

Financial Education Sub Group Report



Meet the Group



Saffron

“I wanted to focus on financial education because I believe this is fundamental to independent living, and as someone who is neurodivergent and passionate about improving the opportunities for people with disabilities, I was concerned with how lack of financial education could be one of the barriers facing different communities, like those with disabilities.”



Niamh

“Many young people find that they have little to no financial education. I feel this is a massive problem as your finances affect most areas of your life and it is important to understand what is happening to your money. This means that resources for financial education need to be readily available and accessible so young people have access to easy to understand and reliable information that they can use to gain this understanding.”



Bobby

“I am currently in Year 13 studying A-Levels and I have had experience in Youth Voice on a local level. I decided to focus on education due to the demand for better financial literacy to engage young people. Through the sub-group and with the Bank, I hope to work with my colleagues to build a strong case for better financial literacy and create links with stakeholders to ensure that young people are better informed about their options in a 21st Century economy.”

Meet the Group



Tiegan

'I graduated from the University of Bristol in 2021 with a First Class Honours degree in English Literature. Since then, I have worked as a civil servant for the UK government. Growing up in rural Gloucestershire, I experienced the hardships of coming from a low socioeconomic background. I was not educated about economics and finance, despite these being the topics I needed to understand to create a more secure financial future for myself. I have always categorised myself as an 'arts and humanities' person, but this has led to a big gap in my skills and knowledge that I know is also present in many of my peers from a similar background to me. When I saw this opportunity to engage with the British Youth Council and Bank of England via this forum, I therefore jumped at the opportunity to apply and when joining earlier this year I always had the Financial Education angle in mind because it was the core reason I got involved with the forum



Dan

“I saw the education sub group as a great opportunity for young people to collaborate and share our personal perspectives and varied experiences in the pursuit of improving people's lives through financial education. As someone from a working class background I realise that marginalised voices need to be heard if we are going to achieve effective change that allows people to fulfil their potential without financial worry or confusion”



Anu

Aims and Objectives

When we reviewed the Bank's current financial education resources, we had concerns relating to the inclusivity and accessibility of the resources. The resources available on the website, that have mostly been designed for teachers to use as a teaching resource / lesson plan, were informative, however, we feel they are not well promoted amongst schools in the UK and we came to the conclusion that only those people already engaged in financial literacy, with an interest in economics, are likely to access them. We believe the resources should be designed to engage those who are typically less likely to be engaged in financial literacy and be using the Bank of England [BoE] website, such as those from disadvantaged backgrounds.



List of Objectives

- To review the BoE's current financial education resources from the perspective of inclusivity through our own knowledge and experiences, and from speaking to other young people and BoE staff members.
- To investigate the level of financial literacy of marginalised groups through surveys and polls.
- To consider how the design of educational resources could be more inclusive to marginalised groups of young people and provide a list of recommendations to the BoE.
- To consider how the delivery of educational resources could be more inclusive to marginalised groups of young people and provide a list of recommendations to the BoE.
- To consider what new resources could be provided in order to make the BoE's resources more relevant for a more diverse range of young people.
- To submit a report to the BoE outlining our findings and ideas in a list of clear, tangible, and achievable recommendations.

Secondary Source Report: Marginalisation in Financial Education



What is Marginalisation?

Marginalisation is a social exclusion whereby groups in society are denied or given limited access to institutions and opportunities through means such as a lack of representation and funding, and various forms of prejudice

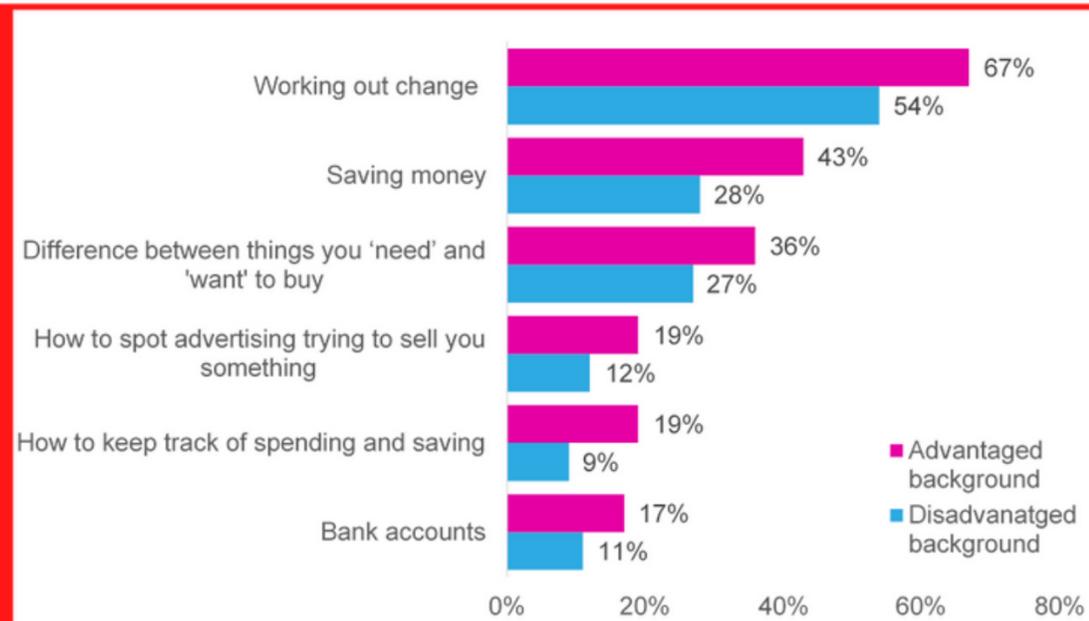
Marginalised groups can be from multiple overlapping demographics including: race and ethnicity, disability, gender, and socioeconomic level

Financial Marginalisation: This is a broad and complex issue to investigate, however the project at hand looks at a prominent area of marginalisation, that being financial education. This essentially means having the financial knowledge and skills to manage personal finance, budgeting and investment in order to have a stable, secure, and productive life

The Facts

One study by the FFT Education Datalab measured the percentages of children in primary and secondary school who had been given financial education in key areas such as bank accounts, savings, and taxes. They found that there was a 10% and 7% difference between lower and higher socioeconomic primary and secondary school pupils (respectively) receiving such knowledge

Socio-economic differences in the provision of financial education during primary school



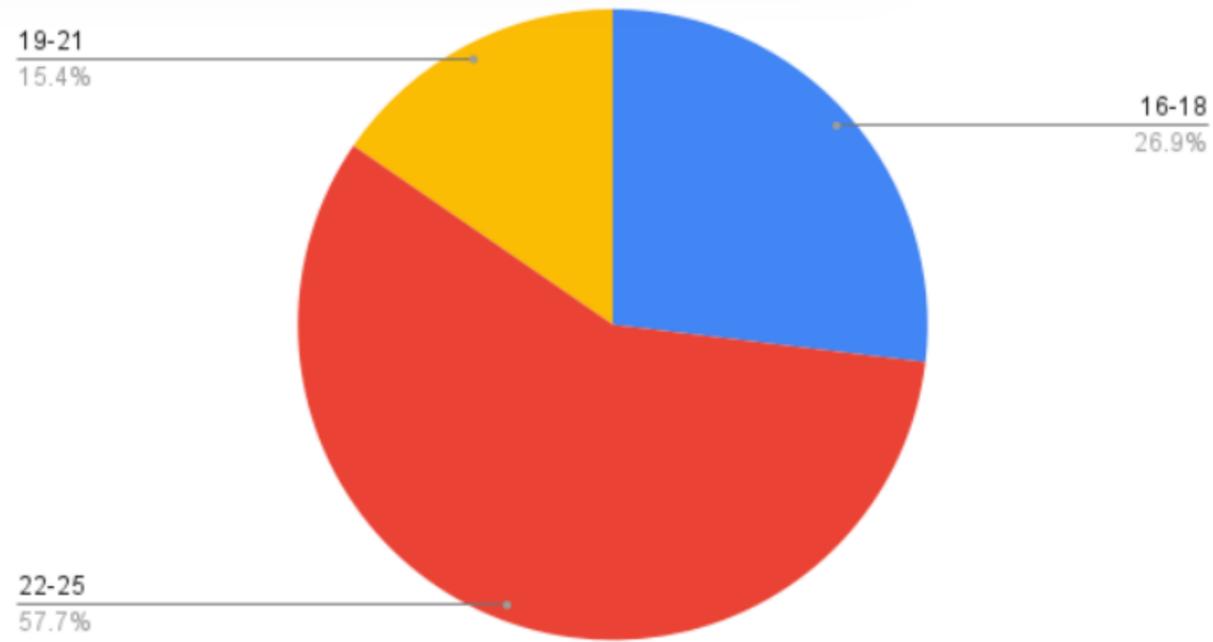
Similarly, ethnic minorities in the UK struggle more than white British citizens with personal finance. For instance, information from 'Fair4AllFinance' finds that Black Africa groups are four times more likely to be denied a loan, and Black Caribbeans 3.5 times more likely. Black and Asian minority communities have significantly lower levels of savings or assets than White British and minority ethnic communities. For every £1 of White British wealth, Pakistani households have around 50p, Black Caribbeans 20p, and Black African and Bangladeshi only 10p. This indicates that ethnic minorities lack access to financial knowledge which may prevent these statistics which is why it is so important to give attention to these marginalised groups as they have real life effects

Findings from the National Survey

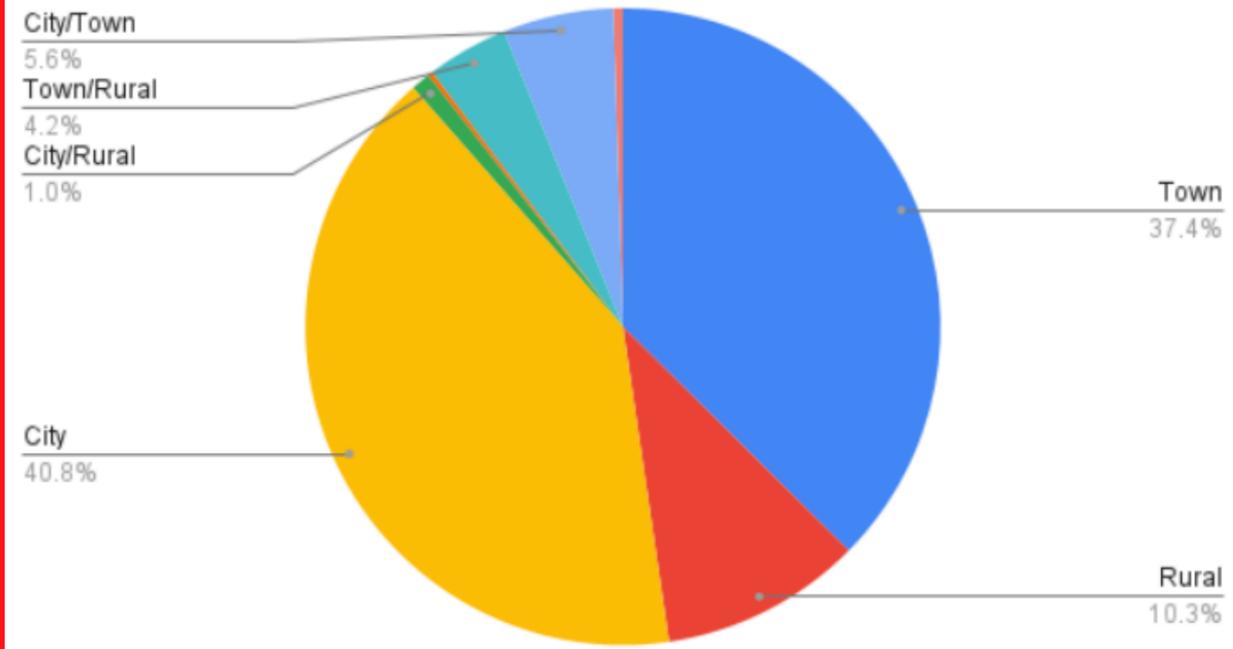
From March to April 2022, we ran a nation-wide survey which included a set of questions that aimed to gather some key data on the financial educational experiences of young people across the UK. The data gathered from the survey gave us some insight into which groups of people had more interest in the economy and finance, and the greatest awareness, as well as information about what areas of financial education were most lacking.



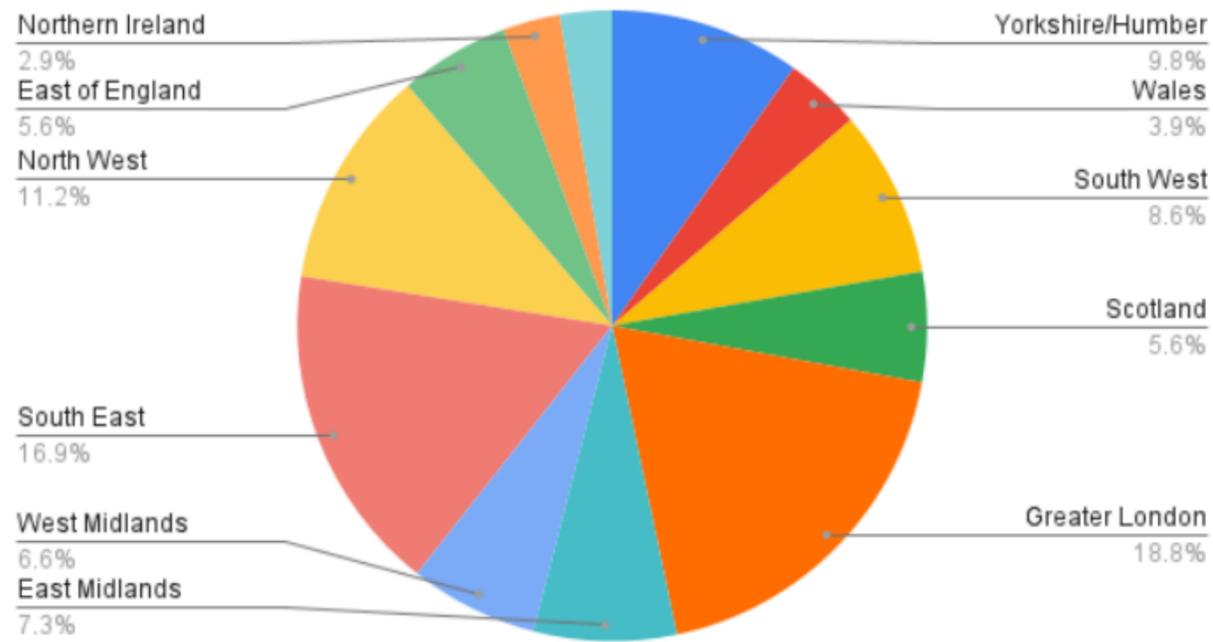
How old are you?



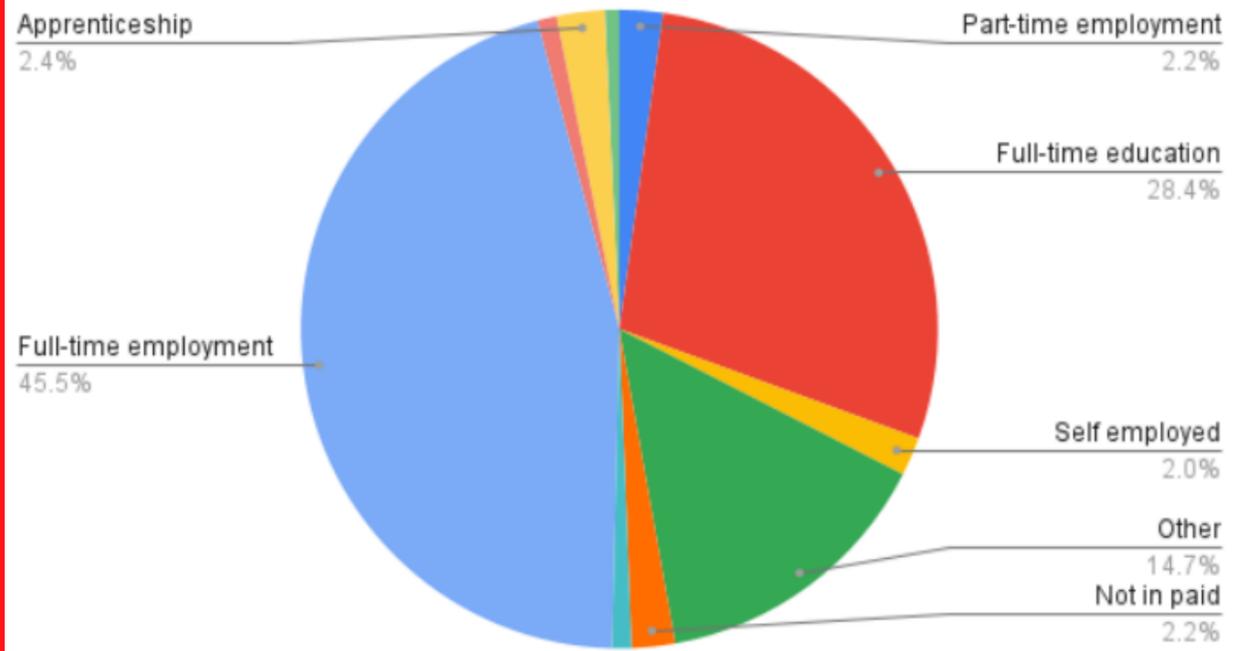
Which of the following best describes your location?



Which region/nation are you from in the UK?



Employment Status



Demographics: As the charts show, the greatest numbers of participants came from the 22-25 age category and were from the South East and Greater London, indicating that it is not until young adulthood that people seem to become more interested in being financially aware, and that there is more focus on finance in the South East and Greater London. This could be due to socioeconomic reasons such as greater wealth and privilege, greater cultural pressure, higher stress levels from 'city life', etc.

Key Findings

We asked: On a scale of 1-5 (1 meaning you are not confident at all, and 5 meaning you are extremely confident), how do you rank your understanding of finances?

The results said:

1 = 4% / 2 = 10% / 3 = 21% / 4 = 41% / 5 = 24%



The survey also showed that participants generally felt they were financially aware, with 65% of participants rating their confidence in their understanding a 4 or 5 out of 5. However, websites and social media were cited as the main (approx 60%) sources of financial understanding, and these have a much higher risk of bias, providing an incomplete range of information, and spreading falsities.

We asked: Which areas of finance do you feel that you have the least understanding of? (list is from less understood to most understood):

The areas of least understanding were stated to be cryptocurrencies, taxes, mortgages, and pensions, while the areas of most understanding were bank accounts, budgeting, credit/debit accounts, and tuition fees.

With the Bank primarily focusing on financial education in primary and secondary schools, these results significantly reveal that older groups of young people (those aged between 18-25 and who are venturing out into the world of ‘independent living’ either by going to university or first-time employment) are in need of greater financial education to help them navigate new experiences which require an awareness of finances and economic-related matters.

UKYP Conference

In June 2022, members of the BoE Youth Forum were invited to attend BYC's annual UK Youth Parliament Conference which took place this year in Hull. Young delegates (around 180) and BYC staff at the opening event for the weekend, under the theme of the 'Young People and the Cost of Living Crisis'



The six questions we asked were:

1. Would you say you have a good understanding of the economy and how finances work?
2. How much class time is dedicated to personal finance and the economy for you?
3. Would you say that the economy is one of the top 3 issues for the UK?
4. What would you say are the biggest economic-related issues in the UK at present?
5. Have you personally noticed a rise in prices in recent months?
6. Have you personally had to limit the amount you spend on entertainment (how frequently you buy yourself treats, go out with your friends etc) in recent months?

According to the results of these polls, 51% of young people have been taught about their personal finances in school and out of the 12% that said they had weekly education also said that they were studying Economics A-Level. 64% also said that they did not have a good understanding of the economy. This demonstrates that there is inadequate financial education for young people unless they have actively looked for the education.

When asked question three, most of the MYP's agreed that the economy is one of the top three issues in the UK (92%) and, when asked to expand upon this, they were mostly evenly split. 34% stated that the inflation rate was the biggest economic-related issue. The cost of housing and inequalities both had 24.5% and low wages is the lowest at 17%. This shows that, even though young people do not have a good understanding of the economy, young people understand the importance of the health of the economy.

Finally, 98% of the MYP's saw a rise in prices in recent months. 71% also stated that they had to reduce the amount of money that they had spent on entertainment and 17% stated that they had to reduce their spending "by a lot". This shows that the Cost of Living Crisis has not only affected adults, it has affected young people and the majority of them have had to change their lifestyle.

Recommendations

1. Build partnerships with relevant stakeholders such as across the education and financial sectors to raise awareness about Young People's options in relation to financial literacy and provide relevant information to inform Young People's decisions in relation to housing, personal banking, pensions, enterprise, etc.
 - a. This can involve collaborations with charities that work with the young people most in need of financial education, such as those from low socioeconomic backgrounds. As young people with limited knowledge of wealth management and mortgages due to their family circumstances, they are unlikely to receive this education at home. Charities working in this space include The 93% Club (focused on university students, where young people from low socioeconomic backgrounds are perhaps for the first time needing to budget a large amount of money), The Sutton Trust (they work with young people from aged approx. 16+ as they navigate their way through higher education opportunities), and Reclaim (this charity advocates for and empowers young people from 'working class' backgrounds to reclaim their identity and fight against injustices).

Recommendations

- 1.b. This could also involve purely networking related connections with youth organisations or marginalised community specific organisations in order to reach these groups, particularly those with their own social networks. Charities such as Ambitious About Autism run their own youth network and would therefore be able to provide important pathways to reaching these groups of young people, and spreading awareness of what provisions are available.
2. Create resources (with involvement from the Bank of England Youth Forum) that signpost young people to support.
3. Using partnerships and resources to provide information about careers and pathways into the Finance sector.
4. Engage Young People through a variety of media channels by partnering with Social Media content creators, charities and other organisations supporting young people so as to raise awareness of engagement opportunities in the Bank of England.

Recommendations

5. Develop resources specialised to topics relating to independent living, including going to university, mortgages, pensions, and buying a house.
 - a. A topic that could either be fed into other topics, or focused on in a specific resource, would be the short term and long term impacts of the cost of living crisis.
6. To specialise resources to greater inform a wider range of young people in terms of accessibility, including considering the development of easy read documents or more interactive forms of education, as well as the targeting of specialist schools or BluePrint education providers.
7. To create resources aimed at a slightly older age group (18-24) who would be most likely to confront issues surrounding independent living, rather than focusing on resources targeted towards primary and secondary school.

Recommendations

Our recommendations for future forums:

- One of our key aims for the National Survey was to collate data that could map demographic information onto the idea of financial literacy. We wanted to evidence our hypothesis that young people from disadvantaged backgrounds have less financial literacy than their more privileged peers. This hypothesis originated from our own discussions within the sub-group where we shared our personal experiences and understanding of economics as young people from different backgrounds. However, the demographic questions we wished to be included in the National Survey did not make it (disability status, socioeconomic background, type of school attended, gender, race/ethnicity). If these had been answered along with questions about financial literacy, our analysis could have been more detailed and relevant to our objectives. Next year, we would advise the sub-group to please work with the Bank further in advance to ensure these questions are added.

Recommendations

Our recommendations for future forums:

- Greater demographic information such as this would provide more support for some of our own recommendations, for example data on the access to financial education from the view of disabled young people alone would help to guide the specialising of resources in terms of accessibility.
- We would also recommend future forums to research and investigate examples of good financial education provision in order to provide a model for the development of current and new resources, in line with our own recommendations.