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Failure to prepare for unexpected proves money lessons matter

The UK is particularly vulnerable to adverse financial shocks as 11.5 million people in the UK have less than £100 in savings. Kids might be at home now, but it is time to think about better financial education for all.

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The coronavirus crisis is impacting every person, in every sector and in every country across the globe. The economic fallout is resulting in voluntary pay-cuts, loss of income, forced redundancies and a short-term shock to many households' already fragile financial situation. With the vast majority of children now off school, many will also now go without vital free school meals.

We are, as a nation, particularly vulnerable to adverse financial shocks as 11.5 million people in the UK have less than £100 in savings. We know that attitudes and behaviours towards money and saving start from an early age, so there has never been a more important time to equip children with good habits and positive attitudes about money.

However, according to the Money and Pensions Service (Maps), only 48% of children currently receive key elements of financial education at home or school. That's why Quilter helped to launch and currently co-chairs KickStart Money, a consortium of the UK's leading investment firms, which has now reached over 19,000 young people across the UK.

KickStart's delivery partner is leading education charity MyBnk. Their expert trainers deliver high energy and fun financial education sessions directly to children aged seven and up to 25 in schools and youth organisations. The long-term value of these financial education lessons is clear as students develop a better understanding of long-term savings plans and the importance of sticking to these plans. The effectiveness of the sessions are monitored and 12 months after the lessons, 70% of pupils are sticking to money plans to achieve a goal, compared with the current national average of 34%.

Appy-coincidence

Although classroom-based lessons have been the traditional setting for these sessions, now that children are away from school for the foreseeable future they will be missing these vital educational experiences and may not be receiving an adequate financial education. Children will also be spending a great deal more time with parents, who may not necessarily have the best savings and spending habits themselves.

In a moment of serendipity, MyBnk and the technology consultancy, Capco Digital, have recently launched a new smartphone app called Money Twist, which contains a range of games and activities, led by parents but involving the whole family, to educate five to 11 year olds on savings, budgeting and spending wisely.

The app contains nine pathways that will teach young people the value of money while improving family money skills and habits through videos, virtual shopping, back-to-school tasks, storytelling and 'demotivators' that highlight excessive spending. Ultimately, the app aims to enhance children's understanding of personal finance and encourage a positive mindset when it comes to money.

It's a win win for parents. Not only will the app provide an engaging activity for children whilst they are away from school, but they will also learn the importance of having positive spending and savings habits for the future. Now, more than ever, we must ensure that financial education is at the top of the agenda to ensure the nation has the financial resilience necessary to weather any future financial storm.

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