CYP Financial Capability

UK Children and Young People's Survey
Financial Education in Schools

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Money & Pensions Service

Foreword

The Money and Pensions Service's vision is everyone making the most of their money and pensions. Previous research has shown that financial capability, by the time of reaching financial independence, is in large part a consequence of what is seen, learned and experienced during childhood and adolescence. We will continue to focus therefore on how we provide a meaningful financial education for children and young people, be that via school or positive experiences of talking about, and handling, money at home.

Research and insights are central to our understanding of financial capability. We are pleased therefore to present the findings of our 2019 UK Children and Young People's Financial Capability Survey. This updates and builds on the previous 2016 survey and provides robust measures of children and young people's financial capability across the UK, including separate analysis for each devolved nation.

The survey will continue to be a major source of insight regarding children and young people's financial capability needs and gives us a robust evidence base on which to base decisions about how we develop and influence funding, policy, and the delivery of financial education in schools, homes, and communities across the UK.

Findings from the survey will also be used to measure progress against the goals of the forthcoming UK Financial Wellbeing Strategy.

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Background and context

The UK Children and Young People's Financial Capability Survey is a nationally representative study of the financial knowledge, attitudes, mindsets and behaviours of seven to 17 year olds and their parents, living in the UK. A total of 3,745 children and young people aged seven to 17, and their parents, were interviewed as part of this research. The decision was taken for the current wave of the survey to exclude four to six year olds. A separate research study is being conducted with this younger age group.

The survey is designed to further develop our research into the indicators, drivers and inhibitors of financial capability, including asking children about:

- how they get, save and spend money;
- their attitude to spending, saving and debt;
- their confidence and understanding about money; and
- how they recall receiving financial education, what they learnt and who they turn to for help and advice.

We asked parents:

- about their own attitudes and behaviours with money;
- their attitudes and approaches towards parenting relevant to money; and
- their view on their child's skills, abilities, attitudes and behaviours with money.

Questions asked in 2016 were largely unchanged, although extra, key areas, of questioning added for 2019 included asking children about money topics learned at school and asking parents about rule setting and giving money to their children.

Reporting

The approach taken towards reporting for 2019, is to create a series of short reports, each focused on a specific topic of interest. The initial reports cover:

- Headline findings;
- Nation reports (A report of main findings per UK nation);
- Financial Education at School;
- Financial Services; and
- Parenting (covering attitudes, rule setting and the giving of money).

Further reporting will cover:

- Vulnerability; and
- Analysis of looked after children (In 2019 we boosted the sample with main carers who are not a parent).

There will also be a repeat of the principal components analysis that was originally done in 2016 and which identifies the 'building blocks' of financial capability.

Across the reports we will look at the link between each topic and those aspects of behaviour associated with good financial capability from the 2016 survey, these being active saving and good day-to-day money management.

Headline findings from the full survey

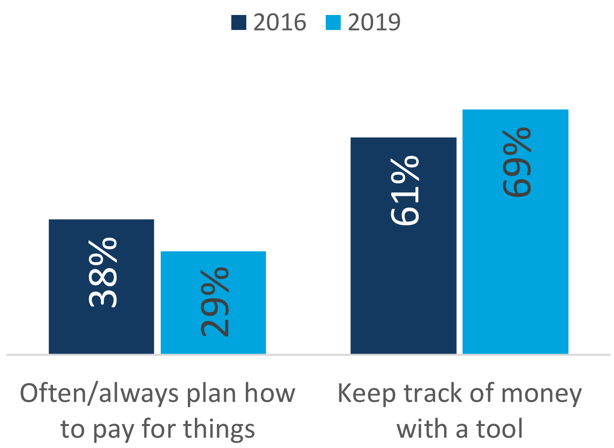
Day-to-day money management

The elements identified as part of good day-to-day money management based on analysis of the 2016 Children and Young People's Financial Capability Survey are:

- Whether the child knows how much money they have.
- Whether the child has a method of keeping track of their money (not just in their head).
- How often the child says they plan how they are going to pay for the things they need.

Whilst there has been a decrease in the number of 14 to 17 year olds who often plan how they are going to pay for things, there has been an increase in the number of 14 to 17 year olds who keep track of their money using a tool – two thirds (69%) now do so.

Chart one : Elements of day-to-day money management behaviour amongst 14-17 year olds, 2016 versus 2019.



Source: How often do you plan how you are going to pay for things you need? How do you keep track of the money you get and the money you spend?

Amongst all children aged seven to 17, only one in ten (11%) are aware of exactly how much money they have, just as in 2016. There has been a rise in the number of children who would make a plan and stick to it when given £5 for a school trip (up 8% points to 42%), although a third (30%) would not make a plan at all.

Active saving

Included in both the 2016 and 2019 waves of the survey were several questions which give an overall indication of children's behaviours around active saving and day-to-day money management.

The elements considered part of active saving are, from the parent's perspective:

- Whether their child is able to save up for a short period and how often their child saves up money to buy a specific item.

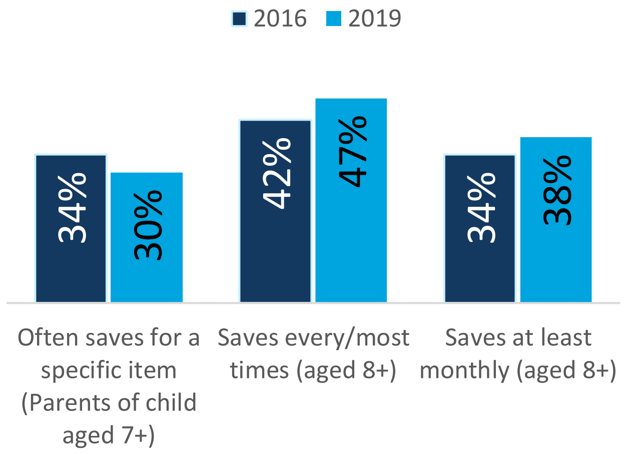
From the child's perspective:

- How often they save money as soon as they're given it.
- How frequently they put money aside into their savings.
- The longest time they've been able to save up for.

Almost all (97%) children receive money either regularly in the form of pocket money or from paid work, or irregularly such as on special occasions. Of those aged eight and over receiving money, about half (47%) say they regularly save some of it, either in an account or elsewhere (such as a piggy bank). This is an increase of 5% points since 2016. There has also been a small increase in children saying they save at least monthly.

The number of parents who say their child often saves for a specific item has slightly declined since 2016 (chart two).

Chart two : Elements of active saving behaviour, 2016 versus 2019.



Source(s). How often does <child> save up their own money to buy a specific item? When you get money, how often do you save at least some of it? How often do you put money aside into your savings?

Financial Education

School and home are main environments where children are known to receive elements of financial education. In this wave of the survey, there has been a decrease in the proportion of children and young people who have received key elements of financial education at home or at school since 2016. This has fallen from 52% to 48%, a statistically significant decline.

Only 38% of children and young people recall learning about how to manage money at school, which is 2% points less than in 2016. Children of secondary or sixth form school age (aged 12 to 17) are more likely to recall learning about how to manage money at school (42%) than children of primary school age (33%). Amongst those who recall it, almost all consider learning how to manage their money to be useful (90%).

Over three quarters (79%) say they would turn to their parents if they needed advice about money, but not so much to their school, with only 6% saying they would go to their teachers.

Parents

The financial education environment which parents create for their children is important and is likely to impact children's financial wellbeing.

The vast majority of parents feel it is important to help their children learn about money, but this has decreased slightly from 90% in 2016 to 87% in 2019.

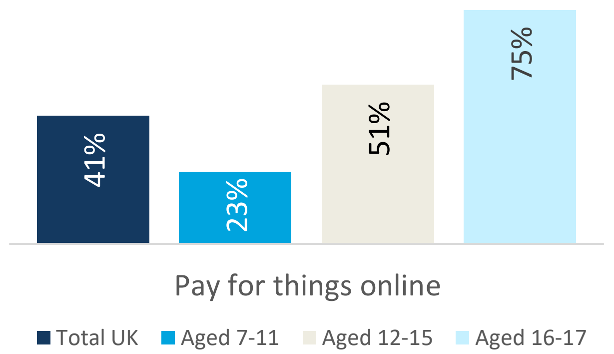
Parents also agree they have an impact on how their children will behave around money when they grow up (82%).

There are some apparent links between the actions of parents and children. For example, better active saving behaviours are found amongst children whose parents openly discuss household finances with them (48% amongst those whose parents discuss this versus 33% amongst those whose parents don't) or set rules about how to save and spend their money (46% versus 28%). Differences which are statistically significant.

Those who receive pocket money or an allowance has decreased by 2% points to 65%, and the number of children who have parents who set rules about money has decreased by 3% points to 37%. Similarly, the number of children who make decisions about how to spend their money (either themselves or with their parents) has fallen by 5% points to 86%.

Amongst those aged seven to 11, almost all have seen their parents pay for things in one way or another, and over half (51%) have seen their parents make payments using their mobile phone or online. Children themselves increasingly pay for things online as they get older (Chart three).

Chart three: Proportion of children making purchases themselves online.

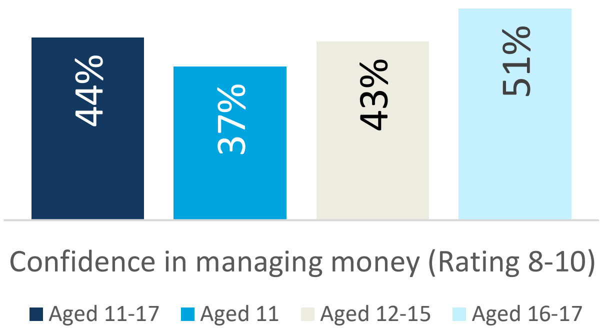


Source: Does <your child> … pay for things online themself, such as apps, games or music (with either their money or your money)?

Confidence

Under half (44%) of children and young people aged 11 to 17 feel confident managing their money, though this increases to 51% amongst 16-17 year olds (Chart four).

Chart four: Proportion of children with high confidence managing their money.



Source: How confident do you feel managing your money?

Financial Education in Schools

In the UK, financial education topics are included on the national curriculum for primary and secondary schools in Scotland, Northern Ireland and Wales, and only on the secondary school national curriculum in England. Each nation's execution of it and the subjects in which it will be taught differ however. Furthermore, in England academies do not need to follow the curriculum, though many use this as the basis of their offer.

This report presents an initial analysis of the findings from the 2019 Children and Young People's Financial Capability Survey about children's recall and experience of learning about money management in schools or colleges and the impact this has on their financial capability.

It is important to note that, as in 2016, the recall of learning about managing money in schools is reported by the children themselves; teachers may have a different perspective and, as financial education is often integrated within other subjects, the children may not always have been aware that they were learning about managing money specifically.

Focus is given to the connection between recall of financial education in school and several behaviours which are found to be indicators of good financial capability, in particular, active saving (the propensity a child has to consider saving money rather than spending it) and good day-to-day money management (the tendency a child shows for looking after their money, planning, spending and keeping track).

Findings are compared to the initial wave of the survey conducted in 2016.

Executive summary

Overall, 38% of seven to 17 year olds recall learning about managing money at school. This is a slight fall since 2016, when 40% across all age groups recalled this. However, in 2019 42% of secondary school age children recall learning how to manage their money at school, which is an increase of 2% points since 2016 amongst this age group. In comparison only one-third (33%) of primary school age children now recall learning about managing money in school, a fall of 7% points since 2016 amongst this younger age group.

38% (-2% since 2016)

Children and young people aged seven to 17 in the UK recall learning about money management in school

Source: CYP18. Have you learnt about how to manage your money in school or college? Base: All aged seven to 17

Financial education is important. As outlined in the section *"Why is learning about money in school important?"* children who recall learning about managing money:

- Feel more confident about managing their money.
- Are more likely to be active savers (for example they are more likely to say they save some of their money when they are given it).
- Are more likely to have a bank account that they use.

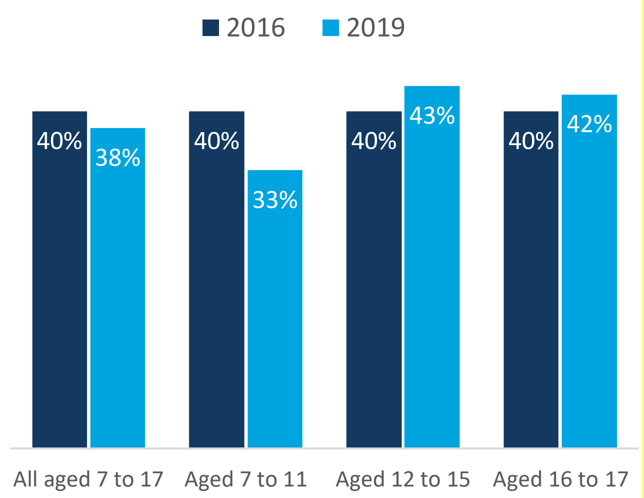
And of those who recall learning about managing money in school, almost all (90%) said they find this useful, and 44% agreed that learning about money at school had made a difference to what they do with their money.

Financial education in schools

Differences by age and learning stage

The number of children who recall learning about money in school varies by the age of the child. Older children of secondary or sixth form school age (age 12 to 17), now seem to be a little more likely to say they recall learning about managing money in school (42%), an increase since 2016. In comparison, the proportion of primary school age children (aged seven to 11) who recall learning about managing money in school has fallen significantly since 2016. Only one-third (33%) now recall learning about managing money in school compared to 40% in 2016.

Chart five: Recall of learning about managing money in school, by age



Source: Have you learnt about how to manage your money in school or college?

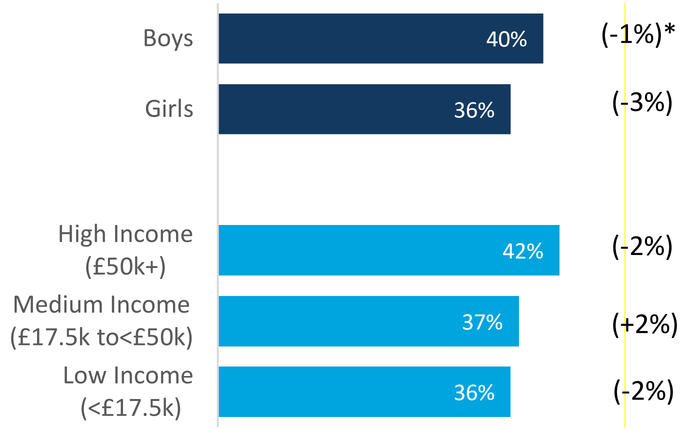
Differences by demographic groups

There are also differences between boys and girls. Amongst girls, 36% recall learning about managing money in school, compared to 40% of boys.

Boys' recall of learning about managing money in schools is higher than girls' across all age groups, with the greatest difference in the 12 to 15 age group. Amongst those aged 12 to 15 years, 46% of boys remember learning about money compared to 40% of girls.

Children from lower income households, those living outside cities, and in more deprived areas all appear to have slightly lower levels of recall for learning about managing money at school (Chart six).

Chart six: Recall of learning about managing money in school, by demographic



Source: Have you learnt about how to manage your money in school or college?

**Figures in brackets relate to change since 2016*

This research also found that children with learning or behaviour difficulties are less likely to recall learning about managing money at school. Of those with learning difficulties, 33% recalled learning about managing money in school, and only 31% of those with social or behavioural difficulties recalled learning about managing money in school.

Differences by nation

The results show differences in the four nations. Children in Scotland are more likely to recall learning about money management in school compared to the UK at both primary and secondary or sixth form school ages (Chart seven).

The proportion of children in Northern Ireland who recall learning about managing money in school has fallen significantly since 2016, particularly amongst children of primary school age. Only 29% of primary school age children in Northern Ireland now recall learning about managing money in school compared to 55% in 2016.

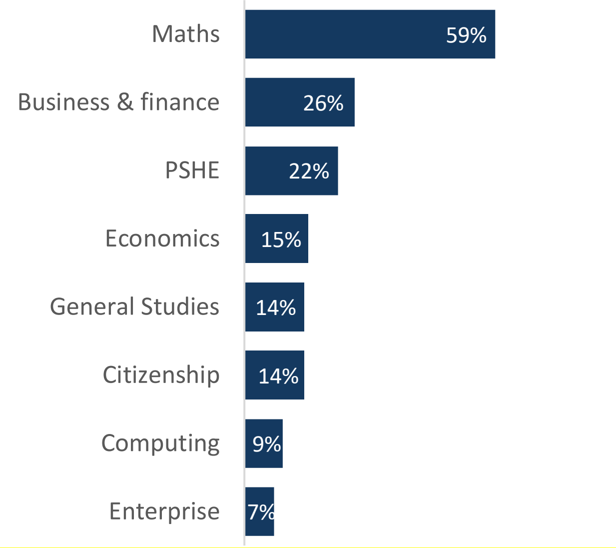
Chart seven: Recall of learning about managing money in school, by nation

Nation	All (age 7-17)	Primary school age (age 7-11)	Secondary school age (age 12-17)
All UK*	**38%** (-2%)	**33%** (-7%)	**42%** (+2%)
England	37% (-2%)	32% (-7%)	42% (+3%)
Scotland	45% (-1%)	40% (+0%)	50% (+0%)
Wales	40% (+5%)	40% (+5%)	41% (+6%)
Northern Ireland	39% (-18%)	29% (-26%)	48% (-10%)

Source: Have you learnt about how to manage your money in school or college?

**Figures in brackets relate to change since 2016*

Chart eight: Subjects in which older children recall learning about how to manage money



Source: Which subjects did you learn how to manage your money in? (Back coded) Main mentions shown only

Differences by type of school

Recall of financial education at school differs by the type of school. Of children in a private schools, 45% recall learning about how to manage their money in school, compared to 38% of children attending Academies or other state schools.

How children are learning about money in school

Subjects in which children of secondary and sixth form school age are learning about money

When asked in which lessons they recall learning about money, amongst those aged 12 to 17 the most common subjects include; Maths (59%), Business and Finance (26%) and PSHE (22%).

What money topics children of secondary school or sixth form age are learning about

Of children aged 12 to 17, 42% recall learning how to manage their money at school. To understand in greater detail, the money related topics that children may have learnt about in school, additional questions were added to the 2019 survey. These questions reveal that when prompted in depth and shown a list of money related topics, 59% can recall learning about three or more of them at school.

Amongst these older age groups (aged 12 to 17), the most common money topics learnt at school are money calculations e.g. worked out the interest on a savings account or loan (38%), savings (30%) and how to budget money (28%).

The figure of 59% may appear surprising compared to the figure of 42% of this age group who recall learning about managing their money in school. However, the list includes topics which are more similar to classic calculation based maths problems and talking about careers which can be more general than finance based. Excluding the more general maths and career topics from the analysis and leaving the topics which are more related to money management, for example, setting a budget, it appears that 50% of secondary school children remember learning about three or more financial capability topics. This is much closer to the figure for more spontaneous recall of learning about how to manage money that was reported earlier.

There is some evidence that financial education in schools is working. Young people who remember learning about a specific money topic in school tend to have a slightly better understanding of the topic. For example, those aged 11 to 17 who remember being taught how to read bank statements, bills or pay slips in school were able to read these financial documents more accurately – 88% who remember being taught how to read a bank statement in school were able to do so correctly compared to 84% of children who did not remember being taught how to read a bank statement.

The research shows however that more can be done. For example, only six out of ten (59%) of children aged 11 to 17 can correctly select the word "inflation" from a list of money related terms when presented with a description of the term.

Several different financial descriptions and terms were tested including children's understanding of the terms; inflation, pension, interest, tax and balance. Only 44% of those aged 11 to 17 years old correctly identified all the financial terms they were asked about.

What money topics children of primary school age are learning about

One third (33%) of children of primary school age (age seven to 11) recall learning how to manage their money at school. However, when prompted in depth and shown a list of money related topics, 63% recall learning about three or more of them at school. The topics they remember learning about include adding up the cost of different things (72%) and working out the change you would receive in a shop (59%).

Just as for the secondary school aged children, this may also appear surprising compared to the figure of 33% of primary school aged children who recall learning about managing their money in school. Though, again, when the most basic maths based topics are excluded, the percentage of those recalling three or more financial capability based topics such as saving money, how money is earned and bank accounts, reduces to 27% of primary school children.

How children are learning about money elsewhere

Outside of school (All ages)

Although not very common, some children recall financial education outside of school for example during sports clubs, faith groups and national youth programmes (such as the Duke of Edinburgh award scheme).

When asked whether they had learned to manage money anywhere outside of school, 5% mentioned they had learnt about managing money at a youth or community group (e.g. Guides, Scouts, social, etc), 4% mentioned a sports club or school (e.g. football, dancing, gymnastics, etc) and 3% a national youth programme (e.g. Duke of Edinburgh, etc).

At home

Only 7% of children say they talk about money with their teachers, but 69% say they talk to their parents.

However, while parents have an important role to play in teaching children about managing money, parents themselves are often not confident with money; 45% say they do not feel confident managing their money.

This means parents are not always able to fill the gap in children's understanding about money. Therefore, schools and other partner organisations have an important role in helping children learn about money.

The role of parents in their child's financial education is explored in more detail in the parenting report.

Why learning about money in school is important

Usefulness of learning about money in schools

Of those who recalled learning about managing money at school, almost all (90%) said they found this useful, and 44% agreed that learning about managing money had made a difference to what they do with their money.

90% (no change since 2016)

Of children and young people who had learnt about managing money in school said it was useful.

Source: CYP18a. How useful was it? Base: All who recall learning about managing money at school

Influence on financial confidence

The analysis provides strong evidence of a direct positive relationship between recalling learning about managing money in school and financial confidence. Half (50%) of those aged 11 to 17 who recall learning about managing money in school feel confident about managing their money compared to 41% amongst those who do not recall learning about managing money in school.

Children who remember learning about managing money in school are also more likely to talk about money with others.

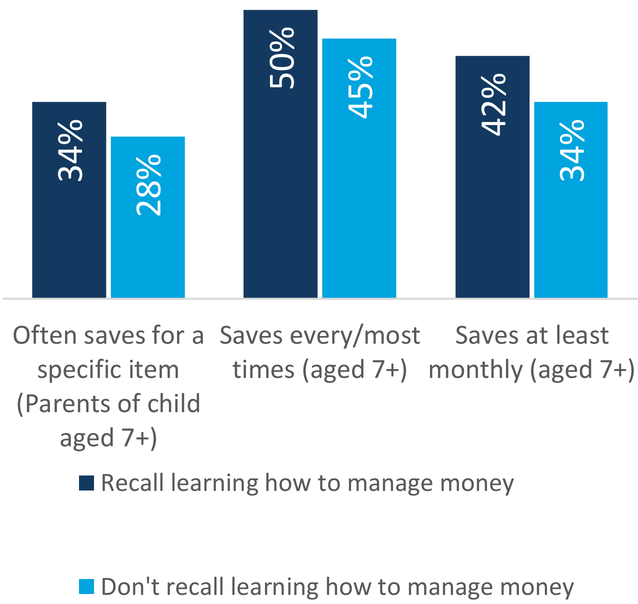
Influence on use of financial products and services

Those who recalled learning about managing money in school were more likely to use financial products and services than those who did not.
For example, those who recalled learning about money management in school were more likely to have a bank account (70%, compared to 58%) and, of those with an account, use it themselves either by putting money in (55%, compared to 43%) or taking money out (55%, compared to 49%).

Influence on active saving

Children aged seven to 17 who recall learning about managing money in school are also more likely to be active savers, by saving some of their money when they are given it and saving up when there is something that they want to buy (see Chart nine).

Chart nine: Influence of financial education on active-saving

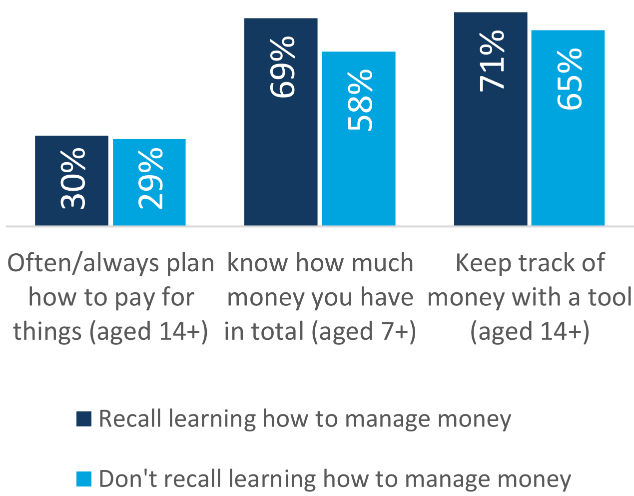


Source(s): How often does the child save up their own money to buy a specific item? When you get money, how often do you save at least some of it? How often do you put money aside into your savings?

Influence on day-to-day money management

Children learning about money in school also have better day-to-day money management in terms of planning how they will pay for things and keeping track of how much they spend and save (see Chart ten).

Chart ten: Influence of financial education on day-to-day money management



Source(s): How often do you plan how you are going to pay for things you need? Do you know how much money you have in total? How do you keep track of the money you get and the money you spend?