

Britain has its fair share of terms to discuss money. Quid, dosh, fiver or a Lady Godiva, dough, bangers and mash – it could give pensions jargon a run for its money.

But Brits are not the best known for talking about money, which is perhaps unsurprising, with recent research from Abrdn revealing that two fifths of all UK adults, representing around 23 million people, have poor financial literacy.

The current environment could have something to do with this, as Abrdn found that nearly two thirds (64 per cent) of UK adults are being held back from investing in the next six months due to low risk tolerance, lack of confidence in the UK stock market and low engagement with investment products.

But it could also be a part of our culture – after all, Brits aren't famously known as a nation of savers, with football chants, complaints about the weather, and a skill for queuing making much more of a global impact.

Attitudes towards money can vary around the world though; take tipping culture as one example. And whilst Britain is not the only nation to view finances as a taboo, there are broader cultural shifts that can force a greater focus on saving for the future.

Indeed, PensionBee director of public affairs, Becky O'Connor, points out in collectivistic cultures, prevalent in some Asian and African countries, an emphasis on family support and financial security might foster a strong commitment to pension saving.

However, more individualist cultures, like the US and UK, frequently prioritise personal achievement and immediate financial needs. "This can lead to a focus on short-term saving goals such as holidays or home ownership, potentially hindering long-term savings such as pensions," O'Connor says.

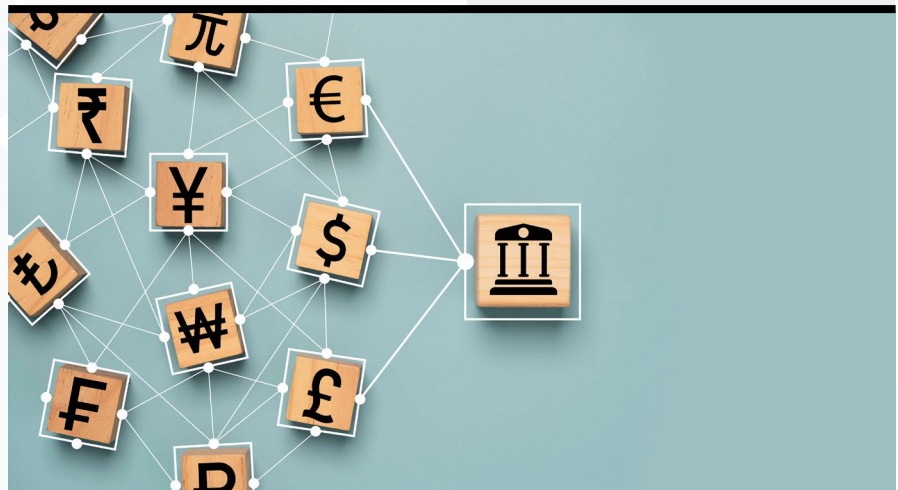
Standard Life retirement savings director, Mike Ambery, agrees, pointing out that in some countries, like Japan and Singapore, cultural and social norms

place more of a focus on future planning than others, while differing levels of state support, and the wider economic environment, can also play a part.

"In the UK we can be quite good at saving for shorter-term goals but tend to put longer-term saving to the back of our minds," he continues. "Auto-enrolment, for example, has brought millions into pension saving but there are high levels of inertia and the current minimum contributions aren't enough

Summary

- Cultural attitudes towards money can vary significantly, with some nations taking a more individualistic approach, whilst others place a greater focus on collective efforts that could foster a stronger commitment to pension saving.
- There are lessons that the UK can take from other countries, particularly on existing initiatives like pensions dashboards.



Money talks (but not in Britain)

In the latest edition of *Pensions Age's* financial literacy special focus, Sophie Smith looks at the different attitudes towards talking about money around the world, and the lessons the UK could learn from abroad

to help people secure a decent standard of living in retirement."

These are not the only impacting factors, as Morningstar Wealth managing director, UK and international, Mark Sanderson, points out that the United States, Greece, and Italy also struggle with retirement savings, attributing this to voluntary plans, economic instability,

and low financial literacy.

But there is a possibility for change, particularly amid generational changes, as research from Virgin Money found that 43 per cent believe that older generations are less open than younger generations when it comes to talking about money, while the 18-24-year-olds were the most comfortable chatting about

money with friends (68 per cent).

Indeed, 7IM head of equity strategies, Ben Kumar, says that you can, over time, change cultural attitudes, noting that the Overton window on LGBT+ issues also shifted in a generation.

And although long-standing cultural attitudes towards saving can't be transformed overnight, O'Connor argues that "concerted efforts" through education, policy changes, and societal encouragement can gradually foster a more savings-oriented mindset.

Turning the tide

This change is already underway, as research from Virgin Money found that 38 per cent think Brits are better at talking about money now than they were in 2019, before the cost-of-living crisis, and 56 per cent feel comfortable discussing money with their friends.

"The tide is turning, as the past decade has seen a surge in financial education tools and platforms, empowering people to become more transparent and engaged with their finances," O'Connor says.

"Levering technological improvements to address an increased demand for financial information indicates cultural change is possible," she adds.

Building on the momentum

To build on this positive progress further, O'Connor says integrating financial literacy into the school curriculum could help equip young people with the knowledge and skills required from the start of their working lives.

"Employers should also play their part by offering pension education to their employees," she says. "Providing incentives such as matched pension contributions could also be a helpful tool in aiding employees to start saving early."

Ambery agrees, arguing that we need to make long-term saving as relevant and as tangible as short-term saving, showing how these goals can sit side by side.

"Education is clearly key and it would be good to see financial and pension education firmly on the school curriculum," he continues. "People need to know that the system works for them to engage with it, so adequacy, quality and governance should all be underlying principles for the UK pensions model."

Kumar, meanwhile, argues that finance companies need to do much more (in tandem with the regulator) to make their products understandable, warning that while people are becoming more interested in finance and investing, "easy accessibility helps a lot".

This is echoed by O'Connor, who argues that it is "imperative" the government implement policies to simplify pension saving.

Ambery says that technology could also play a key part in getting Brits talking about money, not just in large initiatives like the UK pensions dashboard that should boost engagement by helping people to see all their pots in one place, but also in its potential to use data to create bespoke information and communications that are relevant to people at each stage of life, not just at point of retirement.

Looking further afield

This offers the UK an opportunity to learn from the experience of other countries, as Tully notes that Denmark and Sweden have had dashboards for over 20 years, and the Netherlands for over a decade, offering a number of insights for the UK's own dashboards journey.

But this is not the only financial literacy lesson that the UK can take away from other countries.

For instance, GBST CEO, Robert DeDominicis, says the UK could learn from Australia's Quality of Advice Review, in which the Australian government further clarified how super funds can help members make better long-term choices, without straying into full advice – similar to the Financial

Conduct Authority's intentions for the advice/guidance boundary review.

"The new rules should be a halfway house, making simple advice around retirement income more easily accessible and cost-effective for pension savers. Let's hope we see similar changes introduced to the UK," he stated.

This is not the only lesson from Australia, as Sanderson says that the UK could also look at Australia's contribution escalation to enhance auto-enrolment.

"It's like setting your savings on autopilot, gradually increasing contributions without you having to lift a finger," he continues.

In addition to this, he points out that governments in both Australia and the Netherlands have run extensive public campaigns to improve financial literacy and build engagement with their retirement savings.

Mercer global leader longevity, Yvonne Sonsino, agrees that providing financial education is crucial for empowering employees to improve their financial wellbeing.

Some are already working to address this challenge, as Sonsino points out that employers are taking steps to support their employees, such as offering webinars, debt consolidation advice, pensions modellers, financial advice, and employee assistance programmes.

The value of increased awareness is clear, with research from Virgin Money revealing that a third of people who are more open to talking about money with friends this year compared to previous years believe they have been more transparent because they have a better understanding of the benefits of being more candid on the subject.

But simply getting the conversation started could be a helpful first step, with research from Starling Bank revealing that nearly half (49 per cent) of Brits think talking about finances improved their financial confidence.

 Written by Sophie Smith