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Financial Inclusion: a tale of two literatures

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Abstract

Financial inclusion has arisen as an important social policy agenda over the past 20 years. A scholarly literature has emerged that is very critical of financial inclusion seeing it as part of the financialisation of the everyday. Often, this theoretical literature makes little reference to how financial inclusion was developing in practice. Conversely, much of the policy literature does not refer to theoretical controversies about financial inclusion. The result is that the theoretical and policy literatures are developing in isolation of one another. This article suggests that it would be much better if there were greater mixing between these different literatures. The scholarly literature can inform the direction of policy and the applied literature can develop more nuanced versions of financialisation.

Keywords: Financial inclusion; financialisation, financial capability

Introduction

Financial inclusion has emerged as an important social policy agenda over the past 20 years (Collard, 2007; Mitton, 2008; Marron, 2013; World Bank, 2014; Berry, 2015; Financial Inclusion Commission, 2015; Welsh government, 2016). Financial inclusion refers broadly to efforts to increase individual involvement within the financial system (Berry, 2015; Appleyard, Rowlingson and Gardner, 2016; Salignac, Muir and Wong, 2016). The UK is an international leader in financial inclusion policy. The Labour government that was elected in 1997 became interested in financial inclusion as part of its efforts to address social exclusion. Labour set up a Financial Inclusion Taskforce (FIT) to guide this policy agenda. The FIT ran for six years from 21 February 2005 to March 2011.

The FIT's work was not renewed by the Conservative-Liberal Democrat coalition government after the May 2010 general election and financial inclusion fell down the list of political priorities (National Archives, 2010; HM Treasury, 2013). Certain examples of financial inclusion policy (such as a matched savings scheme considered below) have survived the fall of the Labour governments. Nevertheless, the UK government began to refer less to financial inclusion and there have been efforts to revive this agenda at Westminster (Rowlingson and McKay, 2016). In 2014, a non-partisan Financial Inclusion Commission was set up (funded by Mastercard) to lobby the Westminster government for the continued importance of financial inclusion. The Financial Inclusion Commission (2015) published its report just before the May 2015 general election. In 2016, the House of Lords established an ad hoc Select Committee on Financial Exclusion to investigate financial inclusion in the UK. This committee delivered its final report on 25 March 2017 (House of Lords Select Committee on Financial Exclusion, 2017). The House of Lords Select Committee on

Financial Exclusion (2017) states that 13.5 million people were living in low income households and about 1.25 million people were at the highest risk of financial exclusion in the UK in 2014-15.

This article argues that an important gap exists between the scholarly and policy literatures on financial inclusion. A scholarly literature has emerged that is very critical of financial inclusion and sees this as part of the 'financialisation of everyday life' (for a sample of this literature see Leyshon *et al*., 2004; Langley, 2008; Montgomerie, 2008; Froud *et al*., 2010; French, Leyshon and Wainwright, 2011; Marron, 2013, 2014; Berry, 2015). The scholarly literature refers mainly to research by academics published in academic journals or books. Berry writes that:

> Financial inclusion has invariably been presented as a progressive 'response' to financialisation, yet by increasing participation in the financial system, and subjecting greater numbers of people to risks associated with engaging with the financial system, financial inclusion also serves to advance the process of financialisation (Berry, 2015: 510).

As Berry (2015) notes, financial inclusion is usually presented by government as an avowedly progressive agenda in that it aims to reduce the inequalities that vulnerable groups, such as single parents or those on low incomes, face in participating in the financial system. Despite this progressive intent, critics claim that financial inclusion ultimately exposes people to the risks associated with the financial system. Critics see financial inclusion also as part of a wider regressive policy of shrinking the welfare state to meet austerity and ideological goals after the 2007-2008 global financial crisis.

The applied literature comes mainly from the policy sector such as think-tanks, politicians, government departments or policy commissions and is published within policy reports, pamphlets or think pieces (for a sample see HM Treasury 1999, 2004, 2007, 2013; Financial Inclusion Taskforce, 2010, 2011a, 2011b; Financial Inclusion Commission, 2015; House of Lords Select Committee on Financial Exclusion, 2017). The applied or policy literature is much more positive towards financial inclusion. For example, both the Financial Inclusion Commission (2015) and the House of Lords Select Committee Report on Financial Exclusion (2017) insist on the importance of putting financial inclusion at the heart of government policy.

The theoretical and policy literatures are largely developing in parallel and tend not to refer to one another. For example, the House of Lords Select Committee on Financial Exclusion's (2017) final report is supposed to provide a state of the art review of financial exclusion policy. The report does not refer at all to critical scholars such as Marron (2013, 2014) or Berry (2015) or towards concepts such as financialisation or neoliberalism. Of course, there are notable exceptions to this general pattern. For example, academics such as Rowlingson (Appleyard, Rowlingson and Gardner, 2016, Rowlingson and McKay, 2013, 2014, 2015, 2016) and Hills (Hills, 2012; Hills *et al*., 2013) contribute to both the scholarly and applied literatures on financial inclusion. Nevertheless, these figures are exceptions to the overall picture and there is a large gap between the scholarly and policy work on financial inclusion.

This article suggests that it would be much better if there were greater mixing between these different literatures. The scholarly literature can inform applied work by addressing the issue of which policy avenues are worthy of further development. Conversely, the applied

literature can help develop more nuanced versions of the theoretical literature. Although some strands of financial inclusion policy are likely to contribute to financialisation, other parts of financial inclusion are more likely to reduce the costs faced by vulnerable groups from being excluded from mainstream financial services. Engaging with the applied literature can help refine the theoretical literature.

This article is organised as follows. The first section discusses what is meant by financial inclusion. It notes than an ‘access point’ understanding dominates definitions of financial inclusion but that it is important to embed financial inclusion within a wider context. The second part provides key examples of financial inclusion policy in the UK, as the UK is an international leader of financial inclusion policy. The third part outlines the contrasting reactions of the scholarly and policy literature to financial inclusion. The fourth section argues that research on financial inclusion would be enhanced if there were greater cross-breeding between the scholarly and policy literatures. This is followed by a conclusion.

What is financial inclusion?

Financial inclusion has its immediate roots in a set of debates during the 1990s. Originally, the focus of these debates was on describing and combatting ‘financial exclusion’. Financial exclusion has been understood in various ways and its meaning has changed over time. Leyshon and Thrift (1995) use financial exclusion to refer to the lack of access that people within certain communities have to a physical bank branch. The Labour government that was elected in 1997 applied the term financial exclusion beyond physical bank branches and towards other financial services. In particular, the Labour government believed that there was a wider range of ways beside material inequality that people might be excluded from opportunity within society (Blair, 1998; Giddens, 1998). Social exclusion was used to capture

the idea that exclusion went beyond material inequality. Research suggests that financial exclusion is linked with other health or social outcomes. For example, financial exclusion is associated with the likelihood that people suffer from poorer mental health or may be underweight (Anderloni *et al*., 2008; Dobbie and Gillespie, 2010; Muir, Marjolin and Adams, 2015). Policy Action Teams (PATs) were set up to explore different facets of social exclusion. PAT number 14 was charged with examining exclusion from financial services and published *Accessing Financial Services* in 1999 (HM Treasury, 1999).

In the foreword to *Assessing Financial Services*, the Economic Secretary to the Treasury Melanie Johnson says that: 'Financial exclusion means that many in those communities, often those in greatest need, do not have the access to financial services the rest of us enjoy, and are worse off as a result' (HM Treasury, 1999: 4). Exclusion is understood here to refer to the lack of access that people may have to financial services. Similarly, HM Treasury published a strategy document in 2004 called *Promoting Financial Inclusion*. This document states that:

> The term 'financial exclusion' is used in different ways. It can be a broad concept related to a lack of access to a range of financial services or a narrow concept reflecting particular circumstances such as: geographical exclusion; exclusion on the grounds that charges and prices are prohibitively high; or exclusion from marketing efforts (HM Treasury, 2004: 2).

This statement notes that although financial exclusion may be understood in different ways, a common theme concerns the lack of access that people have to financial services. More recently, financial exclusion has been extended to include the idea of self-exclusion. This covers a situation where people have access to financial services but decide for a variety of

reasons to exclude themselves from participating in the financial system (Salignac, Muir and Wong, 2016; House of Lords Select Committee on Financial Exclusion, 2017).

This understanding of financial exclusion meant that financial inclusion was understood then to refer to steps to improve the access that people have to financial services (Financial Inclusion Commission, 2015; House of Lords Select Committee on Financial Exclusion, 2017). Salignac, Muir and Wong (2016) argue that this 'access-point' definition gives rise to a supply and demand conception of financial inclusion. Demand side factors focus on the individual factors that shape access to the financial system. For example, people might lack the knowledge or skills to make decisions in financial markets. Supply side factors focus on the ways that social policy, regulation and the actions of financial institutions may allow or block access to the financial system. For example, banks might create a barrier for low income people to open accounts by being unwelcoming to these people.

The specific content of financial inclusion policies might depend on the particular causes of financial exclusion. For example, regulation of financial institutions may be the most appropriate response if supply side factors are the main reason for financial exclusion. Government intervention or regulation might force financial institutions to lower the barriers they place on certain groups accessing financial services.

Salignac, Muir and Wong (2016) argue that the access point definition gives rise to a narrow view of financial inclusion. They say that it is important to recognise that people draw on different resources in their dealings with the financial system. For example, Leyshon and others have developed a 'financial ecologies' approach that highlights how different parts of the population have access to different networks and resources in their engagement with

financial markets (Leyshon *et al.*, 2004; French, Leyshon and Wainwright, 2011; Salignac, Muir and Wong, 2016). Leyshon *et al.* (2004) distinguish between affluent middle class consumers and low income groups in their study of access to retail credit and insurance services. These researchers say that these groups live in rival financial ecologies, with middle class networks having good access to mainstream financial services and vulnerable groups having a 'relic' ecology dominated by doorstep traders.

Salignac, Muir and Wong (2016) argue that the financial ecology literature can be used to embed financial inclusion within a wider context. They propose that it is better to refer to 'financial resilience' rather than financial inclusion as financial resilience includes the different resources that people have within the financial system: 'Resilience refers to the ability of drawing on internal capabilities (skills, traits, behaviours, values) … and *appropriate*, *acceptable* and *accessible* external resources and supports' (Salignac, Muir and Wong, 2016: 275, italics in the original). The term financial resilience has appeared more regularly within recent policy debates and tends to mean the ability to maintain or restore current living standards when faced with adverse events (Financial Inclusion Commission, 2015; Chartered Insurance Institute, 2016).

Key examples of financial inclusion policy

Three main themes have guided financial inclusion policy in the UK: reducing the unbanked; access to affordable credit, savings and insurance; and improving financial capability and access to guidance or advice (HM Treasury, 1999, 2004, 2007; Financial Inclusion Taskforce, 2011a, 2011b). UK governments have pursued a variety of initiatives in each of these areas (for an overview of some of these policies see Edmonds, 2014; Financial

Inclusion Commission, 2015; Rowlingson and McKay, 2016; House of Lords Select Committee on Financial Exclusion, 2017).

It is not possible here to review all the different policies across the UK, nor explore the different approaches that have been followed in the devolved administrations in Scotland, Wales or Northern Ireland. This article picks exemplars of financial inclusion policies from each of the three strands of financial inclusion mentioned above. In particular, this section mentions Basic Bank Accounts, matched savings schemes and financial capability policy. The article uses these examples to show the contrasting reactions of the scholarly and policy literatures towards financial inclusion.

Bank accounts are important for receiving transfers of income and are a pre-requisite for other products such as mainstream credit. Employers usually prefer to pay wages directly into a bank account. The lack of a bank account might therefore be a barrier for a person getting a job. People in receipt of state benefits also need a way of receiving their benefits. Government has used Basic Bank Accounts (BBAs) and Post Office Card Accounts (POCAs) to reduce the unbanked. BBAs are for people who are ineligible for a full bank account. BBAs allow wages or state benefits to be paid directly into these accounts and enable account holders to pay bills by direct debit. BBAs are provided by high street banks. In 2003, there were 5.2 million BBAs among the population (Edmonds, 2014). In 2014, BBAs made up 11% of all personal current accounts in the UK. By 30 June 2016, there were 7.9 million BBAs in the UK (HM Treasury, 2016a). Progress still needs to be made for reducing the unbanked. In 2013-14, there were 1.71 million people who were personally unbanked and this was a rise from 1.5 million unbanked adults in the previous year (Rowlingson and McKay, 2016). A further issue is the extent to which those with a BBA actually engage with

banking services rather than simply withdrawing their balance and using a cash management system.

Lack of savings is another current challenge. About half (46%) of the population had less than £1,500 in savings in 2013-14 (Rowlingson and McKay, 2016). The Labour government had planned to introduce a Saving Gateway (SG) policy after the 2010 general election to help people have a financial buffer to protect themselves against unexpected events. The SG policy was to provide special two year savings accounts aimed at those on low incomes. The government would give a 50p match for every £1 saved into the SG, and the government contribution was to be capped at £300 (Edmonds, 2009). The Conservative-Liberal Democrat coalition government scrapped the planned national roll-out of the SG. Following the 2015 general election, the Conservative government revived the SG idea by launching a 'Help to Save' scheme from April 2018. The Help to Save savings scheme will be open to 3.5 million adults in receipt of Universal Credit (with a minimum weekly household earnings equal to 16 hours at the National Living Wage) as well as those who receive Working Tax Credit. The target population of Help to Save usually face high living costs relative to their income and so are unlikely to have funds left for other purposes such as saving. The government will provide a 50% bonus on savings of up to £50 a month and the bonus will be paid after two years, and there is an option also to save for another two years. Help to Save means that people can save up to £2,400 over four years with the option of a £1,200 government bonus (HM Treasury, 2016b; House of Lords Select Committee on Financial Exclusion, 2017).

In 2003, the Labour government charged the Financial Services Authority (FSA) to develop a national financial capability strategy to improve financial literacy throughout the population. The FSA commissioned a baseline survey of levels of financial capability in the UK in 2005

(Atkinson *et al*., 2006). Five domains of financial capability emerged from the baseline survey work, namely making ends meet, keeping track of finances, planning ahead, choosing products and staying informed. These five themes formed the metrics used to measure financial capability in the UK. The 2005 survey found that there were shortfalls in financial capability across the whole population, with younger people also having lower levels of financial capability than older people. The FSA's national financial capability strategy focused on the five domains of financial capability discussed within the 2005 baseline survey (Atkinson *et al*., 2006).

In 2010, the FSA's financial capability unit was hived off into a separate Consumer Financial Education Body (CFEB). CFEB rebranded itself as the Money Advice Service (MAS) soon afterwards (http://www.fincap.org.uk/). In 2015, the MAS commissioned another survey of levels of financial capability in the UK. The latest survey found that levels of financial capability had dropped in some areas between the 2005 and 2015 surveys. For example, 22% of people in 2015 could not read the balance on a bank statement and this was up from 9% in 2005. 21% of respondents did not understand the impact of inflation on the real value of money in 2005 but this had risen to 40% in 2015 (Atkinson *et al*., 2006; Money Advice Survey, 2015b).

The financial capability strategy has different initiatives aimed at different parts of the population. For example, the MAS provides resources for the teaching of financial capability within schools. Citizenship education is part of the national curriculum in England for pupils from 11 to 16 years old. Part of the citizenship curriculum for students in key stage 4 (14 to 16 years old) covers: 'income and expenditure, credit and debt, insurance, savings and

pensions, financial products and services, and how public money is raised and spent' (Department for Education, 2014: 228).

Scholarly reactions to financial inclusion

The scholarly literature is very critical towards the financial inclusion policies mentioned above. Berry (2015) argues that both the BBAs and matched savings schemes represent a situation where people are being shifted from the collective security provided by the welfare state and towards individual responsibility and investment within markets. For instance, he comments that policies such as the SG are: 'not focused on maintaining or adapting collective forms of protection against risk, but rather displacing ultimate responsibility for welfare to the individual level' (Berry, 2015: 518).

Similarly, Marron (2014) claims that financial capability policies are an effort to turn people into the idealised consumers of neoliberal theory. He writes that people's:

> failure to live up to the demands of the financialized modern world means their money management, ways of choosing and their motivations must be fundamentally systematized and realigned by authorities. Through an array of programmatic interventions constituting financial capability, this has involved an attempt to bring into reality the figure of the rational, intertemporal consumer (Marron, 2014: 497).

Discontent with New Labour probably helps explain the scholarly reactions towards financial inclusion. The financial inclusion agenda is most closely associated with the New Labour era (Rowlingson and McKay, 2016). Financial exclusion became a key concern of government shortly after Labour was first elected to office in 1997 and it tailed off after Labour lost the

2010 general election. New Labour is a source of much disappointment among academics. Critics complain that New Labour did not do enough to challenge a neoliberal orthodoxy within public policy. Indeed, New Labour's modernisation project is thought by many to amount to a capitulation to the free market (Marron, 2013, 2014; Berry, 2015). Berry writes that:

> It is not implausible to suggest that financial inclusion was central to New Labour's modernisation project, at least rhetorically, in that it enabled Tony Blair and Gordon Brown to transpose a progressive intent upon the Labour party's quintessential accommodation to the neoliberal economic policy framework (Berry, 2015: 514).

This critical scholarly literature makes a link between financial inclusion and financialisation (Langley, 2008; Montgomerie, 2008; Froud *et al.*, 2010; Coppack, 2013; Van der Zwan, 2014; Appleyard, Rowlingson and Gardner, 2016). Financialisation has different meanings and so lacks a single definition. Van der Zwan (2014) highlights three themes in her literature review on financialisation, namely, as a regime of accumulation; the dominance of a shareholder model of the firm; and the financialisation of the everyday.

The financialisation of the everyday is the most relevant strand of the literature for financial inclusion. Critics argue that the financialisation of the everyday involves shifting people from the collective security provided by the welfare state and exposing them instead to the risks associated with financial markets. Financialisation is seen as part of a broader neoliberal agenda as it extends the role of financial markets in economic and social life. Rowlingson, Appleyard and Gardner (2016) write that this: ''financialisation of everyday life' approach sees citizens being transformed from 'welfare subjects' to 'personal investors' and 'personal

borrowers' with a related internalisation of new norms of individual risk-taking' (Rowlingson, Appleyard and Gardner, 2016: 530). The figure of the investor-subject informs this critical literature on financialisation. Investor-subjects are expected to be enterprising within financial markets and make the necessary investments to secure their own financial future. This might involve 'borrowing-to-invest' where people take on loans to pay for investments (Langley, 2008; Marron, 2013; Berry, 2015). For example, people might borrow on mortgage markets to invest in property. Property is not seen simply as providing a home but an important type of investment.

Although a link is made between financialisation and neoliberalism, the financialisation of the everyday might also refer to a person's 'lived experience' or 'lived reality' of money (Rowlingson, Appleyard and Gardner, 2016; Appleyard, Rowlingson and Gardner, 2016). This recognises that it costs people money to live, for example people need money to pay the rent or mortgage, buy food, or heat the home. Indeed, the economic reality is that many (and perhaps most) of the people who suffer from financial exclusion are not able to be investors within financial markets. The financialisation of the everyday that refers to a person's lived experience of money in principle applies to any economic system. People still need money to live on in a system in which finance is largely socialised. This means that the link between financialisation and neoliberalism refers to a specific version of the financialisation of the everyday but that alternatives exist. Rolling back neoliberalism does not necessarily erase the financialisation of the everyday.

Policy reactions to financial inclusion

The policy literature is much more supportive than the scholarly literature towards the exemplars of financial inclusion outlined above. The House of Lords Select Committee on

Financial Exclusion (2017) says that: ‘We recommend that the Government should require banks to promote their basic bank accounts appropriately and effectively, both in store and in advertising’ (House of Lords Select Committee on Financial Exclusion, 2017: 6). The Financial Inclusion Commission (2015) recommends that government explores the feasibility of introducing a savings schemes for those on low incomes. One of the models mentioned is a matched savings scheme that shares many of the features of the SG. The applied literature also calls for financial capability policies to be extended (Financial Inclusion Commission, 2015; House of Lords Select Committee on Financial Exclusion, 2017). The House of Lords Select Committee on Financial Exclusion says that: ‘financial capability is essential in ensuring that individuals can take responsibility for the financial choices that they make; for this reason, adequate provision of financial education is a vital building block in preventing financial exclusion’ (House of Lords Select Committee on Financial Exclusion, 2017: 33).

Many of the contributors to the applied literature have a role within financial services and so might be thought to have a vested interest in financial inclusion policy. For example, the Financial Inclusion Commission (2015) was funded by Mastercard, which provides banking card services. The Financial Inclusion Commission was chaired by Sir Sherrard Cowper-Coles, a former diplomat and Senior Adviser to the Group Chairman and Group Chief Executive of HSBC holdings. Several of the other 12 commissioners were drawn from the financial services sector. For example, Laurie Edmans was Chairman of Marine and General Mutual Life Assurance, Sian Williams was head of Toynbee Hall’s national financial inclusion programme and vice-chair Chris Pond was a former director of the Financial Services Authority. Other commissioners included politicians drawn from the main political parties (http://www.financialinclusioncommission.org.uk/commissioners).

Although vested interest might explain some of the support for financial inclusion policy, it is also possible that the policy literature takes a more pragmatic view of financial inclusion than the scholarly research. Some policy contributors and practitioners may share some of the scholarly concerns over neoliberalism but regard financial inclusion as a way of helping people and households cope with this system. A common theme in the policy literature is that financial inclusion is essential for reducing a 'poverty premium' from being excluded from financial services:

> exclusion from the financial mainstream often means that consumers pay a 'poverty premium' for products and services and have less choice. It can impact their ability to find a job, maintain secure housing, stay physically and mentally healthy and be resilient to changes in income and expenditure (Financial Inclusion Commission, 2015: 9).

The poverty premium refers to the idea that poorer people are more likely than others to suffer from exclusion from mainstream financial services. Those who experience exclusion then face extra costs or a premium compared to their peers who can freely access mainstream services. For example, lack of a bank account may contribute to fuel poverty because those on lower incomes cannot take advantage of cheaper deals on fuel bills available to those who can pay by direct debit (Hills, 2012; Financial Inclusion Commission, 2015).

Similarly, Lister and Sodha (2006) argue that there is a vulnerability context of poverty that means that people can easily tip into poverty. People may find it difficult to cope with a relatively modest and common shock such as a washing machine breaking down. People may have to turn to payday lenders to help cope with this shock. Mainstream lenders may not

target poorer people because they are unlikely to be a source of profit for these companies (Leyshon *et al*., 2004). Those denied access to mainstream credit services might then fall prey to payday or fringe lenders that charge very high rates of interest (Appleyard, Rowlingson and Gardner, 2016). The Competition and Markets Authority (2015) states that there were 1.8 million payday loan consumers in 2012 and the total loans made were worth £2.8 billion. Policies such as the Help to Save scheme are then a coping strategy to help people deal with financial distress. Help to Save is aimed at encouraging those without savings to build a financial buffer to protect themselves against unexpected shocks.

Future directions

The above argues that the scholarly and policy literatures offer contrasting views of financial inclusion. The policy literature does not reflect upon theoretical controversies and instead concentrates on the details of policy. The scholarly literature is much more critical of financial inclusion but does not explore the details of policy in depth. This article now claims that research would be improved if there were greater mingling between the different literatures. This section gives an example of where each literature might draw usefully on the other literature.

The applied literature might not discuss theoretical controversies because it implicitly assumes that financial inclusion is a good thing. Alternatively, the applied literature might be taking a pragmatic view that financial inclusion is necessary for curbing the excesses of the present economic system. In either case, it would still be beneficial for the applied literature to engage with scholarly work. This will allow the applied literature to improve the content and direction of policy. For example, one danger with a pragmatic turn is that this may breed a fatalistic view that policy-makers should be confined only to improve the details of existing

(and possibly flawed) policies rather than trying to seek alternatives or different policies. Scholarly research can help policy work sift through different policies and highlight whether there are specific areas that ought to be developed further and others that ought to be challenged. Reflecting upon theoretical controversies might also build wider support for particular policies because this would directly address the arguments of the critics of those policies.

For example, the applied literature might draw on scholarly work on a ‘great risk shift’ embedded within pension reforms. Hacker (2008) argues that the great risk shift involves moving people from a system where there is collective funding and provision of state pensions to one in which people have to save into defined contribution schemes that are provided by the private sector. The size of the final pension pot in defined contribution schemes depend on the individual contributions and the performance of the pension investments over the term of the pension. Different investment strategies have different risks and returns and moving people from state pensions to defined contribution schemes involve exposing people to the risks associated with financial markets.

Rises in the state pension funded through collective taxation is an alternative to encouraging people to save more within defined contribution pension schemes. The state pension shares the risks of retirement throughout society and may be better placed than private schemes to guarantee financial security in retirement.

The recent applied literature considers pension reforms but devotes most of its energies to those policies that encourage private saving (Financial Inclusion Commission, 2015; House of Lords Select Committee on Financial Exclusion, 2017). For example, the Financial

Inclusion Commission (2015) considers initiatives such as the automatic enrolment into a workplace pension and new pension freedoms that focus on the decumulation of defined contribution pension pots. Similarly, the House of Lords Select Committee on Financial Exclusion (2017) calls for an extension of automatic enrolment to other savings products. Neither report discusses rises in the state pension as an alternative to more private saving for retirement. This limits the policy options on offer. Engaging with scholarly work would allow the applied literature to develop a richer range of policy ideas.

Even if the applied literature confines its attention to reforms such as automatic enrolment, it would still benefit from engaging with scholarly work. Scholars have pointed out that there is an important gender inequality embedded within automatic enrolment (Ginn and MacIntyre, 2013; Grady, 2015; Foster, 2017). Women face a gender pay gap as they have less income than men because they are more likely to have to undertake part-time work to fulfil unpaid caring responsibilities. Eurostat data from 2012 show that the average gross hourly earnings of women were about 19.1% less than men in the UK (European Commission, 2014). This means though that women are more likely than men then to fall below the lower earnings threshold for automatic enrolment. Neither the Financial Inclusion Commission (2015) nor the House of Lords Select Committee on Financial Exclusion (2017) discuss gender and automatic enrolment. These recent reports would have benefited from engaging with this work on gender when making their recommendations on automatic enrolment.

Conversely, the theoretical literature would benefit from engaging with the applied literature and its discussion of different policy choices. The policy literature highlights the sheer variety of financial inclusion policies and the ways in which financial inclusion policies might be designed in different ways. Engaging with the applied literature would allow

scholarly work to refine their theoretical approaches and develop a more nuanced analysis of financial inclusion.

For example, the scholarly literature shows how financial capability can be used to deepen neoliberalism. Important parts of the FSA's (2006) initial financial capability strategy was arguably used to support neoliberalism. Choosing products, keeping track of finances and staying informed all seem important for creating informed consumers within markets. However, the applied literature is valuable because it highlights that financial capability can be designed in different ways. Financial capability is evolving in the UK. Much greater emphasis is now placed on using financial capability to support financial resilience. The MAS published a revised national financial capability strategy that says that:

> As people move through their working lives they need to be able to build resilience to cope with financial shocks, such as redundancy, divorce, serious ill health or bereavement, and to plan ahead for life events such as buying a home, starting a family and retirement. People need to be able to budget, create a savings buffer and understand how to avoid financial difficulties (Money Advice Service, 2015a: 9).

The financial capability strategy has been revised to concentrate on several main themes: managing money well day to day, preparing for life events and dealing with financial difficulties (Money Advice Service 2015a, 2015b). This version of financial capability is now much less about helping people become informed consumers and is now much more about supporting them to cope with financial distress, a response in part perhaps to post-2007 austerity measures that have reduced the availability of welfare state safety nets. Engaging with the policy literature would allow the theoretical literature to acknowledge that financial

capability policies do not always have to lead to an investor-subject approach and enable it to fashion a more nuanced analysis of the financialisation of the everyday.

Conclusion

Financial inclusion is an important area of current social policy concern. This agenda attracts international interest and action although this policy area is particularly developed in the UK. However, a striking feature of this area is that there is a large gap between the scholarly and applied literatures on financial inclusion. The scholarly literature is very critical towards financial inclusion and sees this largely as contributing towards the financialisation of the everyday. The applied or policy literature is much more positive towards financial inclusion and sees this agenda as aimed at reducing the costs to people of exclusion from the financial system.

This article claims that this split between the scholarly and policy literatures impoverishes research on financial inclusion. The policy literature does not usually discuss theoretical controversies over financial inclusion and instead confines itself to the details of policy. The lack of engagement with theoretical controversies means that the applied literature does not unpick whether there are specific strands of financial inclusion policy that ought to be developed further and whether there are other types of policy that ought to be challenged more clearly. The scholarly literature has a blunt treatment of financial inclusion policy. It does not engage with the discussion of policy choices within the applied literature and so does not consider that it is possible to design financial inclusion in different ways. Some of the different versions of financial inclusion may address the scholarly concerns about this agenda. There is a danger also that the academic literature also overlooks the fact the

financialisation of the everyday may amount to people's lived experience of money and that it costs money to live on whatever social and economic system is in place.

This article claims therefore that it would be much better for research for the different literatures to cross-breed. This cross-fertilisation of ideas can occur across all of the areas of financial inclusion and so can cover banking, savings, insurance and guidance or advice. An inclusive approach is needed now for further progress in research on financial inclusion.

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