Saving and Investing for Children - UK - April 2015

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"Ownership levels have remained considerably above those for Junior ISAs. However, as of April 2015 CTF owners have the option to switch their accounts to JISAs. As the JISA market is far more competitive than the now-stagnant CTF market, this is a significant opportunity for providers and consumers, yet awareness of and interest in JISAs remains low."
– Jessica Morley, Financial Services Analyst

This report looks at the following areas:

- The market for a 'university savings account'
- Saving for children is about more than the accumulation of value
- The Child Trust Fund to Junior ISA Transition

After a prolonged period of squeeze, family finances are finally beginning to improve. Low inflation and rising wages are helping incomes go further and boosting financial confidence. However, these improvements are not necessarily benefitting the children's savings market. Affordability is still an issue for many. Increases in confidence often lessen the perceived need to save and the continuing low interest is off-putting to savers. Furthermore, the challenges in achieving the very high savings targets set by parents and others saving for reasons that are associated with high costs, such as university, are such that children's savers are wont to become demoralised and disengaged from the savings market altogether.

This lack of commitment to saving can be damaging to those wishing to save on behalf of their children as the rising costs of raising a child to the age of 18, and realistically considerably beyond, mean that starting to save earlier has never been more important. Yet, children's savers do little to help themselves. There is significant disparity between sentiment and proactive action. Whilst many parents consider it important to encourage their children to manage their money, this sentiment does not always translate into proactive action.

Much of this can be attributed to a lack of know-how. Whilst financial education is now on the national school curriculum, parents did not receive this education when they were younger and, consequently, many lack the financial nous to take practical financial planning steps. This presents children's savings providers with an opportunity to play a larger role in their customers' lives. Through the design of new savings products which are linked to specific saving targets, for example, providers can help parents and other children's savers achieve their goals. Capitalising on this opportunity will ensure providers build more long-lasting and trusting relationships with their consumers, something that will benefit both parties.

This report examines these, and other, issues and developments in the children's saving and investment market and considers their implications for providers. In addition, Mintel's exclusively commissioned consumer research explores parental attitudes and behaviours, providing insight into savings motivation, intentions and actions.

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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