

Changing the Attitudes of Young People towards Personal Finance and Financial Capability: The Experience of Junior Achievement

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JA-YE Europe Survey Attitudes to Personal Finance and Financial Capability*



Who do people turn to for personal finance help and advice?

65% - family member
64% - their bank

Who should be responsible for educating young people about financial management issues?

71% - teachers 29% - banks
68% - parents 14% - Government

Who is responsible for making sure people borrow money sensibly?

65% - banks

A clear majority (78%) of respondents stated that they think young peoples' knowledge of their own personal finances is 'little', 'next to none' or 'none at all'. 20% responded 'a fair amount' or 'a great amount'.

Nearly all respondents (97%) felt that it was quite important or very important that young people learn about financial management whilst they are still at school.

*JA-YE Europe survey of attitudes to personal finance and financial capability amongst 1249 young Europeans , 2010

JA's Core Content



Every young person can achieve success in today's global economy. JA's hands-on, experiential program paves the way. Our enterprising alumni are more employable, start more businesses, see longer and better business results, and earn higher salaries than non-JA students. What makes this success possible? Our focus on three core areas of business education.



Workforce Readiness

High youth unemployment puts the financial future of an entire generation at risk. JA answers with cutting-edge skill-building opportunities that enable young people to find meaningful, productive careers.

JA alumni are 25% less likely to be unemployed, and they earn an average income 50% higher than non-alumni.



Entrepreneurship

Job growth is stagnant. JA answers with programs that spark the entrepreneurial spirit and teach the practical, day-to-day skills required to run a viable, long-term business.

JA alumni are 50% more likely to open their own businesses than non-alumni.



Financial Literacy

Financial independence, home ownership, and retirement are increasingly out of reach. JA answers with real world training in budgeting, spending, investing, and responsible use of credit.

JA alumni are 75% less likely to spend more than they earn.

Skills for Employability | Entrepreneurship | Financial Literacy

JA Bulgaria Elementary School Programs



JA Elementary school programs are the foundation of its K-12 curricula. Six sequential themes, each with five hands-on activities, as well as an after-school and capstone experience, work to change students' lives by helping them understand business and economics.

- ✓ Explain how family members' jobs and businesses contribute to the well-being of the family and of the community;
- ✓ Introduce the concept of needs and wants and explore the ways families plan for and acquire goods and services;
- ✓ Explain the importance of money to a city, paying taxes, and how people use different methods to pay for goods and services;
- ✓ Foster entrepreneurship and personal initiative;
- ✓ Focus on money management, spending and saving;
- ✓ Show how money flows in an economy;
- ✓ Reveal the variety of local and international businesses.



Skills for Employability | Entrepreneurship | Financial Literacy

JA Bulgaria High school programs



- ✓ **JA Banks in Action /Financial Literacy and Banking Management Program** – part of the core curriculum within “Entrepreneurship and Business” major in schools:
 - ✓The principles of the banking industry;
 - ✓Banking management;
 - ✓Financial literacy;
 - ✓Personal finance management.
- ✓ **Financial Innovation Camp** – an annual initiative that provokes students` knowledge and creativity in the financial sphere
- ✓ **CSR Financial Literacy Program with VISA Bulgaria:**
 - ✓Budgeting, money management;
 - ✓Loans, Credit and Debit cards.
- ✓ **My Life, My Finances** – a joint program with Financial Literacy Initiative
- ✓ **Company Program** – recognized as a best practice for entrepreneurship education in EU:
 - ✓Fundamentals of entrepreneurship and how to run a business;
 - ✓Marketing, Planning, Budgeting, Finance management;
- ✓ **JA Economics** – serves as a core curriculum:
 - ✓ Fundamental concepts of micro-, macro-, and international economics.

Junior Achievement: Bridging the financial skills gap

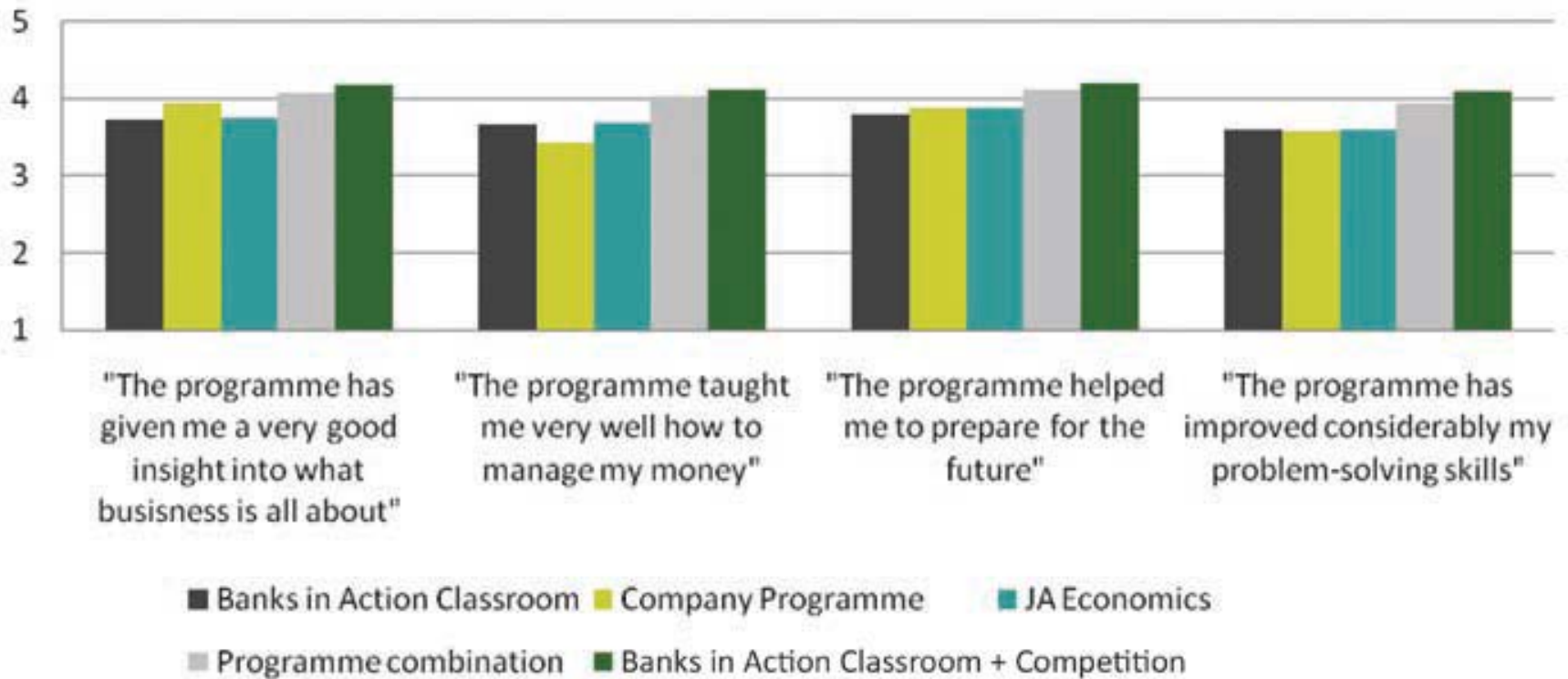


*The **Student company program**, where students not only develop a set of personal skills as a result of working on their own project, but also acquire at the same time business skills like financial literacy, drafting a business plan, developing market research and raising finance, among others. Therefore financial literacy and capabilities are an important component of this set of mindsets, skills and knowledge that we call “entrepreneurship”.*

Understanding the financial life-cycle is key, not only for managing our personal finances over our lifetimes, but for developing the financial products and services which will enable us to do so.

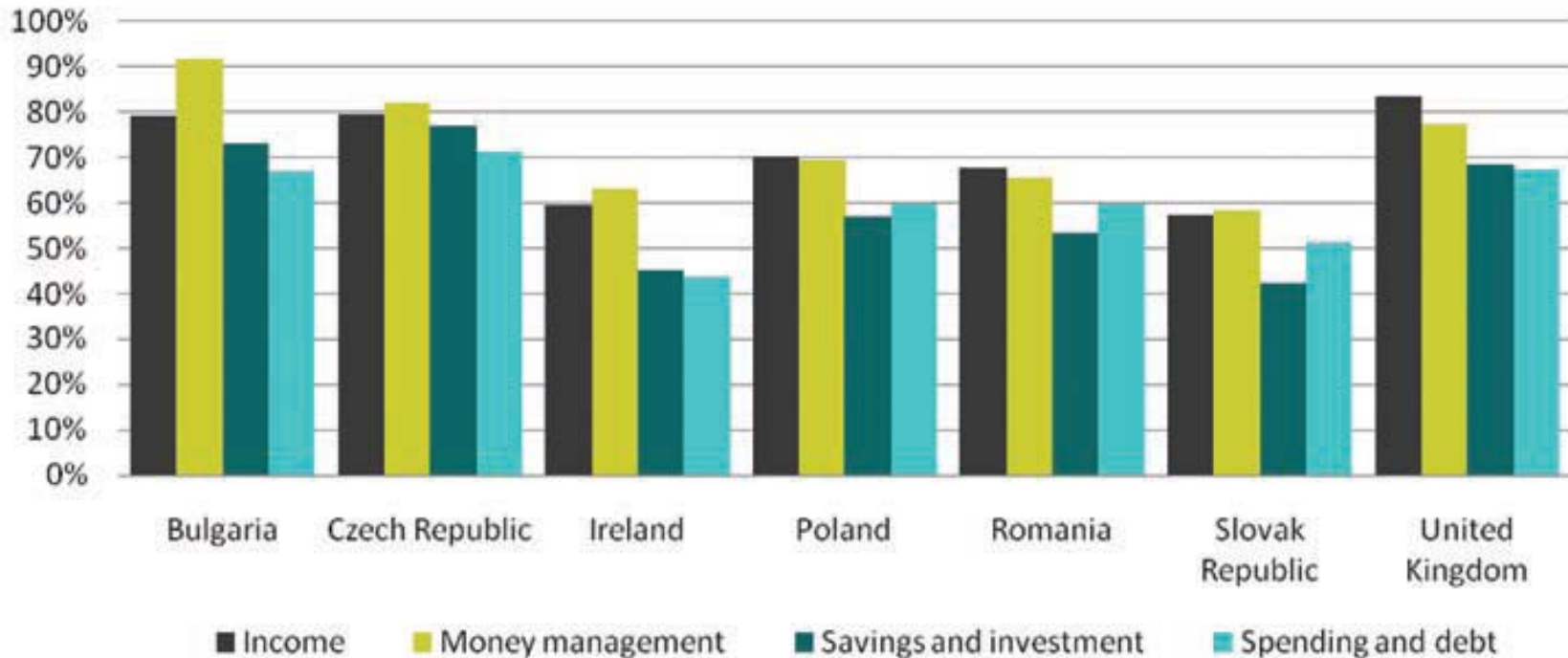


Business and life skills developed by JA-YE Programs*



*Financial Literacy Survey among JA-YE participants

JA Programs` impact on students` financial knowledge*



*Financial Literacy Survey among JA-YE participants

JAB Core Financial Literacy Program



JA Banks in Action Program/ Financial Literacy and Banking Management Program (part of the core curriculum within “Entrepreneurship and Business” major)

| JAB program | year | schools | students |
|---|-----------|---------|----------|
| JA Banks in Action | 2005-2006 | 10 | 300 |
| JA Banks in Action | 2006-2007 | 20 | 650 |
| JA Banks in Action | 2007-2008 | 30 | 850 |
| JA Banks in Action | 2008-2009 | 40 | 1100 |
| JA Banks in Action | 2009-2010 | 50 | 1400 |
| JA Banks in Action | 2010-2011 | 56 | 1400 |
| JA Banks in Action | 2011-2012 | 58 | 1500 |
| Financial Literacy and Banking Management Program | 2012-2013 | 60 | 2000 |
| Financial Literacy and Banking Management Program | 2013-2014 | 60 | 2000 |
| | | | 11200 |

JA Financial Literacy Program

“Education in financial literacy and capability is intrinsic to sustainable livelihoods and businesses. This is why it’s an essential component of JA-YE’s learning-by-doing programs. Young people will understand the concepts much better by seeing how it works in real life. Policymakers can significantly increase the level of financial literacy in society by promoting curricula that make the link between enterprise and financial literacy.”

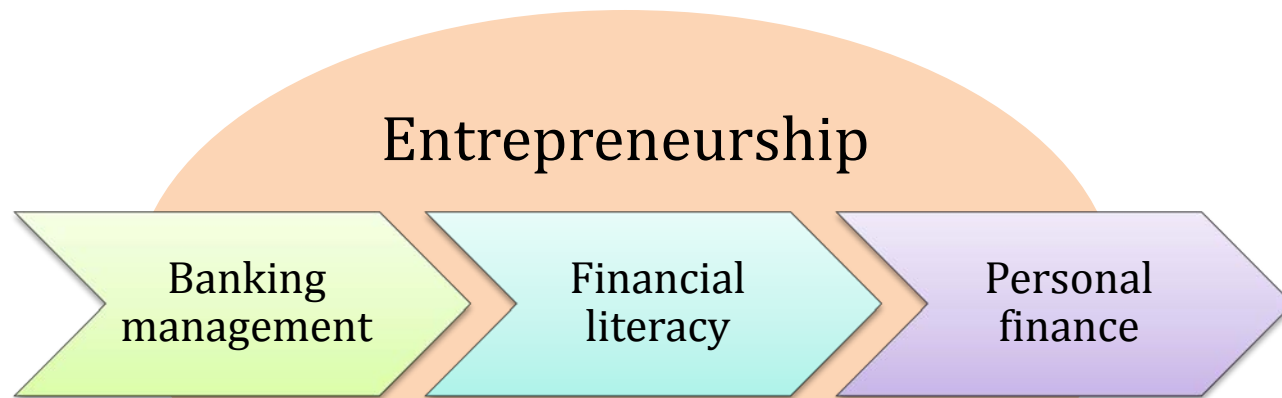


Fig.: Focus of JAB Financial Literacy Program

Good practice from JA network: Government policies

In Norway, the government has created a strategy to promote Entrepreneurship in education. The focus on entrepreneurship in education encouraged the tax- administration to develop cooperation with JA-YE Norway and the Cooperation Forum Against the Black Economy to provide young people with knowledge and understanding of the ethics and regulations involved in business and working life.

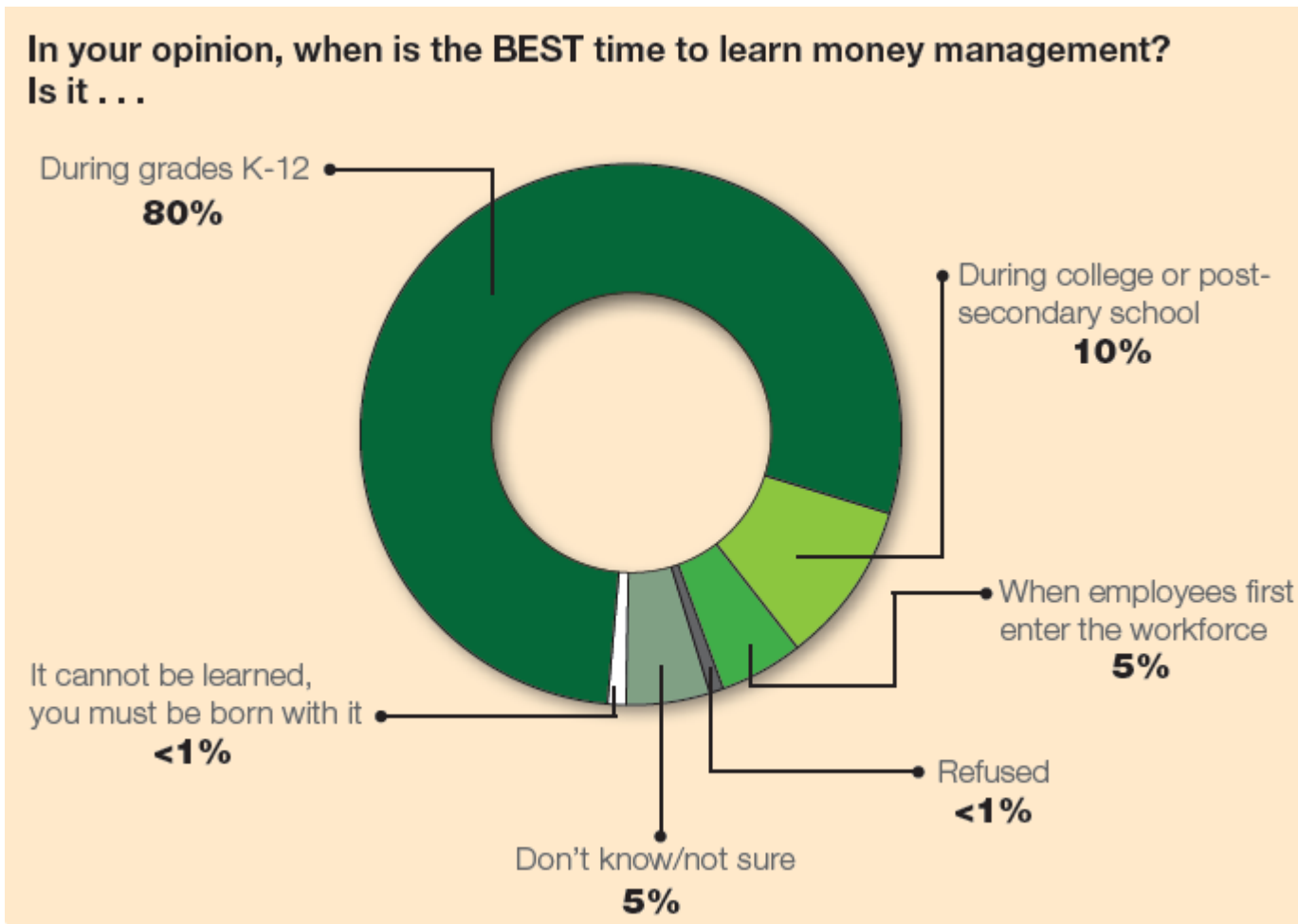
Good practice from JA network: The role of business and financial institutions



Many banks already support financial literacy programs as part of their corporate responsibility. The 'Banks in Action' program sponsored by the Citi Foundation is a particularly good example of learning by doing for the younger generation. It teaches secondary school students the principles of the banking industry and challenges them to come up with innovative products and services in a competitive environment. It is taught by teachers with the support of volunteers from the business community.

Romania's Banca Commercial Romania is addressing the problem of social inclusion, for example, through a pilot project with an NGO to create a bank for disadvantaged families. Banca Commercial Romania is also working with public institutions to address the problem of financial literacy through the school curricula. The focus is on education, not products and services, to prepare young people for when they have their own bank accounts and need to be able to manage money.

JA recommends: Financial education from an early age



Source: Teens and Personal Finance Survey, USA, 2012

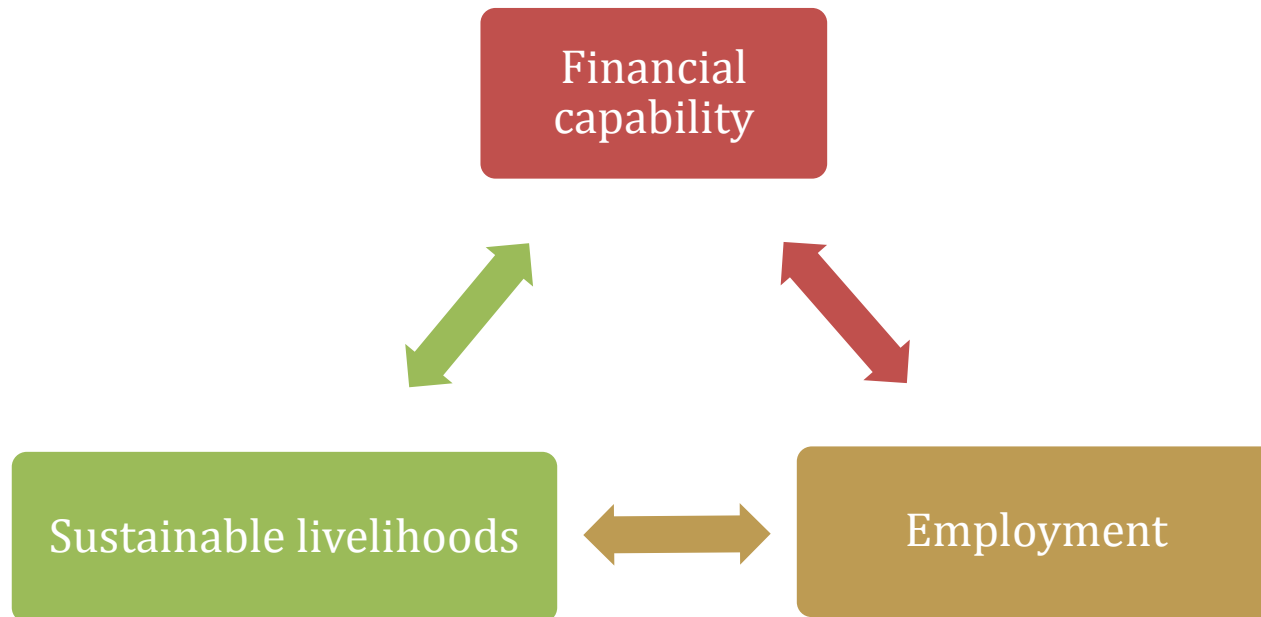
Properly equipped schools and teachers



In today's financial world, **financial capability needs to be taught as a basic life skill, alongside mainstream subjects**, to provide students with the ability to understand and make their own financial decisions. The problem with the school environment is that it has no real application of money. **Practical programs for teaching financial literacy** are required not only for students, but also for teachers themselves who often have limited exposure to the world of finance.

Teachers Qualification Programs are essential within this process. **Trained JA teachers, mentors and volunteers** may play a crucial role piloting and sharing best practices in the creation of a **financial literacy teachers network**.

By **investing in financial literacy skills** amongst the young, we can create a virtual circle between financial capability, employment and sustainable livelihoods.



Call to action



- ✓ Governments to place more importance on improving financial education and awareness – by integrating financial literacy into the school curriculum and linking it to entrepreneurship education policies.
- ✓ Business to invest in financial capability skills – through consumer education as well as reaching out to young people via schools, volunteering schemes and community programs.
- ✓ A focus on public-private partnerships as the most effective way to scale up best practice.
- ✓ However, it is the combined efforts of business, governments, educators and social partners that will provide the level and scale of activity needed to truly change financial attitudes and behaviour.
- ✓ There have been many initiatives over the years, but it is the combination of enterprise education with financial education that achieves the best results in terms of how well students can understand and apply the concepts in their own lives or businesses later on.
- ✓ Together, we need to start preparing our young people for a **more sustainable financial future**.