



Children & their financial futures: A generation unprepared?

28 March 2017

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Agenda

Time	Session	Presenter
10:30 – 10:45	Introduction	David Haigh – Director of Financial Capability (Money Advice Service)
10:45 – 11:15	Keynote speech and Q&As	Rt Hon Sir Vince Cable
11:15 – 11:55	The Journey from Childhood Skills to Adult Financial Capability	London Economics
11:55 – 12:30	Financial Capability of Children, Young People and their Parents	Insight & Evaluation Team (Money Advice Service)
12:30 – 13:15	Lunch (Devant Room)	
13:20 – 13:50	Vulnerable Children, Young People and Money	Ann Griffiths – Policy Manager (Money Advice Service)
13:50 – 14:50	Panel discussion	Jonathan Douglas, Director (National Literacy Trust)
	Panellists	Kirsty Bowman-Vaughan (Money Advice Service) Anna Whalen (Youth Homelessness Consultant) David Rowsell (Lloyds Bank) Richard Crellin (Children’s Society)
14:50 – 15:00	Closing remarks	Jonathan Douglas, Director (National Literacy Trust)



The journey from childhood skills to adult financial capability

Marguerita Lane, Viktoriya Peycheva,
Wouter Landzaat and Dr Gavan Conlon

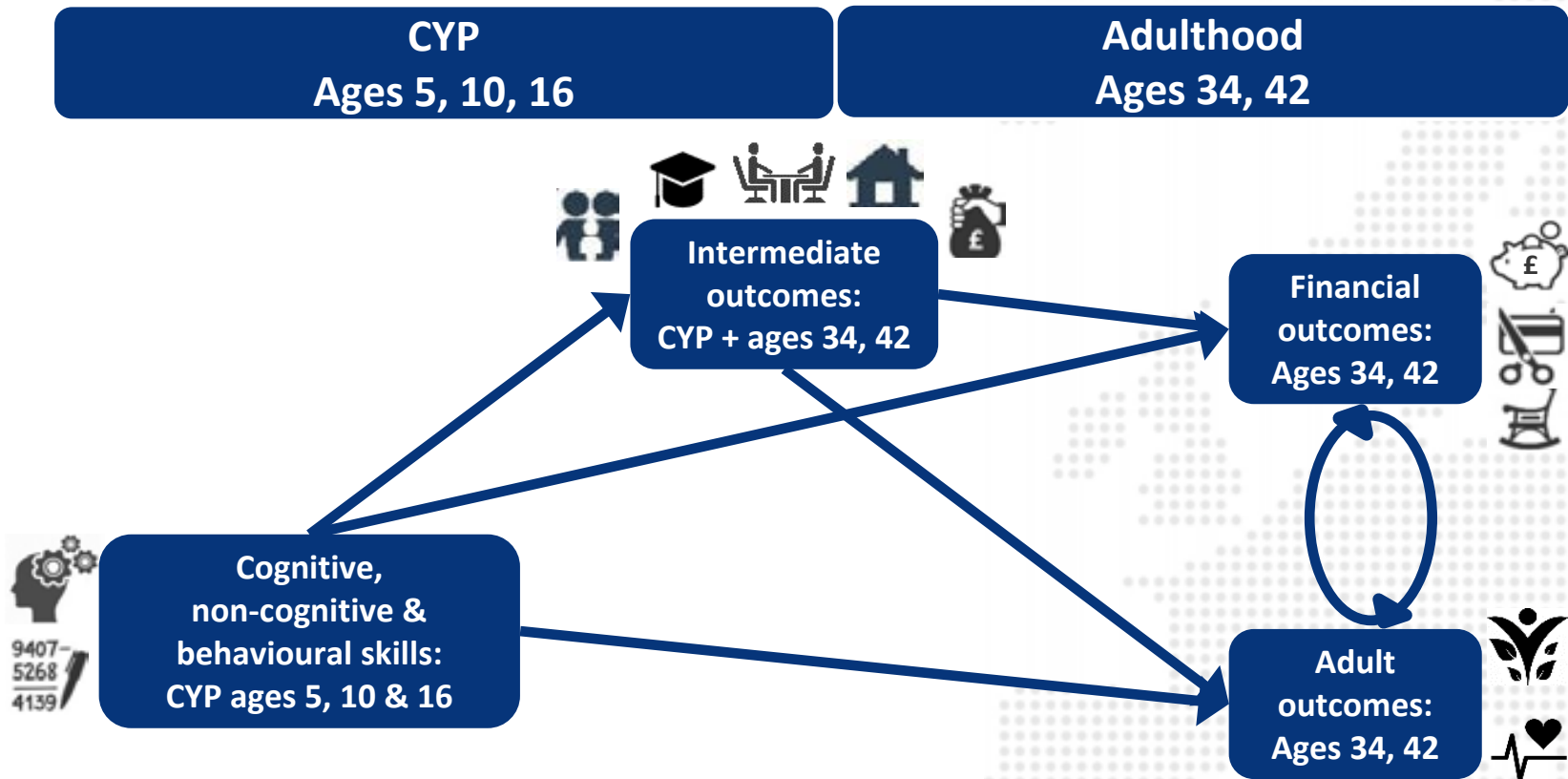
Wednesday, 17 March 2021



Project overview

Key aims

- To understand the relationship between **CYP skills** and adult **financial outcomes**
- To understand the relationship between adult **financial outcomes** and **other adult outcomes**



1970 British Cohort Study

- Covers 17,000 individuals born in England, Scotland and Wales in a single week of 1970
- Has tracked the same individuals over the last 47 years
- Contains information on health, physical, educational, social development, economic & labour market circumstances & other characteristics at different ages
- Previous research has found links between CYP skills and adult employment outcomes

The 1970 British Cohort Study does not cover **today's CYP**

– in fact, some of them are parents of today's CYP –

but provides a **unique opportunity** to explore the links between **CYP skills and adult outcomes**

Key indicators in BCS70

CYP skills (ages 5, 10, 16)

Cognitive skills	Behaviour
General intelligence tests	Agreeableness
Literacy/reading	Conscientiousness
Numeracy	Emotional health
O Level performance	Extraversion
	Good conduct
	Neuroticism

Non-cognitive skills
Academic self-concept
Challenge
Locus of control
Self-esteem
Self-control
Social skills



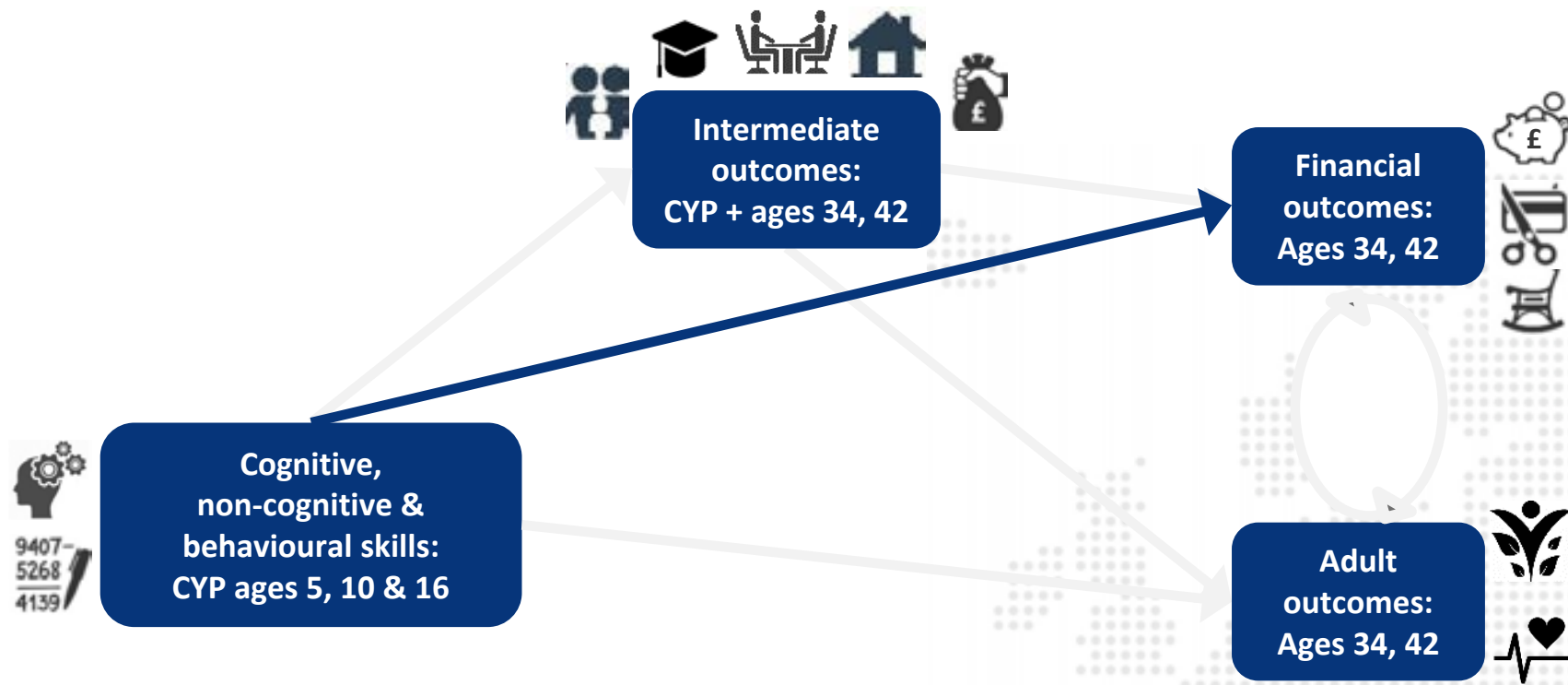
Adulthood (ages 34, 42)

Financial outcomes
Regular saving
Pension saving
Debt/income ratio
Financial self-assessment

Unless stated otherwise, the analysis **controls for childhood personal and socioeconomic characteristics** (gender, ethnicity, household size, parents' education & employment status, social class & family income, child rearing attitudes)



CYP skills & financial outcomes



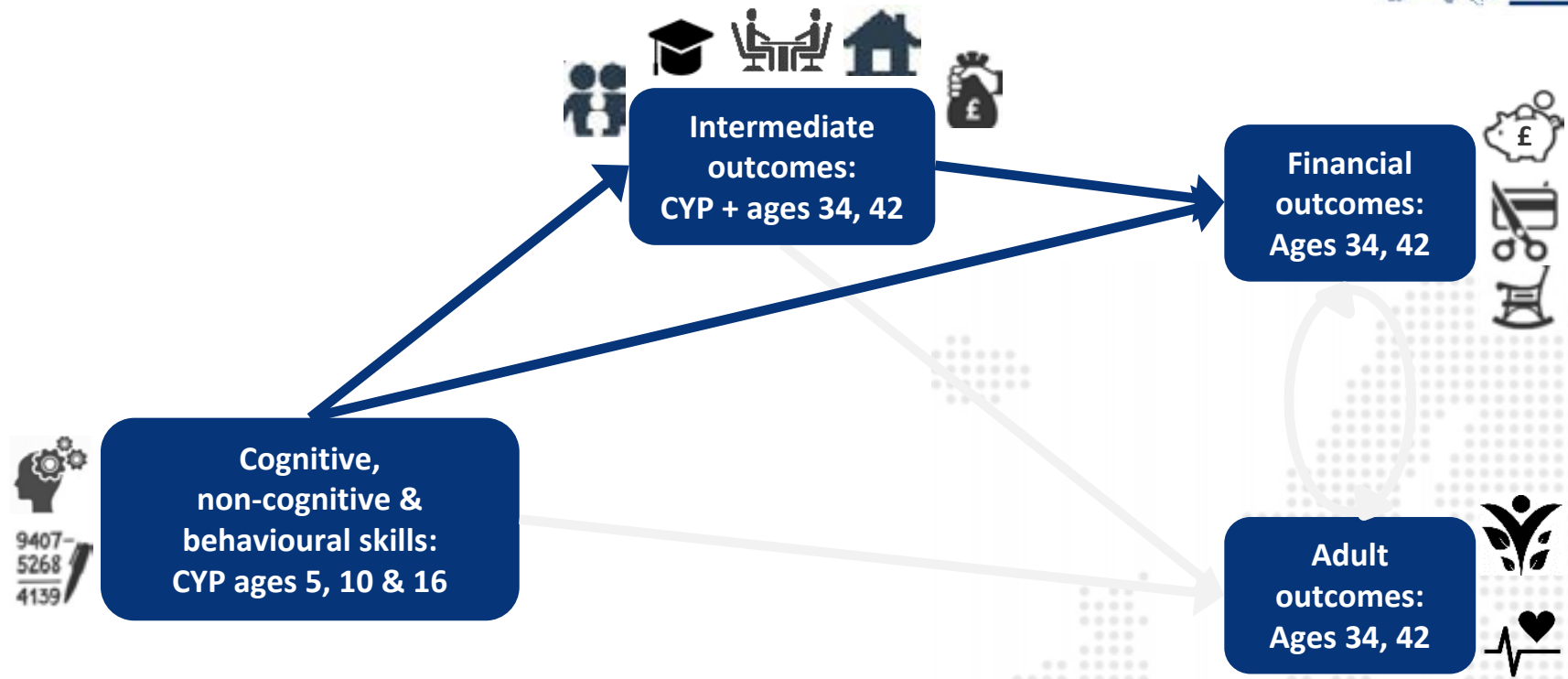


CYP skills & financial outcomes

Skill measure		Regular saving (age 34)	Pension saving (age 34)	Low debt-to-income ratio (age 42)	Financial self-assessment (age 42)
Age 16	Cognitive ability		█		
	Non-cognitive ability				█
	Behavioural score		█	█	█
Age 10	Cognitive ability	█	█		█
	Non-cognitive ability	█	█		█
	Behavioural score		█		
Age 5	Cognitive ability	█	█		█
	Non-cognitive ability	----- Not captured -----			
	Behavioural score		█	█	



Role of intermediate outcomes



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Cognitive, non-cognitive & behavioural skills:
CYP ages 5, 10 & 16

Intermediate outcomes:
CYP + ages 34, 42

Financial outcomes:
Ages 34, 42

Adult outcomes:
Ages 34, 42

Intermediate outcomes	
Educational attainment	Marital status
Employment status	Number of children
Income	Bereavement of child/parent
Home ownership	

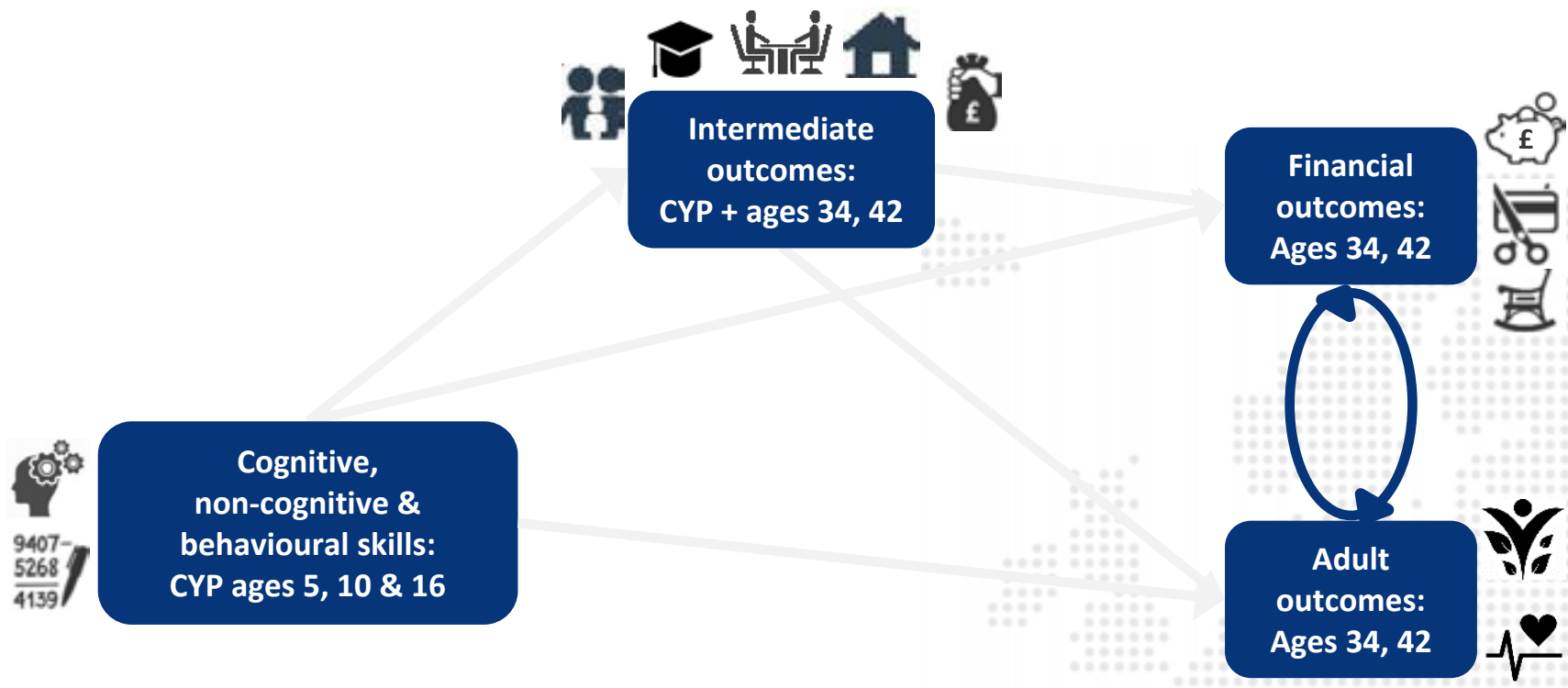


Role of intermediate outcomes

- By controlling for **educational attainment & employment status**, we see that the impact of skills is sometimes channelled through these *intermediate outcomes*.
- However, the relationship between some skills (at ages 10 & 16) and some adult financial outcomes appears **more direct**:
 - behavioural skills → debt/income ratio
 - most skills → financial self-assessment
 - cognitive skills → pension saving



Financial & other adult outcomes



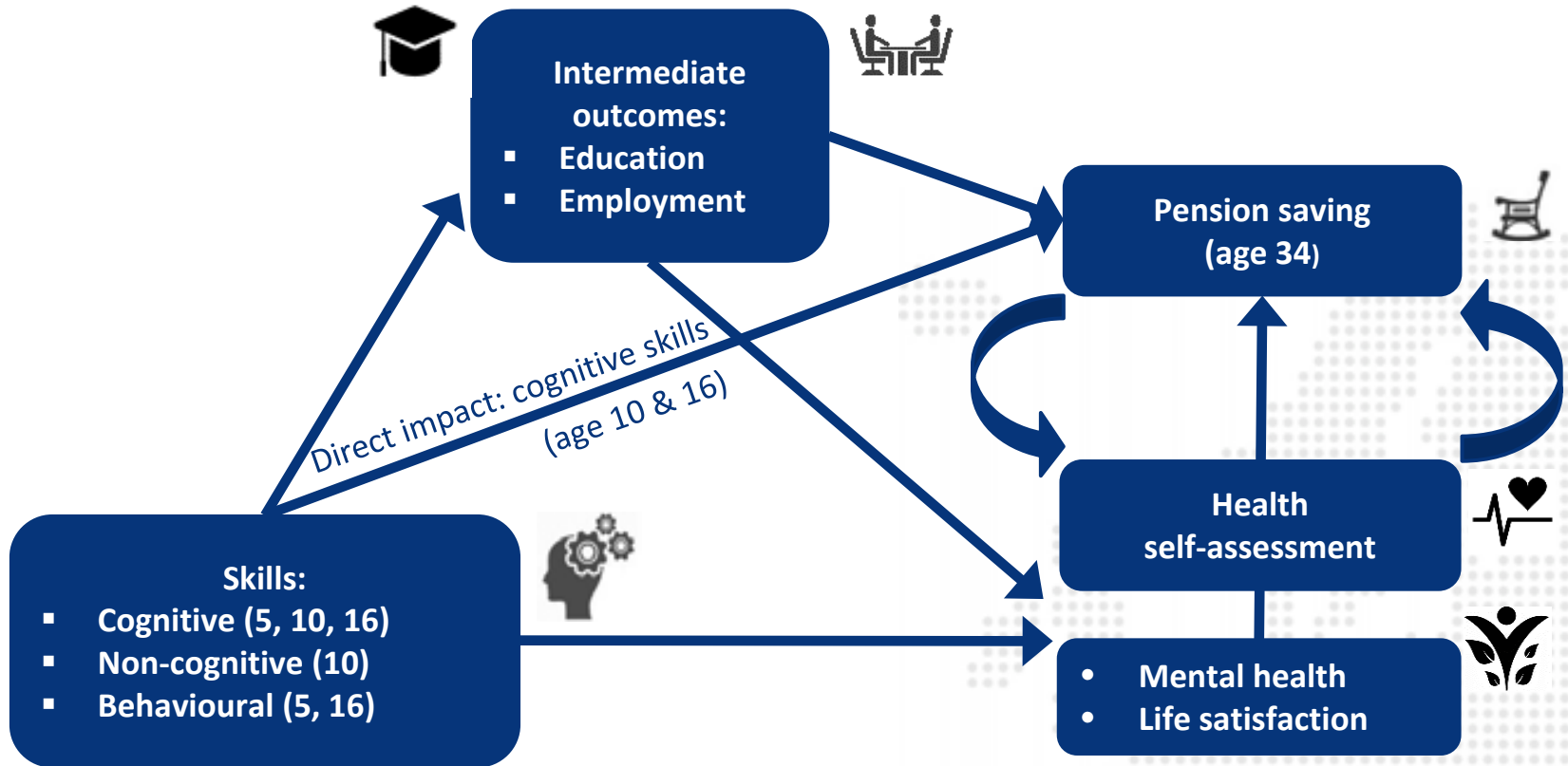


Financial & other adult outcomes

Financial outcome		Health self-assessment	Absence of long-standing illness	Mental health	Life satisfaction
Age 42	Low debt/income ratio	Dark Blue	Light Blue	White	Light Blue
	Financial self-assessment	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Age 34	Regular saving	Dark Blue	White	Light Blue	Dark Blue
	Pension saving	Dark Blue	White	Light Blue	Light Blue

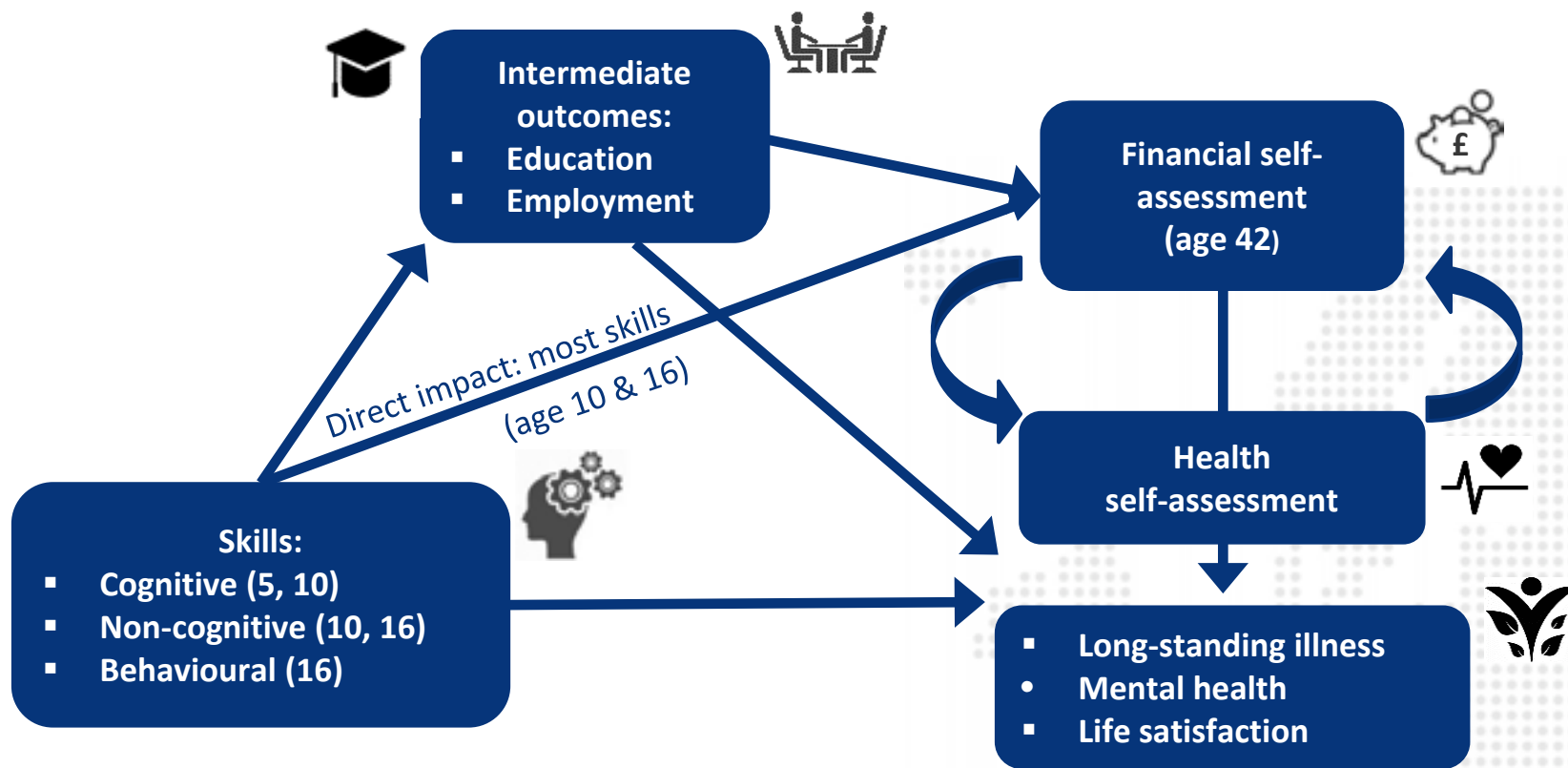


Pension saving





Financial self-assessment



What does all this mean?

- The British Cohort Study is an **incredible resource** that allows us to understand the **links** between a range of CYP skills and behaviours and adult outcomes

- **Everything matters and everything is connected!**
 - CYP skills and behaviours impact adult financial outcomes (**37 years later!**)
 - The impact of skills is **channelled through intermediate outcomes** such as education and employment – but some CYP skills have a **more direct** impact on adult financial outcomes
 - Skills are **important at age 5 – but start to become cemented by age 10**

- **Adult financial outcomes impact other wider adult outcomes and vice versa**

This means that there is reason to get involved **early in the education cycle** to prevent adverse outcomes later in life

Thank you

Contact details

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Financial Capability of Children, Young People and their Parents in the UK 2016

Helen Pitman and Shadi Ghezelayagh,
Money Advice Service

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**To understand
how children:**

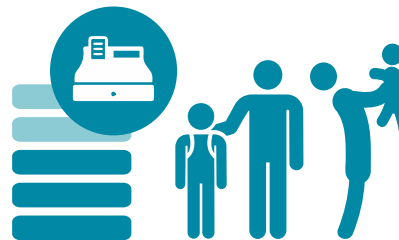
- Think
- Feel
- Behave

with money



**We asked children and
young people:**

- How they get, save and spend money
- Their attitude to spending, saving and debt
- Their confidence and understanding about money



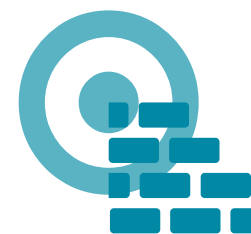
We also asked parents about...

Their own money:

- Attitudes
- Behaviours

Their view on their child's money:

- Skills
- Abilities
- Attitudes
- Behaviours



This allows us to:

- Pinpoint
- Target
- Build

2016 UK Children and Young People's
Financial Capability Survey



We've interviewed nearly
5000 4–17 year-olds



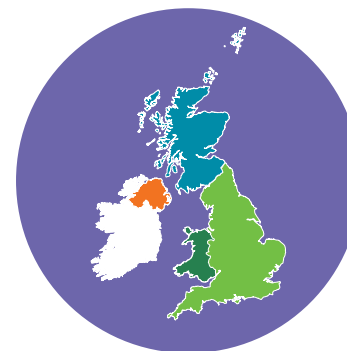
...and their parent
or carer has also
been interviewed



We interviewed **4–6**
year olds online



as well as **7–17 year olds**
both online and face to face



There will be
separate reporting
for each UK nation



and we plan to follow
up with the **15–17 year**
olds in 2017 and 2018

Overall baseline findings



89% of 4-6
98% of 7-17
have money of
their own

12% of 8-17
save money
every time
30% most
times

34% of 14-17
keep track of
money in their
head

17% don't keep
track

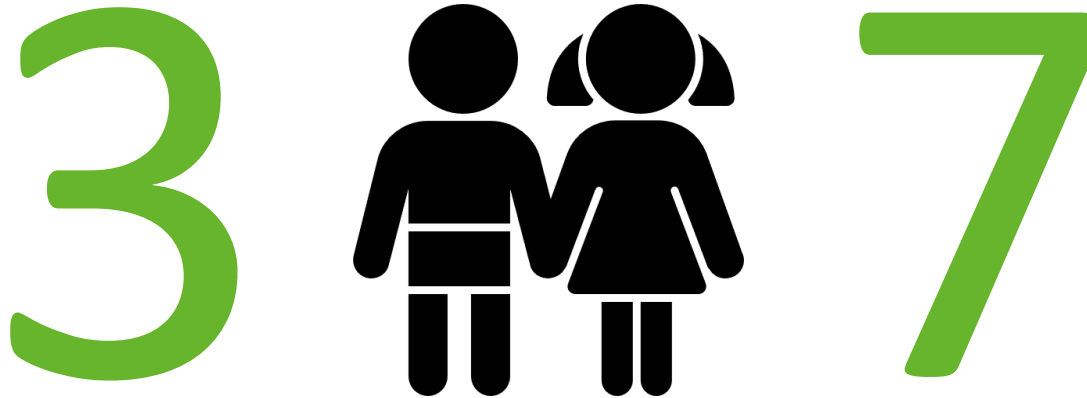
39% of 14-17
'always' or
'often' plan how
to pay for
something they
need

Importance of starting young

—



Our research shows that it's important to start talking about money at a young age:



Saver or spender?

Choose the one that is more like you

I like to save my money



I like to spend my money



Identifying as a saver increases with age:

38% of 4 year olds

46% of 5 year olds

58% of 6 year olds





Can you help me? I only have £5 to spend and I am hungry. I can spend it on a new toy or on lunch. Which should I choose?



Toy

26%



Lunch

74%

Children are more likely to choose needs over wants if:

- they identify as a **saver** rather than a **spender**
 - are **involved in spending decisions**



The journey into adulthood

CONTENTS





39% don't have a current account



60% don't have a savings account



18% have no bank account at all (neither savings nor current account)





32% have never deposited money



40% have never been into a bank



40% don't look after their own banking details





18% couldn't read a **bank statement** properly



59% couldn't read a **payslip** properly



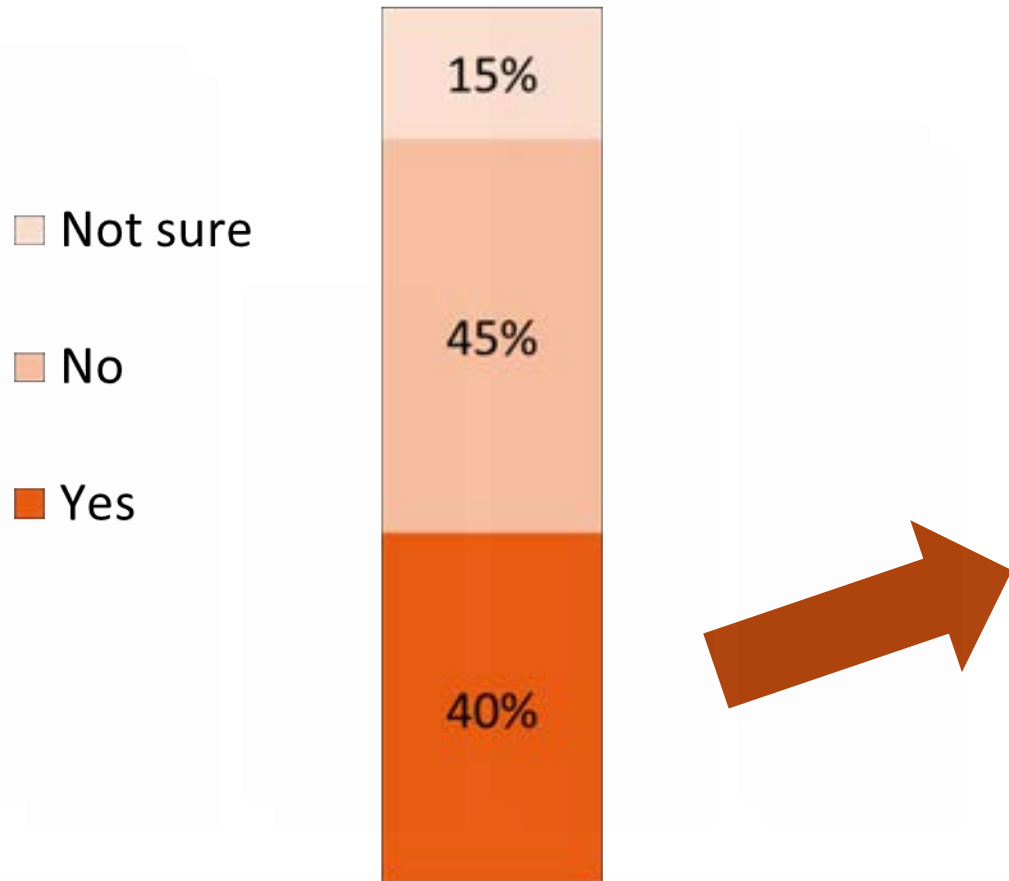
29% didn't know what would happen if you **don't pay your council tax**



Role of schools

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Of those who learnt to manage money at school **90%** found it useful



Role of parents

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Are parents important?

81% of parents believe they can affect how their children will behave with money when they grow up

90% of 7-17 year olds would go to their parents if they needed advice about money

But only 61% of parents say they are confident in talking to their children about money

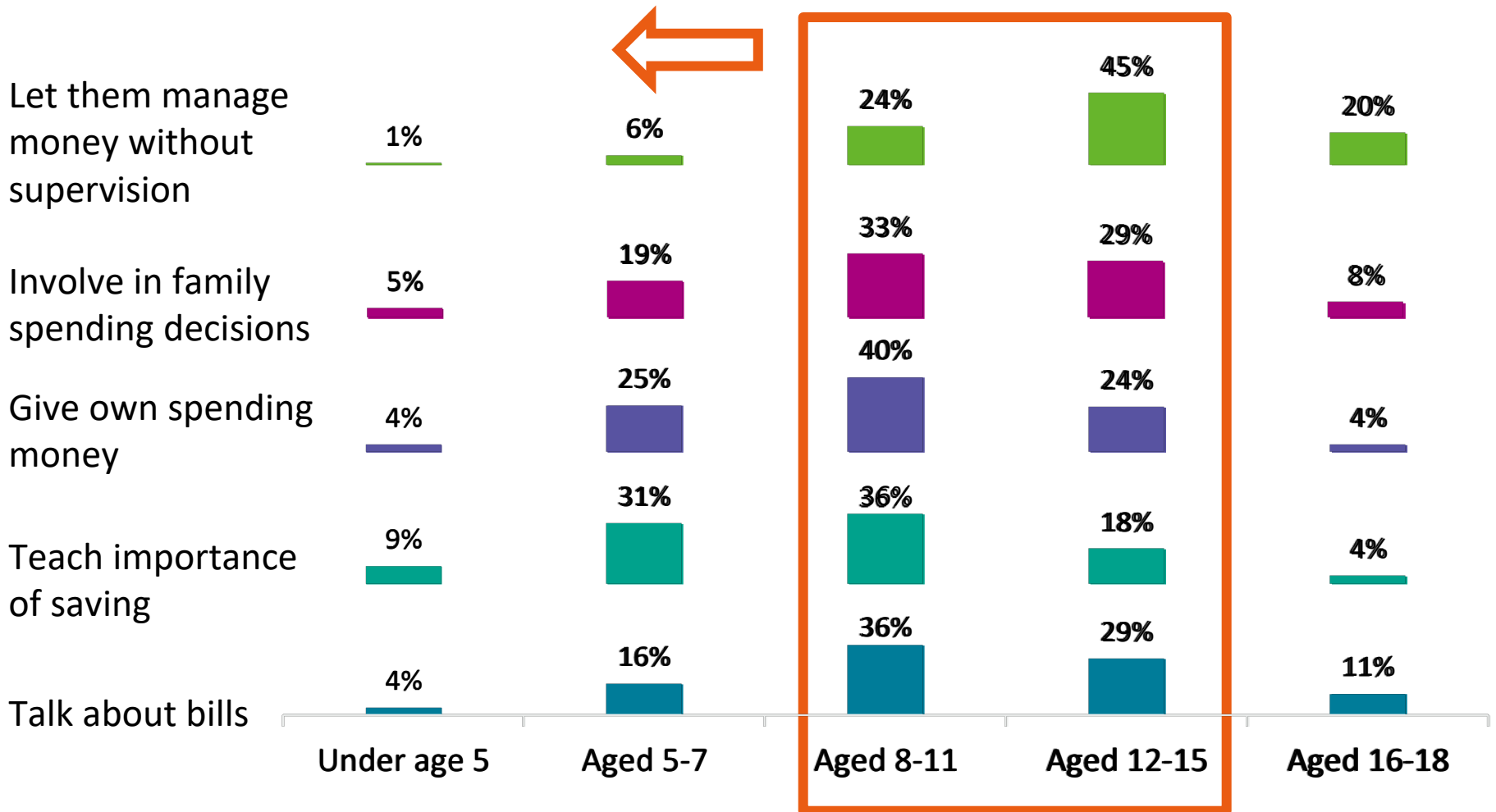


On average parents think children should have the freedom to start making mistakes with their money by the age of **13**

On average parents think a person's money habits and attitudes are established by the age of **11**



When to teach about money?




Further research





Giving
children
responsibility



Receiving
regular
money



Low-income
households



Thank you

moneyadviceservice.org.uk/en/corporate/research

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Vulnerable Children, Young People and Financial Capability





What do we mean by 'vulnerable'?



Living in families with multiple problems

Children with little experience of money

Children in care

Children with SEND

At risk of exploitation

NEETs

Young parents

Children witnessing financial abuse in the home



Children seeing poor money habits

Care leavers

At risk of homelessness

Young carers

Living in low income households

Experiencing health and/or mental health difficulties

Children with EAL

Gang experienced young people

Young offenders





What existing research says

- Topic remains poorly researched and there are significant gaps
- No consistency in terms and definitions
- Confirms some potential risk factors
- ‘Vulnerability’ more complex than just specific categories
- Not just about the individual – families, communities, systems
- Need for greater longitudinal work on paths and interconnections
- Strengths and resilience matter too
- Involving children and young people important





What stakeholders say

- Lack of evidence of effectiveness and ‘what works’
- Not much known about what CYP and practitioners believe issues & solutions are
- What matters for all CYP, e.g. trusted practitioners, timely and relevant, stands
- Need greater than provision – more gaps than delivery
- Competing pressures and demands on resources
- Hard to prioritise diverse, interacting needs and risks
- Little current work to embed fin cap in wider support



“I helped them sell drugs... I wasn’t thinking about what if I get used as one of these girls and stuff like that, at the time I was thinking money, money, money...”

Beckett et al, 2013

“Too many times you’re seeing, see your mum come back from work crying that it’s still not enough money... They say work 9 to 5, don’t sell drugs, but yet other young people out there are making a hell of a lot of money more than my mum.”

“My dad would go debt collecting and make me and my brother beat them up. He told us, this guy stole our money. He was a drug dealer so it wasn’t his money, but we didn’t know. We need that money to eat, rah, rah, rah.”

Densley & Stephens, 2014



“It’s not like we can eat three meals a day, like you should do, because we haven’t got the money to do that... So sometimes I go without food to give it me mum. Do you know what I mean?”

Becker & Becker, 2008

“I literally do everything on my own - sorting out bills, paperwork – I have always done them.”
Samayya, 16

Children’s Society, 2016

“A young person took out a £100 payday loan to pay for his gas and electricity as he had a sanction from his benefits as a result of one missed job centre appointment. This young person has a mild learning difficulty and his literacy skills are poor... This young person is now left with an interest of 1984% which he cannot afford”

Action for Children, 2014





Who can help?

Family keyworkers,
early help workers

Health
visitors

Teachers – schools
and colleges

JobCentre
Plus advisers

Parenting
practitioners



Teaching
Assistants
(inc. SEND)

Inclusion
teams



Child &
Adolescent
Mental Health
Services

Alternative
provision

Children's
Centres

Foster
carers

Housing
Associations

Sports groups

SENCOs

Youth groups

CABs and other local
advice (e.g law centres)

Housing
Officers



Faith
groups

Community
groups

Youth Offending
teams

GPs

Social workers

Neighbourhood Policing

MH/wellbeing
services

VCSEs – local
and national



We are – doing further research, understanding more about need and provision, exploring testing work in local areas

Practitioners and providers – are you thinking about how financial capability plays into children and young people's wider vulnerabilities?

Local commissioners – could financial capability be built into strategies, needs assessments, processes and procedures relating to VCYP?



Funders – are there specific groups your funded projects might benefit from considering? Could you test new approaches to work with CYP at particular risk?

Policymakers and influencers – what more could be done to consider financial capability needs in policy initiatives affecting vulnerable children and young people?

Researchers and evaluators – how could you address the huge gaps in research and understanding of what works in this space?

Questions?
Challenges?
Ideas?





Panel

Jonathan Douglas, National Literacy Trust (Chair)

Kirsty Bowman-Vaughan, MAS

Anna Whalen, Youth Homelessness Adviser

David Rowsell, Lloyds

Richard Crellin, The Children's Society



Thank you

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