Policy Paper: Financial Education for Young People

Helping young people become financially capable should start as early as possible in the home and as part of the school curriculum. All primary and secondary school students, in all types of schools, should receive meaningful and engaging financial education, supported by adequate resources, including for the engagement of external experts, adequate teaching time and teacher training. Financial education should be a statutory part of the PSHE curriculum and be Ofsted-inspected and examined.

What are the issues?

17% of UK adults self-rate as having low financial capability,[1] while other tests suggest a rate as high as 40%,[2] with many people misunderstanding aspects of everyday financial life, such as interest rates, inflation and interpretation of commercial offers.

At the same time, we live in an economy that is highly financialised. We are presented daily with offers for loans, cards and financial deals and encouraged to view credit as a normal part of life. Most students borrow to fund their tertiary education while people of working age borrow for housing, cars, holidays and other consumer products. Our incomes are limited and, to avoid financial difficulty, must be spent wisely.

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[1] Financial Conduct Authority 2018, The financial lives of consumers across the UK, pp 82-83. Available at: https://www.fca.org.uk/publication/research/financial-lives-consumers-across-uk.pdf
[2] Money Advice Service 2015, Financial Capability in the UK, pp 15 and 24.

Over eight million people in the UK face problem debt,[3] arising in part from low income, but also from behavioural biases and deficits in money management skills.[4]

Reflecting on the financial challenges they face, many people express regret that they were not taught about money during their formal education. Research by the Money Advice Service found that 85% of young adult respondents said they wished they had been taught more about money management while at school or university.[5] In particular, they wanted to learn about credit, investments and budgeting and feel their lives would have been better as a result.

The Money Charity delivers financial education in schools, colleges and other settings, reaching 20,000+ children and young people each year. We have found from our many years of experience that financial education works best when it is positive and aspirational, ensuring that young people are not scared off money management. Financial education should be engaging and interactive, using anecdotes, personal stories and statistics to bring money management to life. It should always be relevant to young people without being condescending. Given the opportunity, children and young people become highly engaged with financial education, which reinforces other aspects of their learning. We wish to see this positive experience made accessible to all children and young people throughout their school years in ways appropriate to their age and background.

In September 2014, after a campaign by the financial education sector, supported by Martin Lewis of MoneySavingExpert and MPs from the All Party Parliamentary Group on Financial Education for Young People, the government made financial education a statutory part of the national curriculum in England. However, it decided to include it in Mathematics and Citizenship, rather than into PSHE (the most appropriate place currently for financial education) and failed to provide the resources needed to make it happen. As a result, financial education in schools remains patchy and of low priority. Many teachers remain unaware that financial education is on the curriculum. The majority of delivery remains to be done.[6]

When The Money Charity is approached by teachers we almost never hear the teacher say 'I'm approaching you because financial education is in the curriculum' or

[3] National Audit Office 2018, Tackling Problem Debt. Available at: https://www.nao.org.uk/report/tackling-problem-debt/

[4] See, for example, Student Diagnostic Tool – A YouthSight Report for the Money Advice Service, June 2018, p 42.

[5] Money Advice Service 2018, Young Adults and Money Management: behaviours, attitudes and useful rules of thumb.

[6] All Party Parliamentary Group on Financial Education for Young People 2016, Financial Education in Schools: Two Years On – Job Done?

'… has been prioritised by my school.' The approach nearly always reflects the personal interest and enthusiasm of the individual teacher.

Compounding the problem, in 2018, the Secretary of State for Education made health education, but not financial education, a compulsory part of the PSHE curriculum in England. By de-prioritising financial education, this is likely to make the position worse. The Money Charity disagrees with this decision, which runs contrary to research and consultation evidence.[7] Financial health is closely associated with physical and mental health and they should all be taught together in a holistic way.

An additional challenge is that Academies and Free Schools do not have to follow the national curriculum, so in these schools financial education depends completely on the priorities set by the school and the teaching staff.

In Northern Ireland, Wales and Scotland financial education is better embedded in the curriculum, at primary level as well as at secondary level.[8] Teachers are given advice on how to integrate financial education into other curriculum topics, such as language, mathematics, arts and personal development.[9]

Evaluations show that even short workshops have a positive effect on young people's confidence and self-assessment of financial knowledge, as well as on teachers' capability to deliver financial education.[10] However, in the UK and around the world, many financial education programmes are too short to fully address the need. This means that when programmes are evaluated, they should not be held to a higher standard than education in general. Evaluators should expect effects proportional to the duration and intensity of the programme.

Until the end of 2018, the UK's strategy for financial education for children and young people was led by the Money Advice Service (MAS), whose goal was that every child and young person should receive a meaningful financial education.[11] MAS:

- Analysed the financial capability needs of children and young people.
- Analysed the existing provision of financial education for children and young people.

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[7] Department for Education 2018, Relationships Education, Relationships and Sex Education, and Health Education in England – Government consultation, p 38.
[8] House of Lords Select Committee on Financial Exclusion 2017, Tackling financial exclusion: A country that works for everyone? Chapter 4. Available at: https://publications.parliament.uk/pa/ld201617/ldselect/ldfinexcl/132/13202.htm.
[9] See for example the Northern Ireland curriculum web page for Key Stage 1: http://www.nicurriculum.org.uk/curriculum_microsite/financial_capability/key_stage1/specification/
[10] https://themoneycharity.org.uk/just-one-hour-financial-education-works-evaluation-money-charitys-workshops-schools/
[11] https://www.moneyadviceservice.org.uk/en/corporate/children-young-people-and-financial-capability-commissioning-plan--contributing-analysis-reports

- Gathered research findings into the effectiveness of financial education.
- Funded pilot projects and evaluation through the What Works Fund and summarised their results.

From the beginning of 2019, MAS has been absorbed into the new Money and Pensions Service (MAPS), which plans to publish its strategy during 2019. In our view it should seek to raise the profile of financial education in schools and directly commission more delivery.

What needs to happen?

- Children and young people of all ages should receive meaningful financial education throughout school and college, with financial education being a statutory part of the PSHE curriculum.
- MAPS should calculate the total funding requirement for comprehensive financial education in schools and colleges and advocate, campaign for and contribute to the sustainable funding stream (combination of Government funding and industry levies) needed to meet this requirement.
- As an interim goal, DfE and MAPS should adopt the target that by 2021, 60% of 7-17 year olds should receive meaningful financial education.
- Financial education should be added to the primary curriculum.
- These commitments should be supported by sufficient teaching time, clear school leadership, additional resources and teacher training.
- Budget should be available to engage external experts, such as The Money Charity, to deliver financial education as part of the school programme.
- Young people with specific needs should receive financial education tailored to these needs.
- Financial education should be Ofsted-inspected and examined, to ensure prioritisation by schools and colleges.
- For post-16 students, PSHE financial education should be included in the T-level core curriculum, with meaningful outcomes for each learner, including a financial plan to support them as they transition to adulthood.[12]
- When financial education in schools is evaluated, the standard applied should be consistent with that of other subjects, adjusted for the lower frequency and duration of financial education compared to most core subjects.

[12] See TMC response on DfE Call for Evidence on PSHE, Nov 2018. Available at: https://themoneycharity.org.uk/media/The-Money-Charity-Response-DfE-Call-for-Evidence-on-PSHE-Nov-2018.pdf

The Money Charity is the UK's financial capability charity providing education, information, advice and guidance to all.

We believe that everyone achieves financial wellbeing by managing money well. We empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives, helping them achieve their goals and live a happier more positive life as a result.

We do this by developing and delivering products and services which provide education, information and advice on money matters for those in the workplace, in our communities, and in education, as well as through influencing and supporting others to promote financial capability and financial wellbeing through consultancy, policy, research and media work.

We have a 'can-do' attitude, finding solutions to meet the needs of our clients, partners, funders and stakeholders.

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