we developed from these sources are presented below.

Our draft financial capability areas	
<p><b>Managing money and keeping track</b></p> <ul style="list-style-type: none"> <li>• Calculating what you're spending, earning and what's left over</li> <li>• Checking your balance</li> <li>• Adjusting your spending when something changes or happens</li> </ul>	<p><b>Controlled spending</b></p> <ul style="list-style-type: none"> <li>• Covering the basics you need to live first, e.g., food, bills and rent</li> <li>• Checking how much you have left over afterwards</li> <li>• Spending only what you have left or saving some of it</li> </ul>
<p><b>Making ends meet &amp; meeting financial commitments</b></p> <ul style="list-style-type: none"> <li>• Having enough money to pay for the basic things you need to live, e.g., food and rent</li> <li>• Keeping on top of bills and payments</li> <li>• Making the most of the money you have so that you can have some left over afterwards</li> </ul>	<p><b>Planning ahead and resilience to change</b></p> <ul style="list-style-type: none"> <li>• Making sure you put money aside to save</li> <li>• When unexpected costs come up, you are financially prepared to meet them</li> <li>• You are saving so you have enough for things like retirement, holidays and family occasions</li> </ul>
<p><b>Choosing products</b></p> <ul style="list-style-type: none"> <li>• Looking at a couple of different options before buying something</li> <li>• Getting other people's opinions, e.g., from reviews and comparison websites</li> <li>• Buying things that really suit my needs/are the best value for money</li> </ul>	<p><b>Staying informed</b></p> <ul style="list-style-type: none"> <li>• Reading the main information you receive about your financial products and services</li> <li>• Getting help when you don't understand any of the information</li> <li>• Keeping up-to-date with any relevant changes to your financial products and services, e.g., benefit changes, interest rates, better deals</li> </ul>
<p><b>Mindset</b></p> <ul style="list-style-type: none"> <li>• Level of confidence in dealing with the financial matters mentioned in the other domains</li> <li>• Feeling of control over your finances</li> </ul>	

Examples of our draft question and response options			
How often do you manage your money overall and keep track of your spending?		How much do you know about managing your money and keeping track of spending?	
<ul style="list-style-type: none"> <li>• I never</li> <li>• I never to sometimes</li> <li>• I sometimes</li> <li>• I sometimes to often</li> <li>• I often</li> <li>• I often to very often</li> <li>• I very often</li> <li>• Not applicable</li> </ul>	<p>...calculate my expenditure, check my overall balance or adjust my spending when something changes or happens</p>	<ul style="list-style-type: none"> <li>• I have no knowledge</li> <li>• I have no to some knowledge</li> <li>• I have some knowledge</li> <li>• I have some to good knowledge</li> <li>• I have good knowledge</li> <li>• I have good to excellent knowledge</li> <li>• I have excellent knowledge</li> <li>• Not applicable.</li> </ul>	<p>...of how to calculate expenditure, check my overall balance or adjust my spending when something changes or happens</p>

### 3 Testing and refining

With a set of draft financial capability areas, questions and response options, and an IT solution to help record that data, the next step was to gain detailed feedback on these from experts.

The term 'expert' encompasses a wide range of people; it includes our clients, frontline staff from local Citizens Advice as well as academics, peers from other organisations and internal subject matter specialists. This stage of the project brought together input from all of these people to refine our draft financial capability areas, questions, scales and IT solution, to make sure they really worked.

The following diagram sets out the purpose and scope of the feedback we gained from each group of expert we worked with at this stage in the project. Following this we go into detail about how we gained that feedback, what it contained and how we used it to refine our financial capability areas, questions and scales.

#### The experts we worked with and the feedback they gave on our draft financial capability areas, questions and scales



## External input

As part of the development of our financial capability outcomes measures, we have consistent contact with external stakeholders to make sure our work is rooted in current practice and thinking. Citizens Advice Chief Economist Hugh Stickland is a member of the UK Financial Capability Strategy Research and Evaluation Group and Impact Evaluation Analyst Satdeep Grewal, who has been leading on this research project, meets regularly with the Financial Capability Evaluation team at the Money Advice Service to align our approach with the strategy. Professor Sharon Collard, Chair in Personal Finance Capability at The Open University Business School, is providing detailed input on this project.

In January 2016, we brought together a panel of experts to peer review our draft financial capability areas, questions, scales and background research. The meeting took place to review this work and ensure its validity, accordance with expert knowledge and experience of measuring financial capability, check for gaps in the areas covered or evidence used to develop them, whether there would be confidence in any resultant findings and if those findings would be credible and useful. Members of the panel are set out in the table below.

<b>Citizens Advice Financial Capability Expert Panel</b>
<b>Citizens Advice</b> Hugh Stickland, Chief Economist & Satdeep Grewal, Impact Evaluation Analyst
<b>Law for Life</b> Lisa Wintersteiger, Chief Executive
<b>Money Advice Trust</b> Claire King, Head of Insight and Engagement
<b>Personal Finance Research Centre, University of Bristol</b> Andrea Finney, Honorary Senior Research Fellow
<b>The Innovation Unit</b> Chloe Grahame, Researcher and Project Co-ordinator
<b>The Money Advice Service</b> Lizzy Jordan, Research and Evaluation
<b>UnderstandingSociety, University of Essex</b> Raj Patel, Impact Fellow & Nicole Martin, Senior Research Officer

Overall the panel received our work positively and said:

- The areas covered and questions used all make sense, are appropriate, meaningful and valid.

- The findings collated using the tool would be very useful and credible as long as they are reported in a manner that takes into account all the contextual factors at play during the interventions and assessment of clients.
- The Money Advice Service ensured the measures and approach we took aligns with outcomes in the UK Financial Capability Strategy Adult Outcomes Framework.

**'Financial Capability is like a cake, there are different ways to cut it. The measures are grounded, and make intuitive sense.'**

Andrea Finney, Honorary Senior Research Fellow, University of Bristol

## Local Citizens Advice input

### Client input

Local Citizens Advice were invited to take part in research with clients, following which in-depth cognitive testing was carried out with 15 clients. They were from a wide range of backgrounds and needs and had received help from two local Citizens Advice in the north and south of England. We tested the areas, questions and scales to gain feedback on the wording, definitions, and options. This was to ensure they made sense, were being interpreted as intended and were meaningful.

**'It's quite a good survey because it gives a visualisation of things going on in my head! Such as realising I understand the rules of the game but don't do it! I found it quite helpful.'**

Citizens Advice client

### What is cognitive testing?

According to Ipsos Mori, cognitive testing assesses...

**'...the effectiveness of a survey question in eliciting the required information from its target audience...it allows an investigation into the way people understand, mentally process and respond to the question under scrutiny to explore whether the question, response options and accompanying instructions are interpreted in the way intended.'**

### Frontline staff input

Local Citizens Advice staff provided input on the financial capability areas, questions and scales and the IT solution in the following three ways:

1. An online survey was made available to all local Citizens Advice for a week in February 2016 through our intranet website; 33 responses were received.
2. Through the survey we invited local Citizens Advice to pilot the measures. Two used the measures to gather evidence across a range of service settings, including one-to-one advice and workshops.
3. Usability testing of the Impact Tool was carried out through six in-depth interviews with advisors from two local Citizens Advice offices. The interviewer carried out a role play exercise with the advisors to pick out any potential issues with the tool to help develop its navigability.

### What is usability testing?

Usability.gov define this as 'evaluating a product or service by testing it with representative users. Typically, during a test, participants will try to complete typical tasks while observers watch, listen and take notes. The goal is to identify any usability problems, collect qualitative and quantitative data and determine the participant's satisfaction with the product.'

Feedback from the survey is summarised below, and shows local Citizens Advice were largely positive about our draft financial capability outcomes measures.

### Local Citizens Advice survey feedback on our draft financial capability measures

<p style="text-align: center;"><b>Relevant</b></p> <div style="display: flex; align-items: center; justify-content: center;">  <div style="text-align: center;"> <p style="font-size: 24px; font-weight: bold;">73%</p> <p>of local Citizens Advice respondents think they are very or mostly relevant</p> </div> </div>	<p style="text-align: center;"><b>Useful</b></p> <div style="display: flex; align-items: center; justify-content: center;">  <div style="text-align: center;"> <p style="font-size: 24px; font-weight: bold;">67%</p> <p>of local Citizens Advice respondents think they are very or mostly useful</p> </div> </div>
<p style="text-align: center;"><b>Appropriate</b></p> <div style="display: flex; align-items: center; justify-content: center;">  <div style="text-align: center;"> <p style="font-size: 24px; font-weight: bold;">61%</p> <p>of local Citizens Advice respondents think they are very or mostly appropriate</p> </div> </div>	<p style="text-align: center;"><b>Credible</b></p> <div style="display: flex; align-items: center; justify-content: center;">  <div style="text-align: center;"> <p style="font-size: 24px; font-weight: bold;">67%</p> <p>of local Citizens Advice respondents think they are credible</p> </div> </div>

**'I like the scoring and the structure. We don't have a tool at the moment for thinking about where we need to look and focus on. It helps focus resources on areas to help clients and their specific needs, giving a mark for each area and what to concentrate on.'**

Project Manager, East End Citizens Advice

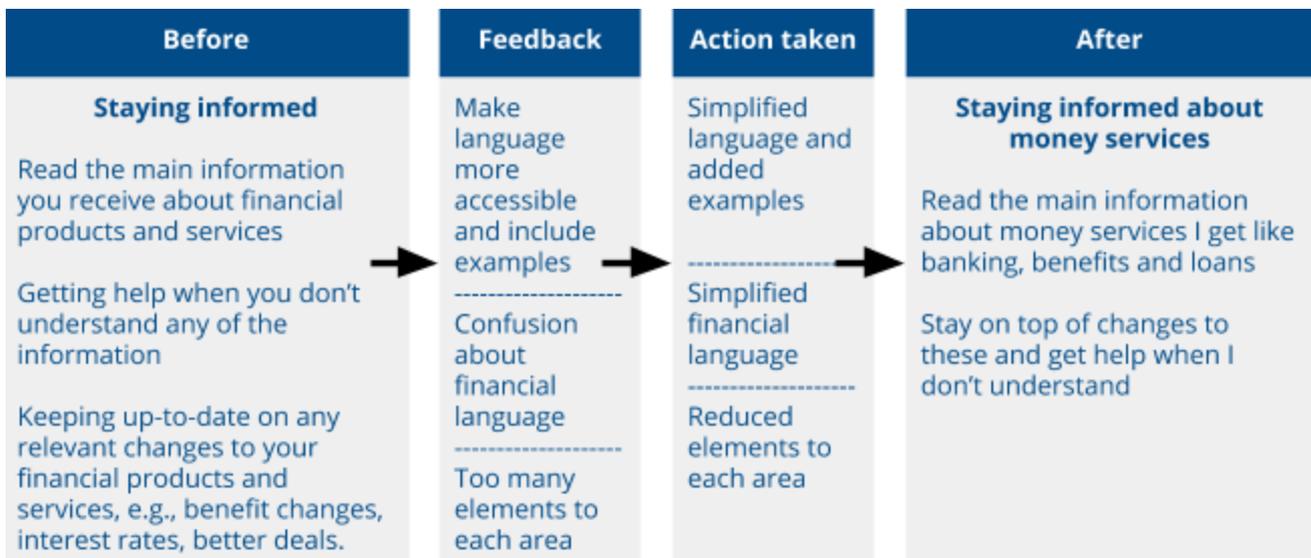
## Citizens Advice input

We carried out two focus groups with key stakeholders within Citizens Advice to ascertain the validity of the areas, questions and scales. We looked at whether they accorded with our existing knowledge and experience of measuring financial capability. It was also useful to help us understand if the areas worked and if there were any gaps in what they covered or the evidence we used to develop them, as well as test levels of confidence in the resultant findings and if those findings would be credible and useful.

**'These measures will help us to find out what works and how, to understand the impact of our interventions.'**

Christy McAleese, Financial Capability Service Manager, Citizens Advice

## An example of how we refined a financial capability area based on expert feedback



## Summary of expert feedback

### Feedback on the areas, definitions, questions and scales

Positive feedback	Constructive feedback	Negative feedback	Areas for future consideration	Interpretation
Clear, make sense & easy to understand	Make language more accessible, use examples	Concern about effect of questions on clients on low incomes or who are vulnerable	Include measure of base knowledge	Overlap between interpretation of knowledge and action
Credible, relevant and comprehensive	Collect related information on needs, life events and contextual factors	Confusion about financial language	Consider impact of low income on how clients rate themselves	Confidence mostly seen as ability to take action and self-efficacy
Clients don't feel uncomfortable or judged being asked the questions	Improve distinction between areas	Too many elements to each area, confusion about question	Look at how areas connect with wider issues and organisations	Responses differ depending on who has control over finances
	Confidence scale would work looking at levels, not frequency	Too many options on scale	Refine areas according to correlations and intervention type	Interpretation of certain financial terms varied

### Actions we took to address feedback on the areas, definitions, questions and scales

No actions required	Simplified language, added examples	Language sensitivity adjusted based on vulnerable & low income client feedback	Conducting national survey of clients' financial capability and numeracy looking at income, support needs & correlations.	Made questions more directly about knowledge
	Added needs, life events & free text box options for context info	Simplified financial wording	Testing and validating adapted versions of tools for wider range of work	Confidence question made more explicitly about action
	Refined definitions & headings to distinguish areas. Removed control measure due to overlap	Increased granularity & simplicity		Free text box added for contextual info
	Confidence scale changed to measure levels	Different scales tested: current format preferred by clients and less biased responses.		Simplified financial wording, added examples. Took out control due to high variance in interpretation.

## Feedback on implementation of the areas and questions

Positive feedback	Constructive feedback	Negative feedback	Areas for future consideration
<p>Really needed by local Citizens Advice and will help assess need in different settings and target support</p> <p>-----</p> <p>Good for showing small positive changes</p> <p>-----</p> <p>Will help with funder reporting</p>	<p>Need instructions to help clients and frontline staff understand question reasoning &amp; use consistently</p> <p>-----</p> <p>Services may need to adapt to accommodate this approach</p> <p>-----</p> <p>Be clear about which intervention was used</p> <p>-----</p> <p>Link with objective outcomes e.g., debt rescheduled</p>	<p>Clients and advisors may not complete questions due to them being too long, wordy or difficult</p> <p>-----</p> <p>Questions will not be appropriate for people in crisis situations</p>	<p>Look at ways of identifying systemic issues within the financial sector</p> <p>-----</p> <p>Look at prioritisation of questions once more data collected</p> <p>-----</p> <p>Collate illustrative stories of 'good' financial capability</p>

## Actions we took to address the feedback

<p>Including instructions in guidance on how to use the tools in different settings and what 'good' is</p> <p>-----</p> <p>Developing reporting for local Citizens Advice</p>	<p>Including instructions in guidance and Impact Tool on how to frame the questions and how to use them in different settings.</p> <p>-----</p> <p>Looking at different service models</p> <p>-----</p> <p>Impact Tool developed to track intervention types</p> <p>-----</p> <p>In guidance, encourage local Citizens Advice to collect objective outcomes already in CMS</p>	<p>Wording updated, including in guidance how to frame questions to clients</p> <p>-----</p> <p>Including instructions in guidance on how to use the tools in different settings and developing shorter versions for quick use</p>	<p>Included free text box for contextual information on longer version of questions</p> <p>-----</p> <p>Developing shorter versions of questions for quick use</p> <p>-----</p> <p>Can use information collated from free text boxes to collate stories</p>
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# Conclusion and next steps

From this research we have been able to develop a set of financial capability areas and questions that are well researched, consistent and appropriate for our clients and services. Though it was a long process, it was invaluable in ensuring that the questions we created actually measure what we set out to measure, and works for the clients and advisers who will be using them.

Now we can more accurately evaluate our clients' financial capability needs and measure the impact of the money advice services we deliver to help improve client financial capability. We aim to share the findings we gather using these areas and questions, to help fill gaps and contribute to the evidence base of what works to improve people's financial capability. Our first piece of research<sup>7</sup> looks at the baseline financial capability needs of our clients.

We will continue to consult with experts to review initial evidence gathered from a national survey of our clients that will use our areas and questions. This is part of the ongoing development of this area of work. We will also continue to test, develop and validate the measures in a range of different service settings, both within and outside of Citizens Advice, to refine them and ensure they can be used flexibly whilst preserving their appropriateness and consistency.

For those interested in taking part in this development work and would like to test our areas and questions, please get in touch with the impact and evaluation team at: [impact@citizensadvice.org.uk](mailto:impact@citizensadvice.org.uk).

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<sup>7</sup> Citizens Advice, Understanding Money Skills: Where our help is needed most to improve client financial capability, 2017.

# Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

## Satdeep Grewal, Impact and Evaluation Analyst

Our impact and evaluation team are responsible for customer insight research, assessing service effectiveness through evaluating what works, and using our evidence and analysis to understand and demonstrate the impact and value of Citizens Advice. They also work with others in the sector around impact and evaluation, shaping approaches and sharing findings.

To find out more, follow our impact and evaluation team on Twitter (@CABImpact) or get in touch: [impact@citizensadvice.org.uk](mailto:impact@citizensadvice.org.uk)



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