Financial education in schools works - MAS Report

Thursday 5 July, 2018

Financial education proven to work

Preventing debt and rebuilding a national savings culture. Call to make money lessons compulsory in primary schools

Young people can defer gratification and start saving if exposed to expert-led financial education at primary school age, according to a ground-breaking study of money lessons in England.

Substance, an independent research group, found 7-11 year olds are also able to understand new knowledge such as banking, gain skills like budgeting, forge habits including resisting temptation and conceptualise the future by recognising the consequences of financial decisions.

The academic yearlong study analysed data from 1,444 pupils and 187 teachers at 86 schools participating in programmes with the charity MyBnk, as part of the Money Advice Service's (MAS) 'What Works' project testing the effectiveness of interventions across the UK.

After exposure to financial education:

- 91% of pupils will opt to defer gratification. A 68% increase in those that would not.
- 70% of pupils will actively pursue a savings goal.
- 55% of pupils who could not understand financial terms like 'habits' (43%)' and 'budget' (67%) now can.
- 87% of teachers said pupils now know financial decisions have consequences.
- 91% of teachers said pupils now know there are 'costs of living'.

Source: MyBnk, Substance, Ipsos Mori. 2017/18.

Dramatic improvements in financial capability were detected with pupils reporting low knowledge, confidence and regular saving patterns.

Sessions including videos, manga comics, games and role play, covered topics such as the value of money, consumer choices, mind-sets and prioritisation. Four hours of face-to-face expert led sessions were supported with six hours of teacher resources and four hours of family activities.

Andrew Bailey, Chief Executive of the Financial Conduct Authority has warned of a "pronounced" build-up of debt among young people. The UK household saving ratio also hit a record low of 1.7% of GDP last year, according to the Office for National Statistics.

Despite studies proving behavioural attitudes to money are partially formed by the age of seven, there is no compulsory financial education in English primary schools. Just a third of UK parents speak to their children about money and only 4 in 10 children say they have learned about money management at school, despite 9 in 10 young people saying it was useful. (MAS, 2016).

MyBnk's primary school project is supported by Kickstart Money, an alliance of 20 of the UK's largest investment firms.

- This report was launched at an event at the Houses of Parliament on 28/06/18. Photos to follow. Stock images here.

- Executive Summary
- Full Report

Quotes

Guy Rigden, Chief Executive, MyBnk:

Media:



Related Sectors:

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Related Keywords:

Personal Finance :: Education :: Young People :: Debt :: Saving :: Money :: Charity :: London :: England :: Financial Education :: Financial Capability :: Teaching ::

Scan Me:

“We’re all paying the costs of our inability to talk about and deal with money. Personal debt is increasing, millions of workers are not saving for longer lives and good choices are being missed. This study shows categorically that young children can be taught how to become smart spenders and savvy savers, early, setting them up for their future, with the biggest progress made by those that need help most. Teachers are too busy and untrained to cover these subjects in depth. By using experts and putting young people at the heart, MyBnk makes money real, relevant and engaging”.

James, pupil, 11, HACTG Primary School:

“It's changed me because when I go to the shops with my sister I'm thinking, “Why can't I buy things too?” Now I think, “Do I really need this? Can't I use this money and save it for something else more important?”

Naomi, mother of Emily, 10, Wingfield Primary School:

“If you can do it early from a very young age, none of it is scary. Introducing these concepts now means when she’s a teenager and has a part-time job she’s comfortable with going to the bank and knows how to save and what for”.

Dr. Kath Edgar, Senior Researcher, Substance:

“We believe that this this ground-breaking primary school intervention has demonstrated its ability to have a positive impact on both the mindset and ability of 7-11 year olds to understand financial concepts”.

Jane Goodland, Responsible Business Director, Quilter & KickStart Money Representative:

“We’re delighted that the Kickstart Money programme has been independently judged as being effective. Based on this success, we reiterate our call that the Government should put financial education on the national primary curriculum. Politicians may believe that being competent with numbers equates to being good with money. While basic numeracy skills are helpful for budgeting and saving, many of our financial habits are in fact motivated by our attitudes and behaviours learned at a young age, and not by our ability to do complex maths.”

Notes

The study:

- Impact data collected at baseline, endline, one month and three months.
- 1,107 participated in control groups,
- Validated at NESTA Level 3 Standard of Evidence.
- The programme covered: History and value of money, earning money and wages, shopping choices, needs vs. wants, self-reflection, saving and goals. Money habits and mind-sets, resisting temptation, delaying gratification, budgeting, prioritising, banking, forms of payment.

Example activity:

After watching a video of the classic marshmallow test of trading in a tangible sweet for two future hypothetical ones, pupils ‘act out’ role plays that illustrate coping mechanisms to set new behaviours.

The marshmallow is the lure to spend and have things NOW versus, save for later.

Scene - I’m heading home after school with my classmates, a friend suggests going to the shops. We all browse and buy, but one intends to resist the temptation, how do they do it?

- Imagine how good you’ll feel later; visualise having the bigger, better rewards.
- Look to good examples around you; think about a prior example set by a saver and spender.
- Positive self-talk; prompt pupils to think encouraging thoughts with the inner voice in their heads.
- Ask family and friends to help you; you’re more likely to succeed on a goal if you have support from those around you.

- Distraction; look at/do/think about something different to take your mind off whatever is tempting you.

Alternative, forge a Money Mantra for each time you feel tempted to spend.

About MyBnk:

MyBnk is a charity that delivers expert-led financial education programmes to 7-25 year olds in UK schools and youth organisations.

Together with young people, they have created innovative, high impact and high energy workshops that bring money to life. MyBnk covers topics such as saving, budgeting, public finance, social enterprise and start-up entrepreneurship. Alongside delivery, they also design projects and training programmes. Since 2007 they have helped over 200,000 young people learn how to manage their money.

About Kickstart Money:

- Will reach 18,000 children over three years across the UK. Now in year two.
- Brought together by the Tax Incentivised Savings Association (TISA) and delivered by MyBnk.
- Full list of partners.

Contact declan@mybnk.org or 020 3581 9920 / 079 0362 5037 for more information or to visit a session in action.

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