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All Party Parliamentary Group on Financial Education for Young People report



Inquiry on Primary-School aged Financial Education

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Executive Summary

In 2012, the OECD reported that 52% of UK teenagers were in debt before they were 17.¹ In 2013, the Money and Pensions Service confirmed that money habits and behaviours that will stick with children for life are formed by the age of 7.² And yet, only one in three children currently receive any form of financial education at primary school. There should therefore be no surprise that 67% of young people do not feel confident planning for their financial future.³ This abject failing by successive governments of different political colours over many decades is condemning large numbers of children and young people to lives mired in financial difficulties.

The ramifications of a lack of primary financial education are dire. Those leaving school without an effective financial education are at high risk of financial abuse, fraud and debt from an early age. 55,000 children aged 11-16 are problem gamblers and the number of young people being exploited by criminals as 'money mules' is increasing.⁴ The COVID-19 pandemic has also multiplied the economic pressures on young people and led to a concerning increase in anxiety around money, with 6 in 10 young people saying COVID-19 has made them feel more anxious about money.⁵

The report contains strong evidence of the impact of financial education at a primary level. Two out of three children who received lessons as part of the KickStart Money programme, delivered by MyBnk and funded by the Centre for Financial Capability, were working towards a savings goal three months after delivery.⁶ Furthermore, 96% of teachers who took part in HSBC UK and Young Money's 'Money Heroes' teacher training felt confident to teach quality financial education to children.⁷

This inquiry has sought to examine the current primary financial education landscape and the barriers to ensuring each and every child has access to a high- quality and effective financial education. The inquiry revealed that:

- Children are being exposed to money at a young age but are not being equipped to deal with this. Most children are accessing a smart phone at age 10 and debit card by age 11. The rapid shift to a cashless society where children have no physical concept of money and its value is also a serious concern for teachers and parents.
- Current delivery of financial education is patchy, with significantly less financial education available in rural or coastal regions across the UK. Children from lower income households are also less likely to recall having had financial education.
- Primary financial education has a key role to play in a child's broader wellbeing and educational recovery from the pandemic.

¹ OECD INFE (2012), Financial Education in Schools, Available at: https://www.oecd.org/daf/fin/financial-education/FinEdSchool_web.pdf.

² MAS (2013), Press Release, Adult Money Habits Are Set by the Age of Seven Years Old, Available at: <https://www.moneyadviceservice.org.uk/en/corporate/adult-money-habits-are-set-by-the-age-of-seven-years-old-shows-new-study>

³ Inquiry Evidence submitted by the Money and Pensions Service

⁴ The Gambling Commission (2019), Young People and Gambling Survey 2019: a research study among 11–16 year olds in Great Britain.

⁵ London Institute of Banking and Finance LIBF (2021), Young Persons' Money Index, Available at: https://www.libf.ac.uk/docs/default-source/financial-capability/ypmi-2020-21-final.pdf?sfvrsn=56d9248d_2

⁶ The Centre for Financial Capability (TCFC) Inquiry submission, June 2021

⁷ Young Money Inquiry submission, June 2021

- Teachers lack the skills, knowledge and confidence to provide primary financial education and are in real need of further support.
- There is a lack of understanding of the role of primary financial education as a cross-curricular subject that develops crucial life skills rather than just an application of arithmetic.

The APPG is calling on national and devolved Governments to prioritise and invest in primary financial education to ensure every child receives a high-quality and effective financial education. Some of the key recommendations made to Government are for:

- the UK Government, in partnership with the Money and Pensions Service, to set a goal to ensure every primary child receives a high-quality and effective financial education by at least 2030.
- Governments to provide the funding necessary to enable the sustainable implementation of primary financial education at scale. It would be logical for unclaimed assets set to be unlocked from the saving and investment sector to be used to fund primary financial education.
- each nation in the UK to devise a stand-alone strategy for financial education, which gives specific consideration to provision at a primary level.
- England to ensure financial education is placed on the national curriculum for primary schools and taught within PSHE (Personal, Social, Health and Economic Education) and Citizenship.
- all nations across the UK to include financial education within primary school inspection frameworks
- the UK Government to raise the profile and priority of financial education in primary schools and ensure teachers are provided with guidance, support and training in delivering financial education.

Summary of the recommendations of the APPG:

a) Recommendations for devolved and UK Governments

1. That each nation in the UK devises a stand-alone strategy for financial education, which gives specific consideration to provision at a primary level.
2. That the UK Government, in partnership with the Money and Pensions Service, sets a goal to ensure every primary child receives a high-quality, effective and sustainable financial education by at least 2030.
3. Nations should formulate a robust definition for the delivery of “high-quality” and “effective” financial education at a primary level to measure outcomes against.
4. The Government should conduct a UK wide assessment of the financial capability of young people undertaken on an annual and voluntary basis and participate in the PISA financial literacy assessment.
5. England should ensure financial education is placed on the national curriculum for primary schools and taught within PSHE (Personal, Social, Health and Economic Education) and Citizenship as a minimum.
6. All nations across the UK should include financial education within primary school inspection frameworks.
7. The UK Government should raise the profile and priority of financial education in primary schools and ensure teachers are provided with guidance, support and training in delivering financial education.
8. The UK Government, with the support of MaPS, should promote a central resources hub that allows teachers to compare and select primary financial education resources.
9. Governments should provide the funding necessary to enable the sustainable implementation of primary financial education at scale.
10. Unclaimed assets set to be unlocked from the saving and investment sector should be used to ensure every primary aged child across the UK receives effective and high-quality financial education.
11. Each nation should work to increase the confidence of parents and carers to talk to their children about money.
12. Each nation should work to include financial education within its post-COVID catch up programme for primary school pupils to support their recovery and wellbeing.

b) Recommendations for organisations that fund and deliver financial education

13. Funders and delivery bodies should promote further innovation and evaluation in primary financial education to provide a variety of delivery models available to teachers, carers and community leaders.
14. Funders and delivery bodies should evaluate new digital and virtual delivery models that have been developed in response to the pandemic to explore if these can support the scaling up of financial education across the UK.
15. Funders and delivery bodies should invest as soon as possible in longitudinal studies to explore the links between financial education starting at a primary level and future financial capability.
16. Funders and delivery bodies should invest in solutions that work towards a landscape where every primary child has access to high-quality and effective financial education, where schools and carers can choose to deliver this in the way that best supports the child’s needs.



Foreword by the Chair of the APPG – Julian Knight MP

The APPG has long supported financial education at a primary level in order to teach crucial money mindsets and positive saving behaviours at the age financial habits are first formed. I am delighted to expand and solidify this support by leading this inquiry into primary provision, with the aim of identifying solutions that will maximise the delivery of high-quality and effective primary financial education across the UK.

My grateful thanks go to the members of the All-Party Parliamentary Group for their continuing support for this cause and to all the stakeholders who submitted evidence to this inquiry.

Our report, and the evidence submitted by experts across the sector, makes it clear that there is an urgent need for widespread and effective primary financial education to combat the challenges the younger generation are facing. Children and young people are increasingly at risk of scams and financial crime. They are also developing their relationship with, and understanding of, money within a cashless society, where payments are increasingly contactless or online. The impacts of the pandemic have also demonstrated the importance of having a savings buffer and being prepared for economic shocks. Now, more than ever, we need to build strong financial resilience in our children for the future, starting at a primary level.

It is time for the Government, Parliamentarians and organisations that fund and deliver financial education to work together to ensure every primary aged child receives an effective and high-quality financial education. I look forward to working collaboratively to make the recommendations featured in this report a reality to ensure no child is left behind.



Foreword by the CEO of Young Money, Secretariat to the APPG – Sharon Davies

Young Money is proud to act as long-standing Secretariat to the APPG on Financial Education for Young People. Our APPG Inquiry reports are crucial as a mechanism for examining in forensic detail key areas related to financial education, on issues which have not necessarily received due attention in the past. In tandem with Young Money's work on the ground providing resources and training to anyone teaching young people money management skills, Young Money's work with APPG members is critical to ultimately improving the financial capability of young people, providing them with the tools to navigate their financial futures.

The current Inquiry on primary level financial education could not come at a more important time. The pandemic has illustrated the pressing need for financial education to lay the foundations for financial capability in later life. Evidence submitted to the Inquiry points to the importance of financial education from a very early age in primary schools, providing the building blocks for the knowledge, skills and confidence in money matters that are becoming ever more crucial for young adults.

The concrete and practical recommendations proposed by this Inquiry provide a range of points that we will work to enact together with the help of MPs, Peers and the financial education community. I am extremely grateful for the commitment of our APPG Chair Julian Knight MP, and to the Vice Chairs, for their support and dedication in raising financial education matters in Parliament. I look forward to continuing to work closely in the coming months on primary level financial education with APPG members and with the organisations who have submitted evidence to this Inquiry.



Foreword by Trustee of the Centre for Financial Capability, Sponsor of the inquiry – Jane Goodland

Early intervention financial education is a critical tool in preventing financial vulnerability and poverty later in life. Currently, millions of children and young people leave school without any financial education, leaving them vulnerable to economic shocks, unprepared for future financial decisions and at risk of targeting by criminals and fraud.

I am delighted that the Centre for Financial Capability's first action as a new charity is to sponsor the All-Party Parliamentary Group on Financial Education for Young People's inquiry into the provision of primary financial education. The evidence in this report is compelling, 6 in 10 young people do not feel confident in planning for their financial futures and the same proportion have said that COVID-19 has made them feel more anxious about money.⁸ Our children and young people also face new challenges, such as the rapid shift to a "cashless society" and digital purchases as well as the economic impacts COVID-19, which has resulted in an increase in adults with low financial resilience of 3.5 million.⁹

In 2013, a study by the Money and Pensions Service, authored by Cambridge University, found that the behaviours that impact adult financial decisions are formed by the age 7.¹⁰ In response to this ground-breaking research, 20 savings and investment firms came together to donate over £1 million to pilot financial education at a primary level, the KickStart Money programme, delivered by MyBnk.

This programme, which features in the report, has now been delivered to over 20,000 children and three independent evaluations have proven that it works. Having seen the impact first-hand, the members of Kickstart Money and our supporters from across the financial services sector have decided to expand our commitment to primary financial education by forming the Centre for Financial Capability.

We believe that every child in the UK should be able to develop the skills and behaviours necessary to navigate critical financial decisions in their life, starting at primary. To achieve this, we will work to foster innovation; build evidence and support research; and continue to campaign for every child to receive a high-quality and effective financial education.

We are committed to supporting the work of the All-Party Parliamentary Group on Financial Education for Young People and working with Government and the sector at large to implement its recommendations. To build financial capability in the next generation, it is crucial that the financial services sector, financial education charities, Government and other stakeholders work together to promote innovation in delivery models; conduct further research; and increase the capacity and reach of existing interventions in the primary financial education space.

⁸ London Institute of Banking and Finance LIBF (2021), Young Persons' Money Index, Available at: https://www.libf.ac.uk/docs/default-source/financial-capability/ypmi-2020-21-final.pdf?sfvrsn=56d9248d_2

⁹ Financial Conduct Authority (2020), Financial Lives Survey, Available at: <https://www.fca.org.uk/publication/research/financial-lives-survey-2020.pdf>

¹⁰ MAS (2013), Press Release, Adult Money Habits Are Set by the Age of Seven Years Old, Available at: <https://www.moneyadvice.org.uk/en/corporate/adult-money-habits-are-set-by-the-age-of-seven-years-old-shows-new-study>

Introduction

Background

The All-Party Parliamentary Group on Financial Education for Young People is the leading voice on issues relating to financial education in Parliament. The APPG is chaired by Julian Knight MP and, having launched in 2011, it is one of the largest of its kind with 150 parliamentary members and a wide range of non-MP supporters. It exists to provide a forum for parliamentarians and organisations to discuss the current provision of financial education and ensure that all young people - regardless of background - are equipped to make informed financial decisions.

The APPG has long been a supporter of financial education at a primary level. In 2011, our report into *Financial Education and the Curriculum* reported low provision of financial education for primary age children and recommended that teachers be provided with more high-quality resources for both themselves and their students, including teacher training courses. Our 2016 report, *Financial Education in Schools: Two Years on – Job done?* recommended that statutory financial education be introduced at a primary level, emphasising the importance of starting younger and recognising the role of primary schools in familiarising children with money concepts in an age-appropriate way.

In March 2021, the APPG came together to discuss how the Government can ensure that young people at primary school are provided with the foundations for their financial capability and to consider the evaluated impact of the KickStart Money primary financial education programme, delivered by MyBnk and funded by the Centre of Financial Capability. It became clear that there is a need for more information on the extent of current primary provision, where and how it is delivered, its measurement and outcomes. As a result of this meeting MPs and Peers came together to sign a joint policy statement in support of financial education at a primary level and working towards provision in primary schools for every child. This statement can be found in the Appendices, together with the list of MPs and Peers who signed.

Inquiry remit, purpose and process

As a result of the APPG's keen interest in how to maximise the provision of primary level financial education, the APPG on Financial Education for Young People launched a rapid inquiry into primary school-aged financial education on 17 May 2021. This inquiry has been supported by Young Money, as Secretariat to the APPG on Financial Education for Young People and sponsored by the Centre for Financial Capability.

The goals of the inquiry were:

- To map the primary level financial education intervention landscape and identify any notable gaps in delivery style or geography.
- To collate evidence and outcomes of primary age interventions to date and compare their effectiveness.
- To identify mechanisms which would help maximise the delivery of financial education for primary pupils.
- To make recommendations to Government and other actors with the aim of ensuring every child receives a high quality and effective financial education.

In response to its call for evidence, the APPG received 15 written submissions from a broad spectrum of key stakeholders. The resulting report examines the current policy context and evidence demonstrating the importance of financial education at a primary level. It also analyses existing financial education interventions and their effectiveness, the barriers preventing the provision of financial education for every primary child and how the delivery of financial education at a primary level can be maximised. Finally, the APPG makes a series of recommendations to key decision makers in Government, funding organisations, financial education providers and non-governmental bodies with the aim of increasing the provision of primary level financial education.

The APPG is grateful to all the stakeholders who responded to share their expertise on current provision and how this can be maximised to ensure every primary aged child receives a high-quality and effective financial education. A full list of respondents to the call for evidence can be found in the Appendix.

Current policy landscape

Education policy in the UK is devolved, with the Department for Education only responsible for financial education within the English school system. However, the Minister for Financial Inclusion in the Department for Work and Pensions is responsible for financial guidance, budgeting, saving and debt and the Department sponsors the Money and Pensions Service (MaPS).¹¹ The Economic Secretary to the Treasury also leads on financial inclusion, with HM Treasury engaging with MaPS on policy matters relating to financial capability and debt advice.¹² The Minister for Civil Society in the Department for Digital, Culture, Media and Sport is also responsible for youth, civil society and volunteering policy. Therefore, a holistic approach to financial education, featuring delivery across numerous settings, will require work by numerous Government departments at both a national and devolved level.

Scotland

In Scotland, financial education is a requirement within the broad general education phase curriculum for children aged 3-14. There are a number of specific experiences and outcomes related to money management within Mathematics and Numeracy and Social Studies, which are used to help plan learning and assess progress. However, financial education guidance created by the Money and Pensions Service and endorsed by the Scottish Government encourages schools to aim for a “whole-school approach” and explore opportunities to teach financial education through other subjects such as Health and Wellbeing and Technologies. Within Mathematics, by age 11, children are expected to have developed an awareness of how money is used; how to calculate change and pay for items; how to manage money, budget and compare costs; how to understand the costs and benefits of using bank cards; the terms profit and loss in buying and selling activities and how to make simple calculations on this.¹³

Wales

The Welsh Government is in the process of rolling out its new Curriculum for Wales¹⁴ for implementation in 2022 but financial education has been embedded within the statutory primary curriculum since 2008. Within the current curriculum, financial education is primarily delivered under the “using number skills” strand of Mathematics, which includes outcomes on managing money. For example, by age 11, children are expected to be able to realise budgeting is important; manage money, determine what can be bought within a given budget and compare costs from different retailers; use the terms profit and loss in buying and selling activities and make calculations for this; plan and track money and savings by keeping accurate records; make comparisons between prices and understand what is best value for money; and understand the advantages and disadvantages of using bank accounts.¹⁵ The Preparing for Lifelong Learning outcomes for Key Stage 2 in the Personal and Social Education framework also include understanding the importance of looking after money and the benefits of regular saving.¹⁶ One of the four strands of numeracy contained in the National Literacy and Numeracy Framework (LNF), Using

¹¹ Gov.UK (2021), ‘Ministerial role: Parliamentary Under Secretary of State (Minister for Pensions and Financial Inclusion)’, Available at: <https://www.gov.uk/government/ministers/parliamentary-under-secretary-of-state--80>.

¹² The Money and Pensions Service (2021), Available at: <https://maps.org.uk/> and Economic Secretary to the Treasury John Glen MP (2021), Available at: <https://www.gov.uk/government/people/john-glen>.

¹³ Money and Pensions Service (2020), Financial Education Guidance for Primary Schools in Scotland, Available at: <https://moneyandpensionservice.org.uk/wp-content/uploads/2020/11/Financial-Education-Guidance-for-Primary-Schools-in-Scotland.pdf>

¹⁴ Curriculum for Wales (2021) Available at: <https://hwb.gov.wales/curriculum-for-wales>

¹⁵ Curriculum for Wales (2021), Programme of Study for Mathematics, Available at: <https://hwb.gov.wales/api/storage/e2aad4fc-faae-4054-a382-242d08ee2021/programme-of-study-for-mathematics.pdf>

¹⁶ Curriculum for Wales (2021), Personal and Social Education Framework, Available at: <https://hwb.gov.wales/api/storage/35fae761-054b-4e9b-928c-03e86b3e207f/personal-and-social-education-framework.pdf>

number skills, also includes money management. Assessment against the LNF is a statutory curriculum requirement.¹⁷

Northern Ireland

Financial Education is a compulsory part of the primary curriculum in Northern Ireland and is included in both Mathematics and Personal Development. For example, as part of their mathematics learning, by age 11 pupils are expected to be able to discuss the value of money, how to keep money safe, ways in which goods can be paid for and the need for budgeting; plan and think ahead in terms of saving and spending money, prioritise spending with a limited supply of money, understand how to access best buys; and discuss foreign currency including the Euro.¹⁸

England

England does not include financial education as a compulsory part of the primary school curriculum, but the Department for Education does acknowledge the importance of preparing pupils to manage their money and make sound financial decisions.¹⁹ Pupils are expected to have been taught how to look after their money and that future wants and needs may be met through saving within non-compulsory primary citizenship education. In March 2021, Minister for School Standards Nick Gibb MP said that the mathematics curriculum has a strong emphasis on arithmetic and calculations with money, which will underpin pupils' ability to manage their money.²⁰ In June 2021, he said that "the priority at primary school must be to ensure that all children have a firm grasp of the fundamentals of arithmetic". Primary schools are "free to include additional content on financial management, including working with external experts" but this is not monitored by the Department.²¹

The APPG formally recommended that statutory financial education be introduced at a primary level in England in the 2016 report, *Financial Education in Schools: Two Years on – Job done?* and 2019 report, *Care to talk about Money? The Importance of Financial Education for Children in Care*. Statutory financial education in secondary schools in England was introduced within citizenship in 2014. Whilst this was welcomed as a "game-changing moment", the APPG for Financial Education for Young People has since identified that "more needs to be done to strengthen the delivery of financial education in schools in England".²² In its evidence to this inquiry, the Money Charity describes the inclusion of financial education on the English secondary curriculum as a "pyrrhic victory", a term often used by Martin Lewis OBE (founder of MoneySavingExpert.com). The Money Charity say this is due to a lack of the "necessary level of resourcing, teacher training and prioritisation" and because "non-local authority-maintained schools are not required to follow the national curriculum"²³

¹⁷ Curriculum for Wales (2008) National Literacy and Numeracy Framework, Available at <https://hwb.gov.wales/curriculum-for-wales-2008/national-literacy-and-numeracy-framework-curriculum-for-wales-2008-version>

¹⁸ The Northern Ireland Curriculum Primary (2007), Available at: <https://ccea.org.uk/downloads/docs/ccea-asset/Curriculum/The%20Northern%20Ireland%20Curriculum%20-%20Primary.pdf>

¹⁹ UK Parliament (2021), Written Question for Department for Education, Available at: <https://questions-statements.parliament.uk/written-questions/detail/2021-03-11/167382/>

²⁰ UK Parliament (2021), Written Question for Department for Education, Available at: <https://questions-statements.parliament.uk/written-questions/detail/2021-03-11/167382/>

²¹ UK Parliament (2021), Written Question for Department for Education, Available at: <https://questions-statements.parliament.uk/written-questions/detail/2021-03-25/175815>

²² APPG Report (2016), 'Financial Education in Schools: Two Years on – Job done?', page 23, Available at: <https://www.young-enterprise.org.uk/wp-content/uploads/2019/02/APPG-on-Financial-Education-for-Young-People-Final-Report-May-2016.pdf>

²³ Money Charity Inquiry submission, June 2021

UK-wide

Although financial education is not a compulsory part of England's national curriculum, the UK Government works closely with the Money and Pensions Service, which aims to increase the number of children and young people receiving a "meaningful financial education" by 2 million by 2030.²⁴ The Money and Pensions Service (MaPS) is an arm's-length body, sponsored by the Department for Work and Pensions and funded by levies on both the financial services industry and pension schemes. One of the five core functions of MaPS is to enhance "millions of people's knowledge and understanding of financial matters – targeting those potentially vulnerable or most in need – as well as helping their day-to-day money management skills through free, impartial money guidance."²⁵

In recent years, there have been growing calls from MPs and Peers in Westminster for primary financial education to be given a higher priority. For example, in April 2021, the House of Lords Liaison Committee recommended "that ring-fenced, long-term funding should be made available to support financial education in schools and further education establishments" and that "financial education should form part of the core curriculum from key stage one to key stage four."²⁶ In May 2021, 38 MPs and Peers, led by the Chair of the APPG on Financial Education for Young People Julian Knight MP, also signed a joint policy statement calling for every child in the UK to receive a high-quality and effective financial education. This statement supported early interventional financial education and argued that this should be placed on the English primary national curriculum and taught within PSHE (Personal, Social, Health and Economic Education) and Citizenship. Signatories also made the case for unclaimed assets set to be unlocked from the saving and investment sector to be used to ensure every primary aged child across the UK receives effective and high-quality financial education.

²⁴ UK Parliament (2021), Written Question for Department for Education, Available at: <https://questions-statements.parliament.uk/written-questions/detail/2021-03-11/167382/>

²⁵ MaPS Inquiry submission, June 2021

²⁶ House of Lords Liaison Committee (2021), 'Tackling Financial Exclusion: A country that works for everyone?', paragraph 80, Available at: <https://committees.parliament.uk/publications/5614/documents/55502/default/>

The importance of financial education at a primary level

The need for early intervention financial education

Evidence shows that there are large proportions of the UK population who lack the skills and knowledge necessary to effectively manage their money and that children and young people, specifically, lack confidence in how to manage their money. Evidence submitted by the Money and Pensions Service (MaPS) showed that 58% of young people do not feel confident managing their money (compared to the UK average of 39%), and 67% of young people do not feel confident planning for their financial future (compared to the UK average of 53%).²⁷ Furthermore, almost a quarter of 18-to-24-year olds have less than £100 in savings and often use a credit card, overdraft or borrow money to afford everyday essentials such as food and bills.²⁸

“Because [financial inclusion] is the bedrock of employment. It is the bedrock of being a consumer and, frankly, it is the bedrock of being a citizen. All those decisions involve, to an extent, some form of financial knowledge and financial inclusion”. - Martin Lewis, Founder moneysavingexpert.com and The Money & Mental Health Policy Institute.

“Building financial capability is crucial to ensuring people can manage their money well day-to-day and take advantage of opportunities available in the future. In the longer term, poor levels of financial capability can lead to higher levels of problem debt, fraud and financial abuse, as well as lost opportunity such as dropping out of higher education due to poor financial management.” - HSBC UK

The Covid pandemic has “magnified” the challenges in accessing jobs, securing job security and maintaining financial resilience that young people are facing across the UK²⁹. The impacts of COVID-19 have also increased money-related anxiety in young people. Prior to the pandemic, 96% of British teenagers already said they worry about money daily, however, in the London Institute of Banking and Finance’s recent Young Persons’ Money Index in 2021, 6 in 10 young people said COVID-19 has made them feel more anxious about money.³⁰

The Centre for Financial Capability also argues in its submission that the pandemic has demonstrated the importance of preparing the next generation for economic shocks, like COVID-19, by teaching them positive savings habits at a young age.³¹ Prior to the impacts of the pandemic, 11.5 million people (or 22%) already had less than £100 in savings.³² An estimated nine million adults were borrowing money to buy food or pay their bills and nearly nine million people were in serious debt.³³ The economic shocks resulting from COVID-19 have plunged millions more people into financial uncertainty. Between March and October 2020, the number of adults with low financial resilience increased by 3.5 million, with 8.1 million expecting to take on debt in the near future.³⁴ Evidence from the Money Charity also highlighted how the pandemic has demonstrated the link between financial stress and damage to mental health.³⁵

²⁷ Inquiry Evidence submitted by the Money and Pensions Service, June 2021

²⁸ Ibid

²⁹ Money and Pensions Service (2020), [Impacts of COVID-19 on financial wellbeing](#), in MaPS’ evidence to Inquiry, June 2021

³⁰ OECD - International Network on Financial Education, Financial Education in Schools, 2012 and LIBF – Young Persons’ Money Index, March 2021 cited by The Centre for Financial Capability

³¹ The Centre for Financial Capability Inquiry submission, June 2021

³² The 2018 Financial Capability Survey – shared by The Centre for Financial Capability

³³ The 2018 Financial Capability Survey – shared by The Centre for Financial Capability

³⁴ FCA – Financial Lives Survey, February 2021

³⁵ The Money Charity Inquiry submission, June 2021

Evidence from the Chartered Institute of Taxation and its the Low Incomes Tax Reform Group, and the Association of Taxation Technicians also highlights significant gaps in knowledge around tax specifically. The group shares research from HMRC suggesting that 54% of those who have earned income from the shared economy do not realise it is taxable.³⁶ These concerning findings highlight that more must be done to effectively equip young people with the tools necessary to build the stronger financial capability skills needed to make positive financial decisions which are crucial in later life.

Improving the financial capability of the UK population through early intervention financial education also offers economic benefits for the consumer. The economic benefits of a financially capable UK population have been estimated at between £105-£127 billion over a 30-year period.³⁷ This is due to factors including a greater likelihood of planning for retirement, better budgeting capability and more rapid and effective management of financial difficulties. A more financially capable population would also likely result in a more competitive financial services industry, more innovative products to meet new demand and less “exploitative” practises within the industry.³⁸

Money habits and access to money

Evidence shows that installing positive money habits early is key in shaping financial outcomes later in life. Research conducted by Cambridge University and published by the Money and Pensions Service (formerly the Money Advice Service) found that money habits are formed by age 7.³⁹ By this age children are able to recognise the value of money and are capable of complex functions such as planning for the future and understanding the irreversibility of some choices.⁴⁰ Another study by MaPS and London Economics found financial outcomes can also be predicted by some childhood skills and behaviours, such as self-control, locus of control and maths scores. Some of these outcomes can be predicted as young as five and links between childhood skills and adult financial outcomes appear to embed at age 10.⁴¹

It is therefore “crucially important that young people receive learning and experiences relating to money prior, during and after this formative age”.⁴² Positive habits developed at a young age can be built upon in financial education at a secondary or young adult level to develop strong financial capability and resilience in our children and young people. In comparison, if our children develop poor money habits and financial attitudes at a primary level these can be difficult to unlearn. In a survey conducted by Everfi in April 2020, 70% of primary teachers said financial literacy is not given enough importance in schools and 82% considered teaching financial literacy “very important”.⁴³

“To achieve such positive outcomes we have to begin shaping habits as early as possible, engaging young people in financial education from those most formative stages in early years and primary education and to continue to progress this into secondary, further education and beyond.” - Young Money

³⁶ HMRC, HM Treasury publication, 21 July 2020, ‘Building a trusted, modern tax administration system’: <https://www.gov.uk/government/publications/tax-administration-strategy/building-a-trusted-modern-tax-administration-system>, cited by the Chartered Institute of Taxation, its Low Incomes Tax Reform Group and the Association of Taxation Technicians.

³⁷ Young Money Inquiry submission, June 2021

³⁸ Ibid.

³⁹ MAS – Press Release, Adult Money Habits Are Set by The Age of Seven Years Old, May 2013 submitted by The Centre for Financial Capability

⁴⁰ Ibid.

⁴¹ MaPS Inquiry submission, June 2021

⁴² Young Money Inquiry submission, June 2021

⁴³ Everfi Inquiry submission, June 2021

City Pay it Forward emphasises the importance of teaching financial education at the age children “have the access AND ability to spend money” since many children have access to a smart phone by age 10 and a debit card by age eleven.⁴⁴ Young Enterprise Northern Ireland reinforces this point, outlining how children learn about finances in “real world terms” at a primary level.⁴⁵ This means that, without external provision of financial education, children are dependent on the capabilities of their guardian as well as their willingness to teach the child about money. This results in unequal provision of financial education and a gap in financial capability.

UK Finance also share insight into how a lack of financial education for primary school students can lead to long-term issues such as debt, fraud and financial abuse. It emphasises that these issues are visible from a young age with 55,000 children aged 11-16 categorised as problem gamblers.⁴⁶ Vulnerable young people who have not received effective primary financial education are also at increased risk of fraud and targeting by criminals. UK Finance notes that children as young as eleven are being exploited by criminals with the number of children aged 11-16 becoming ‘money mules’ growing by 73% between 2016-2018.⁴⁷ Young Money also highlights that more than 4 in 10 cases of money mules involved victims aged 21 to 30 and that the lack of financial education is a factor in the targeting of vulnerable young people for county lines exploitation.⁴⁸

COVID-19 and digital developments

Evidence submitted by the Money Charity outlines how the experience parents and carers have had of home schooling and their children’s distanced learning during COVID-19 has led them to desire a “much broader and more rounded education, grounded in real world examples of practical opportunities”.⁴⁹

Financial education is also a crucial tool in supporting children’s recovery from the pandemic. As the Money Charity argue, financial education develops important life skills such as “planning for the future and making choices between present and deferred value” and that acquiring these mental building blocks can help students recover from the “educational deficits” resulting from the pandemic.⁵⁰

Rapid technological developments in recent years have also impacted the way we consider concepts of ‘money’ altogether, which is reflected in the increased digitalisation of money and transactions. The MaPS’ *2019 Children and Young People Financial Capability Survey* found that, among 7 to 11 year olds, over half have seen their parents make payments online or using their mobile phone, almost a quarter have paid for things online and of those, over a third have made an online purchase without adult supervision.⁵¹ Further, a rapid literature review on young people’s access to money guidance online, recently published by MaPS, found that many young people “do not have the necessary financial and digital skills and insights to manage their finances online.”⁵²

The COVID-19 pandemic has exacerbated the shift to a “cashless society” where children do not “engage in the process of reaching into their pocket for coins/bank notes” and therefore form a “very abstract

⁴⁴ City pay it Forward Inquiry submission, June 2021

⁴⁵ Young Enterprise NI Inquiry submission, June 2021

⁴⁶ UK Finance Inquiry submission, June 2021

⁴⁷ Ibid.

⁴⁸ Young Money Inquiry submission, June 2021

⁴⁹ Ibid.

⁵⁰ Money charity Inquiry submission, June 2021

⁵¹ MaPs Inquiry submission, June 2021

⁵² Ibid

relationship with money”.⁵³ City Pay it Forward raises “grave” concerns about this, the increasing ease at which children can spend money and the removal of constraints on spending, with one-touch and in-app purchases and the increase of the contactless card limit.⁵⁴ Qualitative research conducted by Everfi also highlights concerns by both parents and teachers about the difficulty in teaching children the value of money in a cashless society.⁵⁵ City Pay it Forward comment that “Covid-19 will likely create a corona generation that will not only be set back educationally but must also navigate an ever more complex world of finance”.⁵⁶ The organisation also highlights the culture of “instant gratification” promoted on social media and Young Enterprise Northern Ireland mentions the “significant increase” in advertising to young people to influence consumer purchases.⁵⁷

⁵³ City pay it forward Inquiry submission, June 2021

⁵⁴ Ibid

⁵⁵ Everfi Inquiry submission, June 2021

⁵⁶ City Pay it Forward Inquiry submission, June 2021

⁵⁷ Young Enterprise NI Inquiry submission, June 2021

Existing primary financial education interventions

Where is current provision offered?

There is no statutory requirement or national strategy on teaching personal finance education in primary schools in England, although it is embedded within the curriculum in Northern Ireland, Scotland and Wales. As a result, there is also no known research that gives an indication of the number of primary schools within England that are delivering financial education, as the focus of such research has always been on secondary education⁵⁸.

Overall, only 33% of primary school aged children recall having received a financial education at school (across the 4 nations), while 42% received a meaningful financial education at home or at school (Financial Foundation UK Strategy Measure).⁵⁹ A 2011 Sheffield Hallam University study found that personal finance education was timetabled as a standalone subject in only 6% of schools (KS1); 12% (KS2).⁶⁰ Submissions suggest little has changed, with MaPS stating that 5.3 million primary school children are missing out on financial education.⁶¹

MaPS' research amongst children and young people (aged 7 to 17) shows voluntary and community organisations were the largest sector in terms of provision, delivering 55 interventions, either alone or in partnership, with a total reach of nearly 2.1m. Schools and colleges delivered eight interventions with a reach of nearly 1.3m.⁶² Despite the fact that many schools are developing and delivering their own approaches, there is little evidence of this provision. There are, after all, 17,000 schools in England with 6.7 million children in primary school. Our analysis suggests that this means that less than a third receive any financial education.

MaPS' current ambition is to work with partners across government, financial services and the financial education sector to ensure two million more children and young people receive a meaningful financial education by 2030. The submissions received suggest a higher urgency.

"Most of PSHE education became statutory in September 2020 with the introduction of Relationships Education/Relationships and Sex Education and Health Education requirements (summarised as 'RSHE'). As non-statutory content relating to economic wellbeing (as well as careers and enterprise) remains effectively optional, schools are less likely to cover it in comparison to what they are required to cover. Yet financial decisions are inextricably linked with other areas covered through the PSHE education curriculum, from mental wellbeing to an understanding of risk." - PSHE Association

Location Focus

Inquiry submissions do highlight pockets of provision, but this is focussed on particular schools or regions. MaPS refers to how the proportion of children who recall having received financial education at school varies by geography and demographic, with 37% of 7-to-17-year olds in England compared to 45% in Scotland.⁶³

⁵⁸ UK Finance Inquiry submission, June 2021

⁵⁹ Analysis of the 2019 CYP Financial Capability – UK Children and Young People's Survey (Money and Pensions Service, 2020)

⁶⁰ Centre for Education and Inclusion Research (2011), 'PSHE Education: A mapping study of the prevalent models of delivery and their effectiveness,' Department for Education Research Report DFE-RR080

⁶¹ MaPS Inquiry submission, June 2021

⁶² Ibid

⁶³ Ibid

Provision also differs within English regions, with greater recall of financial education in London and the South East (45% of 7-to-17 year olds in London recall learning about money at school compared to 40% in Yorkshire and the Humber, 34% in the West Midlands and 29% in the North West).⁶⁴ The London-bias is reinforced by a number of submissions, reflecting the extent of provision supplied by the UK Financial Services industry, and therefore delivered nearer financial services bases, while significantly less focus is given to more rural or coastal regions.

"In our experience, variability in provision is more linked to geography versus societal or economic factors. Deprived schools in places like Tower Hamlets are overrun with City of London/Canary Wharf initiatives whereas coastal towns like Bournemouth do not benefit from equal levels of attention" - City Pay it Forward

Socio-economic Factors

Research available reinforces the fact that children from lower income households are less likely to recall having had financial education than their peers.⁶⁵ It also indicates that financial education programmes are most commonly aimed at older children, particularly Years 5 & 6 (ages 9-11), despite research by the Money and Pensions Service which found that by the age of seven, children are able to recognise the value of money and are capable of complex functions such as planning for the future and understanding the irreversibility of some choices.⁶⁶

Submissions to this inquiry reiterate that in order to prepare our children and young people for future economic shocks, they must be taught positive attitudes towards money when habits are first formed, and that installing positive money habits early is therefore key in shaping financial outcomes later in life.

Where financial education sits in schools: Subject Alignment

The Money & Pension Service report that provision is largely taught within existing curriculum subjects (Maths & PSHE) and tends to be for older children.⁶⁷ This reinforces the APPG's 2011 inquiry which found that financial education was most commonly done through Maths (70%), PSHE (63%), or in assembly (20%). Financial education was more heavily weighted to the older year groups, with 35% of reception children receiving financial education provision.⁶⁸

The PSHE Association believe that, as with any part of the curriculum, basic concepts should be introduced at an early age and built up. Their Programme of Study for PSHE Education (Key Stage 1 –5) is used by many schools and includes three core themes – Health and Wellbeing; Relationships; Living in the Wider World (which covers non statutory economic wellbeing, enterprise and careers education).⁶⁹

Many of the learning opportunities for all key stages will have an economic element and some look specifically at economic issues, for example in Key stage 1, children learn about what money is and the difference between wants and needs; while in Key Stage 2, learning opportunities might include recognising different attitudes towards spending and saving, and risks associated with money. However,

⁶⁴ MaPs (2019), UK Children and Young People's Survey: Financial Education in Schools

⁶⁵ MaPs (2018), Children and Young People and Financial Capability: Needs Analysis, Available at: <https://moneyandpensionservice.org.uk/wp-content/uploads/2021/03/cyp-needs-analysis.pdf>

⁶⁶ MAS (2013), Press Release, Adult Money Habits Are Set by the Age of Seven Years Old, Available at: <https://www.moneyadvice.service.org.uk/en/corporate/adult-money-habits-are-set-by-the-age-of-seven-years-old-shows-new-study>

⁶⁷ MaPS Inquiry submission, June 2021

⁶⁸ APPG on Financial Education for Young People (2011), 'Financial Education & the Curriculum' Available at: <https://www.young-enterprise.org.uk/wp-content/uploads/2019/02/Financial-Education-the-curriculum-Final-report-APPG-on-fin-ed-for-YP-Dec-11.pdf>

⁶⁹ PSHE Submission Inquiry submission, June 2021

many children miss out on these learning opportunities because economic wellbeing is a non-statutory part of the PSHE education curriculum.

As part of the Citizenship curriculum, maintained secondary schools in England are required to teach some financial education at Key Stages 3 and 4 but this does not apply to key stages 1 or 2 and neither does it apply to academies and free schools.⁷⁰ The PSHE Association see citizenship as an important subject in its own right, but different in scope to PSHE education, which focusses more on the 'personal' and is therefore better suited to certain aspects of economic literacy and economic wellbeing. For interventions that targeted 7-to-11-year olds, the most frequently covered topics were: making spending and saving choices; understanding ways to save; and needs vs wants. The least covered topics were using money abroad/exchange rates/currencies; choosing and using investments; and choosing and using pensions.

The content of this PSHE Association Programme of Study for PSHE Education⁷¹ consists of 'learning opportunities' which cover the following topics:

- Key Stage 1: What money is; where it comes from; different choices to save and spend money; needs and wants; ways to look after money.
- Key Stage 2: Choices in paying for things; different attitudes towards saving and spending money; impact of spending decisions; priorities, needs and wants; risks and impact of money on emotions.⁷²

Financial Education Mechanisms

Submissions to the inquiry reveal three different types of approaches taken to support primary aged financial education and capability:

- Support for Parents (whether text-based manuals or digital resources)
- Teacher support (including resources & teacher training)
- External direct provision (physical or digital) such as Debt Aware in the North West and MyBnk in London, Scotland, the North West and the South of England.

The vast majority of delivery is in school. In 2019, MaPS and UK Finance's mapping of the state and reach of financial education programmes across the UK showed that interventions that targeted children and young people as the primary audience received the highest level of funding (£5.9m, 81%), with a significantly lower amount of funding going into interventions targeting teachers (£2.8m, 39%) and parents (£1.3m, 18%).⁷³ Direct delivery to children and young people and learning resources, were the most common methods of delivering.

UK Finance notes that there is a wealth of material available to educators, but effective delivery is crucial in translating this into education. According to their submission, in 2020 the five largest retail banks invested £5.78m into financial capability training over and above the MaPS Levy and additional FTE and Communications costs. This enabled financial education training to be delivered to 2.3 million children and support was provided to over 570,000 parents, 127,000 teachers and 22,000 schools by enabling them to use educational programmes.

⁷⁰ PSHE Submission Inquiry submission, June 2021

⁷¹ PSHE Association (2020), Programme of Study for PSHE Education, Available at: <https://www.psheassociation.org.uk/system/files/PSHE%20Association%20Programme%20of%20Study%20for%20PSHE%20Education%20%28Key%20stages%201%E2%80%935%29%2C%20Jan%202020.pdf>

⁷² PSHE Submission Inquiry submission, June 2021

⁷³ UK Finance Inquiry submission, June 2021

“The five biggest retail banking institutions have developed over one thousand pieces of unique content between them. The challenge is therefore not a lack of material but awareness and prioritisation. Inclusion in the curriculum, supported by regular teacher training, development of a central resources hub, sustainable funding by the Department for Education would support an increase in the number of children receiving a ‘meaningful financial education’ in schools” - UK Finance

“There is no single solution that works best, financial education should be tailored to a group’s needs. When considering what provision will work best for a school or class, it is important to consider all the options available and choose the ones that best meet the learning needs of the group”- HSBC UK

Overall, most submissions feel that direct delivery enables more engagement and interactivity from pupils and teachers, allows teaching to be flexible, as well as greater consistency in quality of content. Some also advocated for expert-led direct delivery as the most impactful form of financial education.

“We feel that resource provision for direct delivery in most cases yields a more consistent and higher quality of resource provision. Very often, staff and/or volunteers make multiple of these presentations or interactions. Children generally are more engaged with external visitors as it offers a change from the norm. Most schools we find also place more emphasis and are more committed when an external party comes to their school. They simply seem to value it more.” - City Pay it Forward

“We know trained experts can deliver impactful financial education at scale with replication. Other methods have potential but do currently not provide a strong evidence base. We have found that sending packs of unsupported content to teachers and or parents struggles to make the same impact.” – MyBnk⁷⁴

Support for Teachers

Resource-based delivery has the advantage of achieving a much wider reach. This is a better way to reach schools further afield geographically. An integrated approach has the added advantage of providing professionally valid materials, interpreted by people with knowledge of the children/young people’s context, enabling the sensitivity to circumstance already noted⁷⁵.

Young Money (Part of Young Enterprise) believes that teachers, as education professionals, are the best placed individuals to lead on financial education within the school setting, and that the most sustainable approach is to embed financial education within the curriculum. The organisation finds that primary schools need to have teachers that are confident to deliver financial education; who can make the relevant connections into other curriculum areas; and have access to high quality tools and resources. A key factor in developing this level of sustainability for financial education is through the provision of teacher training, for both existing teachers and those training to become teachers. Research undertaken by the University of Edinburgh Business School in 2019 found that when teachers were trained in financial education it not only positively impacted upon their own pedagogical practice but also significantly increased the student’s confidence to manage money compared to a control group.⁷⁶

⁷⁴ MyBnk Inquiry submission, June 2021

⁷⁵ Young Money submission to Inquiry, June 2021

⁷⁶ Harrison T, Marchant C, Ansell J (2019), What Works for Financial Education, University of Edinburgh Business School, Available at: https://prismic-io.s3.amazonaws.com/finicap-two%2Fa33fc800-d821-4631-aca7-b66b0218728f_young+money+wwf_impact+of+teacher+training_final+report.pdf

Research carried out by the Education Policy Institute found that “evidence suggests that quality CPD has a greater effect on pupil attainment than other interventions schools may consider.”⁷⁷

There are a range of examples of training and resources developed for Teachers:

Young Money Case Study: Young Money’s Centre of Excellence programme supports primary schools to achieve a whole-school approach to financial education. Over the course of an academic year each school is supported to apply a best practise model of financial education across the school. Every Centre of Excellence will have developed and published a vision statement for financial education with the school; embedded financial learning opportunities within at least two subject areas in both key stages; have appropriate assessments in place to measure young people’s outcomes; and have trained all staff involved in the delivery of financial education. During this first academic year the school is support by an education consultant to develop a portfolio of evidence against these key outcomes. The portfolio undergoes a quality assurance review and if successful the school is awarded Centre of Excellence status for three years. Following accreditation each Centre of Excellence commits to sharing what they have learnt with other local schools, with each Centre of Excellence sharing, on average, with four further schools.

There are currently 142 Centres of Excellence across England, Scotland and Wales impacting around 25,000 young people every year.⁷⁸

City Pay it Forward Case Study: City Pay it Forward’s Teacher Manual was delivered to every primary school in England for free last year before the pandemic. The manual is designed to support year 6 pupils with making the ‘jump’ from primary to secondary education and the increased responsibility a secondary age environment brings.⁷⁹

HMRC case study: The Chartered Institute of Taxation, its Low Incomes Tax Reform Group and the Association of Taxation Technicians note that there are materials available to teachers to introduce tax in the classroom. HMRC have produced two tax educational modules – ‘Tax Facts’ and ‘Junior Tax Facts’, the latter of which is aimed at primary age children. CIOT have promoted these in the past as a fun way for children to gain a basic understanding of tax. However, experience shows that teachers may themselves lack confidence with tax matters and that schools may be reluctant to use the HMRC materials in class, unassisted. CIOT, ATT and LITRG staff members and volunteers have therefore (pre-pandemic) been into some schools to support teachers and help deliver lessons on tax. As a result of COVID, teacher-focussed resources for their delivery increased.⁸⁰

⁷⁷ Zuccollo, J. and Fletcher-Wood, H., 2021. Evidence review: The effects of high-quality professional development on teachers and students. Education Policy Institute. Included in the Just Finance Foundation Inquiry Submission, June 2021.

⁷⁸ Young Money Inquiry submission, June 2021.

⁷⁹ City pay it Forward Inquiry submission, June 2021

⁸⁰ Chartered Institute of Taxation, its Low Incomes Tax Reform Group and the Association of Taxation Technicians, June 2021

MaPS' Innovation programme seeks to provide learning to inform future developments in financial education for primary school aged children – with an evaluation being led by Ecorys UK with the Personal Finance Research Centre at the University of Bristol. Funded programmes include 'Milo's Money', developed by the Just Finance Foundation for primary schools, including a story book, game, and pull-out activities for five to seven year olds,⁸¹ as well as an online hub, blog and social area for teachers and the 'Love Learning about Money Together' programme supporting parents to help their young children (under the age of seven) learn about money – building on Talk Learn Do and other interventions, delivered by The Campaign for Learning, now part of the awarding organisation NCFE.⁸²

Lifesavers Case Study: Lifesavers is an innovative project, beginning in Key Stage 1 and moving on through to Key Stage 2, that aims to reduce poverty and support financial inclusion by intervening at the earliest possible stage in the development of a child's relationship with money. In partnership with schools, Just Finance Foundation deliver training to teachers as part of their professional development and work with the management of the school to embed content and resources into the school's curriculum. They then support schools over 2 years to deliver savings clubs in collaboration with a local credit union, enabling children to put what they have learned into practice. Following 2 years of active support, schools then continue to run their Savings Clubs and deliver financial education independently, using the resources they have provided and skills they have developed. Since its beginning in 2016, Lifesavers has helped more than 30,000 children develop a greater understanding of finances and has seen over £175,000 saved in school savings clubs⁸³.

"Whilst we consider teacher led financial education be the most appropriate and impactful for delivery, we acknowledge that it is important that there is a range of support, resources and enrichment initiatives for the teachers to use to build this package. These must be visible to teachers to aid in pulling together the appropriate support required. Young Money supports this in relation to tools and resources through our Financial Education Quality Mark process and Resources Hub- providing independent accreditation of third-party financial education resources and displaying them all in one place for teachers to easy access." - Young Money

Direct Delivery to Children

As referenced earlier, a number of submissions reference the effectiveness of expert-led external organisations as an incentive for children to engage. There were numerous examples of external expert-led delivery shared with the APPG:

⁸¹ Just Finance Foundation Inquiry submission, June 2021

⁸² MaPS Inquiry submission, June 2021

⁸³ Just Finance Foundation Inquiry submission, June 2021

KickStart Money and MyBnk Case Study: Since 2017, a coalition of savings and investment firms (formerly known as KickStart Money but have since formed the Centre for Financial Capability) have been funding the KickStart Money financial education programme, which is delivered to children aged 7-11 by the charity MyBnk. Over four years, over 20,000 children across England and Scotland have benefitted from this programme. The programme consists of an assembly and three 75-minute sessions led by expert trainers and delivered over six weeks. These sessions are complemented by a teacher resource and a family activity pack. Case studies, games, videos and popular culture are all used to encourage students to explore and form their own opinions on money and their relationship with it.

MyBnk deliver programmes across London and the South East (based in London), Southern England (based in Southampton), the North West (based in Liverpool) and Scotland (based in Livingston). However, the creation of virtual delivery and an online programme have meant that KickStart Money and MyBnk have been able to expand their reach beyond locations accessible to MyBnk hubs and deliver vital financial education in less accessible areas.⁸⁴

Debt Advice Foundation Case Study: DebtAware provides a financial education programme, for children aged 9-11 years of age. The main aim of the programme is to give children the knowledge, understanding and skills to develop a sound and sensible attitude towards managing money.

The programme consists of eight modules, with key lessons delivered by DebtAware to classes. This consists of two-hour lessons, supported with resources and further tasks to embed the main points of the session. Each module includes a Power-Point, workbook, extra tasks, tasks to try at home, short story books called Money Diaries and short video clips. Schools use Money Mentors, four trained children from the class, to deliver extra sessions.

DebtAware delivers to a wide variety of schools in the North West of England. Currently, there are 140 schools in the programme and about 10,000 children receiving the sessions. Since the programme started over 80,000 children received financial education from Debt Aware.⁸⁵

Tower Hamlets Education Business Partnership Case Study: Two financial literacy programmes, 'Abacus' and 'The BEE (Business, Employability & Enterprise) Project' are provided to primary schools in Tower Hamlets, which has some of the highest levels of child poverty in the country and some of the highest levels of unemployment and economic inactivity.

The programmes were adapted in 2020-2021 to be delivered remotely. 2 schools (180 pupils) have participated in Abacus and 3 schools (180 pupils) have participated in The BEE Project in 2021. Each programme is a series of 6 workshops with various activities, built into the timetable, demonstrating the importance of financial literacy as a subject. The workshops are delivered by business volunteers and include topics such as money management, credit and debit cards and learning about the world of work. Parents were included in the programme.⁸⁶

⁸⁴ The Centre for Financial Capability Inquiry submission, June 2021

⁸⁵ Debt Advice Foundation Inquiry submission, June 2021

⁸⁶ Tower Hamlets Education Business Partnership Inquiry Submission, June 2021

Young Enterprise Northern Ireland Case Study: For Foundation and Key Stage 1 students in Northern Ireland, Young Enterprise NI directly delivers the 'Ourselves and Our Families' programmes for young people aged 4-7.

Around 1,500-2,000 young people complete each programme annually, supporting teachers to deliver financial education in the curriculum for these year groups. The resources have received the Financial Education Quality Mark and are endorsed by the CCEA (NI curriculum and assessment body). The content includes six guided learning hours over five sessions where pupils learn about the 'World of Work' and the importance of saving, earning, decision making and teamwork through storybook characters and games.⁸⁷

HSBC UK Case Study: The HSBC UK Education Team offer direct delivery across ages 3 to 25 years in schools, colleges and third sector organisations via a trained volunteer network of 1,500 HSBC UK employees.⁸⁸

Parental Delivery

While most submissions advocate for schools to be the primary channel for financial education, there is recognition of the role of parents and community leaders. For example, the Scouts are encouraged to be problem solvers and they score 7.6% higher on this competency than non-scouts and they score 15.6% higher on independence.⁸⁹ The Scouting Association, supported by HSBC UK, will launch a Money Skills Activity Badge to offer non-formal learning about money to Beavers and Cub groups (age 6-11 years) in June 2021⁹⁰.

HSBC UK are also currently piloting HSBC UK Rugby Counts with the Youth Sports Trust. The programme will support financial education through sports activity for younger children⁹¹.

According to a review in 2018 by the Money and Pensions Service (then the Money Advice Service), financial education programmes are more likely to be effective when they engage parents and carers, as parental involvement appears to be particularly effective in influencing financial behaviours⁹².

"Alongside financial education, parents and carers play an important role in developing children's money skills, knowledge and habits...Better active saving behaviours are found amongst children whose parents openly discuss household finances with them⁹³." - Money and Pensions Service

⁸⁷ Young Money NI submission to the Inquiry, June 2021

⁸⁸ HSBC UK Inquiry submission, June 2021

⁸⁹ UK Finance submission to the Inquiry, June 2021 citing <https://cms.scouts.org.uk/media/13623/annual-report-2018-19-published-to-council-190719.pdf>

⁹⁰ HSBC UK Inquiry submission, June 2021 citing The Scout Association's Annual Report and Accounts 2018-2019

⁹¹ HSBC UK Inquiry submission, June 2021

⁹² MAS (2018), *Developing Financial Capability in Children and Young People: A Review of the Evidence*, Available at: <https://www.moneyadviceservice.org.uk/en/corporate/children-young-people-and-financial-capability-commissioning-plan--contributing-analysis-reports>

⁹³ MaPS (2019), UK Children and Young People's Financial Capability Survey, Available at: <https://moneyandpensionservice.org.uk/2020/01/21/uk-children-and-young-peoples-survey-financial-capability-2019/>

“Children learn from the influential adults in their lives such as teachers and parents, so a blended approach to learning in school and at home can help support classroom skills-based learning with real world decision making and behaviours.” – HSBC UK.

Young Money Case Study: Money Heroes, supported by HSBC UK, provides a hub of games, worksheets, story books and resources for both teachers and parents and encourages both to work collaboratively to support children aged 3 -11 years to develop their financial capability skills, at school and at home, enabling both to track the children’s financial capability development.

Money Heroes recognises the significant influence that the family home and the school classroom have on a young person’s financial capability. By working in partnership with both parents/carers and teachers around the young people they have in common Money Heroes increases the opportunity for positive financial capability development.⁹⁵

MaPS Case Study: Talk, Learn, Do (TLD) was developed and piloted as a parenting intervention with the objective of helping parents improve their children’s financial capability. This was integrated into existing parenting programmes (Family Links Nurturing Programme and Incredible Years) and co-designed by parenting practitioners. TLD was piloted throughout Wales between January 2016 and May 2017.

TLD is a 2-hour parenting intervention, added on as an extra week to existing parenting programmes. It encourages parents of 3-11-year-olds to talk to their children about money. Therefore, the overall aim of TLD is to help parents improve their children’s financial capability so that they are equipped to manage their money well in the future.

The evaluation of the pilot found that TLD resulted in improved financial capability outcomes for children as well as a reduction in parents’ own levels of indebtedness – across families with different income levels. MaPS continue to work with organisations across the UK to identify opportunities for embedding the programme in a range of policies and strategies, including delivering through NatWest’s community bankers.⁹⁵

How did COVID-19 change the delivery of financial education at a primary level?

COVID-19 has exposed and amplified economic inequalities (access to digital resources, parental involvement in education etc), accelerated cashless transactions and resulted in primary schools focussing on catch up on English and Maths, squeezing out “life skills” provision.

“Schools and teachers are focused on recovery in terms of core subjects and wellbeing priorities – such as reading, writing, maths, behaviour and fine motor skills – potentially limiting their capacity to focus on wider areas of learning such as financial education”- Money and Pensions Service

Of course, during school closures and broader restrictions, all in-person direct delivery in schools stopped and delivery became reliant on parents, zoom and resources to take the place of direct teaching.

⁹⁴ Young Money Inquiry submission, June 2021

⁹⁵ MaPS Inquiry submission, June 2021

Young Enterprise NI Case Study: In response to COVID-19, Young Enterprise NI moved its programmes to an online learning platform, via their learning management system - YE Academy. This allowed pupils to access the programmes directly for home learning, with supportive parents, or for the teacher to deliver digitally on the return to school. The programme included video content from volunteers and Young Enterprise staff to increase the level of interaction.

In initial feedback, some teachers have said the digital approach provides greater flexibility for delivery, whilst keeping the external engagement benefits. There is a strong preference for the digital programme to be supplemented with paper-based resources that sit alongside the programme.

"The online our families programme was fantastic. The children really enjoyed it. The resource is and activities were great because they were pitched at the correct level and the children really grasped the learning intentions. We used the online resource as whole class activities, and the children completed the booklets independently"
- St Malachy's Primary School

KickStart Money and MyBnk Case Study: In response to the coronavirus pandemic, KickStart Money funded the development of free online financial education provision for children at a primary level delivered by MyBnk.

KickStart Money Online, launched in April 2020, offers financial education for children aged 5-7 and 7-11. The online programme for children aged 5-7 (KS1) needs to be completed with the support of a teacher or carer and includes videos, quizzes and activities for five 30-minute sessions as well as a Save-o-saurus Rex money poster for children to work towards a savings goal over the sessions. Throughout the KS1 online programme, children learn about where money comes from, its practical value, needs and wants, keeping track of money and saving.

The online programme for 7-11-year-olds (KS2) can be completed independently and consists of three 60 minute expert-led videos that guide the children through a series of activities. This programme covers needs and wants, how to budget and saving and delayed gratification. Detailed Teacher Notes for Key Stage 2, which outline a weeks' worth of curriculum mapped activities featuring the online programme, are also available to support remote lessons.⁹⁷

City Pay it Forward Case Study: The impact of COVID-19 on City Pay it Forward's programme, was that all direct delivery activity by volunteers and staff immediately ceased. City Pay it Forward took the opportunity to pivot from teachers to parents as the mechanism to undertake teaching this subject.

The Teacher's Manual was adapted to become a parent-led programme. Working broadly with schools, academy chains, councils, and Mumsnet-type organisations, City Pay it Forward publicised and distributed their parent-led programme. Zoom sessions for parents were hosted to offer further support and there was engagement with primary schools where possible via internet platforms.⁹⁸

⁹⁶ Young Enterprise NI Inquiry submission, June 2021

⁹⁷ MyBnk Inquiry submission, June 2021

⁹⁸ City Pay it Forward, Inquiry submission, June 2021

Submissions refer to the opportunities for financial education coming out of the pandemic, with COVID stimulating a digital revolution in schools with teachers using new platforms and resources to reach their learners. Data collected by one of the members of UK Finance found that learning virtually via Zoom and YouTube both supported and enhanced home learning, which supports a blended approach to financial education training, which encourages greater parental involvement in a child's development.

The effectiveness of primary age provision

“Basic financial literacy can make a crucial difference in the lives of people, in their opportunities, in their success. It is a foundation stone for well-being, for entrepreneurship, for social mobility, for inclusive growth.” - Angel Gurría, Secretary-General of the OECD⁹⁹

The Financial Education Planning Frameworks¹⁰⁰, developed by Young Money, are a popular tool and many financial education charities as well as MaPS work towards the outcomes on this framework. These help organisations measure changes in people's financial wellbeing, including for those delivering financial education to children and young people and parents/carers. The frameworks include indicators and potential evaluation questions for different age groups, helping providers measure changes in financial wellbeing, behaviour and capability.

Working with MaPS, UK Finance and their financial services members also developed a set of seven core outcomes to be incorporated into financial educational programmes. These outcomes ensure that the materials provided are focused on the key educational needs and all resources have been quality assured by Young Money.

Going further, UK Finance suggest incorporating comprehension of key financial capability learning outcomes into existing educational assessment frameworks (e.g. a more traditional maths question on completing a budget for a birthday party could be extended to test the decisions behind the choices they made which would give insight on knowledge, skills and attitudes of wants vs needs).¹⁰¹

Analysis of the Children and Young People Financial Capability Survey indicates that financial education in school makes a difference. Of those children aged 7 to 11 who report learning about how to manage money at school, more than nine out of ten (92%) said they found it useful. Children and young people aged 7 to 17 who recall having learned about managing money in school are more likely to save up frequently (34% often saving for a specific item, compared to 28% of those who did not recall learning about money at school) and better able to demonstrate day-to-day money management (69% know how much money they have in total, compared to 58% of those who did not recall learning about money at school) and they are also more likely to use a bank account.¹⁰²

Ultimately, many of the submissions mention the lack of, and therefore call for, in-depth longitudinal studies, which consider the learning outcomes of activities both inside and outside the classroom.

⁹⁹ OECD (2015), Launch of PISA 2015: Volume IV Students' Financial Literacy, Available at: <https://www.oecd.org/pisa/launch-of-pisa-2015-volume-iv-students-financial-literacy.htm>

¹⁰⁰ Young Enterprise (2021), Financial Education Planning Frameworks, Available at: <https://www.young-enterprise.org.uk/teachers-hub/financial-education-resources-hub/financial-education-planning-frameworks/>

¹⁰¹ UK Finance Inquiry submission, June 2021

¹⁰² MaPS (2019), Financial Capability Survey, Available at: <https://maps.org.uk/2020/01/21/uk-children-and-young-peoples-survey-financial-capability-2019/>

Longitudinal studies would help to give a fuller understanding of the effect that financial education has on a child and clearly evidence the difference made by early intervention. The Just Finance Foundation suggest looking at outcomes through a short-term, medium-term and long-term lens, and in particular in the long-term being able to track “the incidence of problematic debt, numbers experiencing poverty, numbers of savers” to provide a long-term view of the benefits of early financial education¹⁰³.

Submissions included evidence of impact for a number of expert-led direct delivery and teacher training and support models:

KickStart Money and MyBnk Case Study: The KickStart Money programme, funded by the Centre for Financial Capability and delivered by MyBnk in primary schools in the UK, has been independently evaluated by Substance each year of its delivery. Each year, the KickStart Money programme was found to have a positive impact across all three outcomes it was measured against.

1. Young people build capacity to defer gratification. For example, 70% of young people who took part in the KickStart Money programme were working towards a savings goal three months after delivery.
2. Young people can understand, discuss and articulate new knowledge of money habits. For example, of those who did not understand habits prior to the programme, 51% did by the end.
3. Young people have an improved understanding of the concept of ‘future’, ‘plans’ and ‘consequences’. For example, of pupils who did not regularly save money before the sessions, 39% said they do after delivery.

A key stage one online teacher training pilot (developed as a result of COVID) funded by KickStart Money and developed by MyBnk was also found to increase teachers’

- understanding of the suitability of financial education for their pupils from 22% to 92%.
- ability to understand the core components required to build good financial capability for their pupils from 26% to 83%.
- understanding of good practice for teaching financial capability from 17% to 83%.¹⁰⁵

Everfi Case Study: In Everfi’s digital course for ages 9-11, Vault, Everfi measure knowledge gain over each module through pre- and post-module knowledge assessments. This course is new to the UK and there is not yet sufficient data to report on but the US programme shows knowledge gain between pre- and post-module assessments. For example, in 2020-21, the following changes were seen in average scores:

- Budgeting and spending module: increase from 61% to 82%
- Credit and borrowing module: increase from 47% to 85%
- Financial decision-making module: increase from 70% to 85%
- Future planning module: increase from 50% to 85%
- Income and careers module: increase from 59% to 88%¹⁰⁶

¹⁰³ Just Finance Foundation Inquiry submission, June 2021

¹⁰⁴ The Centre for Financial Capability Inquiry submission, June 2021

¹⁰⁵ Everfi Inquiry submission, June 2021

Young Money Case Study: Young Money's Money Heroes' teacher training, supported by HSBC UK, showed increased knowledge and confidence in delivering financial education. Of those surveyed, 97% of teachers felt that they had now had enough knowledge to implement or extend further education within the curriculum of their setting, 96% felt confident to teach quality financial education to children and 84% were inspired to develop financial education in their school.

Following the Money Heroes teacher training, those who took part showed increased knowledge and confidence in delivering financial education - 97% felt knowledgeable enough to implement or extend financial education within the curriculum of their setting and 96% felt confident to teach quality financial education to children. Teachers who took part in the sessions also told Young Money they felt "inspired to teach financial education more" and came away with a "better understanding of financial education".

¹⁰⁷

Tower Hamlets Education Business Partnership Case Study: Positive outcomes of the Abacus and BEE programmes delivered by the partnership include that:

- 73% of students felt able to create and manage a budget, after taking part in the BEE.
- After participating in Abacus 72% of students knew the definition of interest; 71% of students knew what taxes pay for; 65% of students knew the definition of insurance; and 23% more students could read a bank statement correctly. ¹⁰⁸

Lifesavers Case Study:

Evaluation of Lifesavers Programme, carried out in 2019 by Public Perspectives demonstrated that LifeSavers enriches the curriculum and helps improve other pupil and educational outcomes, including maths and supporting PSHE outcomes, as well as improving the computing skills, interpersonal skills, confidence and teamworking of savings club volunteers. Since its beginning in 2016, it has helped more than 30,000 children develop a greater understanding of finances and has seen over £175,000 saved in school savings clubs. ¹⁰⁹

¹⁰⁶ Young Money Inquiry submission, June 2021

¹⁰⁷ Tower Hamlets Education Business Partnership Inquiry submission, May 2021

¹⁰⁸ Just Finance Foundation Inquiry submission, June 2021

How can we maximise the delivery of financial education at a primary level?

This is an area which those involved, and those submitting evidence, feel strongly about and want to maximise the opportunity for every primary school child to receive financial education. Submissions suggest various ways to do this:

National Curriculum

Perhaps the most consistent suggestion amongst the submissions for maximising financial education at a national level is building it into the National Curriculum. However, the experience of the introduction of financial education into the secondary school curriculum shows that this in itself is not enough.

“Having financial education in the curriculum is only a starting point - it is vital that educators are given the necessary support to implement and embed on a cross-curricular basis. This includes initial and ongoing teacher training to increase levels of confidence in the delivery of financial education, provision of quality assured resources, and leadership engagement to ensure a whole-school approach is in place.” - Young Enterprise NI

In terms of mechanisms, there is some consistency across submissions in terms of what needs to happen under any national provision or strategy. These are:

- developing teacher’s understanding, enthusiasm and capability to teach financial education. This is reinforced in all the submissions.
- building a central financial education resources hub that includes a decision mapping pathway for all key stakeholders (including parents and community leaders)
- increasing parents’ and carers’ confidence and tools to talk to their children about money and help them develop strong financial foundations, supporting the building of a set of agreed ‘parental messages’ and using parent influencers, podcasts and live streamed lessons.

Support for teachers

Teacher insight received by HSBC UK and Young Money, has shown that it is important for teachers to retain autonomy and control when delivering financial education and that teachers must be trusted to make appropriate decisions for their groups’ existing financial capability, circumstance, and backgrounds.¹⁰⁹ Everfi’s submission to the inquiry included research which shows 70% of primary teachers surveyed said that financial literacy is not given enough importance in schools and one of the most commonly identified barriers to teaching financial literacy was not having enough time to teach it fully, as well as finding resources which appeal to pupils.¹¹⁰

It is clear that in order for teachers to feel confident in delivering financial education, they have to have access to the resources and support they need to deliver this and be able to differentiate delivery according to the needs and abilities of the young people they teach. Young Money believe there are three tiers of support that should be made available to all teachers. These are high quality tools and resources, professional development opportunities and in-school mentoring support.¹¹¹

¹⁰⁹ Young Money Inquiry submission, June 2021

¹¹⁰ Everfi Inquiry submission, June 2021

¹¹¹ Young Money Inquiry submission, June 2021

“Having financial education in the curriculum is only a starting point - it is vital that educators are given the necessary support to implement and embed on a cross-curricular basis. This includes initial and ongoing teacher training to increase levels of confidence in the delivery of financial education, provision of quality assured resources, and leadership engagement to ensure a whole-school approach is in place”. Young Enterprise NI

“Whilst every teacher should have access to all of these forms of support we recognise that for some just having access to high quality and up to date tools and resources is sufficient for them to deliver meaningful financial education. For others access to professional development opportunities, such as teacher training, is an important step in supporting their delivery. For a smaller proportion of teachers they find that having a consultant to work alongside them in their schools to help identify opportunities, develop the financial education provision, integrate within the curriculum and coordinate delivery is required. Through these three tiers of support teachers and their schools can build a package of support that works for them.”– Young Money

Debt Aware also suggest that schools appoint a member of staff to lead Financial Education and include it in a job description so that they have responsibility for its delivery.¹¹²

*“We need much more oomph to try to put money in schools, to put in proper resources and to help teachers teach it, and to help head teachers want to make sure that it is taught”.*¹¹³- Martin Lewis, Founder moneysavingexpert.com and The Money & Mental Health Policy Institute.

While a number of submissions focus on the benefits of expert led delivery, involvement of in-school mentoring and opportunities for volunteers from the finance sector are also suggested. UK Finance suggests creating a national (centrally driven) army of volunteers much like that delivered by NHS Responders in the pandemic.¹¹⁴

School Inspection Frameworks

Submissions also recommended that financial education be included in the school inspection framework in order to encourage its delivery.

City Pay it Forward highlights various places within the current Ofsted Education Inspection Guidance for Schools where direct references to financial literacy could be more explicitly be incorporated and which may have the effect of encouraging broader adoption. For example,

Section 198: “The school’s curriculum is rooted in the solid consensus of the school’s leaders about the knowledge and skills that pupils need in order to take advantage of opportunities, responsibilities and experiences of later life. In this way, it can powerfully address social disadvantage.”

Section 244: “Schools are crucial in preparing pupils for their adult lives, teaching them to understand how to engage with society and providing them with plentiful opportunities to do so.”

¹¹² Debt Aware Inquiry submission, June 2021

¹¹³ House of Lords Liaison Committee (2021), ‘Financial Exclusion’, page 13 Exclusion Oral evidence, page 13, Available at: <https://committees.parliament.uk/oralevidence/1913/pdf/>

¹¹⁴ UK Finance Inquiry Submission, June 2021

“As a large employer, we believe that priority should be given to applied learning and skills development across primary age education. We would like to see Ofsted consider financial education as a way to develop the whole child.” – HSBC UK.¹¹⁵

City Pay it Forward argue these sections could be broadened to include a specific reference to financial and economic wellbeing and that this would encourage the senior leadership of a school to proactively find ways to weave financial education into the curriculum rather than compartmentalising it within maths or PSHE.¹¹⁶

Funding

Another concern raised by submissions was the lack of sustainable funding for primary financial education at scale. This is a critical long-term investment in human capital, social mobility, and financial wellbeing.

“There are two key challenges in the financial education space that prevent the delivery of high-quality and effective financial education to every primary child. These are a lack of effective mechanism(s) for delivering financial education at scale and a lack of sustainable funding to support delivery at scale”. - The Centre for Financial Capability

One opportunity for sustainable funding for primary financial education at scale recommended by the Centre for Financial Capability is unclaimed assets from the savings and investment sector, set to be unlocked by the Dormant Assets Bill.

The Dormant Assets Scheme is led by the financial services industry and backed by the UK Government, with the shared aim of reuniting people with their financial assets. Where this is not possible, this money goes towards supporting social and environmental initiatives across the UK. Since 2011, 30 banks and building societies participating in the current scheme have enabled the release of over £745 million from dormant accounts that have been inactive for at least 15 years.

In January 2021, the UK Government announced that further dormant assets across the insurance and pensions, investment and wealth management (IWM), and securities sectors would be unlocked. In May 2021, the Government introduced the Dormant Assets Bill with the purpose of legislating for this expansion and removing the current restrictions on the English portion of dormant assets that require the funding to be spend on causes relating to youth, financial inclusion and social investment. The intention is for the social and environmental focus of these funds to be set through secondary legislation, in line with the model used in the devolved administrations.

The Government and industry estimate that there is around £3.7bn of dormant assets sitting in the insurance and pensions, investment and wealth management and securities sectors. Following the existing reserving estimates, this means an extra £880 million could be made available to support more good causes and social investments. It has been recommended by the Centre for Financial Capability, Young Money and Parliamentarians that a portion of these funds be used to ensure every primary aged child receives a high-quality and effective financial education.

¹¹⁵ HSBC UK Inquiry submission, June 2021

¹¹⁶ City Pay it Forward Inquiry Submission, June 2021

Positioning

Considering how children's capability can be assessed through Outcomes and Evaluation Frameworks, existing Educational Assessments or OFSTED reports are seen as critical to long term success.

As financial education currently sits within PSHE, there is considerable focus on how provision under the Economic element could be improved. According to the PSHE Association, "PSHE education has the potential to develop financial capability but there needs to be greater emphasis on the 'e' for 'economic'.¹¹⁷

The PSHE Association and many others, including this APPG, have called on the Education Secretary to broaden statutory PSHE requirements to cover economic wellbeing. A 2013 Ofsted report into PSHE education provision found that "in the half of primary and third of secondary schools where learning about economic well-being required improvement, it was often taught on days where the usual timetable was suspended, or through extra-curricular activities, rather than in PSHE education lessons."

"If financial literacy, whether on its own or subsumed within a statutory subject like maths, is not mandatory, the chances of it being consistently taught to primary students is low". - City Pay It Forward

Other submissions reiterate that financial education is much more than financial literacy, and therefore, to maximise the opportunity for young people, financial education needs to move from a maths subject to life skills.

"Financial education develops skills in reading and maths, and in broader subjects such as art, design, computing and technology, PSHE and citizenship. Using money involves key mathematical skills. . . learning how to manage money well develops key life skills such as planning for the future and making choices between present and deferred value." – The Money Charity

"The reality is that financial literacy is one of those subjects which permeates what we do every single day." - City Pay It Forward

"We have already seen instances in schools using Milo's Money where teachers have taken the learning on through art activities designed by themselves, or poetry writing. All of these work together to make the understanding of the financial concepts better for the children through repetition and normalisation. If children are encouraged to have fun with their learning, to talk more about the concepts, then they are more likely to have that knowledge firmly rooted within." – Just Finance Foundation

"The children I spent yesterday morning with weren't just going through the motions. They were inspired. ...Another great thing to see was how the teacher was using the programme to bring lots of other parts of the curriculum – basic numeracy of course, but also emotional intelligence, the whole idea of service, of doing things for other people. It's a really rounded educational process". - Justin Welby, Archbishop of Canterbury (Speaking about Lifesavers)

A number of submissions also recognised the need to modernise financial education to reflect the digital and cashless society, in which young people operate.

¹¹⁷ PSHE association Inquiry submission, June 2021

“The bottom line is that the financial world (and fintech) is growing in a geometric trajectory while education and financial literacy are moving at a glacial pace. The opportunities are endless. .it just requires a more updated approach to financial literacy education in 2021. Most teachers have not realised that it has moved materially beyond the domain of simply counting coins and calculating interest.” - City Pay It Forward

“Learning about the ‘value’ of money. . . is essential in an increasingly cashless society. Without the tangible association between cash and the exchange of money for goods and services, children are less likely to fully understand the value that money has.” - Just Finance Foundation

Building our learning

- From Others

Given Financial Education is embedded in the compulsory primary curriculum (primarily in Maths) in Northern Ireland, Wales and Scotland, a number of submissions suggest greater learning from and sharing examples and experiences from devolved nations, which could then be learnt in any national development in England.

It is also recommended that the UK learn from international examples. For example, building on the work of the OECD in 2016¹¹⁸, an international comparison could be undertaken to establish whether there is a relationship between Norway’s high financial literacy score (ranked third out of 30 countries) and the fact that Financial Education is a compulsory subject¹¹⁹.

- And in the Longer Term

Many of the submissions focus on the lack of and enthusiasm for in-depth longitudinal studies which consider the learning outcomes of activities both inside and outside the classroom, helping to give a fuller understanding of the affect that financial education has on a child. HSBC UK suggest that more in depth longitudinal studies considering the learning outcomes may become more mainstream as learning platforms develop. For example, the Money Heroes platform enables an individual child’s progress to be monitored continuously by both a parent and a teacher, as well as providing anonymised development journeys to evaluators over a longer period¹²⁰.

¹¹⁸ OECD (2016), International Survey of Adult Financial Literacy Competencies, Available at: <https://www.oecd.org/daf/fin/financial-education/OECD-INFE-International-Survey-of-Adult-Financial-Literacy-Competencies.pdf>

¹¹⁹ European Banking Federation (2020), Financial Literacy Playbook, Available at: <https://www.ebf.eu/wp-content/uploads/2020/11/EBF-Financial-Literacy-Playbook-for-Europe.pdf>

¹²⁰ HSBC UK Inquiry submission, June 2021

The recommendations of the APPG:

1. Recommendations for devolved and UK Governments

National ambition and strategies for change

In January 2020, the Money and Pensions Service (MaPS) launched the UK Strategy for Financial Wellbeing, which included a national goal to ensure two million more children receive a meaningful financial education by 2030.¹²¹ Whilst the APPG is pleased “Financial Foundations” features as one of the strategy’s Agendas for Change, we believe that the target to ensure two million more children and young people receive financial education by 2030 is not ambitious enough.

In 2020/2021 there were 8,911,887 children attending primary and secondary schools, millions of whom are not receiving financial education at either a primary or secondary level.¹²² Over 8 million people were in debt even before the pandemic and millions have fallen into financial vulnerability during the last year. This requires an urgent response and the APPG recommends that the UK Government and MaPS work towards a more ambitious goal to ensure every primary child is receiving a high-quality and effective financial education of some form by at least 2030.

To achieve this every nation will need to implement a stand-alone national strategy for delivering financial education, which covers primary age children. As of May 2020, more than 70 countries and economies worldwide were designing or implementing national strategies for financial literacy.¹²³

In 2020, The Organisation for Economic Co-operation and Development recommended that members and non-members:

“establish and implement national strategies that take a sustained, co-ordinated approach to financial literacy which:

- 1. recognises the importance of financial literacy - through legislation where appropriate - and agrees its scope at the national level, taking into account identified national needs and gaps;*
- 2. is coherent with other strategies fostering economic and social prosperity such as those focusing on financial inclusion and financial consumer protection;*
- 3. involves cooperation with relevant stakeholders as well as the identification of a national leader or coordinating body/council;*
- 4. includes the establishment of a roadmap to support the achievement of specific and predetermined objectives within a set period of time;*
- 5. provides guidance to be applied by individual programmes implemented under the national strategy in order to efficiently and appropriately contribute to the overall strategy;*
- 6. incorporates monitoring and evaluation to assess the progress of the strategy and propose improvements accordingly.”¹²⁴*

¹²¹ UK Finance Inquiry submission, June 2021

¹²² Gov.UK (2021), Schools, pupils and their characteristics, Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/school-pupils-and-their-characteristics#dataDownloads-1>

¹²³ OECD (2020), Recommendation of the Council on Financial Literacy, Available at: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461>

¹²⁴ Ibid.

Recommendation 1: That each nation in the UK devises a stand-alone strategy for financial education, which gives specific consideration to provision at a primary level.

Measurement

MaPS measure how many children and young people receive a “meaningful financial education” by asking whether they recall financial education at school they considered useful and/or if their parents gave them regular money, set rules about money and gave them responsibility for spending decisions. The APPG believes a more robust definition of “meaningful” is necessary to ensure we are measuring how many primary children receive both an effective and high-quality financial education across the UK.

Recommendation 2: That the UK Government, in partnership with the Money and Pensions Service, sets a goal to ensure every primary child receives a high-quality, effective and sustainable financial education by at least 2030.

There is also no regular UK-wide assessment of the financial capability of young people conducted by Government, although the Money and Pensions Service conducts a survey among children and young people every three years. 20 countries and economies participated in the most recent Programme for International Student Assessment (PISA) organised the OECD, which “examines 15-year-old students’ understanding about money matters”.¹²⁵ These countries included Australia, Italy, Spain and the United States of America, but not the UK.¹²⁶ The UK Government should undertake an annual assessment of the financial capability of children and young people and participate in PISA.

Recommendation 3: Nations should formulate a robust definition for the delivery of “high-quality” and “effective” financial education at a primary level to measure outcomes against.

Recommendation 4: The Government should conduct a UK wide assessment of the financial capability of young people undertaken on an annual and voluntary basis and participate in the PISA financial literacy assessment.

Supporting teachers and schools to prioritise and deliver financial education

Numerous submissions raised challenges around schools and teachers either prioritising financial education and/or lacking the time, confidence or capacity to deliver it. A survey of primary teachers conducted by Everfi in April 2020 found that the most commonly identified barriers to teaching financial literacy were not having enough time to teach it fully (51%), finding resources which appeal to pupils (43%), the low priority within schools (37%) and finding credible resources (36%).¹²⁷

Debt Aware highlights that the place of life skills subjects such as financial education has become very restricted due to the priority placed on SATs testing and the weight school inspections place on progress in English and Maths.¹²⁸ City Pay It Forward also comments that what the Head teacher sees important “tends to get done and done well”.¹²⁹ Evidence from UK Finance says that there is often a lack of support

¹²⁵ OECD (2018), Are Children Smart about Money, Volume IV, Available at: <https://www.oecd.org/education/pisa-2018-results-volume-iv-48ebd1ba-en.htm>

¹²⁶ Ibid.

¹²⁷ Everfi Inquiry submission, June 2021

¹²⁸ Debt Aware Inquiry submission, June 2021

¹²⁹ City Pay It Forward Inquiry submission, June 2021

among schools' senior leadership for primary financial education.¹³⁰ There is a clear need for Government to communicate to schools that financial education at a primary level needs to be a priority.

In its evidence, City Pay it Forward emphasises that because financial education is not statutory “a school needs to “make space” for the subject matter. England should increase the priority given to financial education by making it a compulsory part of the primary curriculum across Citizenship and PSHE. This would bring England’s national curriculum into line with the approach taken in Wales, Northern Ireland and Scotland. This would also allow the impact of financial education to be measured more effectively.¹³¹ However, as the Money Charity outlines, it is vital that inclusion on the national curriculum is accompanied by the prioritisation of financial education and sufficient resourcing and training as well as a plan for its delivery.¹³²

“The best way that outcomes can be measured is either making the subject of financial literacy statutory (either in whole or part) or including it in as a component of an Ofsted inspection or potentially a thematic or deep-dive inspection. Failing that, there is little incentive for overburdened schools and teachers to proactively deliver these interventions. The impact of Covid-19 has only added further pressure on primary schools to focus on the core curriculum with little capacity for additional space for anything extra.” – City Pay it Forward

“We would like to see national leadership give greater visibility to financial education and make the case to local school leadership to support wider take-up across primary education. This needs to include clear and simplified signposting to trusted resources and providers.” - HSBC UK

Across all four nations in the UK, the inclusion of financial education in the school inspection framework would also increase its profile and priority in schools and incentivise school leaders to support its teaching.

Recommendation 5: England should ensure financial education is placed on the national curriculum for primary schools and taught within PSHE (Personal, Social, Health and Economic Education) and Citizenship as a minimum.

Recommendation 6: All nations across the UK should include financial education within primary school inspection frameworks.

Many submissions highlighted that teachers often do not feel confident to deliver financial education or have time to develop a programme. To improve this confidence and capability, teachers need to have access to the resources and support they need to provide financial education to their pupils. according to their needs. A key element to scaling up the provision of financial education is teaching training. High quality tools and resources, professional development opportunities and in-school mentoring support should be made available to all teachers.¹³³ Furthermore, a “Compare the Market” tool or central resource hub, as suggested by UK Finance and MyBnk, backed by Government, would raise the profile of financial education and allow educators to see and compare financial education resources and delivery

¹³⁰ UK Finance Inquiry Submission, June 2021

¹³¹ City Pay It Forward Inquiry submission, June 2021

¹³² The Money Charity Submission, June 2021

¹³³ Young Money Inquiry Submission, June 2021

organisations. This would make it much easier for teachers to deliver or facilitate the delivery of financial education.¹³⁴

Recommendation 7: The UK Government should raise the profile and priority of financial education in primary schools and ensure teachers are provided with guidance, support and training in delivering financial education.

Recommendation 8: The UK Government, with the support of MaPS, should promote a central resources hub to allow teachers to compare and select primary financial education resources.

Funding

A significant barrier to the provision of primary financial education for every child is a lack of sustainable funding to scale up interventions and empower and support teachers and parents to deliver financial education. The expansion of the Dormant Assets Scheme across the insurance and pensions, investment and wealth management (IWM), and securities sectors provides an opportunity to use funds, often lost because of poor money management, to build positive savings habits when money mindsets first form. The APPG recommends that a portion of these funds should go to ensuring every primary aged child receives a high-quality and effective financial education.

Recommendation 9: Governments should provide the funding necessary to enable the sustainable implementation of primary financial education at scale.

Recommendation 10: Unclaimed assets set to be unlocked from the saving and investment sector should be used to ensure every primary aged child across the UK receives effective and high-quality financial education.

Supporting parents to prioritise and deliver financial education

As cited above, financial education programmes are more likely to be effective when parents and carers are engaged, and better active saving behaviours are found amongst children whose parents/carers discuss household finances with them¹³⁵. Debt Aware also mentioned the role School Governors, often parents, can take in promoting financial education.¹³⁶ The APPG believes that Government has a role to play in raising the profile and importance of financial education more generally and encouraging parents and carers to talk about money with their children.

Recommendation 11: Each nation should work to increase the confidence of parents and carers to talk to their children about money.

¹³⁴ MyBnk Inquiry Submission, June 2021 and UK Finance Inquiry Submission, June 2021

¹³⁵ MaPS Inquiry submission, June 2021

¹³⁶ Debt Aware Inquiry submission, June 2021

Responding to the impacts of the coronavirus pandemic

In its evidence, UK Finance comment on the shift in school priorities due to the pandemic, which has led teachers to focus on assisting students who have fallen behind and an increase in pressure on the school timetable.¹³⁷

Evidence submitted also demonstrates how the pandemic has led to a desire for a broader and more rounded education from both parents and learners, how financial education can support children's recovery from the educational impacts of COVID-19 and the links between poor mental health and financial capability. For these reasons, the All-Party Parliamentary Group recommend that each nation works to include financial education within its post-COVID catch up programme for primary pupils.

Recommendation 12: Each nation should work to include financial education within its post-COVID catch up programme for primary school pupils to support their recovery and wellbeing.

2. Recommendations for organisations that fund and deliver financial education

Innovation in delivery

In recent years, there has been an increase in the interest in and delivery of primary level financial education, but further innovation, provision and evaluation is required. A key finding cited by numerous submissions is that money habits are formed by age 7 and therefore the APPG would like to encourage funders and delivery providers to invest in financial education provision for children under the age of 7 as well as models that can be delivered with the help of parents and guardians at home and in other non-school settings.

Recommendation 13: Funders and delivery bodies should promote further innovation and evaluation in primary financial education to provide a variety of delivery models available to teachers, carers and community leaders.

Measuring the impact of digital delivery

Many delivery organisations and funders have responded to the COVID-19 pandemic by investing in online and virtual delivery. For example, Young Money has developed Money Heroes with HSBC and MyBnk has pivoted to deliver the KickStart Money programme virtually by live video-link and developed KickStart Money online. These models have the benefit of enabling delivery that is not constrained by geography and therefore provide an opportunity to reach rural and hard-to-reach areas of the UK. The APPG recommends that funders and delivery organisations evaluate these new digital delivery models to explore their effectiveness.

Recommendation 14: Funders and delivery bodies should evaluate new digital and virtual delivery models that have been developed in response to the pandemic to explore if these can support the scaling up of financial education across the UK.

¹³⁷ UK Finance Inquiry Submission, June 2021

Conduct a longitudinal study

The evidence submitted to the APPG indicates that there is enthusiasm throughout the sector for in-depth longitudinal research which demonstrates the benefits of primary financial education later in life. The APPG believes this would add value to the current body of evidence and would be a powerful addition to campaigning efforts to make primary financial education a priority.

Recommendation 15: Funders and delivery bodies should invest as soon as possible in longitudinal studies to explore the links between financial education starting at a primary level and future financial capability

Fund scalable solutions

In the written submissions received by the APPG, there are examples of several primary financial education interventions that have a demonstrable positive impact on children's knowledge and habits. In order for these interventions to have maximum benefit, sustainable funding is required. The APPG would like to encourage funders to invest in these interventions and to support the provision of a diverse landscape of solutions that can be delivered at scale so that schools have the option of creating their own financial education programme using a variety of tools at their disposal, for example, teaching training, mentoring, professional development, expert-led direct delivery and resources.

Recommendation 16: Funders and delivery bodies should invest in solutions that work towards a landscape where every primary child has access to high-quality and effective financial education, where schools and carers can choose to deliver this in the way that best supports the child's needs.

Appendices

1. Officers on the All-Party Parliamentary Group on Financial Education for Young People



Chair: Julian Knight MP, Member of Parliament for Solihull, Conservatives



Vice-Chair: Jonathan Reynolds MP, Member of Parliament for Stalybridge and Hyde, Labour



Vice-Chair: Marion Fellows MP, Member of Parliament for Motherwell and Wishaw, SNP



Vice-Chair: Drew Hendry MP, Member of Parliament for Inverness, Nairn, Badenoch and Strathspey, SNP



Vice-Chair: Dr Lisa Cameron MP, Member of Parliament for East Kilbride, Strathaven and Lesmahagow, SNP



Vice-Chair: Jerome Mayhew MP, Member of Parliament for Broadland, Conservatives



Vice-Chair: Paul Howell MP, Member of Parliament for Sedgefield, Conservatives

2. List of organisations who submitted written evidence to the inquiry

- City Pay it Forward
- Debt Aware
- EVERFI UK
- HSBC UK
- Just Finance Foundation
- MyBnk
- Tower Hamlets Education Business Partnership
- The Centre for Financial Capability
- The Chartered Institute of Taxation, its Low Incomes Tax Reform Group and the Association of Taxation Technicians
- The Money and Pensions Service
- The Money Charity
- The PSHE Association
- UK Finance
- Young Enterprise NI
- Young Money

3. Joint policy statement

Organised by the APPG on Financial Education for Young People and KickStart Money:

- *Every child in the UK should receive a high-quality and effective financial education, so that they leave the education system and transition in to adult life with the knowledge, confidence and skills to manage their money well.*
- *It is vital to instil positive financial habits and attitudes towards money from a young age. Research by the Money and Pensions Service shows that children's money habits are formed from as early as age 7. By this age children develop the capability for functions such as planning ahead, delaying decisions and understanding that choices are irreversible.*
- *The economic shocks of COVID-19 have demonstrated the pressing need for early intervention, with 11.5 million people having less than £100 in savings before the pandemic. The need for widespread and effective financial education has never been clearer, with statistics showing the number of adults with low financial resilience increased by 3.5 million due to the pandemic. The next generation must be supported to build financial resilience.*
- *Intervention is essential to deliver effective financial education at scale for primary aged children, to ensure every child is equipped with the skills to manage their money in later life.*
- *Financial education should be placed on the national curriculum of primary schools, and taught within PSHE (Personal, Social, Health and Economic Education) and Citizenship.*
- *Teachers need training and support if they are to be expected to deliver effective financial education. The Government should raise the profile and priority of financial education in primary and secondary schools and ensure teachers are provided with guidance, support and training in delivering financial capability.*
- *Funding is necessary to enable the sustainable implementation of financial education at scale. Unclaimed assets set to be unlocked from the saving and investment sector should be used to ensure every primary aged child across the UK receives effective and high-quality financial education.*
- *The Centres of Excellence Programme provided by Young Money to train teachers and the KickStart Money primary financial education programme in schools should be expanded further.*
- *Given that England does not take part in the PISA (Programme for International Student Assessment) assessment of financial literacy, a nationwide assessment of students' financial literacy should be undertaken on an annual and voluntary basis.*

SIGNATORIES (26 May 2021)

1. Julian Knight MP, Chair of the APPG on Financial Education for Young People (Conservative)
2. Paul Howell MP, Vice Chair of the APPG on Financial Education for Young People (Conservative)

3. Jerome Mayhew MP, Vice Chair of the APPG on Financial Education for Young People (Conservative)
4. Lisa Cameron MP, Vice Chair of the APPG on Financial Education for Young People (SNP)
5. Marion Fellows MP, Vice Chair of the APPG on Financial Education for Young People (SNP)
6. Yvonne Fovargue MP, Chair of the APPG on Debt and Personal Finance (Labour)
7. Anne Marie Morris MP (Conservative)
8. Apsana Begum MP (Labour)
9. Bob Blackman MP (Conservative)
10. Caroline Ansell MP (Conservative)
11. Caroline Lucas MP (Green)
12. Christian Wakeford MP (Conservative)
13. Claudia Webbe MP (Independent)
14. Craig Tracey MP (Conservative)
15. Daisy Cooper MP (Liberal Democrat)
16. David Simmonds MP (Conservative)
17. Dehenna Davison MP (Conservative)
18. Derek Twigg MP (Labour)
19. George Howarth MP (Labour)
20. Henry Smith MP (Conservative)
21. John Baron MP (Conservative)
22. Julian Lewis MP (Conservative)
23. Kim Johnson MP (Labour)
24. Laurence Robertson MP (Conservative)
25. Lord Blunkett (Labour)
26. Lord Flight (Conservative)
27. Lord Polak (Conservative)
28. Lord Storey (Liberal Democrat)
29. Mark Pawsey MP (Conservative)
30. Philip Davies MP (Conservative)
31. Rosie Cooper MP (Labour)
32. Sarah Olney MP (Liberal Democrat)
33. Simon Fell MP (Conservative)
34. Simon Jupp MP (Conservative)
35. Stephen Timms MP (Labour)
36. Tim Loughton MP (Conservative)
37. Virendra Sharma MP (Labour)
38. Viscount Brookeborough (Crossbench)

