FINANCIAL EDUCATION FOR YOUTH: EMPOWERING YOUTH THROUGH SCHOOLS

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I. RATIONALE FOR FINANCIAL EDUCATION FOR YOUTH AND IN SCHOOLS
I. Rationale for financial literacy in schools: Increasing needs....

New generations will bear more financial risks and financial services are getting more sophisticated

Students have access to financial products (internet, mobile, credit cards) and make important financial decisions at younger age

- UK - 52% of teenagers who have been in debt by the time they are 17
- Two thirds of OECD students have access to a bank account

Young generations are less financially skilled than their elders

- US - 27% of young adults know about inflation and risk diversification and can do simple interest calculation
- Lebanon - 69% of 18-25 don’t understand the concept of compound interest
- Peru - only 41% of young adults who can do a simple interest rate calculation

Youth are worried and want to learn

- UK - 96% of teenagers say they worry about money on a daily basis
- Canada - 63% young adults think it is very important to learn about personal finances at young age
Percentage of students who have a bank account (PISA 2012)

- Slovenia
- New Zealand
- Estonia
- Australia
- France
- Flemish Community (Belgium)
- Spain
- OECD average-13
- Shanghai-China
- United States
- Latvia
- Czech Republic
- Croatia
- Italy
- Israel
- Slovak Republic
- Poland

0 20 40 60 80 100
Percentage of students who earn money while at school (PISA 2012)

New Zealand
Australia
Flemish Community (Belgium)
Czech Republic
United States
Slovenia
Russian Federation
Israel
Slovak Republic
France
Estonia
OECD average-13
Latvia
Italy
Spain
Croatia
Shanghai-China

0  20  40  60  80
Rationale for financial literacy in school: the need for policy intervention...

- Parents are not evenly equipped to transmit sound financial habits
- Financial literacy is correlated with socio-economic status
- Financial literacy inequalities perpetuate across generations
Financial education in school bears fruits.

- Bridging financial literacy gaps across generations, socio-economic status and gender

**The best context**
- Teachable context
- Captive audience
- Quality of delivery

**Wide outreach**
- Youth
- Parents
- Teachers
- Broader community
II. ....and challenges in most countries

Ministries of education – level of interest?
- Curricula are *perceived* to be too crowded
- Financial education is a new topic
- Finance and education: two different languages and worlds

Teachers are not always well equipped, confident and may be reluctant

Students’ motivation?

Quality and sustainability of resources!

Still limited of evidence of what works best

PISA Financial Literacy
II. OECD/INFE POLICY TOOLS AND RESEARCH TO SUPPORT POLICY MAKERS
OECD/INFE project and policy tools on financial education for youth and in schools

2005 - OECD Recommendation: “Financial education should start at school”

PUBLICATION & LEAFLET 2014
- Rationale for financial education in schools
- Comparative report
- Guidelines on financial education in schools
- Learning Framework

PISA Financial literacy results, 2012
Next exercises 2015, 18

OECD/INFE core competency on financial literacy for youth provides a benchmarks of what young people age 15-18 y-old should know, be able to do and are willing to do in a financial context
Aim to be flexible and take into account countries’ specificities and education systems

Three parts:

- 1 - Framework and modalities of the introduction of financial education in schools
- 2 - Involvement and responsibilities of relevant stakeholders
- 3 - Design and implementation of adequate support means and tools
III. ASSESSING NEEDS AND TRACKING PROGRESS: PISA FINANCIAL LITERACY
Launched in 1997 / conducted every 3 years

Three core areas of assessment: Reading, Mathematics and Science

- Cognitive assessment: capacity of 15 year old students to apply knowledge and skills essential for their full participation in society
- Complemented by questionnaires on students’, parents’ and school’s background

More than 70 participating countries/economies
Economies participating in PISA Financial Literacy Option

**2012**
Australia, Belgium (Flemish), Shanghai-China, Colombia, Croatia, Estonia, France, Israel, Italy, Latvia, New Zealand, Poland, Russian Federation, Slovak Republic, Slovenia, Spain, USA

**2015**
Australia, Brazil, Canada, Chile, Italy, Lithuania, Netherlands, Peru, Poland, Russian Federation, Slovak Republic, Spain, United States, Belgium (Flemish); and Beijing, Shanghai, Jiangsu and Guangdong of the People's Republic of China

**2018**
IV. OECD/INFE CORE COMPETENCIES FRAMEWORK ON FINANCIAL LITERACY FOR YOUTH
OECD/INFE Core Competencies Framework on Financial Literacy for Youth

- Follows G20 call to OECD/INFE
- First international competencies framework
- Useful to identify outcomes
- Focus on things youth will need now and in the near future
- Covers knowledge, attitudes and behaviours
- Creates a foundation for adult competencies
OECD/INFE Core Competencies Framework on Fin Literacy for Youth

Money and transactions
- Money and payment methods; handling money; making and receiving payments; making purchases; accessing money
- Income
- Financial records and contracts
- Foreign currency

Planning and managing
- Budgeting; managing income and expenditure
- Longer term planning
- Saving; credit

Risk and reward
- Changing value
- Identifying risks; financial safety nets
- Balancing risk and reward

Financial landscape
- Financial service providers
- Scams and fraud
- Regulation and consumer protection; Rights and responsibilities
- Taxes and public spending
- Education, information and advice; External influences
A FEW TAKE AWAYS
A few take aways for effective financial education in schools

Framework and process:
- **Appropriate setting**: part of national efforts, agreed objectives, key players onboard
- **Consultation**
- **Look at international examples**
- **Ongoing support and incentives**

Modalities and supporting tools:
- **Harness champions**
- **Start as early as possible**
- **Remember that language is key**
- **Use real life content**
- **Consider access to safe financial services**

Evidence and sustainability:
- **Continue to assess, evaluate, compare nationally and internationally**
- **including through PISA Financial Literacy future exercises (2015, 2018)**
THANK YOU!

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