



Pentecostal
Community Bank



[PCBank.co.uk](https://www.pcbank.co.uk)



The Pentecostal Community Bank
**Financial wellbeing
strategy**

Introduction

What is financial wellbeing?

Financial wellbeing is about feeling financially secure and in control. It is knowing that you can pay the bills today, can deal with the unexpected, and are on track for a healthy financial future. It enables peace of mind and emotional wellbeing – never having to worry about money or how bills will be paid. In short: financially confident, empowered and composed.

Financial wellbeing is good for individuals, communities, business and the economy. But, poor financial wellbeing affects tens of millions of people in the UK.

According to research conducted by the Money and Pensions Service:

- 11.5m people have less than £100 in savings to fall back on
- 9m people often borrow to buy food or pay for bills
- 22m people say they don't know enough to plan for their retirement, and
- 5.3m children do not get a meaningful financial education.

In addition, the Organisation for Economic Co-operation and Development reports that figures like these place the UK well down the rankings of G20 countries – behind France, Norway, China, Indonesia and many others.

People who experience individual financial wellbeing are less stressed about money. This, in turn, has positive effects on their health, relationships and work.

Financial wellbeing is good for communities.

Financial stress – and its knock-on effects for mental health, relationship breakdown and physical health – creates costs for hospitals and others to repair broken lives. For example, avoiding an episode of adverse mental health saves £600 to 800 per person, depending on the condition.

Employers also benefit from financial wellbeing.

People who enjoy good financial wellbeing are more productive at work. If they are not, employers suffer too. According to a 2014 survey by Barclays, the lost productivity could impact businesses' bottom line by as much as 4%. And, in 2016, the UK economy lost £120.7bn and 17.5m hours to financial stress. In 2018, 11% of UK workers reported they had experienced a fall in



productivity at some point over the preceding three years as a result of their personal financial situation.

Businesses also benefit. If people don't fall behind with bills and payments, businesses have healthier profits and cashflow, and don't need to write off debts. And people who have financial wellbeing will spend in a way that is sustainable.

The wider economy also benefits from the future focus of people who enjoy financial wellbeing.

When people are able to set aside money towards their future, if it is saved in a cash account it can be lent to businesses, and if it is invested, it boosts the productive parts of the economy. Private pension wealth identified in the last Household Wealth and Assets Survey was £5.4 trillion, or 42% of the then household wealth of the UK. Of that pension wealth, 69% was invested in the UK and 31% abroad. So even a small change in future focus could add hundreds of billions to wealth invested in economically productive assets across the UK. And as people spend sustainably in their retirement, this is positive for them and the community in which they live.

The PCB financial wellbeing strategy

Why do we need a financial wellbeing strategy at PCB?

The recent series of UK (and international) financial crises has brought home the importance of all institutions like our own (banks, building societies, community banks and credit unions) in providing help and guidance to our members to assist them to navigate the stress and uncertainty created by the current world economic trauma.

It has never been more important to ensure that our communities and members are strengthened to cope with the financial challenges facing all of us. It is in our interest to ensure that our members are assisted to build the financial resilience necessary to cope.

At PCB we have always taken great care to protect the interests of our members and to ensure that the needs of our members are at the heart of everything that we do. So we are pleased to report that in July 2023, a new Financial Conduct Authority (FCA) Consumer Duty comes into force. The new duty sets higher and clearer standards of consumer protection across financial services and requires firms such as ours to put their customers' needs first.

The central principle of the duty is that "firms must act to deliver good outcomes for customers" and for firms to place consumer interests at the heart of their activities. As part of this duty we must act in good faith toward our members and enable and support our members to pursue their financial objectives. We must deliver this in our products and services and in consumer support amongst other areas.

This financial wellbeing strategy – along with the customer survey that accompanies it – will help us to excel in delivery of this new duty.

The Money and Pensions Service has been tasked with co-ordinating a national strategy to address the problem of financial resilience. This is the PCB's

contribution to this national strategy, building on the five 'Agendas for change' that the Money and Pensions service drew up to deliver their objectives for 2023-2030.

How will the strategy be measured and how should the PCB Strategy prioritise?

We have used the indicators provided by the Money and Pensions Service, gained from their intensive research, to develop our own priorities.

We will set benchmarks following an externally commissioned PCU customer survey. We will use these as indicators to help us to measure the impact of this strategy in June 2026 and again in January 2030.



Agendas for change

Foundations: Aimed at children, young people and their parents. Our Junior Savers will get a meaningful financial education, so that they become adults able to make the most of their money and pensions.

A Community of savers: For all members, but aimed especially at working-aged members and particularly those struggling financially. Our members will adopt a savings habit, build cash reserves to help with short-term emergencies and have a clearer future focus in their financial lives.

Credit counts: Aimed at members who over-use credit, especially to pay for food and bills. Members will make informed choices about borrowing and understand the impact of misuse of credit on their finances.

Faster access to debt advice: Aimed at members who need debt advice. Members will access and receive high-quality debt advice when they need it, and because of stronger and earlier engagement.

Future focus: Aimed at all members, with a focus on the existing wellbeing of older members. Members will understand enough to plan for, and in, later life.



Meaning, vision and actions of the five agendas for change

CHANGE AGENDA ONE: Foundations

What will financial ‘Foundations’ mean for children and their adult lives?

Experiences and learning about money when we’re young can have a direct impact on the ability to manage money later in life. Children start to learn vital money skills and habits between the ages of three and seven. As young people develop into their teens, they benefit from being given increasing responsibility for managing and making choices with money. This way, they learn the skills they’ll need for living independently.

Too many young people are entering adulthood without being prepared for the money-related realities that lie ahead. Fewer than three in ten 14 to 17-year-olds plan ahead for how they’ll buy things they need, and one in ten 16 to 17-year-olds have no bank account at all. Of those who have accounts, 30% have never deposited money.

Education about money makes a difference. We want to increase the reach and impact of financial education amongst our Junior Savers. We already provide financial education to our Youth Shadow Board (YSB), which comprises 12 Junior Savers aged 11-18. They, in turn, visit churches in our constituency to provide financial education workshops to their peer groups.

The changes we want to see

- **All Junior Savers to receive access to financial education.**



What we will do

- **We will refocus the YSB workshops** specifically to address PCB Junior Savers. We will facilitate online workshops aimed at our Junior Savers (but not excluding other young people).
- **We will expose our Junior Savers to workshops facilitated by expert partners** in money management and future focus issues.
- **We will ensure that all Junior Savers (new and existing) receive the YSB Moneywise leaflet.**

See [here](#) for further information.

CHANGE AGENDA TWO:

A Community of savers

What will a 'Community of savers' mean for PCB members?

Research evidence shows that a more widespread habit of regular saving would be transformational for the nation's financial wellbeing. People will have some level of resilience for when a financial shock hits them. Many who would otherwise need to seek debt advice will not need to do so.

The shift in attitude needed for a savings focus will have other positive effects on financial wellbeing. These include a sense of control and a future focus about personal finances.

We recognise that credit and savings are often, but not always, closely linked. So this agenda for change has close links with the next: 'Credit counts'. It is also linked to future focus, although getting people to save into very long-term products, such as pensions, requires a different set of enablers.

Savings are a crucial aspect of money management. In 2022, money.co.uk found the following.

- The average person in the UK had £17,365 in their savings.
- 34% of adults had either no savings, or less than £1,000, in a savings account.
- 61% of UK adults saved money either every, or most, months.
- Almost two-thirds (65%) of people believed they wouldn't be able to last three months without borrowing money.

Having no savings, or less than £1,000 in savings, is precarious, as over 70% of us will be hit with unexpected bills each year. The credit union/community bank 'save as you borrow' mantra provides an antidote to depletion of savings for those who need to borrow for unexpected costs such as car or domestic appliance breakdown. Research has demonstrated that people who continue to save whilst repaying a low-cost credit union/community bank loan develop a savings habit that they hitherto did not have. Nevertheless, we encourage our members to build up their savings for 'rainy day' or unexpected bills, and so they are able to finance their living costs for a minimum of six months in the event of crisis such as job loss – in order to build their financial resilience.

The changes we want to see

More members saving: Success will be measured by an increase in members who: save every or most months; who put money into savings, no matter how small the amount; and for people to think twice about taking it out.

Engagement: We want more people to engage with the future focus that saving requires. We want them to be confident that saving with PCU is worthwhile and secured.

Cultural change: We want to change the conversation, so saving is seen as valuable and attractive.

What we will do

- **We will facilitate a series of workshops** based on the framework of this financial wellbeing strategy. For this change agenda, the workshops will focus on: the importance of saving; the credit union 'save as you borrow' principle; how to save; the best vehicles for saving, etc.
- **We will reinforce the 'save as you borrow' narrative** by reminding members about the importance of saving, especially at the point of joining.
- **We will revise the PCB savings leaflet** we include in the new members' welcome pack, to deliver a stronger message about saving.

See [here](#) for further information.



CHANGE AGENDA THREE:

Credit counts

What will 'Credit counts' mean for members' lives?

We have recognised there is a need for some of our members to have a better understanding of credit, how it works and the impact on their financial situation. Understanding credit reports, and why it is important to keep them in good order, is also necessary learning.

Credit helps people balance their spending. But regularly using credit to buy everyday essentials, such as food or domestic bills, are clear signs of lower financial wellbeing. Credit might be used because some people have no other way to pay for these essentials. But others do have choices.

Where people have options, but are using credit more out of habit, we would like to encourage them to engage with the true costs of revolving credit. This will reduce their servicing costs and free up disposable income that could be better used to improve their financial wellbeing.

The changes we want to see

- **Better tools to manage credit:** Member interfaces with credit will become more focused on repayment, the total cost of credit, and build in elements of savings and budgeting.
- **Informed and empowered customers:** Members will be more mindful about the pros and cons of credit, and become savvier shoppers on price.

What we will do

- **We will place a budget tool on our website** and actively promote and encourage members to use it.
- **We will facilitate a series of workshops** around this strategy. They will specifically include a section on 'Credit counts' and seek to improve members' understanding of credit and their credit report.

See [here](#) for further information.



CHANGE AGENDA FOUR:

Faster access to debt advice

What will 'Faster access to debt advice' mean for members' lives?

As responsible lenders, we are obliged at PCB to ensure that members who come to us to borrow do not become over-indebted as a result. So, affordability checking is a critical aspect of the decision-making process for lending. The vast majority of our customers are not over-indebted, but missing payments, or feeling like keeping up with their bills is a heavy burden, has a significant impact on individuals' mental health and overall wellbeing.

It is important for the people affected to have fast access to good-quality debt advice. Once we are alerted to a serious debt problem, we will refer a member to reputable debt advice agencies. All members who receive letters from us when loan repayments are missed receive a leaflet with the details of reputable debt management agencies.

The changes we want to see

- **Our vision is to make sure that all of our members who need debt advice get it.** And, in addition, wherever possible, we want to cut the number of people who need debt advice in the first place.
- **Debt advice can be life-changing.** We also want to shift the advice-seeking culture – removing the taboo about seeking help and getting more people into support earlier.

What we will do

- **Reinforce our message to members with loan commitments** to let us know as soon as possible if they are struggling with repayments. There is no taboo – we can and we will help.
- **Place a digital budget planner on the website** and guide members to use it. Provide website links to reputable debt management agencies.

See [here](#) for further information.



CHANGE AGENDA FIVE:

Future focus

What will 'Future focus' mean for members' lives?

As people approach later life, they need to know how much they should be saving into their pension and what options they have for accessing it. This issue is of particular relevance for PCB, as a large proportion of our members are aged over 60 years. In addition, we have an ageing population in the UK and research shows that the over-65s are the fastest growing cohort of the population.

Behavioural bias research shows that people live for today. They find it hard to make trade-offs between spending now, saving for the short term, having safety-net savings and planning for later life.

Automatic enrolment successfully created millions of new pension savers, through a passive approach. Pension freedoms now give more options and flexibility. But to get the best out of them, people need to know more and be confident in making choices, so a shift from passive to active engagement must take place. However, the language of pension products is still intricate and confusing – even for highly literate and numerate people.

In later life, a new set of challenges emerges, yet people bring similar behavioural biases to these choices. Later life means preparing for difficult facts and probabilities: death; decline; making or updating a will or power of attorney; and funeral planning.

We have also recognised through engagement with our members that legacy planning/generational wealth is of particular importance and significance to our membership. A legacy plan is a strategy to pass on your wealth to loved ones in a tax-efficient manner. It's about estate planning as a whole and includes intergenerational wealth transfer and inheritance tax planning. Legacy planning strengthens the long-term economic viability of our communities. Because of its increasing relevance and importance to our membership, legacy planning is part of our future focus agenda for change.

People must take good decisions as some of these later life issues arise. Addressing these issues requires a confident and informed future focus, surrounded by a supportive system. It involves supporting people with information, guidance and nudges.

This approach will assist those who can benefit: to be informed and confident consumers of regulated financial advice; to make good choices between present and future; and confidently to navigate the products and laws that can help them as they move through different stages of their lives.

What we want to see

- **More people connecting with their pension and confident in their choices**, enabling people to make active choices and get help at the right time and different life stages.
- **Systems and products that support customers**, removing barriers which prevent people from making decisions and taking action. Enabling people to access the services and products they need, when they need them.
- **A cultural and attitudinal change towards long-term savings**, making conversations about pension savings normal, so people take ownership of their pension.
- **People facing the issues that arise in much later life with more knowledge** and confidence, so they understand what they need to consider and what options are available; and putting later-life financial planning, including legacy planning and health choices in writing while they still have the physical and mental capacity to do so.

What we will do

- **The financial workshops we are planning to promote this strategy** will have future focus as a specific output, with the participation of FSA-registered experts in this area.
- **We will ensure that members of all ages** – including Junior Savers – are encouraged to think long term about their future focus.
- **We will expose our members to, and provide links to, FSA-registered pension and legacy advisors** who can assist with future focus planning.
- **We will include a regular column** in our quarterly newsletter, PCB Shares, on future focus issues.

See [here](#) for further information.

PCB Financial wellbeing strategy at a glance

	Financial foundations	Community of savers	Credit counts	Faster access to debt advice	Future focus
Who	Children, young people and their parents	All working-aged members	Members who over-use credit	Members who need debt advice	All members, with a particular focus on those needing to address later life issues
2030 goals	More Junior Savers and young people get a meaningful financial education	More members save regularly	Fewer members will overuse credit	More members will say they had fast access to debt advice	More members will understand enough to be able to plan for, and in, later life
Outcomes	All Junior Savers will get a financial education, so that they become adults able to make the most of their money and pensions	All members will get the savings habit, build cash reserves to help with short-term emergencies and have a clearer future focus in their financial lives	More members will make informed decisions about borrowing money and understand the impact of overusing credit on their financial lives	Members will access high-quality debt advice when they need it because of stronger and earlier engagement	All members will engage and be empowered to make informed decisions for, and in, later life



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The Pentecostal Community Bank is the trading name of The Pentecostal Credit Union, authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (FRN 213242)