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What should we be teaching young people about money?

The Financial Education Planning Frameworks¹ from Young Enterprise set out, according to key themes, the key areas of knowledge, skills and attitudes relevant to children and young people. This provides a really valuable overview of the key learning outcomes at key stages/ages.

Our recent evidence review,² conducted for Money and Pensions Service, provides a systematic review of what works in delivering effective financial education and outlines a blueprint for financial education that may be helpful here.

It is important that financial education is not equated with numeracy and maths and goes beyond teaching about financial concepts and financial products. Our relationship with money is not purely financial, it is also emotional and social and this needs to be reflected in the teaching of financial education and the place of financial education in the curriculum (see later point about Maths). Financial education teaching needs to focus not only on knowledge and understanding, but also incorporate skills development as well. This should include developing skills of critical thinking, decision-making, self-regulation and self-control as well as financial skills (e.g. budgeting).

There should also be increased focus on digital money, digital transactions, fraud and risk.

Teaching should also highlight cognitive biases that affect financial decision-making, which develop in children at a young age. For example, young people are susceptible to present-bias,³ a tendency to prioritize immediate gratification over longer-term goals, leading to sub-optimal financial decisions.⁴ Research shows that uncontrolled impulsiveness can increase susceptibility to materialistic spending in young adulthood,⁵ and highlights the importance of addressing self-control at an early age. Research has shown that school-based financial education, particularly in secondary school settings can improve the quality of intertemporal decision-making (by reducing present bias and increasing delay sensitivity).⁶

Other cognitive biases include overconfidence bias, the tendency to overestimate one's abilities and knowledge and take on financial risks without fully understanding the consequences. Research shows that young adults who are overconfident about their credit ratings are less likely to save, budget, or invest and know less about financial matters.⁷ Another bias affecting young people is that of herd mentality. Young people who are susceptible to this make financial decisions based on the actions of their peers, without considering their own needs or goals. Financial education need to make young people aware of this. It is important that financial education recognises the interplay between behaviour and cognitive functions. Reliance on knowledge and understanding alone is not sufficient to influence behaviour.

Consideration should be given to not only *what* is taught but *how* financial education is taught. Research has shown that traditional classroom-based financial education is effective at increasing ability and mindset. However, to impact behaviour (e.g. managing money day-to-day), experiential learning involving practical, skills-based activities is required. Financial education set in real world contexts provide opportunities for young people to gain hands-on practical experience, handle

money and take responsibility for financial decisions. Evidence of the effectiveness of experiential learning approaches exists across age groups and in mainstream and non-mainstream settings.

The amount and frequency of financial education must also be considered as evidence suggests that this is variable. A meta-analysis of financial education studies⁸ reveals that brief interventions (of one hour) show very small effect sizes, while higher intensity interventions (up to 10 hours) show effect sizes of nearly three times as much, but there appear to be marginal returns to increased intensity beyond 10 hours. The effects of financial education appear to be resistant to decay over the short-medium-term (measured around 7 months). There remain a limited number of studies measuring financial education outcomes beyond 12 months. Arguably, financial education needs to be taught each year and build progressively as young people develop their financial independence.

Where should financial education sit within the National Curriculum between the ages of 11 and 16?

Financial education needs to be embedded throughout the curriculum, rather than sitting within a single subject. This requires financial education to be recognised as a cross-cutting subject and requires specific leadership.

What steps should be taken to support teachers and schools in their delivery of financial education?

We have conducted extensive research (in conjunction with Young Enterprise and Money and Pensions Service) to understand the impact of different types of support for teachers in their delivery of financial education. This has included teacher professional development, access to resources and lesson plans, a financial education textbook, a national activity week. This has led to clear conclusions as to what effective support looks like for teachers in delivering financial education which could be scaled up and mainstreamed.

Supporting teachers serves two primary purposes: 1. It enhances the capability of teachers in their delivery of financial education, specifically addressing the lack of confidence and skill expressed by teachers themselves.^{9,10,11} ; 2. It enhances the outcomes for students by enabling teachers to deliver relevant, age-appropriate, meaningful and up-to-date content.

A range of professional development/training approaches have been tried and tested,^{12,13,14,15} including expert-led, cascaded teacher-led approaches and e-learning approaches, all of which have shown to be effective in building teachers' knowledge, confidence and skill to teach financial education. A cost-benefit analysis demonstrated that an e-learning approach potentially offers a more cost-effective way of delivering the professional learning at scale, at least in mainstream contexts, but offering a range of training options seems desirable, as teachers value the opportunity to learn as a community of practice.¹⁶

Research shows that financial education training has the greatest effect on teachers' knowledge, confidence and skill among those with limited or no prior experience of teaching financial education, but is also beneficial for experienced teachers in affirming knowledge and confidence and in exposing teachers to new lesson content. This suggests a need for professional development to be embedded at an early stage, possibly in initial teacher education, with opportunities for continuing professional development throughout a teacher's career.

There is evidence to suggest that short-term improvements in confidence from training can persist over the longer-term, and there are wider benefits for schools in embedding financial education throughout the curriculum.¹⁷ Financial education delivered by appropriately trained teachers has been shown to improve young people's mindset, ability and (to some extent) behaviour (recognising that not all impacts on behaviour are observable within the school context).

The provision of resources, such as lesson plans, activities and teachers' guides, has been found to enhance the effects of professional development for teachers,¹⁸ but resources (such as textbooks, lesson plans and planning frameworks) can also exist independent on professional development. Within the wider research, several studies demonstrate the effectiveness of resources in supporting teachers and schools in the delivery of financial education^{19,20,21,22} Indeed, our research has confirmed that even where teachers feel confident they still value resources to ensure they are teaching relevant and up-to-date content and also crucially in saving them time from having to invent the teaching content themselves.

Our research suggests that financial education professional learning approaches seem to be more effective when they include the following:

1. **Alignment with an existing programme or curriculum**, for example, aligned with a Financial Education Planning Framework, or linked to a curriculum which ensures appropriateness, validity and efficacy.
2. **A mix of consistent, core elements, with some degree of flexibility**, allowing teachers to tailor the delivery content and extend or shorten it to fit the time available, but also ensuring that all ages and stages receive the same broad content.
3. **Accompanying resources, including guides, lesson plans, handbooks**. These are particularly important to ensure appropriate, consistent and up-to-date content is being used.
4. **Ongoing support**, including networks and communities of practice.
5. **Endorsement by relevant authorities, trusted organisations or individuals** such as education authorities or boards, recognised organisations or quality marks (which may or may not be linked to accreditation).

In addition, a review of financial education teacher professional development literature²³ suggests that teacher training has the greatest effect on young people's behaviours when it focuses on attitudes and behaviours (rather than knowledge alone), includes experiential learning, aligns the subject matter with students' everyday lives and differentiates the instruction. These are important aspects to include in professional development programmes.

Should the provision of financial education in schools be extended beyond the key stages three and four?

Yes, we strongly agree that financial education needs to start earlier and must be available from the first day of primary school. Research shows that children form money attitudes²⁴ and habits^{25,26} at a young age. By age three, children can develop basic money concepts and by age seven many of their money habits, including the ability to plan and delay gratification are already set.²⁷ Attitudes and

habits formed at a young age, such as those relating to spending versus saving, persist into adulthood and underpin financial capability later in life.²⁸ Research suggests that a key predictor of later life financial wellbeing is the age at which a child starts learning about money.²⁹ This underlines the importance of the provision of financial education at an early age and also the involvement of schools involving parents in financial education in the home.

There is emerging evidence that storytelling seems to be an effective way to deliver financial education for children under seven.^{30,31} Using stories to teach money concepts and behaviours can give young children an opportunity to discuss values and attitudes in a creative and engaging way and can help to change attitudes and behaviours through memorable experiences and powerful messages. Stories can engage children and can help to frame conversations for adults. Moreover, children do not need to rely on or have their own experiences (which many lack at a young age), and they provide a context through which young children can experience or “rehearse” future behaviours. Evidence also suggests that storybook approaches are inclusive of children across ability ranges (overcoming some of the limitations with literacy and numeracy at a young age) and have the potential to be adapted for use in specialist educational settings.

Should financial education be included in maths proposals?

There is an opportunity to address some aspects of financial education through maths, but it is wider than maths and numeracy. While numeracy has been shown to be important to financial capability in adulthood, young children may lack numeracy skills. Financial education aimed at very young children, therefore, needs to focus on broader economic concepts (such as giving, taking, borrowing etc.), rather than money, which young children can understand without relying on numeracy.

Examples of best practice.

Evidence^{32,33} suggests several teaching approaches make financial education classroom formats engaging and impactful, with a greater likelihood of influencing behaviour in young people. These include where teachers:

- **Make content relevant to the everyday** – Beyond mapping content to frameworks and curricula, where teachers made lessons personally relevant to their students, by focusing on topics of everyday relevance to them, this increases their interest and motivation to learn because they can see the relevance for themselves immediately or in the near future. For example, learning about budgeting for university, car insurance and student finance for school leavers.
- **Offer relatable personal experiences** – Where teachers shared examples of money management from their own personal experience, both positive and negative experiences, which can be particularly useful in the absence of parental modelling in the home.
- **Used interactive tasks** – Interactive tasks, involving discussions, debates, practical skills or research tasks provide an opportunity for students to put learning into practice, engage in problem-solving activities and build capability.
- **Included peer-learning** – Providing an opportunity for younger children to learn from the experiences of slightly older children, especially where they may have made a significant transition (e.g., from primary to secondary school or from school to university or work).^{34,35}

Our evidence review³⁶ proposes a blueprint for financial education. For financial education to be effective, evidence suggests it should be:

- **Mapped to a framework or curriculum** – Linking or aligning financial capability programmes with broader frameworks/curricula (e.g., MaPS frameworks or national education curricula) ensures appropriateness, validity and efficacy.
- **Delivered by trusted, appropriately skilled practitioners** – Those delivering financial education need to be skilled/trained for maximum effectiveness and resources supporting the training or professional learning quality-checked.
- **Differentiated/tailored** – Taking into account the age and needs of young people at different stages as well as their ability and stage of cognitive development.
- **Including experiential opportunities** – With a focus on gaining relevant, practical, hands-on experience (either real world or simulated) that develops key skills in handling money, engaging in decisions, exposure to risk and planning ahead.
- **Involving parents/families** – Recognising the importance of parents and families in early childhood financial capability, programmes should seek to involve parents (such as in homework tasks) and encourage greater child/parent interaction.
- **Designed with outcomes in mind** – To have the greatest effect, financial education need to be clear about the ability, mindset, connection and behaviour outcomes they are aiming to affect. Programmes that have limited or no effect on behaviour often do not specifically target a behaviour change.
- **Prepare young people for the longer term** - Financial education that only tackle short-term knowledge acquisition may have limited usefulness as knowledge needs to be updated over time. Education that also addresses mindset outcomes (such as resilience, self-persistence, self-control, self-efficacy, problem-solving) are equipping young people with the ability to cope into the future. There is also benefit in addressing awareness of cognitive biases that can limit the impact of rational understanding.

¹ <https://www.young-enterprise.org.uk/teachers-hub/financial-education/resources-hub/financial-education-planning-frameworks/>

² Developing Children and Young People's Financial Capability: Evidence Review. Harrison, Tina; Shaw, Kitty; Ansell, Jake (2023). Money and Pensions Service.

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³ Measuring 4, 5 and 6 year olds' financial capability: summary of workshop discussion (2021)

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- ¹⁷ See ref 15
- ¹⁸ See ref 14
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