Case Studies of International Financial Education Initiatives

Gary Rabbior

Canadian Foundation
for Economic Education

Research paper prepared for the
Task Force on Financial Literacy

Date of publication: February 9, 2011

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For more information on the Task Force on Financial Literacy, visit **www.financialliteracyincanada.com**

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Gary Rabbior
President, Canadian Foundation for Economic Education

Executive Summary

This report presents five case studies of international financial education initiatives for the public school system. It looks at the U.S., the U.K., Ireland, Australia and New Zealand whose efforts are demonstrating leadership in the financial education field.

Many countries are showing greater interest in improving the financial literacy of their citizens. Schools are being asked to play a role. In the past, economic and financial education accounted for a minor part of the curriculum. But the education system is starting to assume greater responsibility for preparing young people for the many financial challenges and decisions that lie ahead.

Governments face many common challenges in implementing financial literacy efforts, such as defining what financial literacy means; articulating the reasons for its importance; introducing financial education into the school curriculum; developing teacher expertise in this area; determining the best strategies and resources for delivering instruction; developing national strategies; and evaluating the learning outcomes and effectiveness of the programs.

Emerging Trends and Priorities

In developing financial education efforts, countries are placing greater emphasis on behavioural outcomes as well as the transfer of knowledge and the development of skills. At the same time, they are focusing attention on younger grades where the likelihood of affecting behaviour is greater. They are working to identify the financial knowledge, skills and behaviours that are most important and what the target outcomes of financial education programs should be.

Educators are grappling with how to prepare young people to contend with the large array of financial choices they will face, how to make sound and effective decisions and how to ask the right questions. Research has found that people make less thoughtful decisions or are unable to make any decision at all when they are overwhelmed by choice. This applies to many areas of financial life such as choosing a financial institution, a credit card, a mutual fund, and so on. As a result, schools are placing an increased focus on effective decision-making skills.

Schools are also recognizing the importance of helping young people attain self-development attributes – such as self-efficacy, self-esteem, self-confidence, and self-awareness – and the role these attributes can play in fostering financially capable adults.

Groundwork needs to be done in advance to help educators be well-informed about financial education and the rational for teaching it. Success will be better assured if educators willingly accept new financial education programs rather than being forced to provide them.

Financial education programs ought to focus less on content and more on nurturing target behaviours and self-development attributes. Financial education efforts will be more effective if, rather than trying to teach too much, they limit the target number of learning outcomes.

Why Interest in Financial Education is Increasing

Governments are showing greater interest in providing financial education in schools partly because of the severity of the recent economic downturn. In addition, individuals are taking on more complex financial responsibilities. They are also living longer and facing greater financial challenges. At the same time, children and teenagers have more influence on the financial decisions made by households than ever before.

As it becomes more apparent that financial education is an important life skill, schools are being asked to take on a greater role in providing financial education.

Financial education can play a part in alleviating economic disparity and helping citizens understand how government programs work. It can also make people less financially dependent on government support and reduce the cost of social programs.

Financial education can also lead to a better understanding of financial products and services offered by financial institutions and prepare citizens for financial decision making. It can help alleviate the potential for accumulating too much debt. And it can help young people spot and avoid potential scams and fraudulent schemes.

What Canada Can Learn from Financial Education Programs in the U.S., the U.K., Ireland, Australia and New Zealand

The U.S., the U.K., Ireland, Australia and New Zealand have had financial education efforts underway for several years. These countries have been working to develop definitions of financial literacy, a rational for providing financial education programs, national strategies, core competencies and target outcomes.

The U.S. Treasury has developed a list of core competencies that identify key areas of learning including earning, spending, saving, borrowing, protecting against potential catastrophes and identifying theft and fraud. It has also developed a national strategy that outlines activities to support financial education efforts.

In the U.K, the Financial Services Authority has developed a national strategy for financial capability. Targeted outcomes include reducing levels of problem debt, increasing savings, facilitating the appropriate choice of insurance products, reducing welfare dependence and enhancing competition in the marketplace. Responsibilities for leading financial capability in the U.K. have now been assigned to the Consumer Financial Education Body (CFEB).

In Ireland, the National Consumer Agency established a National Steering Committee on Financial Education that has developed a framework of target learning outcomes to guide the implementation of financial education in schools.

The Australian Securities and Investments Commission has set targeted learning outcomes for various grade levels. Financial literacy instruction is integrated into existing courses such as Math and English.

The New Zealand Ministry of Education has assumed responsibility for the ongoing development of financial education in schools. An advisory board is planning to develop a specific action plan. The Retirement Commission provides national leadership and guidance.

Efforts are underway, or have already been undertaken, in each of these countries to produce appropriate resources and web sites and to support teachers who are largely untrained in this area. Various international groups such as the Organisation for Economic Co-operation and Development and the European Commission also have efforts underway to facilitate discussion, planning and research.

Little has been achieved internationally in evaluating the effectiveness of financial education efforts, primarily because programs are still in the infancy stage. One U.S. study has questioned the efficacy of financial education programs in American high schools and has called for more to be done in younger grades. Others have questioned the conclusions of the study, arguing the problem lies with the programs, their implementation and the evaluation itself. Other evaluation efforts, such as those undertaken in the U.K., are showing more positive results. Efforts are also underway to develop an international framework for evaluating financial education programs under the auspices of the OECD.

National governments are placing a high priority on financial education and have begun to support efforts by other levels of government. However, it remains a challenge to engage states, provinces, territories, local boards and schools to show a similar level of priority and commitment. In Canada this is starting to happen. Some provinces, including Manitoba and Ontario, are integrating compulsory economic and financial education into school curriculums.

The Challenges Ahead

The field of financial literacy is starting to move forward. New research, leadership and evaluation efforts are underway. However, new challenges have emerged. Getting financial education programs into school curriculums and determining how they should be taught – whether they should be integrated into existing courses, taught separately, or some combination of the two – remains a challenge. Countries employ different approaches and there is no consensus on what works best.

Various countries have efforts underway to determine what financial education programs ought to achieve and what knowledge, skills and behaviours ought to be learned, but again, no consensus has been reached.

Many teachers lack the necessary background and expertise in this area and the provision of teacher training remains a challenge.

Some countries have undertaken evaluation efforts. The OECD also has an international working group in this area. However, better evaluation efforts to assess financial education programs and their outcomes are required.

Conclusion

Canada can learn from the experiences of other countries that are leaders in the field of financial education. Canada is in a position to provide strategic global leadership in the area of financial literacy by supporting the development of solutions to address these challenges, specifically by making contributions in the areas of research, evaluation and teacher training.

1. Introduction and Preamble

The field of financial education is very dynamic around the world. That it makes reports such as this one challenging – and similarly the work of a Task Force such as the one that is in place in Canada.

For example, if this report had been written prior to June 2010, responsibility for financial education in the U.K. would have been held by an entirely different body than it is today. The draft financial strategy and core competencies for the United States would have been different. The prospects for "statutory" (compulsory) financial education in the U.K. would have been very different.

Dynamic. Changing. Evolving. Turning. That creates both the challenge and the opportunity. Change is the generator of opportunity, and if there is one thing that has been dominant in the world of late it has been economic and financial change.

Providing leadership and stewardship, as has been charged to the Task Force in Canada, is one such opportunity.

1.1 What is the Challenge?

As the goal of improving financial literacy receives increased attention around the world, there is a similar increase in the extent to which the schools are being looked upon to help address the challenge.

1.2 Teaching What Society Believes is Important

The school years are when society has a "captive learning audience," when students are provided with knowledge and skills which society believes are important – and which will help prepare young people for the challenges and opportunities of life. In the past, economic and financial education has not been assigned a high priority as curriculum for the schools has been developed and revised. This may have been because financial matters were less complicated – or because it was assumed that parents were responsible for this education, or perhaps for other reasons. But things are changing, and "society," via the school system, is starting to assume responsibility for helping to prepare young people for the financial challenges and decisions they will face.

1.3 Laying a Foundation for Lifelong Learning

In addition, the school years are also when societies aim to create a foundation of knowledge and skills that individuals, once equipped with the basics and fundamentals, can then build upon through lifelong learning. Adult education, and the capacity for lifelong learning, are dependent on the learning foundation that is established in schools. To be able to continue learning over the course of one's life, as needs and opportunities arise, one has to have acquired the formative knowledge and skills. Schools and governments are increasingly acknowledging the need for building such a foundation in terms of financial literacy and future financial capability.

1.4 The Early Developmental Years are Vital

Another reason for governments around the world assigning more attention to financial education in the schools arises from the fact that efforts to improve financial literacy and capability are increasingly focusing on "behavioural outcomes" – that is, the actions, decisions, and behaviours that influence, or will influence, life's outcomes and circumstances. Much behavioural development occurs at the formative younger ages. Therefore, there is increased interest in what can be achieved in schools at these younger ages to develop behaviours that are likely to correlate with positive financial behaviour – for example, an appreciation for the benefits of saving for the future (deferred gratification) and considering trade-offs (values, priorities and needs versus wants, present versus future, etc.) when financial decisions are made. There is a growing sense that such early developmental opportunities – as they may apply to influencing financial behaviour – are not being fully exploited. As a result, efforts in the later school years (such as in high school) have to take on more of the challenge of "behavioural modification" rather than "behavioural development" – a much harder challenge. The fact that important behavioural attributes are developed at young ages is another reason why attention of those concerned about financial literacy and capability around the world is turning more to the schools.

1.5 Facing Challenges Earlier

It is also recognized that financial decisions – and potential financial problems – are being encountered at younger and younger ages. Children have access to money and influence financial decisions at young ages. Decisions related to internet purchases, cell phones, personal entertainment devices, and so forth, are requiring financial decision-making earlier in life. These can provide opportunities for learning – but they also present potentially significant financial problems. Schools provide an opportunity to help prepare for such decision-making and can help young people learn more from instruction and simulation than from the "school of hard knocks."

So for these and other reasons, there is growing world attention on financial education. It is not that schools have not attended to economic and financial education needs in the past. They have – and there are many places where economic and financial learning opportunities have been integrated into school curriculum documents. However, along with the need to address other competing learning priorities, integration has often not taken place, or has not taken place effectively, due to a lack of time, resources, or teacher training.

1.6 Countries are Facing Many Common Challenges

As interest in financial education increases around the world, there are some challenges that are common in many countries. These include:

- defining what is meant by financial literacy, or capability, and financial education;
- providing a clear rationale for why financial education is important and why it is worthy of priority when considered along with other learning responsibilities placed upon the schools;
- addressing financial education in the school curriculum and deciding what should be taught, when it should be taught, where it should fit in, who should teach it, and what the behavioural target outcomes are;
- developing teacher expertise and confidence in a relatively new area of instruction;

- determining the best means by which to provide instruction – both in terms of strategies and resources;
- developing an overall strategy for success that takes the needs, interests, and capabilities of the key stakeholder groups into account, and defines responsibilities and roles for each stakeholder group; and
- evaluating learning outcomes, and the quality and effectiveness of resources and programs.

1.7 Countries Targeted for This Report

The purpose of this paper is to provide help and insight for those facing these tasks in Canada by examining what has taken place, or is taking place, in five other countries:

- The United States of America
- The United Kingdom
- The Republic of Ireland
- Australia
- New Zealand

1.8 Framework for the Report

For each country, information is provided on the following:

- Definition used
- Rationale for why financial literacy, or capability, and education are important
- Target outcomes for financial education
- Curriculum status in terms of responsibility and content
- Teacher training
- Key organizations and web sites
- Efforts to develop a national strategy
- Evaluation activities to assess outcomes

1.9 Change Continues to Unfold

To provide as much support and assistance as possible to the Task Force in taking on this challenge, this report has aimed to describe some of the developments and changes that are unfolding. Consequently, some of what appears here is not drawn from research and previously published documentation since developments continue to unfold as this report was being written. Meetings have taken place, calls have been made, emails have been exchanged, and conferences have been attended – all involving those in positions of leadership for financial education in the target countries.

An effort has therefore been made to capture some of the dynamic nature of this field of learning and to provide Task Force members with insights as to how it is evolving. That is the primary purpose of the next section of this report. Planning for the future involves drawing on lessons from the past as well considering the changing realities of the present. This report has aimed to draw on both as reference material for the Task Force members. It is hoped that this will prove to be helpful in efforts to chart a course for the future of financial literacy and education in Canada.

2. International Developments and Insights Regarding Financial Education in the School System: Author's Observations on Emerging Trends and Priorities

There are many rapidly changing developments in the field of financial education throughout the world. The following are some observations based upon the research that was done for this report. It was conducted at a variety of meetings in the U.S. and the U.K., plus conferences and meetings held recently in Europe – including one in which representatives of the leadership from the U.K., New Zealand, Australia, and the U.S. were in attendance to discuss key issues and priority current needs in this field of learning. This included defining the financially capable person, identifying target behavioural outcomes, figuring out how to increase the demand for and interest in financial education to correspond to the growing supply-side interest, improving adaptation of successful programs for use in other countries, and addressing different learning styles of students.

2.1 Shift to More Focus on Behavioural Outcomes

One evolving topic in the field of financial education is the shift to a greater focus on resultant behaviours and behavioural outcomes, in addition to knowledge and skills. In previous financial education programs and efforts, there has been a focus on the transfer of knowledge and, to some degree, the development of relevant skills. However, it has become increasingly apparent that the transfer of knowledge, and the development of skills, in and of themselves, do not necessarily result in achieving targeted behavioural outcomes or change. There is a growing trend to consider the full package required for effective financial education – the development of knowledge, skills, and behaviours.

This shift to interest in behavioural outcomes has brought more attention to earlier grades and younger students. It is commonly understood that lifelong behaviours are significantly developed during the younger years of life. If the focus was to be solely on the transfer of knowledge of and skills, then, as has been assumed, this is best done at the upper grade levels, when students have a more developed capacity to obtain, process, and apply knowledge. However, as the concern for behavioural outcomes increases, attention shifts to the earlier grades, where behavioural impact is likely to be greater.

In addition, more subjects are compulsory at the earlier grade levels and students have one teacher for many, if not all, subjects. This means that cross-curricular and interdisciplinary learning efforts – which include integrating financial education rather than treating it as a separate subject area – can more feasibly be achieved.

It is for these reasons that there is growing interest in focusing financial education efforts on grades 3/4 through 8, or 3/4 through 10 – grades when behaviours are being developed, most subjects are compulsory, cross-curricular and inter-disciplinary approaches are most common, and when students have one or few teachers providing instruction (a situation that can also ease the challenge of teacher training and preparation). In Canada, this is happening in Manitoba and Ontario.

2.2 Early Life Experiences Appear to Be Very Significant

At a recent conference on financial education in the school system in the Netherlands, discussion took place regarding evidence of how early behavioural developments and learning strategies may affect lifelong success. It is believed that the more such early behaviours are shown to correlate with the potential for positive financial behaviour and success, the more attention will be assigned to the earlier years of education and the more impact this may have on the learning strategies employed by educators.

One study cited during the course of the discussion was by Professor Walter Mischel, at Stanford University, showing an interesting correlation between early behavioural development and later life success. The researcher put a marshmallow in front of a young child. He told the child that he was leaving the room. If the marshmallow was still there when he returned, he would give the child a second marshmallow. The test, then, was to see if the child had acquired an appreciation for the benefits to be derived from deferred gratification – that is, being willing to postpone immediate consumption with the goal of achieving added benefit in the future.

Tracking these children later in life, the researcher found a very strong correlation to personal future success in those that learned early in life about the benefits of deferred gratification, who had acquired a willingness to postpone immediate gratification – fewer behavioural problems, higher SAT scores, etc.

Such early developed behaviours appear, from this study, to have significant implications for latter life behaviour and success. (Please use the links below to learn more about this study and its ramifications)

- www.uoregon.edu/~harbaugh/Readings/Time/Mischel%201989%20Science,%20Delay%20of%20Gratification.pdf
- www.newyorker.com/reporting/2009/05/18/090518fa_fact_lehrer
- nutritionnibbles.blogspot.com/2009/09/deferred-gratification-marshmallow-test.html
- fitzvillafuerte.com/delayed-gratification-marshmallow-test.html

2.3 What Is the Target Outcome?

This increased concern for behavioural outcomes, and associated increased focus on younger children and earlier grades, evolved partly as people began to ask what target outcomes we are trying to achieve from financial education and improved financial literacy/capability. Learning is a means to an end – the development of responsible, capable, life-prepared individuals with a capacity for continuous lifelong learning. Economic and financial education are no different. If they are to be included in compulsory education, there has to be a clear rationale for why they are included and what they are trying to achieve.

In the case of economic and financial education, the question has therefore arisen as to what is a financially capable person. That is, what is the target outcome that will demonstrate the success of such education efforts. This is a topic for discussion and debate around the world at the moment – that is, what are the target areas of knowledge, skills, and behaviours that are most important – and which should be set as the target outcomes for economic and financial education.

2.4 Paralysis of Choice – Another Challenge for Educators

Another evolving area of interest and concern is paralysis of choice – that is, recognizing that many people become easily overwhelmed by the challenge of choice when there are many options – and sometimes when there aren't even that many options. This applies to many areas of financial life – deciding on a financial institution, deciding on which credit card to get, which cell phone plan, which mutual fund, which retirement plan, and on and on.

Difficulty with choice – which tends to correlate with understanding and confidence – often makes people tend to (a) make no decision or (b) defer to various decision-making techniques that frequently have little relationship to sound judgment – e.g. first on the list, sounds good, same name as "___", and so on.

This means that policymakers face challenges in generating intended results from policy actions. People may not understand the choices available – or become overwhelmed by them – and may not act in the manner anticipated. This has led to a discussion about nudging, and policies that aim to help move decisions in the "right" direction – which in turn raises issues about who is to determine what is right.

The implications of this for the education system and educators involves preparing young people to contend with the large array of choice they are going to face so that they do not become overwhelmed and adopt less desirable decision-making strategies and criteria. This turns more attention to effective decision-making in financial education – teaching students how to go about making sound, informed decisions and to ask the right questions. The specific decisions that young people will have to face in the future will change – the same way that financial institutions, credit cards, investments, and retirement plans will all change. The challenge therefore is increasingly how to help young people make decisions than how to help them make specific decisions about specific products and programs that will change over time.

2.5 Self-development Challenges

In addition, there is another important factor being considered by countries as they develop and refine their economic and financial education programs and strategies – and that is the challenge regarding self-development. For example, if a child is not confident in general, it is difficult to establish confidence in their approach to their economic and financial behaviour – to ask questions, to challenge, to reduce vulnerability. If a child does not have a sense of self-efficacy (a belief in the ability to accomplish tasks), it is difficult to help instill a belief that financial goals can be set and achieved.

Therefore, educators are recognizing the importance of employing strategies, methodologies, and resources in financial education that can help young people develop some broader qualities:

- **Self-esteem** – a positive image of oneself and personal capabilities
- **Self-confidence** – the resultant willingness to act, ask questions, and take more control
- **Self-efficacy** – one's belief in the ability to achieve – to set goals and be able to reach them

- **Self-motivation –** one's ability to look for and identify potential benefits and possibilities and the willingness to learn to reach for them
- **Self-awareness –** knowledge of oneself, including attitudes about risk, goals, and life priorities

Success in improving these aspects of self-development will contribute to the efforts to help develop the financially capable person, however that person may come to be defined, and to help prepare young people for life's financial challenges and opportunities.

2.6 Build on Success and the Subsequent Interest and Demand

Another key challenge facing financial education is to try to increase the extent to which such programs are implemented based upon teachers' and parents' interest and demand rather than any kind of enforcement or mandating. It is common in education to find that mandated programs that are not effectively promoted in advance, and for which educators have not been properly prepared, are resisted and not well implemented.

The groundwork needs to be done in advance to help educators overcome the perception that this is another add-on and the concern that they do not have the background and training to take on this educational challenge. The hope would be that advance work can be done within education systems to ensure all of the key players and stakeholders are well-informed and well-prepared, and that they appreciate the rationale for financial education and the target outcomes. Developed, managed, and implemented effectively, the goal would be to have success early on and that, based upon early success, financial education programs will become better known and accepted and regarded positively.

Chances for broader and long-term success will be enhanced if schools and educators want to participate and are not forced or mandated into participation. If that can be achieved, then financial education programs could expand and unfold driven by the interest and desire of participants.

2.7 Success with Less May be Key

One discussion under way in many countries is whether it may be better to do less better than to try to do too much. This applies to curriculum target learning outcomes. That is, even beyond financial education, educators are coming to realize that the curriculum is becoming so full of target learning outcomes that it is difficult to find the time for learning. Teachers are required to teach so much that, in trying to cover it all, they have little opportunity to allow students the time for effective learning. This is especially challenging to teachers who have students who learn best in significantly different ways. It is hard to provide the breadth of instruction to cope with the variations in learning needs since the teacher has to cover so much material.

This becomes even more of a challenge if teachers are expected to take time to develop some of the self-development outcomes that were noted above – self-confidence, self-efficacy, self-esteem, and so on. It is hard to find the time to develop these life attributes if significant time is also required simply to cover the subject matter.

With the world changing so rapidly – and so much likely to be different in students' adult lives – there may be too much effort focused on trying to teach too much. It may be better to cover less content and, instead, assign more effort to nurturing the target behaviours and self-development attributes that can serve one well in later life – including one's financial life. This is one of the discussions that is being considered by those developing financial education programs and curricula around the world.

In summary, there is no question that, around the world, interest and activity in the field of financial education in the school system is exploding. What factors are helping to propel this dramatic increase in interest? That is the focus on the next section of the report.

3. Reasons for Increased Attention to Financial Education in the School System

The following are various reasons cited by the selected countries as to why interest in financial education in the schools has increased and why it tends to be receiving a higher priority.

One reason lies with the severity of the economic downturn and the extent to which it touched the lives of people in all walks of life and all levels of economic well-being. This has captured virtually everyone's attention. Because the negative impacts have been so widespread and indiscriminate in terms of who was affected, many people have now taken more interest in financial literacy and capability and are more concerned about the financial education of their children as a result.

Individuals have been taking on, or have been assigned, more and more financial responsibility – for managing money and debt, saving for education, saving for retirement, and managing high-priced purchases, such as houses. As they take on more responsibilities, and as the responsibilities become more complex and challenging, there is greater interest in trying to prepare youth for the challenges that they will face.

As attention shifts to financial behaviour, there is more interest in the behaviours that are developed in youth and in the factors that affect behavioural development. School and educational experience, particularly in the younger grades, are very significant in this regard and therefore interest is increasing in how the schools influence, or could influence, future financial behaviour, especially in learning experiences at the younger grade levels. There is also a growing appreciation of the importance of creating a learning foundation for adult and lifelong learning. Many efforts today to provide financial help and learning to adults generate disappointing results, in many cases because adults have not been equipped with the foundation of knowledge and skills that enable to them to be effective and motivated lifelong learners. Schools are in a position to prepare students to continue to self-educate, in terms of financial matters and challenges, once they leave school.

Life's financial challenges are increasing. People are living longer, living longer in retirement, and often facing the need to care for aging parents. As life challenges increase, there is mounting concern for what can be done to prepare youth for the financial challenges they will face.

Schools obviously provide the best opportunity to educate the public at large. As it becomes more evident to more people that financial education is very important in life – a life skill, as many are now referring to it – more attention is being given to the jobs the schools are doing in providing financial education, or the job they could do. There is increased money in the hands of children today and they are often making, or influencing, many financial decisions – significantly more so than was the case for past generations. This has increased interest in looking to the schools to help children handle money and money decisions effectively and responsibly.

Parents, for the most part, are not equipped to provide financial education having been provided little such education when they were in school. As a result, they often do not feel confident in trying to provide financial education to their children. To break the cycle, schools are being looked upon to provide such education (a) to take the place of parents who are not in a position to do so and (b) to prepare today's students to be financially literate, capable adults so that they can better attend to their own financial affairs and later help guide their own children.

Over time, more leadership has been evolving in financial education; stronger leadership helps to generate progress and improvement.

There is growing consensus that financial education is something everyone needs. If that is the case, then it makes a stronger case to look to the schools to build it in as part of a basic education program.

By many measures, economic disparity is increasing in many countries, including Canada. To the extent that people believe variations in financial education and capability contribute to this growing disparity, the more interest there is in trying to generate greater equality in financial literacy and capability via financial education in the schools.

From a policymaker's point of view, there is the potential to enhance the success and impact of policy initiatives if the policies and programs are better understood by those for whom they are targeted. Financial education and improved financial literacy and capability should help improve the extent to which people can understand how government programs can assist them and should contribute to improved success of government programs.

Governments are, and will continue to be, financially stressed – especially with aging populations. The more people can achieve and maintain financial independence and self-sufficiency, the less they will be dependent on government support and assistance. To the extent that financial education can help improve the chances for an individual to achieve and maintain financial independence, the more governments should be able to benefit from reduced social program costs and the more interest there will be in providing quality financial education.

To the extent that financial education can help people better manage their financial affairs and live within their means, the less financial matters should contribute to stress, anxiety, ill-health, etc. This, in turn, should improve health, relationships, and workplace productivity.

Financial institutions, finance companies, and professionals that offer and sell financial products and services currently have a significant advantage over those who buy them in that their knowledge and understanding of products significantly exceeds that of their clients. As such, there are considerable imbalances and inequities in the financial markets for products and services between the buyers and sellers. Financial education should help to overcome some of these inequities in financial markets.

One of the most significant problems encountered by many people relates to debt management. This draws considerable attention to the need for people to be better able to manage their financial affairs; as a result, more attention is given to what schools can do to better prepare students for financial decision-making and to help alleviate the potential for debt problems and living beyond one's means.

The proliferation of frauds and scams has also increased interest in how schools can help to prepare youth to understand and avoid frauds and scams that they may encounter later in life.

4. Country Profiles

4.1 United States of America

4.1.1 Definition of Financial Literacy/Capability

"Financial capability empowers individuals to make informed choices, avoid pitfalls, know where to go for help, and take other actions to improve their present and long-term financial well-being."

– Executive Order, President's Advisory Council on Financial Capability, January 29, 2010

"Financial education is the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being."

– Financial Literacy and Education Commission, 2007

"Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a life-time of financial well-being."

– Jump$tart Coalition (United States) National Standards in K-12, Personal Financial Education – 2007

4.1.2 Rationale for Financial Education

The recent Executive Order regarding the President's Council on Financial Capability emphasizes the following as reasons to improve financial education in the United States:

> **Section 1. Policy.**
>
> To help keep America competitive and assist the American people in understanding and addressing financial matters, and thereby contribute to financial stability, it is the policy of the Federal Government to promote and enhance financial capability among the American people.
>
> Financial capability is the capacity, based on knowledge, skills, and access, to manage financial resources effectively. In order to develop this capacity, individuals must have appropriate access to and understanding of financial products, services, and concepts. Financial capability empowers individuals to make informed choices, avoid pitfalls, know where to go for help, and take other actions to improve their present and long-term financial well-being.

4.1.3 Target Outcomes for Financial Education and for Learning

The U.S. Treasury is currently working on the development of national core competencies and an overall national Strategy. The draft core competencies" are provided below and will represent the key target national outcomes in the U.S., hopefully influencing school programs and the target outcomes of state curricula. Note however, that while states and local school boards and schools can develop their own target outcomes for their programs and activities, the core competencies will stand as the target outcomes at the national level for the United States.

Table 1: Financial Education Core Competencies

Core Concept	Knowledge	Action/Behaviour
Earning/Income		
	• Gross versus net pay	• Understand your paycheck, including deductions
	• Benefits and taxes	• Learn about taxes and any workplace benefits
	• Education enhances your earning power	• Invest in your education
	• Sources of income	• Make informed decisions about work, investments, and asset accumulation
Spending		
	• Know how to prioritize spending choices given available resources • Long-term versus short-term implications of spending	• Set financial goals • Track spending habits • Develop a spending plan (budget) • Live within your means • Comparison shop • Understand the effects of spending decisions on yourself and others
	• Appropriate purpose and use of transaction (checking) accounts	• Establish and effectively maintain a relationship with a government-insured financial institution
Saving and Investing		
	• Understand how compounding helps saved money to grow • Understand the time value of money	• Start saving early • Pay yourself first • Compare different saving and investing options
	• Know about federally insured savings accounts/certificates of deposit • Know about non-deposit investment products (bonds, stocks, mutual funds)	• Build an emergency savings account • Balance risk, return, and liquidity when making saving and investment choices
	• How to meet financial goals and build assets	• Save for retirement, education, and other needs • Save/invest for short-term and long-term goals • Track savings/investments and monitor what you own

Borrowing		
	• If you borrow now, you pay back more later • The cost of borrowing is based on how risky the lender thinks you are (credit score)	• Plan, understand, and shop around for a loan with the lowest rate and best terms for you • Understand when and how to use credit effectively • Understand how information in your credit report and your credit score impacts you • Plan and meet your payment obligations • Track borrowing habits • Analyze renting/leasing versus owning assets (e.g. home or car)
Protecting		
	• How to manage risks from potential losses or unexpected events	• Choose appropriate insurance • Build up an emergency fund • Consult a qualified/appropriate professional for help when needed
	• If it sounds too good to be true, it probably is	• Avoid practices that are not in your financial best-interest • Critically analyze advertisements and offers before acting • Evaluate advertisements or offers before acting
	• Fraud/scams/identity theft	• Protect your identity • Avoid fraud and scams • Review your credit report every 12 months

The overall vision for the United States, as presented in the draft National Strategy, is "Sustained financial well-being for U.S. individuals and families."

The target outcomes, or goals, for the U.S. national efforts in the area of financial education will be:

- Building public awareness of available resources
- Developing tailored, targeted materials and dissemination strategies
- Tapping into effective partnerships
- Supporting research and evaluation on financial education programs

4.1.4 Curriculum Status

Curriculum decisions are made at the state and local levels in the U.S. Currently the federal government is trying to provide national leadership by producing (a) a list of core competencies to identify the most important areas of learning, and (b), a national strategy that will outline activities that are to be undertaken at the national level to support all efforts to improve financial capability in the U.S. The national strategy also offers guidance and encouragement for all stakeholders involved in efforts to improve financial capability in the U.S.

Note that the U.S. appears to be shifting to the term "financial capability" rather than "financial literacy" as indicated by the renaming of the President's Advisory Council on Financial Capability from "President's Advisory Council on Financial Literacy."

According to the Jump$tart Coalition, based in Washington, D.C., 28 states do not require any financial education, 19 require some degree of integration into other curriculum areas, and 3 require at least a one-semester course.

These figures, however, differ from those available from the Council on Economic Education (CEE) in New York. Some variation may result from the fact that the CEE is examining courses in economics and financial education while the Jump$tart Coalition is focusing solely on financial education. Nevertheless, there is a discrepancy in the number of states cited as requiring financial education – either as a course or on an integrated basis. The CEE number is 13, whereas the Jump$tart number is 22 (19 + 3).

The Jump$tart Coalition has produced, and makes available, their national standards.

The Council on Economic Education has produced, and makes available, their program "Financial Fitness for Life".

Another organization, the Partnership for 21st Century Learning Skills, has produced "21st Century Learning Outcomes", which serve as a guide for states and schools. There are now 13 states participating in the program.

Junior Achievement has programs but does not advocate any particular curriculum model or target outcomes.

Therefore, there are a variety of efforts that have aimed to provide guidance on what to include in the curriculum. None of these are required and states are free to set their own curriculum and standards, drawing upon the resources and guidance of these groups as they like.

Consequently, the curriculum status in the U.S. is currently quite diverse and varied. Although progress is being made, and interest is high, there is still much to do and the challenge remains to achieve some consensus on what to teach even if approaches to teaching continue to vary. The ultimate challenge, once school-based efforts are more established, will be to evaluate the various programs to determine the best methodologies and the key factors affecting success.

Such evaluation will have to wait, though, until there is greater clarity on what to evaluate – that is, more standardized target outcomes. Time will also be required for programs to become more entrenched and established, with a record of activity and performance that can be evaluated.

In summary, though, interest in financial education is expanding rapidly in the U.S. The situation is very dynamic, and the next two years should clarify the direction things will take and the identity of the dominant players and influencers.

The biggest challenges that appear to be looming are (a) to get the states to come on board in a much more committed way (a difficult sell in tight financial times) and (b) to improve teacher training, a factor that could have a dramatic influence on program success.

4.1.5 Teacher Training in the U.S.

Much as in other countries, teacher training at university and college faculties of education in the United States seldom includes preparation in the area of financial education. This is understandable since, until there is a broad mandate to provide financial education, and it can be taught as an area of specialty, teachers are unlikely to choose to take such a program at a teacher training institution. As long as it remains marginalized in the schools, or even integrated into the curriculum, it will be difficult to get teacher training institutions to assign it room in their calendars and difficult to get teachers to choose it, even if it is offered.

Individuals training to become teachers will make their selections based upon job prospects, career opportunities, and potential compensation. Therefore, they will choose subject areas that are widely taught and offer good prospects for employment. A subject that is not widely taught, or which is taught on an integrated basis, will struggle to gain attention and priority at teacher training institutions and among teachers.

As in any other area of choice and behaviour, teachers and prospective teachers are motivated by incentives, particularly the prospect of reward. To date, financial education offers relatively little incentive in terms of personal reward, especially when compared with other subject areas that are widely taught in all schools. It would be possible to aim to integrate financial education into courses offered at faculties of education in the same way that there is the goal of integrating financial education into the curriculum of the schools. However, such efforts would meet with similar challenges – that is, there is little expertise in the faculties of education to provide such training.

Significantly increasing and improving the financial education of new teachers would require new and better incentives for such training programs to be offered and taken, and there would have to be new expertise made available to the faculties of education to implement such programs.

In terms of training of teachers already in the schools, teacher training in the United States is much as it is elsewhere. Organizations looking to improve the financial education capabilities of teachers, such as the Council on Economic Education and the National Endowment for Financial Education, take advantage of professional development days, conferences, and summer teacher training programs. Once again, however, teachers face opportunity costs if they attend sessions on financial education – that is, they give up the opportunity to take training in other subject areas, which are more established and more commonly taught, and which offer the potential for greater perceived benefits.

So financial education training faces challenges from the other subject areas competing for teachers' time and interest since financial education is, in general, not a stand-alone, widely taught subject. That is one of the challenges that faces the integrated (as opposed to stand alone) approach. Without clear identification as a subject area, new ways, strategies and incentives will need to be developed to attract teachers to the training offered.

Various organizations in the U.S. provide leadership in the training of teachers for financial education and to augment efforts that take place at the local level. These include the Council on Economic Education (CEE) based in New York, with a network of state councils and centres across the U.S. that aim to provide teacher training. The efforts of the CEE are skewed in the direction of economics education, but they certainly include financial education. The CEE has produced and makes available the "Financial Fitness for Life" program.

Another organization providing teacher training is the National Endowment for Financial Education (NEFE). Junior Achievement is also involved in school programs but tends to bring people into the schools to present to students rather than to train teachers.

There are efforts to provide online training for teachers, but these have yet to be effectively evaluated and there is no evidence to indicate how successful such online efforts are, how much they are used by teachers, and what potential there is for online training helping to improve teacher capability.

Most would agree that quality teaching is the biggest factor influencing the success of financial education in general, and certainly affecting the learning potential of students in each classroom where it is taught.

There are a variety of significant challenges facing increased and improved financial education in the classrooms. These include establishing clearly defined curriculum opportunities; developing effective, engaging, age-appropriate, life-relevant resources and strategies; and evaluating effectiveness and outcomes. Of the challenges, though, teacher training is certainly near or right at the top of the list. It is an area in need of new strategies, approaches, and innovations. New incentives must also be developed to encourage teachers to get involved and to exploit opportunities made available to them to improve their capabilities in this area of instruction.

Mandating and forcing teachers to teach financial education, especially if they are ill-prepared, may do more harm than good to expand and improve financial education. It may be better to start small, train a select group of teachers well, achieve success, and then build on the success as interest and demand evolve. Building financial education on a foundation of high quality instruction would be much more likely to succeed than to have early negative outcomes and experiences that result from poor instruction or unmotivated teachers.

For example, early efforts in the U.S. have shown that, if not implemented well, or taught by ill-prepared teachers, the results achieved from financial education efforts are disappointing. This has led some to the early conclusion or speculation that “it doesn’t work,” particularly at the high school level, where Dr. Lew Mandell has been doing research for the Jump$tart Coalition. This would be exceedingly unfortunate if the outcomes being assessed were generated by poor implementation rather than actual potential for success.

Indeed, the future of financial education may well be significantly influenced by the success of early efforts – and that elevates the importance of getting it right. And quality teaching will play a key role in getting it right.

Therefore, it is widely recognized that effective teacher training is one of the most crucial factors affecting the future success of financial education. In most countries, it has not been part of teacher training in the past. And it is, in general, not part of teacher training today. In addition, as noted, efforts to provide professional development to existing classroom teachers face competition from other, more traditional and established areas of study.

There are also the time and cost factors of training teachers already in the schools. Teachers find it difficult to assign significant time and attention to professional development. There are many opportunities for professional development days; but, as anyone in any profession will acknowledge, it is difficult to do much professional development over the course of a single day or a three-hour workshop. To have a significant impact on the teaching of financial education, there would need to be much more time invested.

Beyond the time factor, there is the cost. If a teacher is going to be out of the classroom for a substantial period of time, there are the associated costs of substitute teachers, if the training takes place during the school year. The alternative, of course, would be the summer months, when training in financial education would compete with opportunities in the more established areas of instruction.

The best opportunity for achieving significant gains in teacher capability in financial education would seem to be in an investment in "substitution cost coverage," to enable teachers to take time from class to upgrade their financial education skills. This would provide an incentive for teachers to participate, would not compete with other subject area training opportunities, and would not impose hardship or costs on the schools and school boards. An investment would also need to be made in the quality of training provided to ensure that money and time invested achieved the goals of significantly increasing the number of educators able to provide high quality financial education.

Teacher training is one area where Canada could look to provide real global leadership – devising new, innovative strategies for effective teacher training and creating new incentive strategies to get teachers engaged. If the Task Force wishes to explore some ideas about how this could be done, a briefing paper of ideas could be shared with members. Regardless, aspiring to a position of global leadership in terms of quality teacher training would be a meaningful objective for Canada – to say nothing of the potential value it would bring from improving the financial education skills and abilities of our teachers.

4.1.6 Key Organizations, Contacts, and Websites

- United States Department of the Treasury
  Michelle Greene, Deputy Assistant Secretary
  United States Office of Financial Education
  Telephone: 202-622-5770
  www.treasury.gov

- National Endowment for Financial Education
  Ted Beck, President
  Telephone: 303-741-6333
  www.nefe.org

- Jump$tart Coalition for Personal Financial Literacy
  Laura Levine, Executive Director
  Telephone: 202-466-8610
  www.jumpstartcoalition.org

- Council on Economic Education
  Nan Morrison, President
  Telephone: 212-730-7007
  www.ncee.net

- Federal Reserve Bank of the United States
  Jeanne Hogarth, Program Manager, Consumer Education
  and Research, Consumer and Community Affairs
  Telephone: 202-785-6024
  www.federalreserve.gov and www.federalreserveeducation.org

- Partnership for 21st Century Skills Program
  Alyson Nielson, Chief Operating Officer
  www.21stcenturyskills.org

- Junior Achievement
  Sean Rush, President and Chief Executive Officer
  www.ja.org

4.1.7 National Strategy

The draft national strategy for the U.S. is designed to provide an overarching strategy as well as concrete goals, and it encourages the non-profit, government, and private sectors to work together to achieve the goals and objectives. The Strategy acknowledges that financial capability is one piece of a larger set of actions needed to improve individual decision-making.

The draft strategy identifies five action areas: policy, education, practice, research, and coordination.

The national strategy is the responsibility of FLEC – the Financial Literacy and Education Commission – established in 2003. It comprises 20 federal agencies and is chaired by the Treasury Department.

FLEC's first national strategy for the U.S., developed in 2006, was entitled "Taking Ownership of the Future: The National Strategy for Financial Literacy." The new national strategy will be called "Financial Success for All: National Strategy 2010." According to the draft version available, it will have four goals:

- Increase awareness and access to financial education
- Determine and integrate core financial competencies
- Strengthen provision of financial education
- Identify and share effective practices

The draft national strategy calls upon all organizations involved in financial capability to:

- distribute the strategy widely;
- embrace the strategy mission;
- choose one or more of the goals and build relevant organizational-level objectives; and
- focus on evidenced-based outcomes.

FLEC indicates that it will:

- ask each agency to incorporate the mission, vision, and goals into their respective programs and actions;
- incorporate the goals and objectives into the work of each FLEC working group;
- coordinate goals and objectives that are national in scope;
- coordinate with the President's Council on Financial Capability on achieving the goals and objectives; and
- implement a pilot program of stakeholders to identify customized strategies that address local needs.

4.1.8 Evaluation Efforts in the U.S.

After agreement on core competencies, and movement forward on the national strategy and momentum for action, the next challenge will be the challenge of evaluation. As noted, little has been done around the world in terms of evaluating the effectiveness of financial education in the schools, primarily because there have been few concerted efforts in this field of learning. The majority of work has been done by Dr. Lew Mandell; and, as noted, his findings have questioned the impact and success of financial education at the high school level.

In recent discussions with Dr. Mandell in the Netherlands, he indicated that he is becoming quite disenchanted with financial education efforts at the high school level in the U.S., where he sees little in the way of positive results. He believes that there is much more to be gained from efforts at the younger grades – in primary and middle school.

However, Dr. Mandell's conclusions are challenged by some others who argue that it may well be the programs and the implementation that are not effective, not the potential for improving financial capability at the high school level. In other words, the programs and delivery may be wanting rather than the capability of high school students to learn and retain financial education and improve their financial knowledge, skills, and abilities.

However, with little else available, most of the detailed evaluation work done in the world on the impact and effectiveness of financial education has been done by Dr. Mandell on behalf of the Jump$tart Coalition.

Working with Dr. Mandell, Jump$tart developed a survey/test instrument that has been implemented on a repeated basis over a number of years to assess the level of financial literacy of American high school and college students.

As noted, Dr. Mandell's work and findings are not without debate. The debate and questioning has led the Jump$tart Coalition to use the services of another researcher and evaluator (Learning Point Associates) to see if the findings concur with those of Dr. Mandell. The next set of results should be available in the fall of 2011, according to representatives from Jump$tart.

Dr. Mandell's research and findings can be viewed in detail in his book *The Financial Literacy of Young American Adults*, undertaken in collaboration with the Jump$tart Coalition. The book can be found at: www.jumpstart.org.

The following are some brief extracts from Dr. Mandell's book.

> The financial literacy of high school students has fallen to its lowest level ever, with a score of just 48.3 per cent. The average score for college students on the same 31-question exam, however, was 62.2 per cent, nearly 15 percentage points above that of high school seniors. In fact, if measured on the high school senior base of 48.3 per cent, college students actually did nearly 29 per cent better. In addition, scores improved for every year of college with seniors averaging 64.8 per cent. The good news is that American college graduates are close to being financially literate and probably will be so with more life experience. The bad news is that just 25 per cent of our young adults are graduating from college and this number appears to have stabilized. This means that 75 per cent of young American adults are likely to lack the skills needed to make beneficial financial decisions.
>
> The positive turnaround in high school financial literacy scores, first noted in the 2004 survey, continued only through 2006. Beginning with an average score of 57.3 per cent in 1997, scores fell to 51.9 per cent in 2000 and 50.2 per cent in 2002 before staging a rebound to 52.3 per cent in 2004. In 2006, the mean score increased by a tenth of a per cent to 52.4 per cent before falling to 48.3 per cent in 2008.
>
> We have long noted with dismay that students who take a high school course in personal finance tend to do no better on our exam than those who do not. This finding has been a great disappointment to consumer educators and to those who support efforts to make courses in personal finance a requirement for high school graduation, and it points to the need for better materials and teacher training.
>
> Since standard of living is a multiplicative function of both financial resources (income and wealth) and the ability to use those resources

> efficiently (financial literacy), we find it increasingly disturbing that those with less income and education are saddled with the additional disadvantage of not possessing the ability to spend what they have efficiently. It is no great surprise to learn that the current financial crisis began with the sub-prime mortgages that were marketed primarily to those with less income, education, and presumably less financial literacy than those who were eligible for prime mortgages. Financial literacy clearly has ongoing macroeconomic ramifications.

4.2 United Kingdom

4.2.1 U.K. Definitions

A number of different definitions are in use in the U.K., including the following:

"Financial Capability means being able to manage money, keep track of your finances, plan ahead, choose financial products and stay informed about financial matters."
– Financial Services Authority, United Kingdom

"Financial capability is the ability to manage your finances and to become a questioning and informed consumer of financial services. It is needed throughout life as we develop not only awareness and understanding of money matters, but also the skills, critical judgment and resolve to manage them."
– pfeg (Personal Finance Education Group)

"Financial capability is a broad concept encompassing people's knowledge and skills to understand their own financial circumstances, along with the motivation to take action. Financially capable consumers plan ahead, find and use information, know when to seek advice and can understand and act on this advice, leading to greater participation in the financial services market."
– H.M. Treasury, United Kingdom, "Financial Capability: The Government's Long-term Approach"

4.2.2 U.K. Rationale for Supporting Financial Literacy and Education

The U.K. National Strategy provides a rationale for the significant commitment to undertaking efforts to improve financial capability in the U.K. The following is from the national strategy document, *Financial Capability in the U.K.: Delivering Change*, released in 2006:

> The UK has a large, sophisticated and successful financial services retail market. The financial services sector as a whole generates about 8.5 per cent of UK GDP, up from 5.5 per cent since 2001. It is widely accepted that the markets for retail financial products face a number of persistent challenges: as financial innovation increases, products can meet a wider range of individual needs, but become more complicated and diverse. Choice is increasing; there are information asymmetries, in particular the price of products and services can be hard to obtain or interpret and wide use is made of jargon; and for many products, performance is difficult or impossible to ascertain in advance – the costs and benefits only become clear in the long term.
>
> People are faced with a bewildering choice of products in the UK market – over 8,500 different mortgages (including buy-to-let products), 300 major credit cards, over 4,000 separate savings accounts and over 2,000 different retail investment funds. Within this vast array, products can be difficult to compare: mortgages or insurance products with similar headline prices or interest rates can have very different features, charges or terms and conditions and the comparisons can be further complicated by different tax treatments.
>
> The "small print" challenge can cause particular problems with insurance products. The failure of a policy to pay out in circumstances when a consumer might have expected cover – for example, because they were

unaware of all of the exclusions in the policy – can have serious consequences. The Office of Fair Trading (OFT) is minded to refer Payment Protection Insurance (PPI) to the Competition Commission, after finding that these products were difficult to compare and, in some cases, consumers were given the impression that purchasing PPI would help a loan application. The FSA is pursuing a range of measures to improve sales practices of PPI for the benefit of consumers, including looking at whether new rules are required for PPI sales.

Difficulty in choosing suitable products also reflects the individual complexity of consumers' own needs. Individuals have different preferences and general attitudes to saving, risk or investment. The range of circumstances that people face is great and many of the factors to consider in making financial decisions may be unique to the individual at a particular time. The wide range of choice may reflect the wide range of needs, but still makes negotiating the market difficult without a clear assessment of individual circumstances and an understanding of how to address them.

Added to the problems of complexity, there are significant asymmetries of information in the market, with producers and advisers usually knowing far more about products than the end consumer. Confusing terminology, opaque pricing structures and lack of information about performance can exacerbate these problems.

The impact of information asymmetry is greater when "repeat purchases" are infrequent, as is the case with medium and long-term saving products. Where consumers are more likely to make repeat purchases or renewals (for example, general insurance and mortgages) building up product-specific experience and shopping around can help to overcome the initial mismatch in knowledge between consumers and producers.

> For long-term savings and investment products, consumers have to trade off the risks and rewards of the purchasing decision in a context where outcomes are uncertain. There are many factors affecting the performance of a product, including market risk, product risk and inflation. Making these judgments is a complex task.

The U.K. National Strategy also provides comments on the rationale for improving financial capability. As with the excerpts provided above, the following is from the national strategy document, *Financial Capability in the U.K.: Delivering Change*, released in 2006:

> **The Benefits of Taking Action**
> The combination of increasing personal responsibility and generally weak financial capability means that action must be taken.
>
> If people become more financially capable, they can make their incomes go further: for example, shopping around helps them spend less in interest when they borrow and earn more when they save. They can assess how to balance current spending with saving for the future. They can protect themselves against the unexpected through savings and insurance.
>
> They are better placed to reach retirement with the resources they need for the standard of living to which they aspire.
>
> Financially capable consumers know when and how financial institutions can help them. They are less prone to buying products that don't suit their needs, and more inclined to engage proactively with the financial services sector.
>
> And, because a capable customer is a less vulnerable customer, the FSA will, over time, have less need to intervene with detailed rules in the retail markets.

The benefits flow not only to individuals but to society more widely. Government and a whole range of advice and support services must deal with the consequences of poor financial decision-making: increasing financial capability will reduce resources spent on this and enable greater expenditure on, for example, preventing crises arising in the first place.

4.2.3 Target Outcomes

The U.K. National Strategy also provides a summary of the target benefits to be derived from improving financial capability in the U.K., as seen in the following excerpts:

- For individuals, in the long term the Government would expect to see reducing levels of problem debt, the potential for increased savings and appropriate use of insurance products;
- At the margin, better financial capability could reduce welfare dependence;
- Capability also underpins the skills needed for employment and supports the advance of an enterprise culture;
- Active consumers drive competition, helping UK financial services firms to become more efficient, innovative and globally competitive; and
- In time, higher levels of financial capability could mean lower business acquisition costs for firms, greater persistency and less need for regulatory intervention.
- Better-informed financial decisions can save money, and planning ahead can avert crises (for example, uninsured losses or problem debt). There are also significant spin-off benefits, from a better understanding of tax, benefits and tax credits, to being able to shop around for the best mobile phone or utility deal. In this respect, financial capability is an important life skill.
- More capable consumers will drive competition, resulting in stronger retail markets that better serve the needs of consumers and allocate capital more efficiently.
- Better competition in retail markets supports the Government's wider productivity agenda. As John Tiner, FSA Chief Executive, set out in his introduction to Building financial capability in the UK: "if people know what they want and how to get it, the market for financial services becomes less one-sided and a lot more efficient. Consumers will demand better, cheaper and more appropriate products and services."

4.2.4 U.K. Curriculum Status

The Department of Children, Schools, and Families is responsible for overall policy in England; there are similar bodies in the other countries of the United Kingdom.

The Office for Students in Education, Child Services and Skills (Ofsted) is responsible for school policy.

Until recently, the Financial Services Authority (FSA) was responsible for the national strategy in financial capability. However, this responsibility has been transferred out of the FSA and assigned to the Consumer Financial Education Body (CFEB).

The CFEB website provides an overview of the status of financial capability curriculum in all of the countries of the U.K. An extract from the CFEB web site follows:

> **Why in schools?**
> Schools provide a unique opportunity to reach all sections of society, including many individuals who may later become far harder to reach. Providing personal finance education in schools is the best opportunity to embed a basic understanding of financial matters when young people are most receptive to learning.
>
> Now more than ever, it is important that school leavers have the financial skills to take them into the next stage of their lives, and onwards.
>
> We tailor our approach to each country within the UK to fit with their educational systems.

England

> Personal finance education is a fundamental part of the secondary school curriculum through the 'economic wellbeing and financial capability' program of study within Personal, Social, Health and Economic (PSHE) education. There are also opportunities to explore personal finance issues through mathematics and citizenship.

[**Author's Note:** the primary curriculum was recently extensively reviewed by a team led by Sir Jim Rose. The final report was published in April 2009 and was open to public consultation until July 2009. The Rose Review final report recommended a primary curriculum with six new areas of learning where 'learning about money' is detailed in the programs of learning for mathematical understanding and for understanding physical development, health and wellbeing. If it had been approved by Parliament, this curriculum would have been implemented in schools in September 2011. This Report is available at: publications.teachernet.gov.uk

Sir Alasdair Macdonald was asked to undertake an independent review of the proposal to make Personal, Health, and Economic (PSHE) education statutory. The details of this report and its recommendations can be found at: publications.dcsf.gov.uk

Efforts under way to make financial capability programs statutory (compulsory) were recently derailed, as this effort got caught up in the debate over sex education in the schools. Teaching about money therefore continues to be recommended but not compulsory) guidance for personal, social and health education in England.
The following extract is additional information from the CFEB website:

> To help schools and teachers deliver these programs of study (in England) we funded the Personal Finance Education Group (pfeg) to develop 'Learning Money Matters'. This provides schools with access to a range of tailored services that will help schools and teachers deliver effective personal finance education in the classroom.

Who are pfeg?

The Personal Finance Education Group (pfeg) is an educational charity, whose mission is to make sure that all young people leaving school have the confidence, skills and knowledge in financial matters to take part fully in society. pfeg offers a range of advice and resources suitable for pupils of all ability levels, as well as reflecting different social, economic and cultural backgrounds. pfeg supports UK teachers working with children and young people aged 4 to 19.

pfeg is financially supported by the Consumer Financial Education Body.

www.pfeg.org

Northern Ireland

Personal finance education has been identified as a component of mathematics and in the learning for life and work programs that are compulsory for all pupils in the 14-16 age range.

We are funding two development officers to work at the Council for the Curriculum, Examinations and Assessment (CCEA). They will help teachers and schools put in place a planned and coherent personal finance education program.

www.rewardinglearning.org.uk

www.nicurriculum.org.uk/fc

Scotland

Financial education can help all children and young people develop all four capacities of Curriculum for Excellence, particularly in becoming responsible citizens and effective contributors to society and at work, with an informed sense of their roles in the world. We are funding three development officers based at the Scottish Centre for Financial Education (SCFE) to help local authorities, schools and teachers implement a planned and coherent program of personal finance education for their pupils.

www.ltscotland.org.uk/financialeducation/index.asp

Wales

In Wales, financial education is compulsory for all young people aged 7-16 years. We are funding two development officers based at the Welsh Financial Education Unit (WFEU) to help schools deliver a co-ordinated program of personal finance education to their pupils.

www.wales.gov.uk

4.2.5 Teacher Training in the U.K.

Little about teacher training in the U.K. is in any way distinct from the description in the U.S. section of this report.

4.2.6 U.K. Key Organizations and Web Sites

See others in the "Curriculum Status" section above.

- Tony Hobman, Chief Executive
  Steven Stillwell Head of Financial Capability Programs
  Consumer Financial Education Body
  Telephone: 011-44-20-7943-0500
  www.cfebuk.org.uk
  Program/Resource: Moneymadeclear
  Producer: Consumer Financial Education Body
  www.moneymadeclear.org.uk

- Wendy van den Hende, Chief Executive Officer
  pfeg – Personal Finance Education Group
  Telephone: 011-44-20-7330-9471
  www.pfeg.org
  Program/Resource: What Money Means (Primary School); Learning Money Matters (Secondary School)
  Producer: Personal Finance Education Group (pfeg)
  Description: "Learning Money Matters is a pfeg initiative aimed at increasing the visibility and quality of personal finance education in secondary schools in England so that all young people will leave school with the financial knowledge, skills and confidence they need to live full adult lives."
  www.pfeg.org

4.2.7 National Strategy

A national strategy for financial capability was developed by the Financial Services Authority in the U.K. in 2006. It is entitled *Financial Capability in the U.K.: Delivering Change* (www.fsa.gov.uk).

At the outset, the national strategy says:

> The National Strategy and the seven-point programme are about delivering results. Our Financial Capability Survey creates a baseline against which we can measure progress. We intend to repeat it every four to five years. It has been specifically designed to show us where initiatives are having most effect and where we will need to try harder: we will see which demographic groups we are reaching, what messages are getting through, and how rapidly we are making progress.
>
> We will also measure the impact of individual projects. Wherever possible, we will monitor both inputs and outcomes: we outline how we will do this in the descriptions of the seven initiatives in the pages that follow.

Seven initiatives were outlined in the national strategy:

Schools: Learning Money Matters

Translating the Government's intention, that the National Curriculum should contain high quality and comprehensive personal financial education, into real change in the classroom.

Workplace: Make the Most of Your Money

Providing general financial education to employees in their place of work through accessible resources, and seminars delivered by trained professionals from the financial services industry and elsewhere.

Young Adults: Helping Young Adults Make Sense of Money

Ensuring that students in Higher Education institutions, and young adults who are not in education, employment or training, have access to guidance on managing their money.

Consumer communications

Fundamentally revamping the FSA's consumer communications and information to make them more targeted, engaging and accessible. Includes a revised distribution strategy for the FSA's tools and resources, to increase significantly their reach and impact.

New parents: Money Box

Developing and distributing a Money Box containing information for new parents, better equipping them to take on the additional financial responsibilities of parenthood.

Online tools

Developing, and making more widely available, online tools to help people to assess their financial situation and, if necessary, to take action and get further help.

Money advice

Working to ensure that consumers have access to money advice that is relevant, engaging and good quality.

4.2.8 Evaluation Efforts in the U.K.

A study commissioned in the U.K. entitled *Evidence of Impact: An Overview of Financial Education Evaluations* (see extract below) is worth noting. The findings and conclusions of this report are significant in that they capture well the state of evaluation efforts, focusing on financial education efforts around the world. The full report on the research findings related to evaluation efforts around the world can be found at: www.fsa.gov.uk

The extract also mentions *Financial Capability: A Behavioural Economics Perspective: Review of Behavioural Economics Literature,* by Professor David de Meza, Dr Bernd Irlenbusch, and Professor Diane Reyniers (London School of Economics). It is also noteworthy. The full report can be found at: www.fsa.gov.uk

This report examines some of the underlying factors that may have influenced the outcomes of the benchmark study of financial capability that was undertaken in the UK as part of the UK's national strategy.

The findings of de Meza and Irlenbusch have repercussions and implications for evaluation efforts that have been acknowledged by the FSA in the extract below:

> The FSA commissioned Adele Atkinson to review past evaluations of the effectiveness of financial capability initiatives and financial education more broadly, both in the UK and other countries. This was intended to deliver the following:
>
> - An overview of the evidence on the incremental impact of financial capability interventions on people's behaviour and attitudes – i.e. what is the difference compared with the world if initiatives had not been introduced?
> - Summaries from the available evidence on the likely impact of different types of financial capability initiative - e.g. school-based learning, one-off seminars, provision of printed information, or advertising via TV/newspapers/radio - and the likely impact on different target groups.
>
> Adele's work has largely confirmed that, not only has there been relatively little work in the past on financial capability in the UK or other countries, but also that rigorous, credible policy evaluation showing the incremental impact of financial capability work is difficult to find.
>
> She therefore offered a useful summary of areas where problems have occurred, and what good practice would be to overcome these, which the FSA will take into account in designing future evaluation of financial capability initiatives:
>
> - Clear objectives of the project and the evaluation
> - Good quality data, including administrative records
> - A sample that is broadly representative of the target population
> - Careful consideration of the sample size, taking into account the analysis that will be needed to understand the outcomes
> - Well-designed data collection instruments that are appropriate to the target group and to the initiative under evaluation

- A benchmark measure of knowledge, attitude and behaviour (before the initiative) and a follow up measure to identify change (after the initiative)
- A 'control' group to show the normal changes that take place in the absence of such an initiative
- Consideration of the time period necessary to identify change, balanced with consideration of the likelihood of collecting reliable data over extended periods of time.

"Financial Capability: A Behavioural Economics Perspective": Review of behavioural economics literature by Professor David de Meza, Dr. Bernd Irlenbusch, and Professor Diane Reyniers (London School of Economics).

The FSA commissioned Professor de Meza, Professor Reyniers and Dr. Irlenbusch to conduct a review of the behavioural economics literature, examining what this literature has to say about consumer behaviour when making financial management and/or choosing financial products, and in particular, the likely impact of financial capability initiatives, or other information provided to consumers with the intention of encouraging better choices about financial products.

Drawing on a large and wide-ranging literature on consumer behaviour, this report argues that psychological rather than informational differences may explain much of the variation in financial capability reported in the FSA's financial capability survey, and that people's financial behaviour may primarily depend on their intrinsic psychological attributes rather than information or skills or how they choose to deploy them. In this context, the authors conclude that financial capability initiatives which are designed to inform and educate should be expected to have a positive but modest impact.

The FSA recognises that achieving widespread behavioural change will be a long process due to deep seated behavioural biases, and will take the findings of Professor de Meza et al into account in using conservative estimates for the likely behavioural impact of financial capability initiatives in ex ante assessments of cost-effectiveness (e.g. cost-benefit analysis).

Professor de Meza draws attention to recent literature which indicates that, in the context of widespread behavioural biases, two modes of financial capability work appear to be the most promising. These are the use of ‘norms’, which means directing people to a particular action such as higher saving, and the use of active intervention by a counsellor and/or individualised advice, rather than passive information or education.

The FSA and government's Money Guidance Pathfinder program will include individualised advice both face to face and over the phone, and evaluation of this program will provide useful new evidence on these promising modes of delivery.

4.3 Republic of Ireland

4.3.1 Ireland Definition

The Republic of Ireland applies the definition of financial education used by the Organisation for Economic Co-operation and Development (OECD):

> A process by which consumers improve their understanding of financial issues and through information, instruction and objective advice, develop the skills and confidence to become more aware of financial risks and opportunities. Consumers can then make informed choices, know where to go for help, and to take other effective actions to improve their financial well-being.

4.3.2 Rationale for Financial Education

The Republic of Ireland, under the auspices of the National Consumer Agency (NCA), established a National Steering Committee on Financial Education. It has provided the leadership for much of what has unfolded recently in the country. The National Steering Committee noted the following as reasons to improve financial capability in Ireland:

> While competing for the custom of financially capable consumers, markets will develop new products and services designed to meet the demands of these consumers, both mainstream and marginalised.
>
> Markets will become more innovative, responsive and competitive in how consumers are served, and products will become more efficient.
>
> This will lead to greater social cohesion in terms of financial access, more accountability from financial institutions, increased consumer awareness and protection – which will all in turn help to foster economic growth to the benefit of all citizens in Ireland.

4.3.3 Target Outcomes

The following is the vision that has been developed for a financially capable Ireland by the NCA and the Steering Group. It focuses on target outcomes for a financially capable person in Ireland.

> In seeking to foster personal finance education in Ireland, the long-term vision guiding the Steering Group depicts people in Ireland having the knowledge, skills and understanding to make confident, responsible and informed financial decisions. Ideally, the financially capable person would:
>
> - Have the skills to manage their money, track their spending and plan ahead for future financial needs;
> - Know how and when to stay informed about developments not only in the financial services and products market, but also regarding developments in their existing portfolio of products and services;

- Possess the confidence to approach financial institutions and advisors to investigate the best options available to them;
- Understand the difference between products and services and maintain a discerning attitude when comparing them;
- Have a better understanding and awareness of the risks they face in diverse and complex financial markets;
- Know how and where to pursue new learning opportunities; and
- Know where to go and what to do when something goes wrong.

The members of the Steering Group believe that a financially capable Ireland that embraces this vision would also benefit from the following outcomes in the larger context of Irish society and the Irish economy:

Under the leadership of the NCA and the Steering Group, a Framework of Target Learning Outcomes has been developed to guide the implementation of financial education in schools in the Republic of Ireland.

4.3.4 Curriculum Status

The national Irish Government, through its Department of Education and Skills, has overall responsibility for setting educational policy and direction. This includes the primary school curriculum (last specified in 1999) and the learning programmes in secondary schools.

At the end of the junior cycle, students aged 12-15 take the Junior Certificate Examination, set by the National Qualifications Authority of Ireland.

At the end of the senior cycle (the next step for over 90 per cent of all young people), students generally take the Leaving Certificate Examination.

The only scope for locally designed curricula is during the Transition Year, which is being experienced by increasing numbers of students aged 15. The content of this one-year course is determined by schools according to local needs and circumstances.

Overall, though, it's the national government that sets the curriculum and related external assessment arrangements. Although not a statutory body, the National Council for Curriculum and Assessment plays an advisory role to assist with the development of new curricula.

A national strategy is set out in the report of the National Steering Committee on Financial Education, entitled *Improving Financial Capability – A Multi-Stakeholder Approach.* This report can be found at www.financialcapability.ie

The report also comments on the status of financial education in schools in Ireland and the importance of having a national strategy to help promote financial education in the schools.

> The development of personal finance education is in its infancy in many jurisdictions. Few countries can boast a national strategic approach and even fewer have personal finance education comprehensively covered in school curricula.
>
> Notwithstanding this there seems to be a growing recognition internationally that financial capability has increasingly become a key life skill that brings benefits to individuals and to society. This can be seen specifically in the EU with the establishment of an Expert Group on Financial Education. Those countries that have more developed financial capability programmes are those where a coherent national strategy has been established and funded (through public money, private money or a combination). It is also key that the strategy is supported by Government policy and that stakeholder interest is harnessed…
>
> Although there are some elements of personal finance on the second level curriculum its coverage is not comprehensive. It is fair to say that the development of programmes to date has been ad hoc and based on the remits

and priorities of individual organisations rather than by overall design. We hope that the existence of the audit of education resources on **www.financialcapability.ie** will assist in identifying gaps in provision, help to prevent duplication and provide a resource for those looking for teaching materials in this area. The audit does not seek to endorse programmes listed and the Steering Group recognises the need for robust assessment of the effectiveness of personal finance education programmes.

The development of the Financial Competency Framework is a key piece of work for the Steering Group. For the first time there is one document that defines the elements that add up to make someone financially capable. It covers not just knowledge but other skills such as the ability to seek information and ask the right questions. It also deals with the social and personal issues around money, which are key to understanding why and how we spend.

The National Steering Group on Financial Education also commissioned an independent report to review a range of current international programmes, projects and initiatives relating to personal finance education around the world. The following is a summary of the key findings of that study regarding financial education efforts in other countries.

- Personal finance education policy and practice is in its infancy in most jurisdictions.
- There is rarely one single body responsible for personal finance education in a given jurisdiction.
- There is great diversity in the scale and scope of personal finance education programmes and projects.
- Despite this diversity, the rationale for initiating programmes is underpinned by a common concern – the need to develop the financial knowledge and skills of individuals in the management of their personal finances.

- The range of targeted audiences for personal finance education programmes is quite diverse and includes children, young adults, parents, teachers and others involved in education, adults in general and other specific consumer groups (including migrants, groups with literacy difficulties, and pre-retirement groups).
- There is a degree of diversity in programme delivery. Most programmes use more than one mode of delivery. Three broad categories of key delivery mechanisms are school-based, community-based, and work-centred.
- Personal finance education in national curricula is very rare in other jurisdictions. However, embedding personal finance education more explicitly into the curriculum is being actively considered in other countries, for example in the UK's ten-year national strategy for financial capability.
- A wide range of channels and media are used. Within any one medium, several formats are available for use, For example, publications are commonly used in the form of brochures, booklets, manuals and guides; internet offerings include web sites, portals, and other online services; public education campaigns may embrace presentations, lectures, conferences, symposia, training courses or seminars; and the use of CD-ROMs and videos is common.
- Some personal finance education schemes are organised by a single provider but most are partnerships of one kind or another, for the most part involving two or three partners, but in some cases involving many more.
- In spite of various recommendations in the literature that programmes should be rigorously evaluated to develop our understanding of how best to deliver personal finance education, relatively little research has in fact been undertaken on their effectiveness. This may be due in part to the relatively recent origin of most programmes and the challenges in measuring the effectiveness of programmes over time. Nonetheless, there are some indications of effectiveness.

4.3.5 Teacher Training

There is nothing in the area of teacher training in the Republic of Ireland that differs from what has been detailed in the section on the United States of America.

4.3.6 Key Organizations and Websites

- Karen O'Leary
  Director of Public Awareness and Financial Education
  National Consumer Agency
  www.itsyourmoney.ie

4.3.7 National Strategy

The national strategy for the Republic of Ireland is outlined in *Improving Financial Capability – A Multi-Stakeholder Approach*, released in July of 2009. It can be found at: www.financialcapability.ie

An extract from the foreword of the report, provided below, sets the stage for the national strategy:

> In December 2006, the Financial Regulator established the National Steering Group on Financial Education, with a view to bringing together the key stakeholders with expertise in this area. We were already absolutely convinced of the need for a strong education component in any policy seeking to improve financial capability of citizens in Ireland.
>
> However at that time, we were not clear of the direction which this policy should take. The unprecedented financial events over the life of the Steering Group, have served only to reinforce our view of the need for a comprehensive policy addressing financial education.
>
> Improving financial capability through education is a major undertaking. People's abilities and needs are diverse and complex and reaching them at key points in their lives poses a huge challenge. People's behaviour when it comes to money is influenced by many different factors: culture, emotion, personal beliefs, knowledge and attitudes to name but a few. In particular, for

adults, education is a choice – there is no obligation to engage with personal finance education.

To have any chance of success, programmes must be tailored, relevant to the individual and delivered in a setting and at a time that facilitates the right kind of engagement. The following is a link to the full document outlining the strategy for improving financial education in Ireland.

The Steering Group, brings together the right organisations and the right people who are interested and knowledgeable in the field of personal finance education. The expertise brought together by the Group can be clearly seen from the outputs in this report, including the commitments given by the members. Our intention within this report is to set out the factors which will contribute to a workable policy on personal finance education. There are several necessary conditions - none of which are insurmountable obstacles. We hope the Report distils the issues into a format which facilitates early implementation.

The Financial Competency Framework, set out in Chapter 3, is a key innovation of the work of this Group. For the first time, all the elements that add up to make someone financially capable are defined, organised and presented in one place. This is an invaluable tool and a blueprint for education resource developers, educators and also those providing personal finance education in an informal way. The Framework is broad, covering not just 'what you need to know' but the necessary skills to seek out and assess that knowledge. It also covers social and personal issues around money – something that technical knowledge alone does not address. The Framework will also facilitate the development of evaluation techniques for personal finance education programmes.

The key components of the national strategy are provided in the Report and are presented in the extract that follows:

Summary of Commitments and Recommendations

Joint Action Plan: Commitments

Each member of the Steering Group has a core area of expertise and can promote the various facets of personal finance education development that fall within their remit and experience. The commitments made under this strategy are broadly defined in four areas. Relevant members have, among other things, made the following commitments:

1. To conduct and/or share research, knowledge and best practice related to personal finance education.
2. To utilise the Financial Competency Framework when developing personal finance education resources or to raise awareness of the Financial Competency Framework.
3. To provide personal finance education materials and /or other resources, alone or in partnership.
4. To provide volunteers or other resources to promote personal finance education, e.g. through the workplace or community.

Future Direction: Recommendations

In addition to the activities under the joint action plan, which the Steering Group members have committed to, we have outlined below some longer term recommended measures, which are directed at Government, the financial services industry, the education sector and other interested parties.

1. To establish structures to co-ordinate the implementation of the commitments and recommendations of this report.
2. To set up, as soon as possible, a Financial Capability Fund with seed funding from the Recapitalisation Scheme.
3. To create a National Standard for personal finance education.
4. To enhance financial capability through the compulsory national curriculum.

4.3.8 Evaluation Efforts

There has been no evaluation conducted regarding the outcomes of financial education in the schools of Ireland. As in the U.K., however, there was an initial study undertaken to establish benchmarks in financial capability.

This report on financial capability in Ireland can be found at: www.financialcapability.ie

The following is a statement made by the Minister of Finance in the report, "Improving Financial Capability – A Multi-Stakeholder Approach" regarding the evaluation efforts to be made to assess progress in financial education in Ireland:

> As a demonstration of the Government's commitment to this important topic, I, in consultation with the Financial Regulator, included Financial Education as part of the September 2008 Government Guarantee Scheme. This required 'the Irish Banking Federation to submit a report every six months detailing progress in achieving goals and targets in respect of the development of financial education.'

4.4 Australia

4.4.1 Definition

The Australian *Framework* defines consumer and financial literacy as the "application of knowledge and understanding, skills and values in consumer and financial contexts and the related decisions that impact on self, others, the community and the environment." The *Framework* comprises four dimensions:

- Knowledge and Understanding
- Competence
- Enterprise
- Responsibility

4.4.2 Australia's Rationale for Financial Education and Literacy

The following is an extract from the Australian "National Strategy for Financial Literacy" and outlines the Australian rationale for financial education and the importance of improving financial literacy in the school system.

> Financial literacy and education are seen as important in Australia because:
>
> - Consumer and financial literacy is a key life skill. The financial world is characterised by a wide range of choices and often high complexity, and as consumers we all need good financial literacy skills to take advantage of this dynamic environment.
> - Providing young people with these skills helps to establish good habits and responsible attitudes from an early age. It helps foster an attitude to managing money that can enhance their long-term financial security and lifestyle.
> - Consumer and financial literacy skills are important for young people because they are being targeted as consumers at an increasingly early age by sophisticated advertising and marketing campaigns. Young people may also face complex financial choices, such as finding the right mobile phone plan. And as 18 year olds, they are likely to have access to credit and loans in a way that would have been unheard of 20 years ago.
> - Young people are interested to learn more about money issues. The Financial Literacy Foundation's report, *Financial Literacy - Australians Understanding Money*, found that young people are particularly interested in learning more about issues such as budgeting, saving, managing debt and recognising financial scams.
> - In an era of increasing demands upon individuals to provide for their own financial future, and ever increasing complexity in financial products, services and markets, it is essential to provide future generations with the necessary skills to become financially literate and deal with these complexities through their schooling.
> - Young people are increasingly exposed to consumer pressures and are interacting with money from an earlier age. The everyday consumer and financial decisions they make will impact over time on their quality of life, opportunities they can pursue, their sense of security and well-being and the overall economic health of our society.

- The current global financial crisis clearly highlights the importance of consumer and financial literacy and the intricate connections between markets and consumer behaviour around risk and reward. It also demonstrates the need to reinforce core financial literacy concepts such as budgeting and saving, living within one's means, responsible use of credit, diversification and investing only in products that are understood.
- Financial decisions, like many life decisions, are complex and highly contextual. The expanding body of literature on behavioural economics reflects the sustained interest from policy-makers, academics and educators in further understanding how and why individuals make choices. This literature, in the current context, has much to offer those who seek to build consumer and financial literacy capacity and resilience in young people. Factors that have been found to influence people's knowledge and understanding of financial matters include their attitudes and beliefs about money (which are influenced by cultural background and values), confidence levels, interest and engagement levels, and socio-economic and demographic background.
- The 2008 ANZ survey [Author's note: This survey of financial literacy can be found at www.anz.com] found that overall the lowest levels of financial literacy can be found among those aged 18-24 years and over 70 years, those with low levels of education (Year 10 or less) and low socio-economic status. Good consumer and financial literacy skills help individuals and families make the most of opportunities, achieve their goals and secure financial wellbeing as well as contributing to the economic health of society. Research has consistently shown that Indigenous Australians are among the most disadvantaged in terms of financial literacy and inclusion. By developing sound consumer and financial literacy knowledge, skills and behaviours from an early age, all young Australians, including those from the most disadvantaged backgrounds, will be better equipped to overcome or avoid financial exclusion.
- The importance of including and resourcing financial literacy education in schools has been recently recognised by the OECD, with Angel Gurría, OECD Secretary-General, announcing at an OECD/lEFP Symposium on Financial Education in May this year that a financial education component will be included in the Program for International Students Assessment (PISA) for 2012.

4.4.3 Target Learning Outcomes

The *Framework* that has been developed in Australia to guide financial education activities and programs indicates the targeted areas of learning and skill development for Grades 3, 5, 7, and 9.

4.4.4 Curriculum Status

Financial literacy is defined according to the *Framework* that Australia has developed. When it was agreed upon through the Ministerial Council on Education, Employment and Youth Affairs in 2005, a commitment was made by all state education ministers to have consumer and financial literacy integrated into their state and territory curriculum frameworks as of 2008. The way the states do this, and the extent to which the *Framework* is integrated, varies across states and territories. (N.B.: States have constitutional jurisdiction over education.)

Consumer and financial literacy are to be integrated into English, Math, Science, Business, Commerce, Economics, Technology and Enterprise. Civics and Citizenship, and Information and Communications Technology. Examples are provided for how to integrate financial literacy lessons into these other courses of study.

Leadership for curriculum at the national level in Australia is provided by the Australian Securities and Investments Commission (ASIC). There are no mandated courses. Rather, there are targeted learning outcomes for various levels of education that are to be integrated into other compulsory courses of study.

The target learning outcomes are to be integrated into school curricula in Australia. The following is a statement from the ASIC regarding financial education in Australian schools.

> In the past consumer and financial literacy did not have a unified, systematic approach. Various consumer and financial content, courses and programs have previously been included in State and Territory curriculums. Now the

> nationally agreed Framework provides an integrated cross-curriculum approach for all students from Kindergarten to Year 10.
>
> Consumer and financial literacy will be integrated in curricula and programs across English, Mathematics, Science, (Humanities - Business, Commerce, Economics, Technology and Enterprise) Civics and Citizenship and Information and Communication Technology. This will allow all Australian students in their compulsory years of schooling to develop knowledge and understanding, skills and values in consumer and financial literacy.

There are, however, potential changes looming. In a recent email, providing an update on the Australian situation, Judy Gordon, Advisor, Financial Literacy and Consumers and Retail Investors with ASIC shared the following:

> When the *Framework* was agreed through the Ministerial Council on Education, Employment and Youth Affairs in 2005, a commitment was made by all education ministers to have consumer and financial literacy integrated into their state and territory curriculum frameworks from 2008. The way they do this, and the extent to which it is integrated varies across states and territories.
>
> However, there is a currently a national education reform agenda underway in Australia and one of the key elements is the phasing in of a new 'Australian Curriculum'. The Australian Curriculum will outline what teachers across Australia are expected to teach, and what students in primary and high school (Kindergarten - Year 12) are expected to learn and achieve in 8 nationally agreed key learning areas. These learning areas are: English, Mathematics, the Sciences, the Humanities and Social Sciences (History, Geography, Economics, Business, Civics and Citizenship; the Arts (performing and visual); Languages (especially Asian Languages); Health and Physical

Education; Information and Communication Technology and design and technology). Further information about the new Australian Curriculum is available at www.acara.gov.au

We see the implementation of this new Australian Curriculum as a key opportunity to strengthen the coherence and consistency of consumer and financial literacy across states and territories. For this reason ASIC and the Australian Government Financial Literacy Board have been actively participating in consultations around the new curriculum, in partnership with peak teacher professional associations. We also intend to work in collaboration with key state and territory education and consumer stakeholders to revisit and re-shape the content and scope of the National Framework so it is more aligned to links with relevant learning areas of the Australian Curriculum.

It is important to note that the introduction of a new Australian Curriculum is not aiming to produce 'uniformity' and is not being described as 'compulsory'. The Commonwealth has no legal mandate to make elements of curriculum 'compulsory' in Australia as states and territories have the legislative responsibility for school education. The Curriculum is being promoted as a vehicle to achieve the nationally agreed Educational Goals for Schooling and a means to improve consistency.

As you see, states and territories, their schools and teachers will continue to have a degree of flexibility as they do now so they can meet the needs of their students.

In addition, there is a rationale that has been provided as to why there is a need for an "Australian Curriculum." The following is the rationale that has been provided in a document entitled “The Australian Curriculum: A Curriculum for All Young Australians” produced by the Australian Curriculum Assessment and Reporting Authority (ACARA):

> In 2008 all Australian governments agreed that a quality education for all young Australians is critical to maintaining Australia’s productivity and quality of life. They agreed that a national curriculum would play a key role in delivering quality education and committed to the development of a K–12 national curriculum, initially in the areas of English, mathematics, science and history.
>
> Subsequently, all Australian education ministers committed to a set of educational goals and actions to better prepare young people for their participation in a changing and increasingly globalised world. One of these actions was the development and implementation of a worldclass national curriculum. This commitment by ministers is captured in the Melbourne Declaration on Educational Goals for Young Australians.
>
> It is widely accepted that Australia should have one curriculum for school students, rather than the eight different arrangements that exist at the moment. The commitment to develop an Australian Curriculum means that:
>
> 1. The individual and combined efforts of states and territories can focus on how students’ learning can be improved to achieve the national goals, regardless of individual circumstances or school location.
> 2. Greater attention can be devoted to equipping young Australians with those skills, knowledge and capabilities necessary to enable them to effectively engage with and prosper in society, compete in a globalised world and thrive in the information-rich workplaces of the future.
> 3. High-quality resources can be developed more efficiently and made available around the country.
> 4. There will be greater consistency for the country’s increasingly mobile student and teacher population.

> What young people should be taught and the quality of learning that is expected of them will be made clear in the Australian Curriculum. At the same time, it will provide flexibility for teachers and schools to build on student learning and interest.
>
> Whilst the Australian Curriculum will outline the scope of what is to be learned, it will be teachers in classrooms who will make decisions about how best to organise learning, the contexts for learning and the depth of learning that will be pursued for each child in their class.

4.4.5 Teacher Training

The following is a description from the ASIC of the kind of help that has been developed and provided to assist teachers with the implementation of the program and the integration of the target learning outcomes that have been identified.

> A Professional Learning Package has been designed to build the capacity of teachers in primary and secondary schools to engage students in consumer and financial literacy.
>
> The professional learning package encourages and supports teachers to look broadly at the curriculum and identify opportunities across four broad areas of study:
>
> - understanding money,
> - consumer education,
> - personal finance, and
> - money management.
>
> These areas of study do not create new layers of work. Instead, they provide teachers with a lens to add value to quality teaching and learning.
> The Professional Learning Package uses the comprehensive and innovative program of the primary schools in the Maitland region of New South Wales as a case study. The program is a good example of the benefits of integrated

learning across primary schools. There are other innovative programs in many schools; their numbers will continue to increase, embedding the learning in consumer and financial literacy.

The Professional Learning package includes:

- A facilitator's guide, including training modules for workshops with teachers;
- A teacher's guide, including a reference CD-ROM; and
- A DVD looking at how consumer and financial literacy has been successfully integrated in the curriculum through enterprise learning in the Maitland/Sydney regions.

The support materials and resources for teachers are available at a new website, www.financialliteracy.edu.au, hosted by Curriculum Corporation.

National training on the consumer and financial literacy framework will be provided for curriculum officers, professional associations and facilitators across all education jurisdictions. This will give key participants a deeper understanding of the skills and strategies needed to deliver training to all teachers, especially for teachers in rural and remote regions.

Teachers of financial literacy will receive training through the Department of Education, Employment and Workplace Relations' Australian Government Quality Teaching Program (AGQTP) AGQTP officers have planned a range of professional learning activities for primary and secondary school teachers across Australia. These learning activities include workshops, seminars, conferences, forums, and web-based training and video conferencing for teachers in metropolitan, regional, rural and remote areas.

4.4.6 Key Organizations and Websites

- Delia Rickard, Senior Executive Leader for Financial Literacy
  and Consumers and Retail Investors
  Australian Securities and Investments Commission (ASIC)
  Telephone: 61-2-6250-3801 (ext. 23801)
  delia.rickard@asic.gov.au
  Web Site: www.understandingmoney.gov.au

  Program/Resource: Consumer and Financial Literacy
  Professional Learning Program
  URL: www.financialliteracy.edu.au

4.4.7 Evaluation Efforts

Peter Cuzner, Senior Manager, Financial Literacy and Consumer and Retail Investors at ASIC, noted to the author that there has been evaluation work undertaken with respect to the "Making Cents" program in Australia.

A second evaluation was completed by the NSW Department of Education and Training — Priority Schools area: www.lowsesschools.nsw.edu.au

4.5 New Zealand

4.5.1 Definition

"Financial literacy is defined as the ability to make informed judgments and make effective decisions regarding the use and management of money. Financial literacy is seen as a spectrum covering financial knowledge and the understanding, confidence and motivation to make financial judgments and decisions. Financial capability is another term for financial literacy, used by some countries and organizations to denote a more behavioural and action-oriented approach."

– The New Zealand Network for Financial Literacy and in the National Strategy for Financial Literacy

4.5.2 Rationale

The following is the rationale presented in the document "The Need for Financial Literacy" produced by the New Zealand Network for Financial Literacy (which can be found at www.financialliteracy.org.nz/national-strategy/need-financial-literacy):

> This century has seen an increasing focus on financial literacy, both in New Zealand and internationally. People around the world need a higher level of financial literacy as the context in which they manage their finances continues to change. The National Strategy for Financial Literacy identifies the following factors as contributing to the increasing need for financial literacy:
>
> - Ageing populations, which threaten the viability of public pay-as-you-go pensions
> - Increases in life expectancy, with people's savings having to support them for longer than ever before
> - Increased complexity of financial products
> - A proliferation in the number of financial products
> - Better educated consumers who want to know more
> - A shifting of responsibilities and risks to individuals, such as student loans in New Zealand, or in some countries a shift from defined benefit pension schemes to defined contribution schemes.
> - The erosion of trust in the financial services industry with such issues as the collapse of finance companies (NZ), mortgage foreclosures (USA) and lending crisis (UK)
> - Increasing consumer debt and bankruptcies
> - The ease and availability of credit products to an increasing proportion of the population
> - The KiwiSaver scheme in New Zealand, which has exposed many people to choices around investing and saving for the first time.

4.5.3 Target Outcomes

The following have been set as the national outcomes for what is hoped to be achieved by improving financial literacy/capability:

- Financially literate population – may challenge market providers to develop products and services fit for their needs and are able to make informed decisions about finances throughout their lives
- Trusted financial services sector – educated and knowledgeable advisers and salespeople who accurately describe and explain their products and services, risk and return
- Competitive and efficient market for financial products and services with diverse offerings to suit different needs
- Thriving economy with transparency of product features and fees and increased understanding reducing the level of compliance costs
- Efficient and effective regulation with reduced compliance costs. Financially literate consumers exercise market power by withdrawing funds from those who do not comply with principles-based industry leadership
- Basic level of consumer protection legislation maintained to protect those who meet with unscrupulous operators, are not interested in financial matters or who cannot attain even a basic level of financial literacy
- Security net of welfare provision for those for whom income is simply insufficient to meet basic needs, or for whom attainment of financial literacy is not a realistic goal.

4.5.4 Curriculum Status

The Ministry of Education is responsible for what is taught in New Zealand schools. New Zealand has one of the least prescriptive approach to schools in the OECD in that schools are governed by school boards, which have a great deal of influence regarding what is taught in schools.

A national curriculum for the schools which can be found at www.nzcurriculum.tki.org.nz. Additional information is also available on the Ministry's website – www.minedu.govt.nz. The New Zealand Qualifications Authority has responsibility for qualifications and the Education Review Office reviews the performance of schools.

The New Zealand Ministry of Education assumed responsibility for the ongoing development and promotion of financial education in the schools in July 2009. An advisory board is planning to develop a specific action plan under the umbrella of the country's national strategy. The Ministry of Education is offering material to schools on its website and planning to highlight its availability in regular communications to the schools.

As in other countries, there is no national curriculum for the schools. Leadership and guidance are provided at the national level by the Retirement Commission. Efforts at the national level encourage and assist financial education efforts.

The following is an excerpt from the Retirement Commission's website explaining how the Centre for Financial Literacy supports its efforts to improve financial literacy in New Zealand:

> The Centre for Financial Literacy helps the Retirement Commission achieve its function of providing education and information to help New Zealanders prepare financially for retirement. In line with the National Strategy the Centre aims to:
>
> 1. ensure financial education reaches more people
> 2. extend the delivery of financial education
> 3. share what works and improve evaluation of financial education
>
> It achieves this through research, evaluation, compilation of educational initiatives, and promotion of these.
>
> **Home of the National Strategy for Financial Literacy**
>
> A key platform of the Centre for Financial Literacy is the implementation of the National Strategy for Financial Literacy. The strategy sets the strategic direction, links providers of financial education and information, identifies gaps in coverage and avoids duplication.

The ANZ-Retirement Commission Financial Knowledge Survey

The ANZ-Retirement Commission Financial Knowledge Survey measures the financial knowledge levels of New Zealanders aged 18 and over.

The findings are used to help target financial education programmes. Over time, the results will contribute to measuring the effectiveness of financial education in New Zealand.

Surveys were conducted in 2006 and 2009, and a repeat of the survey is planned for every three to four years.

The following is a synopsis of measures implemented in New Zealand under the National Strategy for Financial Literacy issued by the Retirement Commission.

- National surveys on financial knowledge commenced in 2005 with the ANZ-Retirement Commission Financial Knowledge Survey. The next national survey was conducted in 2009.
- A Financial Knowledge Framework was developed in order to describe and define the abilities, understanding and awareness that people would demonstrate at different levels of financial knowledge, from a basic to an advanced level.
- A Personal Financial Management Curriculum was developed to drive financial education in the school curriculum.
- Quality standards were implemented for all education programs.
- The "Pathways to Financial Literacy" Program, targeted at senior secondary school students, is run in over 100 schools.
- A standard framework, which financial education providers can adopt to evaluate the effectiveness of their programs was developed.
- A database of all financial education resources in New Zealand both for school children and the adult population is available on www.retirement.nz
- Some of the recommendations set out in the New Zealand National Strategy for Financial Literacy include:
    - Professional development courses should be offered to increase teachers' knowledge of the importance of financial education and their skill in delivering effective financial education teaching and learning programs.

- Community partnerships should be developed with those working on the ground to identify locations and channels where financial information may most effectively be delivered for those not in the workforce or not able to access financial information at work.
- The Retirement Commission should continue to work with employers, unions and industry groups to decide the tactics most suitable to delivering financial information to their employees.
- The Retirement Commission, in its leadership role, should work with research and evaluation professionals to develop instruments to capture the long-term effects of financial education and financial literacy on peoples' personal financial well being.
- Guidance should be provided and experiences and best practices shared in order to learn by doing and continuously modify programs.

4.5.5 Teacher Training

As with other countries, there is nothing unique to report on with respect to teacher training that differs substantially from that reported in the section for the United States of America.

4.5.6 Key Organizations and Websites

- Diana Crossan, Retirement Commissioner
  Retirement Commission
  Telephone: 64-4-494-6246
  diana.crossan@retirement.org.nz
  Web Site: www.sorted.org.nz

4.5.7 National Strategy

New Zealand has a National Strategy for Financial Literacy. It is available at: www.retirement.org.nz

The section of that national strategy focusing on financial education appears below:

Financial Education

1. The National Strategy for Financial Literacy supports the inclusion of a financial education teaching and learning program, as part of the New Zealand Curriculum launched in 2007. The Retirement Commission will work with the Ministry of Education, and other interested parties to ensure that as many students as possible benefit from this program.
2. That professional development courses be offered to increase teachers' knowledge of the importance of financial education and their skill in delivering effective financial education teaching and learning programs.
3. That high quality resources be developed to support classroom teachers to teach financial education effectively.
4. That financial education be delivered in a manner which is impartial, judgement-free and seeks to empower people to best manage the reality of their financial circumstances.
5. That community partnerships be developed with those working on the ground to identify locations and channels where financial education/ information may most effectively be delivered for those not in the workforce or not able to access financial education/information at work.
6. That the Retirement Commission continue to work with employers, unions and industry groups to decide the tactics most suitable to delivering financial education/information to their employees.
7. That partnerships be established with Te Puni Kökiri, Ngäi Tahu and other iwi to extend the delivery of successful school financial education programs to the Mäori community. Collaboration will aim to identify channels through which financial education can be tailored effectively for delivery to Mäori whänau.
8. That the Retirement Commission work with Pacific communities, the Ministry of Pacific Island Affairs and relevant stakeholders to facilitate financial education programs tailored to Pacific peoples to provide the information and skills necessary to become well informed and knowledgeable consumers of financial products and services, to manage money effectively on a daily basis, and to plan for the future.

4.5.8 Evaluation Efforts

The following, taken from the Retirement Commission's website, focuses on the challenges facing the evaluation of the effectiveness of financial education. Note the embedded link to research undertaken on behalf of the Retirement Commission by Alison O'Connell in 2007.

> **Measuring effectiveness**
>
> To get the best value from resources going into financial education and information, it is important to identify what's working well.
> Many initiatives are underway to improve financial literacy although their impact is not yet clear.
>
> There is some indication that financial education increases financial literacy and/or improves financial behaviour, however there are also other external factors which may have an influence but are difficult to measure.
>
> The National Strategy for Financial Literacy (financialliteracy.org.nz/national-strategy) recognises the need for a standard evaluation framework that providers of financial education can adopt and adapt in order to evaluate the effectiveness of their programmes.
>
> The New Zealand Network for Financial Literacy will provide a forum to share experiences and best practice.
>
> Work is underway on developing an international framework for the evaluation of financial education programme, under the auspices of an OECD expert sub-group (www.oecd.org) chaired by New Zealand's Retirement Commissioner.
>
> Independent researcher Alison O'Connell has proposed a five-tiered framework for evaluation. Read her paper "Evaluating the effectiveness of financial education programmes" (2007) available at: www.financialliteracy.org.nz

> Economics Professor Dr. Annamaria Lusardi is undertaking further work on evaluation, and spoke about this issue at Financial Literacy 09, a one-day summit, hosted by the Retirement Commission in June 2009. Information on the summit is available at www.financialliteracy.org.nz

As in other countries, little has been done in the way of evaluating the effectiveness of financial education in the schools. National surveys were, however, undertaken, in 2006 and 2009 and will be repeated every three to four years. The 2009 survey is available at www.financialliteracy.org.nz.

5. Summary and Conclusions

Financial education in schools in the countries targeted for this report is not new, but in the past it has not been extensive or assigned priority. In general, most would agree that it has not been well delivered.

5.1 What's New?

What is new is the dramatically heightened interest in financial literacy/capability and education that has been especially triggered by recent economic difficulties. The countries targeted for this report—the United States, the United Kingdom, Ireland, Australia, and New Zealand—all have efforts going back to years before the recession of 2008.

Few other subject areas addressed by schools have received such international attention and, increasingly, coordination and collaboration. Various groups, such as the OECD, Aflatoun (Netherlands-based), and the European Union, are putting effort into trying to facilitate discussion, sharing, planning, research, and activity on a wide scale. There have been efforts in all the countries targeted for this report to develop a national strategy. There are efforts to provide guidance in terms of what is important, and what to teach, by creating national frameworks and core competencies. There are efforts at the national level to help produce resources and web sites, and to support teachers who are largely untrained in this area and who struggle with their confidence in providing instruction.

5.2 Seldom Controlled at the National Level

Yet, with all this interest and activity, education is for the most part not controlled, assessed, or coordinated at the national level. The Republic of Ireland is the exception; there the national government is in control of education and what is taught in schools. In the other countries, like Canada, the control lies in the hands of states, provinces, and territories and even, to some degree, of local schools and school boards. Consequently, although countries are assigning this area of learning a high priority at the national level, the challenge remains to engage the states, provinces, territories, and local boards and schools to demonstrate a similar level of priority and commitment.

This is, indeed, starting to happen. In Canada, for example, the challenge on integrating compulsory economic and financial education has been taken on by a number of provinces, including Manitoba and Ontario.

National governments have begun to support other levels of government responsible for education by providing leadership and additional support in the form of the development of national standards and teacher resources through centralized websites. There is increased cooperation and collaboration among the various levels of government. And, with experience and expertise in this area of learning still relatively scarce, various levels of government see advantages in collaborating so that they can more effectively tap the talent that is available.

Efforts at the national level are also being assisted by clearer definitions of outcomes and objectives. As these are articulated and clarified, it becomes more evident that there is a similarity in goals. This enhances the environment for collaboration.

5.3 Financial Education Experiencing a Period of Maturation

Regardless of the inconsistencies, though, with the heightened level of interest, and the increased international attention and collaboration, the field of financial literacy/capability and education is starting to move forward. It is quickly moving past its infancy stage to a higher level of maturity. This is indicated by the broad array of insights that are being gained from experience, new research that is being done, new leadership that is evolving, and new efforts that are focusing on evaluation, impact and accountability. Initially the challenge was seen as largely getting financial education into the school curriculum and getting the content in front of the eyes of students, but many other challenges are being discovered, which need to be addressed.

As noted in this report, research by Dr. Lew Mandell in the U.S. is starting to challenge the benefits of financial education in high schools, since students did not do better on tests after taking a high school course in financial or economics education than students who did not. But many challenge the conclusions being drawn, questioning the quality of the programs, the quality and effectiveness of delivery, the target learning outcomes that were set, and the effectiveness of the resources. They challenge the fact that the tests focus virtually exclusively on cognitive learning outcomes, not behaviour, which is gaining increased attention and focus.

More recent evaluation efforts, such as those undertaken in the U.K., are showing more positive results. It is also the feeling of many – yet to be proven by research – that efforts at the high school level will indicate higher levels of success and impact when they are:

- More consistent in content and approach;
- Supported by more foundation learning at the younger grades;
- Implemented by teachers with higher levels of training and preparation;
- Implemented using better quality resources;
- Evaluated using a broader array of evaluation goals and strategies; and
- Implemented using an improved balance between target outcomes pertaining to knowledge, skills, and behaviours.

This brings us to an increasingly prominent issue in financial education around the world: What is the ultimate target outcome? What is a financially capable person? What are the key things to know, the key skills to develop, and the desirable behaviours that would denote success? Efforts are under way to achieve consensus on the answer to these questions.

5.4 The Common Challenges

This report has provided a profile of developments in financial education in five of the world's leading English-speaking countries. These countries face many similar issues:

- It is still a challenge to get financial education into the school curriculum and to determine whether it should be best integrated, taught as a separate course or courses, or a combination of both. Countries are employing different approaches and strategies, but there is as yet no consensus on which approach is best. What appears to be evolving, however, is the view that a combination of integration at the younger grades (3/4 to 9/10) topped off with a capstone course that enables reinforcement and application of prior years' learning may be best – but that is not conclusive.
- If learning is to be integrated, there is still the challenge of determining how to make integration actually work, since getting finance-related learning outcomes into curriculum documents is just the first step on the way to getting quality instruction actually provided to students. Teachers have to be trained and provided with resources to do it effectively, and evaluation efforts are needed to validate any assumed success. Countries are trying integration strategies, but most efforts are in their infancy, lack enforcement, and face the persistent challenges that arise from teachers' lack of training and the need for quality resources that are actually designed to address the specific integration challenges that teachers face.
- As noted, there is a need to generate consensus on what is important to teach – the target outcomes in terms of knowledge, skills, and behaviours. Again, some countries have done work in this area, but there is no unanimity on what financial education efforts are trying to achieve. There does, however, appear to be the potential for consensus in this area as countries now exchange more information with one another, as they learn more from one another, and as they look for more ways to collaborate.
- There are still challenges with the provision of teacher training. Many teachers have little background or expertise in the subject and can lack confidence in their ability to provide instruction. Additionally, given current fiscal circumstances, governments face challenges in providing adequate teacher training and resources in the area of financial literacy.
- Research needs to be done to answer the key questions that have evolved or are evolving, regarding what knowledge might constitute success.

- And finally, there is the challenge of effective evaluation – developing the means to undertake evaluation and finding the resources to complete evaluation that is meaningful and conclusive in terms of what works and why, and what doesn't work and why not. Effective evaluation is expensive and long-term in scope. Recognizing this, however, some countries have begun to make greater investments in evaluation. The OECD has also assigned a high priority to the evaluation of financial literacy education, and has an international working group focusing upon these challenges.

In summary, Canada can learn very much from the successes and the mistakes of countries that have been leaders in the field of financial education. The countries discussed in this report have highlighted a willingness to share what they have learned and welcome the opportunity to continue to learn together as financial education efforts move forward.

Canada is also in a position to make a great contribution and to provide strategic global leadership by supporting the development of solutions that could address some of the above-noted challenges. This nation's contributions in the areas of research, evaluation, and teacher training would be welcomed by others in the international community, and could be areas where Canada can demonstrate global leadership.

Note: Appendices are available at the website of the Canadian Foundation for Economic Education at: www.cfee.org