

Students getting ahead financially

Financial capability for secondary school students



Why financial capability matters

Today's students will face new challenges in their working lives and in their retirement as the population ages and the world around them changes. We need to equip them to be ready to meet those challenges.

The Commission for Financial Capability believes most New Zealanders can make smart decisions about money – providing they have the right tools and encouragement. Improved financial capability will give young people – *the retirees of tomorrow* – more choices and the opportunity to achieve better social and health outcomes for themselves, their family and whānau, and to actively participate in economic life.

Supporting learners to become confident, responsible and capable in managing their finances is part of the vision in the New Zealand Curriculum for young people to be confident, connected, actively involved, life-long learners.

The demand exceeds the supply

Students, teachers and school leaders all want more financial capability taught in school

DEMAND



SUPPLY

99%

of teachers see financial capability as important.

38%

of school leaders think financial capability has a high profile in their school.

83%

of students think it is important to seek advice.

60%

of teachers say they include some financial capability in their teaching.

73%

of students are keen to learn more about money and money management.

42%

of students say they have learnt some or a lot about financial capability at school.

77%

of teachers believe students' financial skills and knowledge are low.

51%

of students say they have had little or no financial education at school.

What's the story?

Students use lots of different financial products and services

88% have bank accounts

61% own EFTPOS cards

61% have used foreign money

37% work part-time

51% save regularly

79% have lent money to others

They get income from a range of sources

% SOMETIMES

% FREQUENTLY

Getting gifts of money **66** **17**

Doing jobs at home for money **36** **23**

Getting an allowance (pocket money) **21** **34**

Working at a part-time job for pay **13** **24**

Selling things that I own (e.g., on Trade Me) **24** **7**

Doing jobs for neighbours **12** **4**

Running my own business **1** **0**

They have positive attitudes towards money

74% say they know a lot about how to manage their money

95% say it is important that they have enough money

88% say that borrowing money is OK if you are able to pay it back



But they don't always put their knowledge into practice

74% know how to set goals

57% have set goals

59% know how to budget

27% have a budget



What students think about financial risks and rights

ASPECTS	STATEMENTS ABOUT RISK	YES %	NO %
 SCAMS	I know what a scam is	71	29
	I have been approached to respond to a scam	33	67
	I have been the victim	7	93
 SECURITY ISSUES	I have told others my EFTPOS or internet banking password	18	82
	I let other people use my EFTPOS card	17	83
 CONSUMER RIGHTS	I know my rights when I buy something	68	32
	I have returned products that I have bought because they are faulty	67	33
	I read guarantees or contracts that are on things I buy	51	49

The experience of teachers and students differ

STUDENTS

- Students agree that parents or caregivers are the most important source of financial learning
- Students saw their wider whānau as an important source of information
- Only 11 percent of students reported that they had learned 'a lot' from banks
- Students rated training courses outside school as the least important source of information
- About a third of students say they've learned something from their friends

TEACHERS

- Teachers agree that parents or caregivers are the most important source of financial learning
- Teachers thought whānau were a less important source of information
- Half of the teachers see banks as a major source of financial learning for students
- Teachers also thought training courses outside school should be a major source of learning
- Teachers think that peers are the least important source of financial information



What is holding us back and what can move us forward

- Making the case for the relevance of financial capability in a crowded curriculum
- Increasing the status of financial capability
- Getting buy-in from school leadership and parents
- Encouraging a cross-curricula approach to the teaching of financial capability
- Increasing access to both professional development and suitable resources

Here's how some teachers have built financial capability into teaching and learning



Financial capability is often seen as just acquiring the knowledge and skills but it is also about using that knowledge and those skills in real life.

The teaching of financial capability occurs mainly in related subjects, most commonly in economics, accounting, and business studies, but it can have a wider place in schools. Only 18 percent of teachers reported regularly teaching money matters within a curriculum area, although 64 percent reported using *teachable moments* to include it.

Conversations on money and finance sometimes spark up among the senior students. I shared my opinion with them and asked open ended questions to spark up more in-depth discussion. I still remember a male student asked me what caused the global recession while he was doing his artwork. I explained briefly what caused it and the effect of it. (Maths teacher)

In social studies, we did an activity called the 'Real Game' where we were assigned jobs and given choices about our lifestyle (house, vehicles, etc.) and taught how to budget things. (Student)

Teaching 'The Merchant of Venice' by William Shakespeare I include a section on compound interest.

(English teacher)

We did an exercise on how much it would cost a person who was both a smoker (20 cigarettes per day) and a drinker (2 beers a day) over their life-time. It would buy a moderate house!

(Health teacher).

The sourcing and costing of materials in making artworks. The time and labour involved in making artworks. The price of artworks. Artworks as investment.

(Science teacher)





What is Financial Capability?

Financial Capability encompasses not just the knowledge and skills needed in the modern financial world (often described as financial literacy), but also includes actively employing them.

Financial capability is defined in various different ways. The Commission for Financial Capability (CFFC) states:

Financial capability is defined as the ability to make informed judgements and effective decisions regarding the use and management of money. It is about having financial knowledge, and the understanding, confidence and motivation to make and implement financial judgements and decisions.



Read the full report or summary

The full report can be found at:

www.cffc.org.nz/secondary-school-report-2014

A summary report can be found at:

www.cffc.org.nz/secondary-school-summary-2014

A digital copy of the pamphlet can be found at:

www.cffc.org.nz/students-getting-ahead-brochure-2015

The Commission for Financial Capability (CFFC) has a strong interest in researching and promoting the role of financial literacy in schools.

They contracted the New Zealand Council for Educational Research (NZCER) to undertake a study of the place of financial capability in secondary schools. This pamphlet gives key findings of this research, conducted in 2014.

The research involved questionnaires that were completed by

2,646 students from Year 9 to Year 13 from a sample of 24 schools

196 teachers across all curriculum areas from a sample of 53 schools

39 school leaders in these schools