Vulnerable Children and Young People and Financial Capability: Literature Review

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the Money Advice Service

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Executive Summary

Background and context

The Money Advice Service (MAS) believes, based on its previous research, that what people see, learn, and experience during childhood and adolescence can have a profound effect on how they manage their money as adults.

MAS also believes, based on insights from those in the financial education sector and agencies working with children and young people, that some children and young people face additional barriers to developing the financial skills, knowledge, attitudes, and access to appropriate products and services needed to manage money well later on in life. Particular characteristics or contexts in which they live may mean they have unique or additional financial capability needs, and could benefit from more targeted and tailored support.

However, 'vulnerability' in the context of children and young people's financial capability has never been widely explored or defined. In late 2016 MAS began a programme of research to address this. This literature review is one strand of this work.

The review was commissioned to establish what evidence exists about which children and young people are most vulnerable to developing poor financial capability, and/or to facing disproportionately large or negative impacts of poor financial decisions. It complements wider research and projects seeking to understand more about which children and young people are most at risk in a financial capability context, what support is available, and what more might be done to help. It has used a wide range of databases to search for relevant literature and draws these findings from both academic and grey literature reports scoring highly on quality ratings.

Summary of findings

Limited research on vulnerability and financial capability

This review found very little literature on vulnerability in the context of children and young people's financial capability, using the broad definition of financial capability from the UK Financial Capability Strategy (MAS, 2015c)

This may be partly because financial capability as a combination of skills, knowledge, mindset, and connection, is still a relatively new idea. There was a shift in the mid to late 2000s away from financial literacy (purely knowledge and skills) to financial capability. Some research argued that children and young people faced an increasingly complex financial landscape with many lacking access to, or knowledge of, mainstream financial institutions, products and services (Johnson and Sherraden, 2007; Friedline and West, 2015). There was also increasing recognition of the role of wider factors, such as mindset and attitudes, and the vital importance of behaviour in financial wellbeing.

Despite significant strides in research to understand financial capability in the UK over recent years, much research has tended to prioritise narrower or related themes such as financial literacy and inclusion. For this reason, literature search terms for this report were widened to include narrower components of financial capability, such as financial literacy (knowledge and skills), as well as those referring to financial inclusion, or financial outcomes.

Definitions of vulnerability

There is no consistent definition of vulnerability. This can mean that research and analysis works from different starting points and views who is at most risk from many different perspectives.

The lack of a fixed definition is not necessarily problematic. Some literature suggests fixed categorisations of 'vulnerable' children and young people may restrict how we understand their agency when they experience difficult circumstances.

It is certainly important to recognise that children and young people, like adults, may move into and out of periods of vulnerability, and that what makes someone 'vulnerable' will be the result of the interaction of many complex factors affecting them at any one time, including resilience or protective factors.

People will be affected by their individual characteristics and conditions they are experiencing at present and in the past; the family context in which they live, their immediate environment and how they relate to it and the people in it; and wider factors affecting society, including the economy, and the services and products available to them through different channels. 'Vulnerability' is more complicated than single categories of disadvantage.

This literature review and MAS's wider research are intended to help better define vulnerability in the context of financial capability for children and young people. MAS's working definition, based on research to date, is: "*A vulnerable child / young person in the context of financial capability is… at higher risk of poor financial capability and making poor financial decisions, and/or living in particular circumstances, or with conditions, that may put them at increased risk of disproportionately large or negative impacts of poor decisions.*"

Findings on characteristics and contexts impacting financial capability

Despite the overall lack of research, the literature review found a number of studies suggesting characteristics and contexts which may link to financial capability and financial outcomes.

We begin by exploring characteristics of individuals that are likely to be present at birth and unlikely to change over time. We then consider individual behaviours and skills – things that a person may be able to change, or which may grow and develop over time. This is followed by an examination of wider environmental contexts in which individuals live – the family and parenting, economic circumstances, and social and community influences. We find:

Individual characteristics, behaviours and skills

- Limited research has produced mixed findings relating to gender and financial outcomes and literacy, with generally lower financial literacy for females but higher levels of debt for young adult males.
- One US study suggests that Black, Asian & Minority Ethnic (BAME) respondents (age 12-17) have lower levels of financial literacy than their white counterparts.
- The literature review found no direct research on financial capability of children living with multiple or complex needs, including Special Educational Needs & Disabilities (SEND), though it did find research showing families with children with complex conditions are more likely to experience financial difficulties.
- The literature suggests that self-control and ability to delay gratification are important predictors of financial outcomes.

Environmental factors – Parenting & family relationships

- Literature suggests that most financial 'socialisation' in families is implicit rather than explicit (i.e. that it occurs as part of everyday events, rather than being actively or overtly taught) and that financial socialisation may be more successful when parents show warmth and involvement with their children.

Environmental factors – economic circumstances

- Socioeconomic status and income level appear to impact financial capability and financial outcomes through a range of different pathways. These impacts are often negative, but the role of financial socialisation is important, and there may be positive impacts in some circumstances, such as children who understand more about budgeting because of growing up in low income homes.
- Little is known about the impacts of living in an over-indebted home on children and young people's financial capability, however one report suggests a number of negative outcomes and experiences that may be associated with living in a home facing problem debt. Given the role of family socialisation in money habits and financial capability, it is possible there may be impacts in this area.
- Having a savings account as a child appears to be associated with better financial outcomes later on.

Environmental factors - wider experiences and influences

- The literature suggests that leaving education early, lower educational attainment and lower cognitive ability relate to poorer financial literacy and financial outcomes.
- Leaving home early appears to be a key risk factor for future financial outcomes. This is often linked to wider factors affecting the young person that may compound to increase vulnerability.
- When the All-Party Parliamentary Group (APPG) on Financial Education looked at 'vulnerability' in 2013, it began by defining vulnerability broadly, but based on evidence-gathering, focused on youth homelessness, looked after children and care leavers, and young people who are not in employment education or training (NEET). All these groups were mentioned in literature found by this review.
- Young people who are categorised as NEET face multiple barriers and can be targeted by doorstep lenders. These are likely to challenge their financial outcomes.
- The one study found exploring homeless youth and financial capability only notes the complexity of the economic strategies of young homeless people.
- Limited research suggests that care leavers appear to experience particularly poor financial outcomes and that young people who gamble and/or are involved in crime experience poor financial outcomes.
- These groups of young people along with others such as young carers may reach financial independence earlier that the average young person and have less family support to rely on, often grappling with multiple challenges at once.
- Some literature suggests that environments with high concentrations of gambling opportunities may challenge children and young people to enact self-control and display positive financial behaviours. Some make similar arguments about the impact of 'consumer culture' on young people's financial capability.
- Some suggestions have been made for ways financial institutions could better support young people's financial capability, including improving access to appropriate products and services, supporting those in difficulties more constructively, and addressing use of high-cost credit by young people.

Some critical literature on financial education suggests approaches focusing on individual skills and attitudes ignore important social, economic and political influences on children and young people, and may not meet the needs of some vulnerable children and young people. They suggest co-produced work with young people focusing on strengths offers opportunities.

Future research recommendations

The lack of literature on children and young people's vulnerability in a financial capability context suggests concrete recommendations for policy and practice arising from literature review findings would be premature.

The literature does however point to directions of travel for further research that build on and develop further existing thinking about financial capability for children and young people, and how those who may be at particular risk at different times and contexts in their lives may best be supported.

Further research should take into account the complex, entwined relationships between broader societal factors, such as how the financial services industry operates, consumer environments, and what support is available to help develop good financial capability, as well as more social-relational factors like family relationships, and ways young people engage and influence each other through peer relationships.

Examples of research that may add value include:

- Longitudinal quantitative and qualitative research to understand how different vulnerabilities relate to financial capability as children and young people grow up, paths young people may follow in becoming particularly vulnerable in a financial capability context, and the links (or otherwise) to financial exclusion.
- More detail exploration of specific groups research suggests may experience poorer financial outcomes or capability, e.g. links between gender and young adult financial capability – why do females appear to have poorer financial literacy yet lower levels of debt as emerging adults?
- Further research to explore the unique financial capability needs experienced by children and young people with particular characteristics, where no, or very limited, research could be found, including children and young people with SEND or mental health/health difficulties, from different ethnic backgrounds, or who are homeless.

- Work that explores the complex interconnections between factors exhibited by young people as individuals (such as self-control, conscientiousness), and the social environments that young people experience, which influence whether they are likely to engage in financial attitudes and behaviours that are potentially protective or harmful to them. One approach outlined in the literature recommends co-produced, participatory research with young people.
- Research that challenges the primary focus on young people's weaknesses or difficulties as a way of making sense of vulnerability and capability; instead, exploring the strengths, resilience, and/or capabilities that children and young people tap into in situations where they show good financial capability. Research could also look at the conditions, strengths, or protective factors that have allowed young people to overcome risks and disadvantage in different contexts.

Section 1: Introduction and methods

Background

MAS's research has shown that more than 8 million people in the UK are over-indebted, including around 20% of all 18-24 year olds. Half the working age population having savings of less than £100, and one in five is unable to read a bank statement correctly.

Research commissioned by MAS showed that young adults were the least financially confident of any age group, more likely to be over-indebted than other age groups, yet over-indebted young adults were less likely to seek debt advice compared with other age groups (Harrison *et al* 2016).

Wider research confirms the challenges around financial capability in the UK, and the potential difficulties faced by young people. Worsening economic conditions in Western countries have meant that the harmful consequences of debt are increasingly important (Degirmencioglu & Walker, 2015). This is significant because personal debt has been associated with a range of poor wider wellbeing outcomes including low self-esteem and a loss of perceived control (Hoeve *et al* 2014).

The Financial Capability Strategy for the UK was launched in 2015 in order to address the issue of generally low levels of financial capability in the UK, aiming to improve people's ability to manage money well, both day to day and through significant life events, and their ability to handle periods of financial difficulty.

The Strategy focuses on developing people's financial skills and knowledge, and improving their attitudes and motivation, intending that this, combined with an inclusive financial system, can help people achieve the best possible financial wellbeing. All of these elements are important in the way MAS understands 'financial capability'. This includes recognition of the vital importance of childhood and adolescence in the development of financial capability.

MAS believes, based on its previous research, that what people see, learn, and experience during childhood and adolescence can have a profound effect on how they manage their money as adults, but that many children and young people are not getting the chances to develop the skills, knowledge, attitudes and mindsets, and do not live in contexts, that enable them to grow up to manage money well later on.

MAS's work to date with those in the financial education sector and agencies working with children and young people has suggested that some children have specific needs because of particular characteristics, or contexts in which they live, and may benefit from more targeted support. For example, some facing many complex challenges may reach financial independence earlier than the majority, often with less family support to rely on.

When the All-Party Parliamentary Group (APPG) on Financial Education for Young People met to look specifically at 'vulnerability' in 2013, it decided, in order to be as inclusive as possible, not to define vulnerability narrowly in advance. However based on its evidence-gathering, the focus of the inquiry soon oriented toward youth homelessness, looked after children, care leavers, and young people who are not in employment education or training (NEET).

The APPG noted that, for many vulnerable young people, a big challenge is meeting needs, particularly when many are expected to live independently earlier than other young people. Over a third of young people say they run out of money regularly and 27% of unemployed young people say they always run out of money. One of the solutions raised by the parliamentary group was for all those working with vulnerable young people to have access to an introductory course on financial capability.

However, 'vulnerability' in the context of children and young people's financial capability has never been widely explored or defined. In late 2016 MAS began a programme of research to address this, seeking to understand which groups are most vulnerable to poor financial capability, and/or at risk of disproportionately negative impacts of poor money decisions, and what support might help address this.

This literature review is one strand of this work, aiming to understand:

What evidence exists about which children and young people are most at risk of developing poor financial capability, and/or most at risk of facing disproportionately large or negative impacts of poor financial decisions.

Methods

The review procedure began in December 2016 and was completed in February 2017. Several methods were used to locate research relevant to children and young people and vulnerability to financial capability. These include major academic databases and collections of electronic journals. Specific journals known to publish studies on young people and financial capability were targeted as were the websites of organisations known to conduct research on this topic. Peer reviewed publications, working papers, conference papers, reports, and literature reviews were all included.

Searches were conducted using broad search terms relating to financial capability, vulnerability, risk, and children and young people, and then repeated focusing on specific groups or categories of vulnerability identified through previous stakeholder interviews MAS had conducted. This aimed to capture the wide range of research that might view 'vulnerability' through different lenses. A more detailed account of the methods is provided in appendix 1.

Throughout this report 'grey' literature as well as academic literature is drawn upon. This is because of the lack of peer-reviewed academic research in the literature, and because many national community and voluntary sector organisations are interested in the topic and contributing significantly to thinking about vulnerability and financial capability. All literature included was scored for quality using Pluye *et al*'s (2009) framework for mixed studies reviews. An overview of the relative quality scoring for the different reports used is provided in Appendix 2.

Section 2: Summarising the literature

Limitations and challenges in existing literature

Our literature search found few studies on children and young people and financial capability, understood in the broad definition of financial capability used in the Financial Capability Strategy.

There may be a number of reasons for this. Financial capability is still a relatively new concept, and our understanding of financial capability and what it comprises, especially in the children and young people space, is still developing. The first study we found on financial capability was commissioned in 2003 by the FSA and published in 2006 (Atkinson *et al*, 2006). This has been followed up by further research into the profile of adults most at risk of harm because of low financial capability (Hayes, Collard and Kempson, 2015) and the recent work by MAS in this area (MAS, 2015a, 2016a, 2016b).

Because of the lack of research on children and young people and financial capability specifically, a wide range of papers covering financial literacy, wider financial outcomes, and studies that focused on young adults are included in this review. The reports we refer to use a range of different financial outcome measures and definitions, including 'financial capability', 'financial literacy', 'financial inclusion', 'assets owned' and 'level of debt', both during childhood/adolescence, and later in life.

We have chosen to set out our findings on vulnerability in a financial capability context grouped according to individual characteristics, individual behaviours, and wider environmental factors, whether family or economic, community/social influences. This draws from some of the literature which conceptualises different vulnerabilities based on different groupings of circumstances such as biological, biographical, and social and relational vulnerability contexts (Brown *et al* 2016). However it is important to note that even when looking characteristics or contexts that seem to fit best under one of these headings, there will be links and relevance to other aspects of vulnerability, and none is mutually exclusive.

Overarching findings on ways of thinking about 'vulnerability' for children and young people

The range and scope of research in this literature review is broad, disparate and, in places, contradictory. The APPG (2013) noted at the beginning of its inquiry that there is a vagueness and malleability about definitions of vulnerability. This can result in a challenging lack of clarity and consistency in research and analysis. To make sense of who may be vulnerable, we began by looking at definitions of vulnerability overall; some emerging themes are useful to inform our understanding of vulnerability in a specific financial capability context.

MAS's financial capability framework, both for adults and children and young people (NPC, 2014; MAS, 2015a), recognises the importance not just of individual skills, knowledge, attitude and mindset, but also access to appropriate financial resources and products, and the impacts of social influences around such as, for children and young people, their parents and educational experiences.

Echoing this, literature on vulnerability in a financial capability context regularly highlights the importance of both an individual and a 'structural' component to vulnerability, combining a person's *ability* to act with their *opportunity* to act (Johnson & Sherraden, 2007; Nussbaum, 2000).

Some disability scholars have argued that vulnerability ideas can be bound up with disempowering and patronising social processes, sometimes undermining the rights of people and diminishing attention to the responsibility of wider society in contributing to adversity (Brown 2016). Others have suggested that one issue with the focus on vulnerability is that it can tend to exclude understandings of agency, whereby those who experience adversity are automatically suggested to be powerless victims of broader social forces beyond their control (McGimpsey *et al* 2016). Both individual and social factors play a part.

Watts and Bohle (1993, 45) explore 'co-ordinates' of vulnerability which they discuss as follows (i) risk of exposure to crises, stress and shocks; (ii) risk of inadequate capacities to cope with these; and (iii) risk of severe consequences arising in these instances. This is helpful in supporting MAS's working definition of vulnerability, considering not just those children and young people at risk of poor financial capability, but also those who are at risk of disproportionately negative impacts of a poor financial decision.

Emmel and Hughes (2014, 2010: 171) go beyond the individual to begin to draw in social and time-based considerations to their thinking on vulnerability. They refer to a longitudinal 'social space of vulnerability' which relates to: (i) material shortages in households, characterised by 'making do' with limited resources for basic everyday needs; (ii) a lack of capacity to address needs in the present and plan for the future; and (iii) an uncertain reliance on welfare services acting to address crises when they happen.

The relationship between a person's agency and the institutions that impact on their lives, and the importance of these, vary over time. Vulnerability can be static and enduring but it can also be fleeting. As MAS later found, facing stresses such as having a disabled child, losing a job, experiencing a period of illness, suffering a bereavement and many other circumstances can render people more vulnerable to economic pressures at any given time (MAS, 2015b).

Work by the Financial Conduct Authority (2015) similarly suggests that 'adult vulnerability can come in a range of guises, and can be temporary, sporadic or permanent in nature'. They note that it is a fluid state where we can all become vulnerable. We find some similar thinking in literature applying to children and young people.

In particular, points of transition may be particularly important, especially on entry to adult life and financial independence. Some research highlights the importance of life transitions such as leaving home (Mendola *et al* 2009, focusing on 16-24 year old NEETs) or a care setting (The Children's Society, 2014), when understanding young people's financial outcomes.

These complexities mean that fixed vulnerability categories can be problematic. Some resilience theorists (Hart *et al* 2007) have cautioned against automatically designating particular groups or individuals as 'vulnerable'. Some challenging circumstances can result in some children and young people becoming less vulnerable. For instance Gaetz & Grady (2002), show how homeless youth can develop flexible patterns of economic activity suited to life on the street.

Evidence from research with young people suggests that they can also feel 'captured' or 'fixed' by being categorised as vulnerable (Brown, 2016). Rather than automatically accept a simple deficit model focused on weaknesses and difficulties, vulnerability can be understood as fluid combinations of life circumstances, capabilities, and relationships.

KEY FINDINGS:

There is no single accepted definition of vulnerability for children and young people but much of the literature points towards the need to take into account the complex social interactions in which individuals act, and the importance of change over time. As with adults, children and young people can move in and out of being vulnerable and the reasons for being so can relate to the individual's strengths and weaknesses, and wider context in which they live.

Findings on characteristics and contexts that may impact financial capability

In the next section we go on to look at the specific individual and wider family and social contexts research has suggested may have an impact on financial capability.

We begin by considering characteristics of individuals that are likely to be present at birth and unlikely to change over time. We then consider individual behaviours and skills – things that a person may be able to change, or which may grow and develop over time.

This is followed by an examination of wider environmental contexts in which individuals live – the family and parenting, economic circumstances, and social and community influences.

Individual characteristics that may affect financial capability

Gender

Some epidemiological and quantitative research has suggested the importance of gender and ethnicity and financial outcomes.

Lusardi and colleagues (2010) noted that, as well as overall generally low financial literacy among teenagers, females have lower level of financial literacy than males. This finding was replicated by Cameron at al (2014) in a quantitative cross-sectional study of teenagers in New Zealand.

Oksanen *et al (*2016), in a longitudinal Finnish study that explored debt problems amongst emerging adults found that 19% of the females and 29% of the males born between 1988 and 1990 experienced debt problems during the period between 2005 and 2013.

This finding warrants further research to understand the potential links and relationships between wider financial capability, confidence, and debt in young adulthood. Females scoring worse on financial literacy measures yet being on average less likely to have debt problems may result from how outcomes are measured (for example, measures of financial literacy often focus more on maths skills, rather than considering wider financial attitudes and behaviours), cultural factors, different willingness to take on debt, likelihood of seeking help early, or a range of other factors. Further research to understand more about any gender differences in the development of financial capability at younger ages may also be valuable.

Ethnicity

Only one study was found which meaningfully sought to account for the impact of ethnicity and financial literacy. In quantitative, cross-sectional sample of 7,417 US teenagers between 12 and 17 years old, Lusardi *et al* (2010) suggested that BAME respondents have lower levels of financial literacy than their white counterparts.

Again, work to understand more about differences in wider financial capability between groups from different ethnic – and potentially cultural – backgrounds in the UK may be interesting, taking care to take into account wider factors that may play a role, such as income levels, socio-economic status, and education levels.

KEY FINDINGS:

The limited research thus far has produced mixed findings with regard to gender and financial outcomes and literacy. One study suggested that BAME respondents have lower levels of financial literacy than their white counterparts. It is important to note that these studies look at the narrower skills and knowledge elements of financial capability. Further research to understand more about the role of individual characteristics and the development of financial capability may be valuable.

Complex and special healthcare needs

This review found no direct studies that focused on special educational needs, disabilities, and/or long-term health or mental health conditions and financial capability for children and young people.

However, recognising the importance of family socialisation discussed below, the work of Looman *et al* (2009) is important. This showed that children with more severe conditions, whose families provide health care at home, were more likely to have parents who experience financial problems due to the condition. The increased time and care demands of children with complex needs make it difficult for caregivers to be employed and can lead to emotional stress and financial strain. The strain on financial resources is especially felt among families with children whose conditions are more severe and who have unmet care coordination needs.

KEY FINDINGS:

No direct research on health, mental health, or SEND-related needs and financial capability were found. Families with children with complex conditions are more likely to experience financial difficulties; because of the role of financial socialisation within families, this may have the potential to impact on children and young people’s financial capability, though further work is required to understand the nature of this relationship if it occurs, and any unique financial capability needs experienced by children and young people themselves.

Individual skills and behaviours that may affect financial capability

Self-control and delayed gratification

Several studies implicated the importance of self-control for later financial outcomes. Moffitt and colleagues (2011) describe self-control as an umbrella concept bridging concepts like impulsivity, conscientiousness, delay of gratification, willpower, and executive function. They use data from the Dunedin longitudinal study in New Zealand to show self-control in childhood and adolescence predicts adult personal finance outcomes such as financial planning, likelihood of money management and debt problems, likelihood of saving, owning a home, and retirement planning. They also note that children with better self-control tend to come from more socio-economically advantaged families.

Letkiewicz & Fox (2014) suggest that conscientiousness (defined as including perseverance, impulse control, task and goal orientation and delay of gratification) and financial literacy are consistent predictors of asset accumulation in young Americans.

Atkinson (2005), in a study of disadvantaged 13-25 year olds, most of whom were not in education, employment or training (NEET), maintains that most young disadvantaged people seek immediate gratification, and that this is an issue made worse by drugs, alcohol, or cigarette dependency. This is seen to impact directly on their money behaviours, including spending without planning or budgeting. Access to, and knowledge of appropriate financial services and products was also found to be a challenge for this cohort.

While the emphasis of these studies differs, there seems to be agreement on the importance of self-control in contributing to for financial outcomes, though the nature of its interaction with developing financial capability, and the complexity of links to wider challenges such as being NEET, or growing up in socio-economically disadvantaged home, are unclear.

KEY FINDINGS:

The literature suggests that delay of gratification and self-control are important predictors of financial outcomes, although wider context, such as family socioeconomic status, may be important here, and further research would be required to investigate further the complex relationships between self-control, development of financial capability, and ultimate financial outcomes in adulthood. The literature search did not find any research on related topics such as self-esteem and confidence.

Environmental factors that may affect financial capability – parenting and family relationships

Financial socialisation

Gudmunson & Danes (2011) find that parents influence children's financial attitudes and vice versa, and that a trusting relationship is necessary to enable individuals to engage in appropriate financial risk taking. The success of 'financial socialisation' depends on the quality of relationships. A lot of financial socialisation in families happens through observation, day to day interaction and relationships, and implicit financial training. They suggest that more needs to be done to understand the unique socialisation role of family in promoting financial literacy.

Friedline & Rauktis (2014) suggest that, while families alone are insufficient to ensure young people's financial inclusion, socialisation and future orientation are more successful when parents show degree of warmth and involvement with their children.

This was supported by Serido *et al* (2010) who found the quality of parent-child communication regarding financial topics to be the strongest predictor of financial, psychological and personal wellbeing and perceptions in first year US college students.

In another sample of young US adults (Kim & Chatterjee, 2013), child financial socialisation experiences were shown to be positively related to beneficial financial practices and asset ownership in adulthood. Parental warmth was negatively associated with credit card balance. Those respondents who had their spending monitored by their parents when they were children were significantly more likely to report being good at managing their own money. The authors note financial socialisation research tended to be limited to the immediate nuclear family and the role of others such as school, media, and peers, need to be explored.

In a US cross-sectional study of 420 students, Jorgensen & Savla (2010) show that perceived parental influence had significant influence on financial attitudes but not financial knowledge. Financial knowledge had a significant and large effect on financial attitudes, which in turn had a significant effect on financial behaviour. Parents were perceived to have a greater influence on participants who reported being explicitly taught, although the authors note again that implicit financial socialisation tends to be more common.

Social and emotional wellbeing

Treanor (2016) showed that maternal emotional distress is strongly associated with family financial vulnerability (defined by insecurity and exposure to risk, shocks and stress). In turn, children's social and emotional wellbeing was found to be linked to both financial vulnerability and maternal emotional distress. It is suggested that the negative impact on social and emotional wellbeing for younger children is indirect, via mothers' emotional distress, while for older children, the impact of financial vulnerability is through negative comparisons to peers, which can lead to subjective deprivation – seeing oneself as more deprived than others, regardless of what outside objective measures may say – which may be experienced as injustice or emotional distress.

With a longitudinal UK sample, Powdthavee (2014) found that children who had lower levels of family and peer support, tend to be less psychologically resilient to economic shocks, such as job loss, in the future. While this may not be a direct financial capability outcome, it is worth noting because of the relationship between mental health and money in adulthood, and the potential for such patterns to impact again on the next generation.

Parental Financial Capability

Jorgensen and Savla (2010) note that teaching children to be financially literate has been mostly left to parents yet studies find that many parents do not have these skills themselves. Bowen (2002) noted that parents score poorly on knowledge of finance charges, interest and new charges, and APRs and that adult respondents score poorly overall in financial literacy. Recent research by MAS (2016c) suggest that while many parents see themselves as good role models, far fewer are confident in talking to their children about money. Many parents score highly on indicators of poor financial capability, or have challenges with their own financial circumstances.

Jorgensen and Savla (2010) suggest that children have financial learning experiences through watching how others use money, positive or negative feedback, practice, participation and deliberate instruction. Supporting this, a report by MAS in 2013 on the financial capability of 15-17 year olds drew on 1,200 qualitative survey respondents and a further ethnographic survey to show that young people are likely to imitate the financial behaviours of their parents, in both positive and negative ways. Where parents lack financial capability and the confidence to ensure their children learn about money, and to role model positive behaviours, this may impact negatively on long term financial capability for those young people.

KEY FINDINGS:

Several studies highlighted the importance of family experiences as important to the development of different aspects of financial capability. The literature suggests that most financial socialisation in families is implicit rather than explicit and that financial socialisation is more successful when parents show warmth and involvement with their children; those who do not experience this may face particular challenges developing financial capability. Further work to unpick the complex interactions between different elements of financial capability and relationships within families, and wider influences on financial socialisation, may be of use.

Again, complex relationships with other factors such as emotional wellbeing are revealed. The importance of parental influences and role modelling is noted, yet some parents may lack financial capability themselves, which may impact on their children's developing financial capability.

Environmental factors that may affect financial capability – economic circumstances

Living in over-indebted homes

The Children's Society (2014) argue that very little research has explored the impact of debt on children. They combine a survey of 2,000 families and in depth interviews with 14 families to report that almost 1.4 million UK families with dependent children are currently in problem debt, and an additional 2.9 million families with dependent children have struggled to pay their bills and credit commitments over the previous 12 months, putting them on the edge of falling into problem debt.

They talk of a 'debt trap' where children and young people growing up in families unable to keep up with payments on credit miss out on the basics. These families sometimes find themselves taking out more credit to pay for necessities; 10% of families said they had taken out credit to pay for food for their children, 18% for clothing and 6% for heating.

This may be particularly relevant to vulnerability because of the potential link to research noted above on the importance of family socialisation for young people's future capability. Overindebted households may find it challenging to show good examples of financial capability. MAS (2013) show that young people were far more likely to be financially capable if they grow up in a family that is usually able to pay the bills and have money set aside for emergency expenses.

The Children's Society report also finds that living in homes with problem debt can damage children's relationships with their peers. More than half of children aged 10-17 in families with problem debt said they had been embarrassed because they lacked the things that their peers had, and nearly one in five say they had been bullied as a result. While the impact of these experiences is not clear, and is likely to be complex and varied depending on children's wider strengths, skills, and risk and protective factors in their environment, it is possible making good financial choices in these circumstances may be challenging for some children and young people.

KEY FINDINGS:

Little is known about the impacts of living in an over-indebted home on children and young people's financial capability, however the one existing report on the impacts of debt suggest a number of negative outcomes and experiences that may be associated with living in a home facing problem debt. Given the role of family socialisation in financial capability, it is possible there may be impacts in this area worth exploring further.

Having a savings account as child

Three studies suggested that owning a savings account was a child as associated with greater financial asset ownership as an adult (Kim & Chatterjee, 2013), more savings and less debts (Friedline & Song, 2013) and better financial literacy (Cameron *et al* 2014). It has been suggested that policies that establish savings accounts at birth or when very young hold particular promise and should be considered further by policymakers, researchers, and others (Boshara & Emmons, 2015).

KEY FINDINGS:

Having a savings account as a child appears to be associated with better financial outcomes.

Income and socioeconomic disadvantage

MAS's recent Children and Young People's Financial Capability Survey results suggest children in low-income households may be particularly vulnerable to poor financial capability (MAS, 2016c). This adds further strength to other research showing a link between income and/or socio-economic factors and aspects of financial capability.

Atkinson's (2005) research suggests that children growing up in low income homes know far less about banks and banking services than their better off peers although it should be noted that these children can also tend to have a much better greater awareness of the budgeting techniques used by their parents and are acutely aware of parents regularly paying bills.

Kim & Chatterjee's (2013) work shows that parent socioeconomic status is significantly associated with financial worry, which may in turn impact on financial socialisation. I Bridges & Disney (2012) found that financial 'shocks' make parental separation and long-term low income more likely. Families unable to cope with a sudden change in circumstances, such as a job loss, are particularly likely to experience family separation. While studies have not yet examined what effect this may have on financial capability, it seems possible such events may have the potential to impact financial socialisation, with knock-on effects to the development of financial capability.

In a study based on student loan debt in the US, Houle (2013) found that young adults from the highest income brackets and college-educated families are relatively protected from student loan debt compared to less advantaged young adults. Lusardi *et al* (2010)'s cross sectional research on US teenagers also appears to confirm that young adults with college-educated mothers and high levels of wealth display higher levels of financial literacy than those with less wealth and mothers with lower levels of education.

Majamaa (2011) speaks of parents, where possible, acting to offset the potential financial vulnerability of young adults and notes that a young, female adult who is single, lives alone, is well-educated or in education, with low sibling numbers, is highly likely to receive financial support from parents.

Allen (2016) suggests that financial and employment insecurity have disrupted transitions into adulthood and that social class impacts how this is experienced. Action for Children (2016) note that vulnerable young people entering financial independence themselves are more likely to live in poverty and struggle to manage an already difficult financial situation.

KEY FINDINGS:

Income and socioeconomic status appears to have mixed impact, and to have impact at different stages of childhood and adolescence. The role of family socialisation is important throughout. Children growing up in low income homes may be at greater risk of poor financial capability, but also learn more about the techniques their parents use to manage financially. The impact of financial shocks may be greater. In the transition to adulthood, there appear to be positive impacts on financial literacy and some financial outcomes for those from higher income backgrounds, while those young people experiencing wider vulnerabilities are more likely to be in poverty, potentially compounding their challenges.

Environmental factors that may affect financial capability – wider experiences and influences

Leaving home early

In a comparative study using European Community Household Panel (ECHP) data, Mendola *et al* (2009) suggest that young people (16-19) are more likely to live in poverty when they leave home (70%) than if they continue to live at home (19%). While leaving home may be considered to relate to individual behaviour, in many cases it will result from family, social, and cultural factors. Mendola *et al* (2009) note high rates of youth poverty in Scandinavian countries due to the cultural expectation that young people leave home early. They suggest that leaving the parental home is a risk factor for poverty across European countries.

This result was supported by Oksanen *et al*'s (2016) Finnish longitudinal study that explored debt problems amongst emerging adults. This showed that debt was highest amongst those who leave home before 18.

Action for Children (2014, 2015, 2016) suggest that some young people such as care leavers, homeless young people, young carers, and those not in training or education or employment (NEET), experience multiple vulnerabilities with many trying to manage on a low or unpredictable income just as they are transitioning into adulthood and attempting to live independently. They need to handle money responsibly at an earlier age than their peers, and have additional demands on their time and resources.

While most young people can be considered 'vulnerable' when it comes to managing money – their experience is limited and their knowledge restricted to what they have been taught at home or school – these groups of young people are far more vulnerable. They often face a set of different challenges from the average young person, compounded by poor educational experiences, difficult relationships with parents/carers, and have had fewer opportunities to learn how to manage their personal finances either at school or home. Some may have little trust in authority figures, feel socially as well as financially excluded, and can lack the confidence and resilience needed to tackle money issues early and effectively.

KEY FINDINGS:

Leaving home early may be a risk factor for poor future financial outcomes, though more research would be required to understand fully the specific role financial capability plays in this in relation to the wider complex interactions of other challenges affecting young people.

Care leavers

The Children's Society report (2014) notes that, "due to the impact of insufficient financial education, lack of training to personal advisers on how to support young people on financial capability matters and of having support removed from them, care leavers struggle with debt, insufficient levels of savings, unsafe accommodation and difficulties knowing what education and training opportunities they should pursue" (p25).

This work supports similar findings from a US study by Peters *et al* (2015) on the poor financial outcomes of children leaving foster care. Shpiegal & Simmel (2016) found that LGBT young people leaving foster care are particularly vulnerable to negative outcomes and may require more support. They identify a decreased likelihood of being financially stable, even after other independent variables were controlled.

KEY FINDINGS:

Limited research found in this review suggests that care leavers appear to experience particularly poor financial outcomes. There is some suggestion that poor financial capability and lack of access to support to develop financial capability contributes to this.

Education

There is some evidence to support the importance of educational level in future financial outcomes. Oksanen *et al* (2016), in a longitudinal study of young adults from Finland found that having only 'primary' education (leaving school at 15) significantly increases chances of debt enforcement activity - 37% of females and 43.9% of males in this category have debt problems, compared to only 6.0% of female and 9.3% of their male peers.

Mendola *et al* (2009) found that the longer spent in education meant the lower likelihood of poverty later in life. Lusardi *et al* (2010) found that cognitive ability is strongly linked to financial literacy, and those with higher levels of educational attainment have higher levels of financial literacy than those with lower educational attainment. In a report written for the Joseph Rowntree Foundation, Mitton (2008) argues that young people (those aged 16-24) and those who leave education early are two of the groups most at risk of financial exclusion.

KEY FINDINGS:

The literature has suggested that leaving education early, lower educational attainment, and lower cognitive ability relate to poorer financial literacy and financial outcomes. A more detailed understanding of the interaction with wider financial capability measures beyond 'literacy' (knowledge and skills), and other outcomes in life such as employment, would be required to understand how the nature of the links to long term financial outcomes work in detail.

Young people not in education, employment or training (NEET)

Dolphin (2012) found from extensive polling and workshops with young people that young people's relative position in the labour market has deteriorated over the last two decades. He noted that some of the 1 million young people then categorised as NEET struggled to enter steady employment, education or training more than others, with prospects linked to their family income. Over a fifth of young people who were eligible for free school meals in year 11 had experienced two or more spells of being NEET between ages 16 and 19, compared with less than a tenth of those who were not eligible. Importantly, this research also found that young people who are NEET are more likely to turn to short-term or doorstep lenders who charge extremely high rates of interest.

Action for Children (2015) also note that young people who are designated NEET are at particular risk of having poor financial management skills. They are often caught up in a cycle of short-term loans and debt, and are dependent on benefits or a low income.

It should be noted that recent figures suggest that numbers of UK young people designated as NEET has fallen to 843,000 (Mirza-Davies & Brown, 2016). While numbers may be reducing the potential impacts on financial capability identified by previous research remain worth noting.

KEY FINDINGS:

Young people who are categorised as NEET may be at particular risk of poor financial management skills and can be targeted by doorstep lenders. These are likely to challenge their financial outcomes. Again, the precise nature of the role of financial capability in these outcomes and interaction with other challenges and circumstances in their lives is not clear, and warrants further investigation.

Homelessness

In the one study found that explored homeless youth and financial capability (Gaetz & Grady, 2002), the authors provide a nuanced take on how economic activity tends to be flexible on the street, with multiple patterns of money making, legal and otherwise.

Here, homeless youth respond to the fact that they are excluded from the formal economy by engaging in a flexible and variable set of economic strategies. The authors note that the variation between homelessness, street youth and homeless youth was not adequately taken into account in research.

KEY FINDINGS:

The one study thus far exploring homeless youth and financial capability only notes the complexity of the economic strategies of young homeless people. Little is known about the role of financial capability in this or the potential implications for future financial outcomes.

Gambling

Young people who gamble tend to experience poor school performance, financial strife, disrupted family relationships and have higher rates of anti-social and offending behaviour (Hamilton-Wright *et al* 2016). Kristiansen *et al* (2014) noted that the reasons for young people gambling included winning money, having fun, and socialising.

Hamilton-Wright *et al* (2016) found that two thirds of gambling in youth began when the young men interviewed were experiencing adversity such as abuse, neglect, housing instability and poverty, with gambling providing a way of gaining acceptance and escape from emotional pain. Hoeve *et al* (2016) found a clear and strong link between criminal or 'delinquent' behaviour and financial problems.

KEY FINDINGS:

Very limited research suggests that young people who gamble, and those who are involved in criminal behaviour, appear to experience poor financial outcomes. Again, the vulnerability experienced here is interconnected with a range of other life events and experiences, and the role of financial capability is not explored.

'Debtogenic' urban landscapes

Jones *et al* (2013) suggest that the gambling industry has used loopholes in laws such as planning regulations to create 'debtogenic' geographical areas where gambling is socially and culturally normalised, with betting shops, pawn shops, ATMs, and sources of easy credit.

The authors argue the gambling industry targets groups already more vulnerable, and that approaches focused purely on individuals changing their behaviour (to self-exclude from gambling establishments), without addressing wider processes that enable 'debtogenic' contexts to develop, will have limited effects.

Young people growing up in these landscapes may face particular challenges, as the opportunity and availability of gambling interacts with environments of peer-pressure, credit availability and family habits which may create a combination of pressures to spend appropriately *and* inappropriately.

KEY FINDINGS:

Some literature suggests that 'debtogenic' geographical environments are relevant to the possibilities that emerge for young people to enact self-control and make positive financial decisions.

Financial and public institutions

For those young people who are vulnerable, a lack of access to appropriate products and services can exacerbate challenges faced. Action for Children (2016) note that financial institutions could do more to help young people and make sure that existing financial education programmes have the desired effect. They could simplify the language they use, offer a more welcoming environment and develop products that have an educational element.

The Children's Society (2016) suggest that indebted families who seek support often receive a sub-standard service, particularly from creditors and their local council, where creditors are not considering how the presence of dependent children can impact a household's vulnerability. Letkiewicz & Fox (2014) also note that issues of financial capability are complicated by issues within the marketplace such as the difference in knowledge held by, and information available to, lenders and borrowers.

In work that interviewed both staff and service users, Action for Children (2014) found that in an area of high deprivation, doorstep lenders and weekly payment online sites were part of the intergenerational culture, and that young people were often targeted by doorstep lenders. Over two fifths of staff interviewed said they knew young service users aged 18-25 who were accessing high interest credit, with *ease of access* the main reason. Almost 3 in 10 of service users owed over £1000, with a wide acceptance of high cost credit. There have also been reports of an unquestioning acceptance of high cost lenders among young people elsewhere (Atkinson, 2005).

KEY FINDINGS:

There appear to be a number of ways in which financial institutions could better support young people's financial capability, including improving access, supporting those in difficulties more constructively, and addressing use of high-cost credit by young people. It is possible that improved access to appropriate and timely financial products and services could help reduce risk for those children and young people most vulnerable to making poor financial decisions.

Consumer culture

Concern has been expressed in some literature about the impact of 'consumer culture' on children's lives. Some publications criticise the alleged 'commercialisation' of childhood and suggest there are negative consequences on children's wellbeing (e.g. The Children's Society, 2014; Schor 2004). Children are seen as experiencing pressure from the media and peers to replace outdated consumer objects, to seek immediate gratification, and to construct their lives through shopping choices.

This way of thinking about consumer culture can be seen as challenging to the long term planning, investment and saving important to financial capability (e.g. Bauman (2007). It is worth noting that these perspectives are disputed. (Cook, 2003, Buckingham 2011).

These debates provide the backdrop to the suggestion by The Children's Society (2014) that the government should review the case for tighter restrictions on loan advertising seen by children. Dolphin's (2012) research with young people not in education, employment or training, found that participants spoke frequently of how they feel under pressure to take on debt and to spend; it is suggested that this is one potential path towards vulnerability where self-control of these young people is challenged by the way they experience consumerism.

Other authors writing about financial socialisation suggest financial capability needs to be understood in a culture where younger generations *are encouraged* to spend rather than delaying gratification (Letkiewicz & Fox, 2014).

KEY FINDINGS:

The literature on the impact of 'consumer culture' on young people and their financial capability is contested and unclear at this stage. That said, it may play a role in the complex interactions that create vulnerability at different times for different people.

Critical approaches to financial capability education

Some literature takes a critical approach to some thinking about financial education in ways that can be valuable to considerations about appropriate approaches to support vulnerable children and young people.

Clarke (2015) is critical of the idea that financial education programmes can bridge the gap between disadvantaged citizens' level of understanding and capability on the one hand, and the advanced technical and specialist skills required to successfully negotiate financial market transactions, products, and innovations.

Marron (2014) suggests it is vital to consider wider social factors affecting disadvantaged young people rather than framing the problem as one of just an individual's behaviours, attitudes and knowledge. Research from behavioural economics is mentioned (the only reference in literature this review found), noting that bad financial decisions are far less about knowledge, and much more about cognitive such as procrastination, loss aversion, inappropriate mental accounting and a preference for keeping things as they are, but Marron notes that even taking heed of this, the behavioural economics paradigm is still concerned with changing individual behaviour rather than social, economic or political activity. Support based on this may therefore still have limitations.

Others recognise that education focused solely on improving the financial knowledge, skills, or even attitudes of children and young people may be limited in its potential. The effectiveness of knowledge change as a precursor to financial behaviour change is unclear (Gudmunson, & Danes, 2011). Consideration of the complex intertwined processes of financial socialisation, acquiring and developing values, attitudes, standards, norms, knowledge, and behaviours that contribute to financial capability will be key to effective support (Cameron *et al* 2014).

One piece of work seeking to undertake a co-produced and inclusive approach to financial education with young people suggests that financial education needs to be socially and culturally relevant and should avoid entrenching hierarchies of authoritative teachers and passive student learners, especially for those young people who are most disengaged or marginalised (Spotton & Udofia, 2016). The authors challenge the dominance of a 'deficit' model focusing on weaknesses and risks faced by children and young people, and approaches to education that place what they see as the blame for the problem in the individual person. A participative approach to education that includes focus on resilience and strengths may offer opportunities to provide more effective support.

KEY FINDINGS:

Critical literature suggests that a financial education approach focused solely on knowledge and attitudes can ignore important social, economic and political influences on children and young people. Socially, culturally relevant financial education that looks beyond a deficit model focused on weaknesses of young people, and which is inclusive and co-produced with particular target groups of young people, may offer a better way forward.

Section 3: Research recommendations

There are broad consistencies that emerge from the literature. Firstly, all children and young people are 'vulnerable' in the sense of needing support to learn the skills and attitudes needed to manage money well later on. However what little research is available confirms some groups and young people living in certain contexts may face different or greater challenges from others. Despite no common accepted definition, some literature points to levels of financial capability being lower now than previously (Cameron *et al* 2014), and notes that children and young people are growing up in a complex financial and economic environment characterised by problematic levels of debt for many young people and adults alike (The Children's Society, 2014).

The overall lack of research on children and young people's vulnerability in a financial capability context suggests concrete recommendations for policy and practice are premature at this stage. Throughout this report many studies focusing on wider financial outcomes, and/or narrow definitions of financial literacy have been included as these have tended to be better represented in research available to date.

There is a clear need to develop better understanding of vulnerability specifically in relation to financial capability as MAS understands it, considering not only individual skills, attitudes and behaviours (including e.g. self-control), but also access to financial products and services, and their interaction with parents and others around money (financial socialisation).

There is a need for research that not only better understands the complex nature of vulnerability but also how forms of vulnerability emerge, take shape and ultimately influence young people's financial practices. Mitton (2008) explored financial exclusion, and suggests there is nowhere near enough research on such groups as young people leaving care, those not in education, employment or training, students, young people with addiction issues, young people with mental health problems, SEND, migrants, homeless young people and young offenders. This literature review agrees there is a clear lack of literature in the field for all these groups and others who may be vulnerable, such as young parents and young carers, and that more work needs to happen to understand the natures of financial capability development and challenges faced by young people in these different contexts.

Further work needs to be both longitudinal and quantitative as well as qualitative Gudmunson & Danes (2011), and to recognise that financial behaviour is developed through socialisation practices, wherever these may emerge in the lives of young people experiencing vulnerability, for example at home, in school, or through the media. (Hoeve *et al* 2014)

Moreover, there are few studies on the multiple and complex pathways through which financial inclusion (Friedline & Rauktis, 2014) or financial vulnerability more widely in families and communities has an impact on children (Treanor, 2016), or how strengths, skills and resilience can help to overcome vulnerability.

We suggest research to take forward the findings of this review and fill gaps in existing understanding should focus on:

- Longitudinal quantitative and qualitative research to understand how different vulnerabilities relate to financial capability practices as children and young people grow up, and paths young people may follow in becoming particularly vulnerable in a financial capability context.
- This could include research to explore the potential relationship between financial exclusion and financial capability and how this emerges as young people reach financial independence. Understanding when and how capability is insufficient to overcome exclusion and the ways in which exclusion potentially acts as a barrier to financial capability may be useful.
- Exploring further the mixed findings regarding gender and young adult financial capability, and the impact of growing up in low income homes – why do females appear to have poorer financial literacy, yet lower levels of debt as emerging adults? What are the nuances of the positive and negative impacts on financial capability of growing up in a home where income is low, and what role do parents' approaches to managing it play?
- Work to fill specific gaps in the literature, e.g. around the experiences and needs of young people with health and/or mental health conditions, or SEND; understanding better any differences between different ethnic groups in the UK; further work into the experiences of those young people who become homeless, or who are involved in crime.
- Research exploring the complex, multifaceted ways vulnerability is experienced and interconnections between factors exhibited by young people (self-control, conscientiousness), and the social environments that young people experience, that influence whether they are likely to engage in financial practices that are potentially protective or damaging to them. One approach outlined in the literature recommends co-produced, participatory research with young people.

- Further work to better understand the ‘connection’ elements of the existing financial capability framework in relation to vulnerability, e.g:
  - The impact of financial shocks in families and/or communities on children’s capability and socialisation
  - The presence of family problem debt and how it relates to children’s capacities to perform self-control amid often challenging peer-comparison environments; the potential socialisation of some vulnerable children and young people into informal debt economies
  - How creditors position and acknowledge the presence of dependent children when relating to potentially vulnerable households
  - Experiences of children and young people transitioning to adulthood in the face of increasing economic challenges, e.g. the impact of financial and employment insecurity
  - How mainstream financial service providers make decisions about what they make available, to which young people, and how accessible different young people find different financial services and products as they reach independence.
- Research to develop a tool to assess young people most at risk in a financial capability context should be mindful that many different elements of capabilities and measures of financial outcome are used in research and that in real lives these interact. The relationship between financial knowledge, attitudes and behaviours is not straightforward for children and young people and this may be especially the case for children experiencing vulnerability due to specific pressures and experiences.
- One issue emerging from the review is the significant focus on a deficit-orientation to making sense of vulnerability. There was little work which made sense of the strengths, resilience or capabilities that traditionally disadvantaged and non-disadvantaged groups of children and young people mobilise to make good financial decisions. Research could examine this and consider the conditions, strengths, or protective factors that have allowed young people to overcome risks and disadvantages in different contexts.

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Appendix 1

A detailed account of the methods

The review procedure began in December 2016 and was completed in February 2017. Several methods were used to locate studies relevant to young people and vulnerability in a financial capability context. We began with the major databases and collections of electronic journals (*Web of Science, Psychinfo, IBSS, CDAS, CJA, OH, TFO, Google Scholar*). The focus of our literature review was the period 2006 to 2017, though earlier documents were considered where particularly appropriate. The review began by searching using major keywords and search strings such as: children, young people, adolescent, financial, risk, capability, literacy.

Specific journals known to publish studies on young people and financial capability were targeted (Journal of Consumer Affairs, Journal of Financial Counselling and Planning, Family Relations, International Review of Economics Education, Consumption, Markets and Culture) as were the websites of organisations known to conduct research on this topic (The Children's Society, Action for Children, Money Advice Service, University of Bristol Personal Finance Research Centre). Peer reviewed publications, working papers, conference papers, reports, and literature reviews were included. Leading statutory and voluntary organisations working in this field were also contacted for publications, research projects and leads. Leading academics working in this area were also contacted for publications, research projects and leads that had not yet been published.

After selecting relevant studies, reference lists were combed for additional relevant studies. Studies were included if they were directly or indirectly related to financial capability or financial risk and concerned children or young people. Studies that focussed on adult financial capability were excluded unless they offered significant theorisations and contextualisation. A further search was undertaken focusing on specific criteria that had arisen in previous MAS research on vulnerability and young people: looked after children, care leavers, learning disabilities, learning difficulties, sensory impairments, physical disabilities, behaviour problems, mental health, carers, NEETs, gang-involved young people, young offenders, young parents, troubled families, homelessness, temporary accommodation, over-indebted homes, abuse, refugee/asylum-seeking families, gypsy, Roma & travellers, military families.

44 articles were selected for inclusion in the final review (appendix 2). The articles were scored for quality using Pluye *et al*'s (2009) framework for mixed studies reviews. This model was chosen to reflect the broader range of literature we needed to use to explore which children and young people may be vulnerable in a financial capability context.

The authors have developed a scoring system for mixed methods research with differential and appropriate methodological quality criteria for qualitative, quantitative experimental, quantitative observational and mixed methods research. For each criterion the presence absence is scored by a 0 or 1 respectively and then a quality score can be calculated as a percentage. This system offers a rationale for highlighting primary studies with a low methodological quality and for describing retained studies by quality criteria. It enables reliable criteria for concomitantly appraising the methodological quality of qualitative, quantitative and mixed methods studies. We have used this to make decisions on which literature to draw on in this review.

Appendix 2

The tabulated literature with corresponding quality scores

AUTHORS/DATE	PUBLICATION TYPE	RESEARCH DESIGN	SAMPLE	COUNTRY	VULNERABILITY	QS
Aassve, Iacovou and Mencarini (2006)	Journal article	Quantitative, European comparative study, European Community Household Panel data	European ECHP data	EU	Political and Economic	100
Action for Children (2014) (Paying the price)	Research report	Mixed methods	surveyed 148 practitioners, 21 young people in focus groups, polled 1,058 CYP aged 12 to 18	UK	Multiple	67
Action for Children (2015) (Getting a fair deal)	Research report	Mixed methods	44 vulnerable children in workshops, 163 vulnerable young people 11-26, with online survey	UK	Multiple	67
Allen (2015)	Journal article	Qualitative, case studies	2	UK	Individual + Political and Economic	75
Atkinson (2005)	Research report	Qualitative	19 disadvantaged young people	UK	Individual + Political and Economic	50
Becker and Becker (2008)	Report	Mixed methods	Survey young carer projects, 25 interviews with young carers 18-24, 5 focus groups young carers 16-17	UK	Political and Economic + Family socio-economic	67
Bowen (2002)	Journal article	Quantitative, cross-sectional	61 high school students, 47 parents	US	Family relationships, socialisation and structure	83
Bridges & Disney (2012)	Journal article	Quantitative, longitudinal	43,711 data points over 9 years	UK	Family economic circumstances + family relationships, socialisation and structure	100
Cameron *et al* (2014)	Journal article	Quantitative cross sectional	352 teenage children	NZ	Individual	100
Clinton *et al* (2011)	Journal article	Critical review	100 articles	Global	Family relationships, socialisation and structure	100
Densley & Stevens (2015)	Journal article	Qualitative	69 members and associates of gangs	UK	Individual + Political and Economic	100
DfE (2016)	Report	Qualitative	22 face-to-face research visits with young carers between 6-17	UK	Family socio-economic circumstances + individual	83
DoH (no date)	Report	Qualitative, focus groups plus analysis of outcome data	No detail on number of FG	UK	Family and economic	50

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AUTHORS/DATE	PUBLICATION TYPE	RESEARCH DESIGN	SAMPLE	COUNTRY	VULNERABILITY	QS
Dolphin (2012)	Research report	Mixed methods	Survey of 1,504 young people 16 to 29 on low incomes, three workshops with 54 young people aged 16 to 29 on a range of incomes, and 10 interviews with expert stakeholders.	UK	Family socio-economic circumstances	83
Friedline & Rauktis (2014)	Literature review	60 studies over 45 years		Global	Family relationships, socialisation and structure	100
Friedline & Song (2013)	Journal article	Quantitative, longitudinal	1554 young adults	US	Family relationships, socialisation and structure	100
Friedline and West (2015)	AEDI research brief	Quantitative	6865 millennials	US	Individual + Political and Economic	100
Gaetz & O'Grady (2002)	Journal article	Mixed methods	360 young homeless adults surveyed, 20 interviewed	Canada	Individual + Political and Economic	67
Hamilton-Wright *et al* (2016)	Journal article	Qualitative	30 men	Canada	Family relationships, socialisation and structure	100
Hoeve *et al* (2014)	Journal article	Quantitative, longitudinal	1258 young adults	Netherlands	Individual	100
Holt *et al* (2008)	Journal article	literature review	literature review		Family relationships, socialisation and structure + family socio-economic circumstances	100
Houle (2013)	Journal article	Quantitative, longitudinal, nationally representative	7975 young adults 24-28	US	Family socio-economic circumstances	100
Jorgensen & Savla (2010)	Journal article	Quantitative cross-sectional convenience sample	420 students	US	Family relationships, socialisation and structure	100
Kim & Chatterjee (2013)	Journal article	Quantitative, longitudinal	628 young adults 17-21,	US	Family relationships, socialisation and structure	100
Kristiansen & Jensen (2014)	Journal article	Quantitative cross-sectional	2,223, 11-17yrs	Denmark	Individual	100
Letkiewicz & Fox (2014)	Journal article	Quantitative, longitudinal, representative	9,000 youths, 12-16	US	Individual	100
Looman *et al* (2009)	Journal article	Quantitative, cross-sectional	749 children	US	Family socio-economic circumstances	100
Lusardi *et al* (2010)	Journal article	Quantitative cross-sectional, representative	7,417, 12-17yrs	US	Individual + Family socio-economic circumstances	100

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AUTHORS/DATE	PUBLICATION TYPE	RESEARCH DESIGN	SAMPLE	COUNTRY	VULNERABILITY	QS
Majamaa (2011)	Journal article	Theoretical paper			Family relationships, socialisation and structure	100
MAS (2013)	Research report	Mixed methods	Major ethnographic survey of 72 families and 10 fifteen year olds, quantitative survey, targeted at 1,200 young people aged 15-17.	UK	Family relationships, socialisation and structure	100
Moffet *et al*, (2010)	Journal article	Longitudinal, quantitative	1,037	USA	Individual and family socio-economic circumstances	100
Moffitt *et al* (2011)	Journal article	Quantitative, longitudinal	1,000 children	NZ	Individual	100
OFSTED (2011) After Care	Report	Qualitative	100 care leavers	UK	Individual	66
Oksanen *et al* (2016)	Journal article	Quantitative, longitudinal	8,093	Finland	Multiple	100
Powdthavee (2014)	Journal article	Quantitative, longitudinal	1,928 individuals	UK	Individual	100
Prison Reform Trust (2011)	Report	Qualitative	23 interviews 13-17	UK	Family socio-economic circumstances + family relationships, socialisation and structure	66
Serido *et al* (2010)	Journal article	Quantitative cross-sectional	2,098 university students	US	Family relationships, socialisation and structure	100
Shpiegal & Simmel (2016)	Journal article	Quantitative, longitudinal	405 Foster youths 17-19	US	Individual	100
Spotton *et al* (2016)	Journal article	Participant observation of inclusive pedagogy	19 marginalised youths from shelters	Canada	Neighbourhood and community	100
Sturrock and Holmes (2015)	Report	Qualitative	interviews young people, family members and practitioners	UK	Political and economic and individual	83
The Children's Society (2013)	Written evidence	Qualitative	25 young looked after children	UK	Individual	50
The Children's Society (2014)	Research report	Mixed methods	2,000 children and parents (10-17 yrs), online survey of 4,442 UK adults, focus groups and interviews of children in problem debt	UK	Family socio-economic circumstances	100
Treanor (2016)	Journal article	Quantitative, longitudinal	5,217, 11 yrs	UK	Family socio-economic circumstances + family relationships, socialisation and structure	100

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