

# Why financial capability matters

“Celebrating financial capability in Scotland”  
Scottish Parliament, 14 November 2017 at 6pm

Am delighted to be at the Scottish Parliament tonight to celebrate the fantastic initiatives going on in Scotland to help people of all ages manage their money better. As part of the *#TalkMoney* week, Govan Law Centre will be providing free financial capability advice session at Homes for Good in Glasgow’s Bridgeton this Thursday 16 November 2017 from 10am to 3pm. And of course there are many events taking place up and down Scotland this week.

We chose to host our event at Scotland’s first social enterprise letting agency because all of the evidence shows that many of the most financially struggling and squeezed in the country are now in our enlarged private rented sector (PRS). On average, PRS rents in the central belt of Scotland have increased by 25% in the last six years – double the rate of inflation.

We live in challenging times, as wages and social security remain static for many, while the cost of groceries and household bills continue to rise. At Govan Law Centre we help people at the sharp end when things go wrong.

Good money skills are always key to resolving financial challenges and difficulties. But most importantly they are essential as a preventative tool: to avoid being scammed, fleeced, being hit with excessive fees and charges, borrowing at uncompetitive rates, buying financial products you don’t need or aren’t suitable for you, or ultimately just getting bad deal as a consumer.

In my experience, without good money management skills, people will miss out on opportunities in life; they will lose out in very real terms, and all too often suffer stress and anxiety that can be debilitating when things end up going wrong.

I've seen too many clients take out refinancing loans thinking they were getting a better deal, only to discover they are paying more as its over a longer period of time, or are now tied in to a financial product ill-suited to their needs. We all know that knowing your rights is crucial, but knowing what to be wary of when it comes to financial products is equally important – whether that's a current account, loan or insurance product.

For example, using an unauthorised overdraft or borrowing on a credit card at 34% APR while making minimum payments will simply eat into your wages, and can often trap people in revolving door of indebtedness. We know that Scotland has 700,000 adults with problem debts. But equally, Scotland has an amazing network of advice agencies, local authority services as well as specialised charities that all offer free financial support, guidance and advice.

While I am here representing GLC, I've been proud to be a member of the Board of the Money Advice Service who have undertaken some great partnership initiatives with the Scottish Government and Scottish Legal Aid Board. For example, the "Tackling Money Worries" programme has had some great successes and funds 16 projects across Scotland focusing on the financial capability needs of low income families affected by key life events.

Key life events – for good or for bad – will affect all of us throughout our life and having some financial resilience and support can make an unbelievable difference in a crisis.

For me the prospect of Opening Banking next year – implementing the EU's Payment Services Directive 2 – offers an optimistic prospect of utilising technology to empower consumers; to make it much easier to manage money, budget, save, and avoid consumer traps of expensive credit and debt.

Knowledge truly is power, and we are at a point in time where we can make financial capability skills and knowledge freely and instantly accessible to consumers when they need it if we utilise new opportunities next year.

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**Glasgow  
14 November 2017**

#TalkMoney