Summary

- We are four years on from the introduction of financial education in the National Curriculum for children aged 11 to 16.
- Sector initiatives such as KickStart Money are starting to prove themselves – and there is a call to start financial education at primary school level.
- Digital technology and youth culture are increasingly used to spread better money management habits.

Primary purpose

Having succeeded in getting financial education included in the National Curriculum, the sector is now gathering evidence to argue that money management lessons should start even earlier – at primary school. Andy Knaggs discovers how the case is being made

It is now four years since aspects of financial education were added to the National Curriculum for secondary schools in England, being taught in citizenship classes at Key Stages 3 (ages 11 to 14) and 4 (ages 14 to 16).

Pupils are taught about the functions and uses of money, budgeting, and managing risk at Key Stage 3, while Key Stage 4 incorporates income and expenditure, credit and debt, insurance, savings and pensions, financial products and services, and how public money is raised and spent.

While it is far too early to state categorically how impactful this has been in terms of the financial knowhow of the nation, there is certainly a glaring need. Only last year, a survey by the Financial Conduct Authority found that 24 per cent of adults have little or no confidence in managing their money; 18 to 24-year-olds were the least confident of all adult age groups.

Meanwhile, the Young Person's Money Index – compiled by The London Institute of Banking & Finance – shows that currently only 44 per cent of children aged 15 to 18 across the UK are receiving financial education in schools, demonstrating the patchy nature of the National Curriculum's coverage.

First of many?

For those within the financial services

> **"Only 44 per cent of children aged 15 to 18 across the UK are receiving financial education in schools"**

sector, getting financial education onto the curriculum was just a small first win in a much wider campaign to produce a populace that is more financially literate and therefore better able to make important decisions about money in adult life.

"It has been a victory to get it on the curriculum, but in a sense it's a hollow victory," says MyBnk head of communications Declan Wilkes. "More children are being exposed to this, and that's fantastic, but there is a dearth in the quality. More than 50 per cent of schools are not compelled to follow the National Curriculum, and those that do follow it often see it as an inconvenience, a tick-box exercise. Financial education is competing with a range of life-skill topics, such as sex education and bullying. Often the RE or PE teacher is tasked with spending half a day per year on it, and then it's done."

This frustration seems to be shared by TISA (Tax Incentivised Savings Association) chief operating officer Carol Knight, who says that "from what we know at the moment, there's been very little impact". She continues: "We are four years down the road and the rate of change will be slow. Putting it in the National Curriculum is a good start, but what's really evident is that a lot more needs to be done."

First exposure

There are concerns that many outside the financial services sector see this as a mathematics issue – that giving them numerical skills will make young people financially capable. Some also question the confidence and capability of teachers to deliver the right standard of financial education, and a number of charities (including MyBnk) and industry initiatives such as the Personal Finance Society's Education Champions are seeking to provide better support to teachers.

The biggest point of mobilisation for the financial services industry, however, seems to be the age at which children are first exposed to financial education: it should be much younger than 11 years of age; it should be at primary school.

And while in the past, there has been a great deal of standalone work undertaken with schools by financial organisations, recent times have seen a more collaborative approach rise out of the sector. The embodiment of this new spirit of co-operation is Kickstart Money, a three-year primary school project that was initiated by TISA and is being delivered by MyBnk, with support from 20 industry partners, including Allianz Global Investors, Aviva, AXA, BlackRock, Legal & General, Prudential and Schroders.

Currently in its second year, KickStart Money has just been subjected to an effectiveness report by the Money Advice Service (soon to be replaced by the single financial guidance body). The year-long study analysed data from more than 1,400 seven to 11-year-old pupils and 180 teachers at 86 participating schools. Among the findings were that after exposure to financial education, 91 per cent of pupils would opt to defer gratification, and 70 per cent would actively pursue a savings goal.

The results look to be great news for the financial services sector, backing up claims that financial education should be extended back into primary schools and validating the methodologies being used to deliver that education, which include gamification, role play and videos.

"The key message is that if you combine teacher resources with a little bit of training and expert intervention, you can start to build a financial capability and mindset at seven to 11 years of age," says Wilkes. "We use a lot of games and we mine youth culture to illustrate things like savings, delayed gratification and consequences. This report proves that we can change these attitudes."

Knight is equally effusive, saying: "If you can help very young children understand, for example, the concept of delayed gratification, if they can understand the difference between need and want, that's a really fundamental foundation as they grow older. If you've got that, then the rest will fall into place later on."

The intention is to continue evaluating the work of KickStart Money year by year, and to build a solid body of evidence to take to government, paving the way, it is hoped, for the introduction of financial education at primary school age in years to come. In June this year, a session with 10-year-old children at the Houses of Parliament, demonstrating to MPs their understanding of good and bad debt gained through this educational scheme, has served to set the ball rolling.

KickStart Money is also drawing support from across the financial services industry, even from those not directly involved. AJ Bell analyst Laura Suter says: "I think it's important for us as an industry to enable children to have a better understanding of calculations and money and not to be bamboozled by jargon. KickStart Money is a really good initiative that has pooled money together. Getting financial education into primary schools is a really good idea too. The younger you can get children thinking about these things, the better."

Technology first?

While KickStart Money is a three-year project aimed at educating 18,000 primary school children in total, another initiative by the charity RedStart, established by KickStart partner Redington, has even more ambitious targets. RedStart co-head of strategy, Keir Macdonald, says the aim is to provide education to a million school children by 2025. Its learning sessions have mostly been delivered in its offices thus far, but to reach its targets, there must be much more classroom delivery, as well as use of online materials.

"Ultimately, we want to deliver financial education directly to students, whether that's online or not. At the moment, the most effective way to scale up is to go through schools and teachers, and that will be our focus for the next year," he said.

As Macdonald alludes to, technology will be a key setting for financial education going forward. Young people already engage extensively with digital and mobile media. It makes sense to use the same media to permeate good financial habits. There are already apps such as Rooster Money, which seek to help children manage their money better.

"Part of our blueprint is to develop a digital version of what we do at the moment," says Macdonald. "You can develop something that you think is really effective, but you've got to convince kids to engage with it."

Wealth at Work director Jonathan Watts-Lay agrees, saying that it is important not to overplay the role of technology. "People say, youngsters are on their mobiles all the time, just create an app. You still need to create reasons for people to use it. We use digital in one of two ways: as a support mechanism after face to face education; or digital nudges that over time can be used to engage people in highly relevant messages that they are more likely to take notice of. That can be a complete digital journey."

The London Institute of Banking & Finance (LIBF) offers an interactive e-programme called Lessons in Financial Education (LiFE), allowing people of all ages to learn about money through interactive exercises, videos and games that are delivered through smartphones and laptops. Grounding this material in 'real life' is critical, says LIBF managing director for financial capability and community outreach, Alison Pask.

"A maths class will teach a student how to calculate percentages, an economics lesson will teach them about the bigger picture; what's missing is how it relates to real-life financial experience. So we cover things like how and why to budget, the trade-offs between having something now and saving for it, what APR means in practice, good and bad debt, and the pitfalls of different ways of borrowing money; as well as broader economic and financial themes. That makes it relevant, and relatable. That's how to make things stick in our view," she explains.

Written by Andy Knaggs, a freelance journalist