

FINANCIAL EDUCATION IN SCHOOLS

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INTRODUCTION

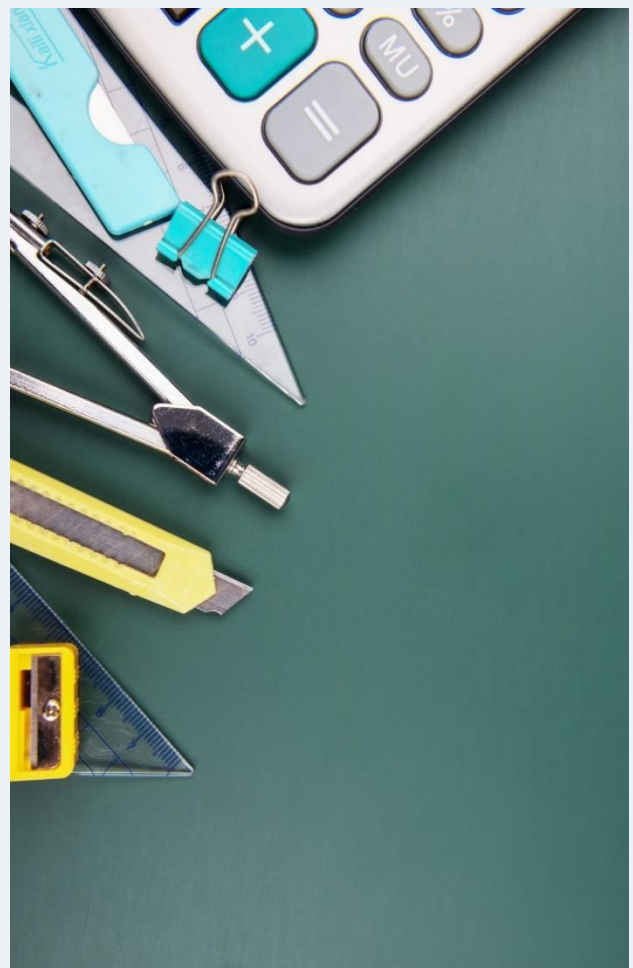
Financial Education in the UK is failing our young people as a large proportion of secondary students have little awareness of the financial system they are forced into with the 2018 Financial Capability Survey finding that only 52% of 7-17 year olds receive a meaningful financial education.

In the economic climate we live in, a high level of awareness of the financial products and consumer services that we use on a day-to-day basis is necessary for people to thrive and maximise their potential.

The higher education system and other fundamental parts of our consumer economy practically necessitates a form of borrowing yet swathes of young people in society are inadequately prepared and will be beset by financial issues later in life.

A lack of proper financial education is already having an adverse impact on our society with 47% of adults in the UK admitting they do not feel confident with money – something teaching in schools would improve.

Having insufficient knowledge of how to properly manage money also has impacts beyond the figures in someone's bank account. Debt and financial issues are heavily linked to mental health and worsening people's wellbeing. 17% of adults say they are overly indebted – imagine the impact on the wellbeing of these individuals due to their fiscal plight and how this situation could have been averted if these people were fully aware of how money works before entering the unforgiving world of adulthood.

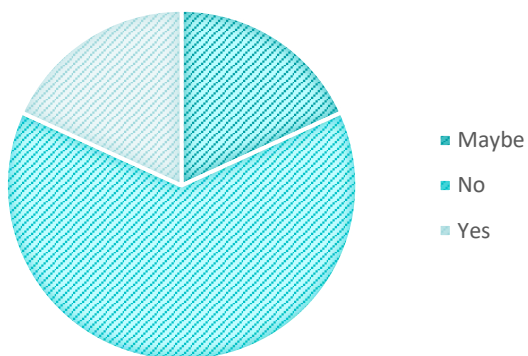


QUESTIONNAIRE & ANALYSIS

In order to fully understand the situation regarding financial education in the UK I carried out a questionnaire with 66 secondary school students from across the four nations whose opinions I asked for. They responded on the quality of financial education in their schools, how much they felt they knew and whether they felt equipped to deal with the economic world they live in.

The responses I gathered paint a rather damning picture about the state of financial education in the UK with 64% of students surveyed responding that they do not feel the education their school has provided will set them up sufficiently well for life as an independent adult. A further 18% were ambivalent as to whether the information they had learnt would set them up well for life implying a high degree of uncertainty among young people today.

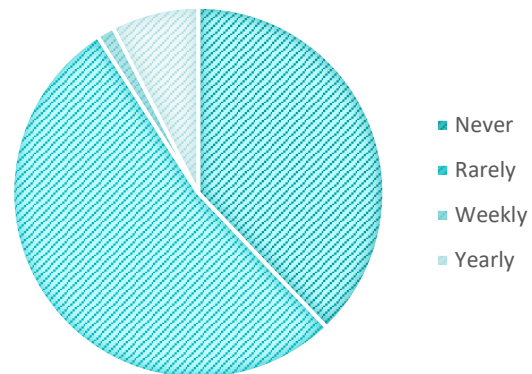
DO YOU THINK THE FINANCIAL EDUCATION PROVISION AT YOUR SCHOOL WILL SET YOU UP WELL FOR LIFE?



The results from my questionnaire also show that schools do not give financial education the level of importance many feel it deserves. Of course, core subjects that are examined are very important for qualifications however the life skills taught in financial education could be of equal use later in life. Despite this fact, 53% of those surveyed said financial education was rarely mentioned at school.

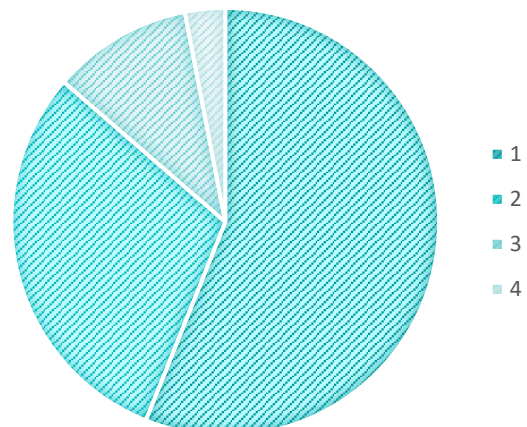
Worse still, 38% said that financial education has never been taught at their school. That could potentially mean almost two-fifths of our population being financially inept leading to disastrous consequences for their adult life.

HOW OFTEN IS FINANCIAL EDUCATION MENTIONED/TAUGHT AT YOUR SCHOOL?



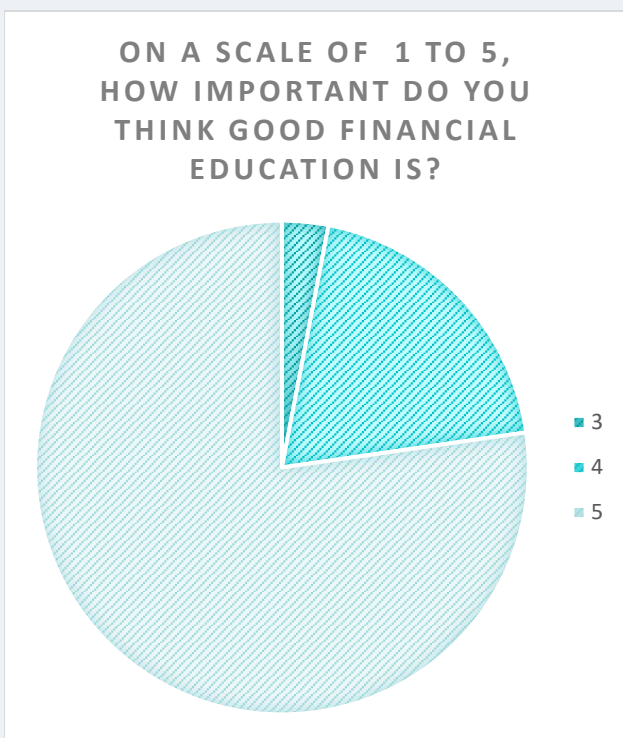
Although some schools do teach financial education, from the results of my survey it does not seem to be done very well in the most part. Even though it has been on the National Curriculum since 2014, the results of my questionnaire show that students do not consider the teaching of financial education to be very good with 56% rating it 1/5. Not a single respondent gave their financial education 5/5.

ON A SCALE OF 1 TO 5, HOW WOULD YOU RATE THE FINANCIAL EDUCATION AT YOUR SCHOOL?



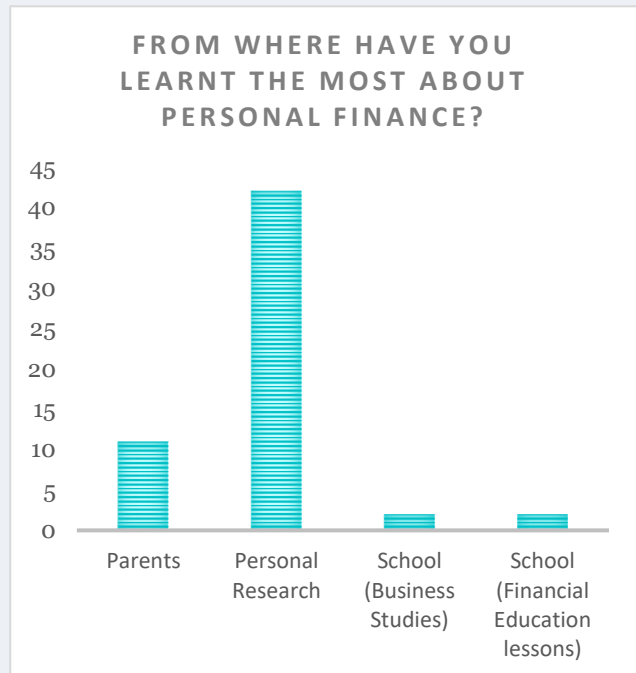
Despite the lack of teaching of financial information by schools, young people do see the importance of financial education. Even if they are not educated about the actual theories that underpin the fiscal products they are likely to take out in the economy they will live in most students acknowledge the importance of knowing how to manage money.

Although the fact that these students who responded to my questionnaire shows they have some level of interest in financial matters 77% of respondents rated the importance of financial education at 5/5 or 'Very Important'. This emphasises the desperate need for financial education in schools as the majority of students have identified a need for it and think it would be important for their futures.



A common argument with regard to financial education is that teaching children about money should be the responsibility of the parents in the way that many life skills are taught however this is not feasible in many instances. In a society when 63% of adults do not feel they can determine what happens with money and 21% rarely save (Source: 2018 *Financial Capability Survey*) how do we expect them to deliver a satisfactory financial education to impressionable young people.

In my questionnaire, I asked respondents where they felt they had learnt the most about personal finance. 63% (including myself) said they had done their own personal research to acquire this knowledge which although great does not help the vast majority who at school-age have limited interest in finance. On this point, only 3% said that they had learnt about personal finance from financial education lessons in school showing that the current level of teaching is seriously lacking in providing a comprehensive financial education for our young people.

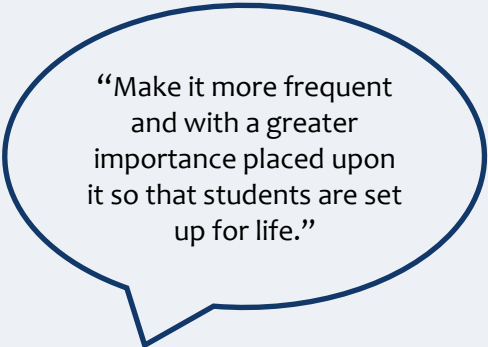


I also asked a series of questions that provided qualitative responses with regard to the importance of financial education. Alex, a Year 11 student in England, said, "Financial Education is absolutely vital to life after education, yet nobody in power shares this belief." while Lucy (also in Year 11) said that, "Financial Education is the foundation of any successful future".


In addition, I asked students to give their opinions on the financial education they are currently getting at their secondary schools. One university student commented positively that, "I learnt how a student loan works and about predatory credit company practices. I think the latter was very important as a student with no income I may have been tempted to use these cards or schemes if I didn't know how extreme the interest rates could get."

Although there were some positive remarks about current provisions for financial education the vast majority of responses were negative highlighting the foibles and inefficiencies in the current system across UK schools.

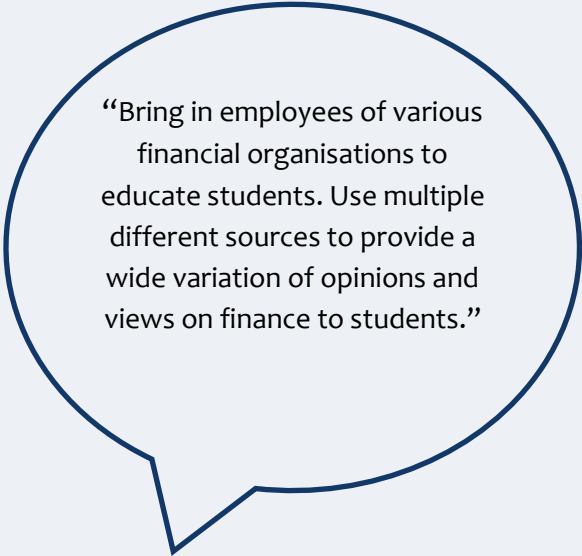
Many suggested that an improvement to current financial education provisions would be actually teaching the subject in schools whereas others provided more insightful responses with actual things they would like to see change.



“Make it more frequent and with a greater importance placed upon it so that students are set up for life.”



“Teaching a broad range of money management including budgeting, interest rates, how debts work and the tools we have access to in order to help ourselves financially.”



“Bring in employees of various financial organisations to educate students. Use multiple different sources to provide a wide variation of opinions and views on finance to students.”

RESOURCES & SUPPORT

The final student comment mentioned using a wide variety of sources and resources in the teaching of financial education to ensure comprehensive and engaging teaching of such a crucial subject. Despite its importance, there is a dearth of appropriate, up-to-date and readily available resources for teaching financial education.

One of the key resources used by schools across the nation (however only 5.3% of those who responded to my questionnaire) is the Your Money Matters textbook funded by consumer campaigner and journalist Martin Lewis and distributed by financial education charity Young Money at a cost of £325,000. 100 copies of this book was delivered to every state secondary school in the UK in order to try and improve financial education in schools.

Although this is a very positive step that has advanced teaching in schools, it begs the question as to why it was allowed to get to the point where a private individual funded the distribution of textbooks for a subject on the National Curriculum – it would not be like this for any other educational resource.

In addition to the textbook, many UK banks are creating their own resources that can be used to improve young people’s financial literacy. Barclays Bank has its long-running LifeSkills programme that has helped 13 million students learn more about managing their money and other essential topics. Santander has recently announced a partnership with educational resources provider Twinkl to offer financial education resources for both primary and secondary schools however these resources come at a cost to those wishing to use them.

Even though these resources exist, many schools use resources they have created themselves (36.8% of those who responded to my questionnaire said this).

These resources may be better, or worse, or a similar standard to the resources produced by external bodies however with every school doing their own thing it is hard to monitor what extent the financial education provided is at.

Furthermore, using resources that the school does not have to create themselves reduces the amount of time teachers have to dedicate to offering financial education making them more inclined to do so also leaving time for them to focus on more pressing aspects of their job.

One way that some have suggested to improve and standardise the level of financial education across schools throughout the country is to offer some form of qualification that students are taught which certifies the level of financial education they have.

A qualification not dissimilar to this idea already exists in the form of the London Institute of Banking and Finance's Level 3 Certificate in Financial Studies. This course *“Covers the core disciplines of financial education. Students are encouraged to become responsible borrowers and sensible savers, and to appreciate the need for financial planning throughout their life.”*



If something similar was rolled out to secondary schools across the country, we could ensure a level of financial competency across all students and have a way of measuring the financial education people are getting. This would ensure that all students (regardless of their school) would have an equal financial education giving people the best chance of thriving and having a positive future in our competitive consumer economy. This would also improve service in retail settings as employees would have a better understanding of consumer rights leading to fewer misunderstandings and disagreements.

WHY IT IS NEEDED

An understanding of finance is intrinsic to success in our modern world. With the rising cost of living, more and more families are becoming reliant on debt products to sustain themselves – an issue exacerbated by the increasing uptake of ‘Buy Now Pay Later’ services that are opening borrowing up to larger numbers of people.

Not only is borrowing becoming more prevalent and accepted in consumer society but in order to access higher education the current system practically enforces a degree of borrowing. The current student loans scheme burdens young people with what is termed a ‘debt’ yet our schools do not educate people on the types of debt products they will be faced with in the future.

There is a world of difference between the contribution-like student loan form of debt and a commercial product such as a credit card yet without proper financial education young people may not differentiate between them and force themselves into a world of financial suffering. Even with a robust student finance system, 47% of school children do not understand it (Source: 2022-23 Young Persons’ Money Index).

If our higher education system educates our young people into a form of debt then surely it is not an unreasonable expectation that we should educate people about debt so that they are prepared for what they will inevitably face in the real world.

Beyond borrowing, there are other aspects of the financial world that people need to be equipped for in order to manage their money and stay safe. With the increasing use of social media among impressionable young people we need to ensure that they understand the wealth of information they are being exposed to.

1 in 5 people aged between 16 and 34 have been scammed at some point with over 40 million Britons targeted by scammers in 2022 (Source: Citizens Advice) and 29% of young people have received a fraudulent email (Source: Young Persons' Money Index). The number of scams on social media is increasing and young people need to be adequately equipped.

An increasing number of young people are engaging in financial activities based on endorsements on social media promoting risky financial activities such as investing in cryptocurrencies.

In the Young Money 'Your Money Matters' textbook, there is a section dedicated to identifying and managing risk highlighting the importance of this vital skill.

Even though our young people haven't fully entered the financial world yet, 64% of young people have a debit card (Source: Young Persons' Money Index) meaning that they need an understanding of how to make the most out of their money.

All of the high street banks have increased their focus on marketing to young people and trying to persuade them to use their financial products – most recently Lloyds Bank with their television advertising campaign being with your child 'helping build their confidence'.

In reality, the banks are not focusing on young people for philanthropic reasons, more so to try and capture them as a customer for the rest of their lives as people are highly unlikely to switch their bank accounts due to an increased level of brand loyalty.

Despite only 5% of young people having switched their bank account (Source: Young Persons' Money Index), there is some concern among our teens about the way the banks are targeting us. Fred, a Year 10 student, said "They're [the banks] capitalising off of the fact we have such little financial knowledge".

Even myself (who I would consider to be reasonably savvy) did not bother to switch accounts after my bank scandalously lowered the interest rate due to the long process associated with it (although I did try to no avail).

With young people not willing to switch away from their banks and 44% choosing their bank because of their parents (Source: Young Persons' Money Index) it's no wonder that the banks are taking their youngest customers for fools and capitalising on their apathetic and lackadaisical attitudes to money.

It is said that people form their money habits for life in childhood and early adolescence yet a lack of real awareness is meaning that young people are interacting with their first financial products in a less than savvy manner leading to inevitable financial apathy in the future.

Beyond the problems for the individual stemming from a lack of financial education, the thousands of shops across the country would benefit from a more financially literate workforce which would reduce the need for consumer rights training and lead to fewer mistakes.

Many times people have been in stores asserting the rights they are legally entitled to only to be met with a blank, bewildered expression from the customer service representative who has often never heard of the consumer regulations that underpin our society.

Broadening the reach of financial education provisions in the UK will bring untold benefits to consumers due to being a more competitive, active shopper who is more aware of the risks and threats to their money that they will face. Additionally, financial education will also benefit businesses across the country and therefore more widely in the broader economy.

CONCLUSION

The consumer economy we live in necessitates a high level of financial understanding in order to get the best deals and serve themselves in the best way possible.

A society without financial education will leave young people doomed to failure as they will not understand the decisions they are taking and the potential implications this may have on them in the future.

By exposing young people to some of the decisions and information they will face in the real world they will be more adequately prepared and will make wiser decisions that could ultimately benefit the whole country and wider economy.

The findings of my questionnaire show that the current financial education provision in the UK is lacking and not providing young people with the information they need with 64% of the people I asked saying that what they have (or have not) been taught thus far will not set them up for life.

Considering that the current level of financial education has been seen to be lacking by those receiving the lessons in schools today taking some steps to improve the provision now can only be a positive move.

This will benefit our young people in the future and leave us with a more financially literate workforce benefitting employers and consumers alike.

Young people in our schools today want a proper financial education and to learn how the money in the world works properly – 82% said they wished to learn more in schools (Source: *Young Persons' Money Index*).

The society we have now is comprised of the few who have a great deal of knowledge on financial matters and the masses who are disadvantaged by not fully understanding the contracts and agreement they enter into and are bound by on a daily basis.

Introducing a reasonable level of financial education into schools would go a long way into reducing this gap giving people from all social backgrounds and walks of life an equal start in the world.

One of the key focuses for those in power at the moment and in recent years is how to address the inequalities that exist in society between those with privileged backgrounds and those who are not. Equipping young people with financial knowledge will go some way to address this gap as shown by one of the responses to my questionnaire, “Relying on parents for this education ensures that wealthy families with good practice stay rich while poor families with poor practice stay poor. Financial education promotes equality.”

In the current cost of living crisis, understanding how finance works and being able to budget effectively is massively important and will help in the long term – especially as 68% of young people are worried about money (Source: *Young Persons' Money Index*).

Our society will benefit massively from improved financial education stretching from the positives for the workplace, improved social equality and of course the better money management and general decision making by the young people receiving the education.

Failing to consider improving the situation regarding financial education in the UK is failing our young people of today and tomorrow.

Sources

[Financial Capability Survey \(2018\)](#)

[Citizens Advice](#)

[Young Persons' Money Index \(2022-23\)](#)

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