# The Financial Capability of Children and Young People

the Money Advice Service

## Introduction

The Money Advice Service is working to increase the effectiveness of financial education for Children and Young People at home, at school, and in the community. To gain a better understanding of the challenges and how best to deliver support and guidance, we commissioned a survey – the first of its kind in the UK – of the financial capability of children and young people aged 4–17, and of their parents and carers.

We are sharing a few of the initial findings here as part of Financial Capability Week. We expect to publish the full survey results in early 2017.

## Challenges of preparing for adulthood

All our research shows how important it is for children to experience managing money before they reach adulthood, yet our early findings indicate that many young people about to turn 18 are ill-prepared for dealing with adult financial responsibilities.

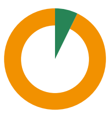
When looking at 16- to 17-year-olds:

- 32 % say they haven't had experience of putting money into a bank account
- 39 % do not have a current account
- 59 % can't read a payslip properly
- 29 % don't know what will happen if they don't pay their Council Tax

## Financial education in schools

only 4 in 10

children aged 7-17 say they have learned about money management at school



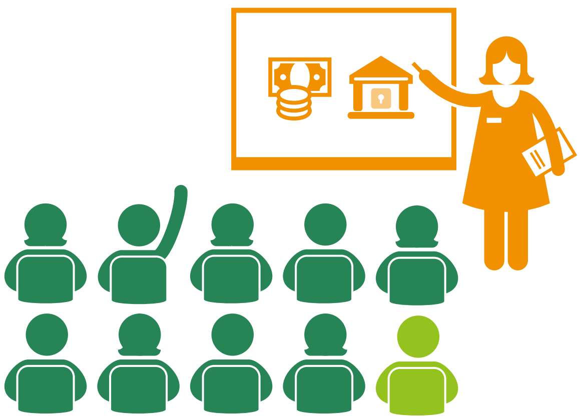
only 7%

have talked to their teachers about money

Positively,

9 in 10 young people

who said they had learned about money management at school said it was useful





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## The importance of confidence

### Less than HALF (43%)

**of young people aged 12–17 are confident managing their money**

We are concerned by this because our findings suggest a link between confidence in managing money and money behaviours – in particular, those who are low in confidence are less likely to shop around, and tend to save less money:

£3.50 £5.34

- If given £10, those with low confidence would save less of it than those who were confident

24% 52%

- Those with low confidence were also much less likely to say they save money most or every time they get some

50% 89%

- Those with low confidence were also much less likely to say they shop around

## Financial education at home

**3 in 4 children**

talk to their parents about money

**3 in 4 parents**

say they are a good role model

Considering this, it is surprising that:

**Only 3 in 5 parents**

feel confident talking to their children about money

**Only 1 in 3 parents**

talk to their children about household finance

although this does increase with age

Furthermore, parents' behaviour may not always set the best example:

50 % do not save regularly

44 % don't feel confident managing money

68 % find keeping up with their credit commitments and bills a burden

## Call to action

To address these challenges, we recommend:

- **increased scale, breadth and consistent quality of financial education** to help all children and young people, including those in primary school, learn the skills, attitudes and behaviours they need to manage money well later on;
- **a concerted focus on 'just in time' financial education** before young people become financially independent; and continuing research and evaluation to understand what's most effective;
- **greater support for parents** to help them talk to their children about money.

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The Money Advice Service commissioned BMG Research to carry out this nationally representative survey of children and young people aged 4 to 17 in the UK. In total 4,958 children and young people and their parents took part in this research from March to June 2016.



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