

Financial Education in Secondary Schools in the UK:

Summary of findings

May 2023



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Mark Bailie, CEO of Compare the Market

Everyday life is full of financial decisions. From big decisions like buying a house or investing money, to more regular day to day choices, such as finding good deals, managing household bills and using a credit card, many of these can be complicated and overwhelming if you don't have the tools to help you understand your options and secure the best outcome for yourself.

This report aims to provide valuable insights into financial education in UK secondary schools and its impact on young people's financial literacy. We hope that the findings will be useful and thought provoking for policymakers, educators, and other stakeholders alike in the field of financial education.

We know that most people leave school with an inadequate grasp of basic finance. This lack of financial confidence and understanding can have a real impact on their adult lives, limiting the choices of financial products available to them and with potential to significantly increase the amount they pay throughout their lives.

At Compare the Market, we're passionate about helping people save money and get great deals on their household bills. That's why we are partnering with MyBnk to help more young people get better access to high-quality financial education, removing financial stress and helping them gain the skills they need to manage money in a cost-effective way. This means ensuring they are better equipped to make companies fight for their business by offering better deals, and where we can help is to make searching and comparing those deals as easy as possible. Over three years, the partnership aims to help over 70,000 young people directly.



According to our latest Money Action Index, despite recent bill increases, 59% of households who are worried about rising costs have not taken steps to bolster their finances. This is a significant financial decision given we're in the worst cost-of-living crisis for over a generation and there are potentially hundreds of pounds of savings available by simply shopping around.

The importance of understanding how to make good financial decisions is further supported by our Household Financial Confidence Tracker research, which found that as the cost of living has risen over the past 12 months, 44% of 18- to 24-year-olds feel they are in a worse position financially compared to a year ago. Over a third (34%) have found it difficult to keep up with household expenses such as rent, energy, water, and credit card bills over the past six months.

It's clear that young adults at the start of their financial lives are bearing the brunt of inflation and the cost-of-living crisis. That's why we will continue to support MyBnk and work with policymakers, businesses, households, and schools to think seriously about how we, as a society, can improve financial understanding.

Forewords

Leon Ward, CEO of MyBnk

From a very young age, we interact with money almost every day. Yet, there remains a chasm in financial education across the UK.

It is no surprise that when we first talk about MyBnk's work, one of the most common responses we get is "I wish I'd learnt that at school". Without knowledge of the concepts, products or economic state they are about to enter, how can the young people of today thrive as adults tomorrow?

This research shows that two-fifths of 18–24-year-olds are not financially literate. This is deeply concerning given the current economic crisis and its impacts on mental health and wellbeing. Young Minds' research found that rising costs are the major worry for over half (56%) of young people. Young people reported disruption to daily life, particularly their diet and sleep – two cornerstones of good health and wellbeing. Improving the financial capability of young people can help them cope with this situation, and prevent serious future problems, including poor mental health, unemployment, and homelessness.

Our research also shows that 18–24-year-olds who are unemployed or from lower income backgrounds are more likely to have lower financial literacy. Two-thirds of MyBnk's work is now with 16–25-year-olds in challenging circumstances, such as those leaving the UK care system. Given the vast majority of people in the UK complete their secondary education, we recognise this is a crucial sector for MyBnk to support, particularly in areas of deprivation.

Within any changes to the national curriculum, we urge the government to consider a focus on money management topics with practical maths interlinked. We also acknowledge the pressures and constraints teachers face, including the time needed for lesson preparation and any upskilling needed to teach personal finance topics.



Indeed, as this report shows, teachers are currently carrying the weight of educating pupils about money. Echoing findings from the 2023 APPG (All Party Parliamentary Group) report, many highlighted time as a key constraint, and noted that more efficient use of the school day would be the best way to find additional time. This is where organisations like MyBnk can step in, with quality resources and expert trainers who are up to date on the financial landscape.

With 61% of young adults not able to recall receiving financial education at secondary school, curriculum requirements, encouragement and help appear to have reached a limit and are not resulting in financial capability for all. In the absence of a minimum provision of financial education in schools, financial education is likely to remain an unloved subject that may be de-emphasised to fulfil the many other commitments schools and teachers face. Our recommendations also reflect the important role of family, friends, charities and businesses in building the financial capability of young people.

Given the combined economic and health benefits that financial education can provide, MyBnk remains committed to delivering programmes across the country and calling for greater prioritisation of this critical issue. Preparing children and young people to be financially confident and capable as they enter adulthood will provide rewards for us all.

We are proud to publish this white paper with Compare the Market and stand ready to offer our insights and expertise to ensure that every young person can make informed money choices.

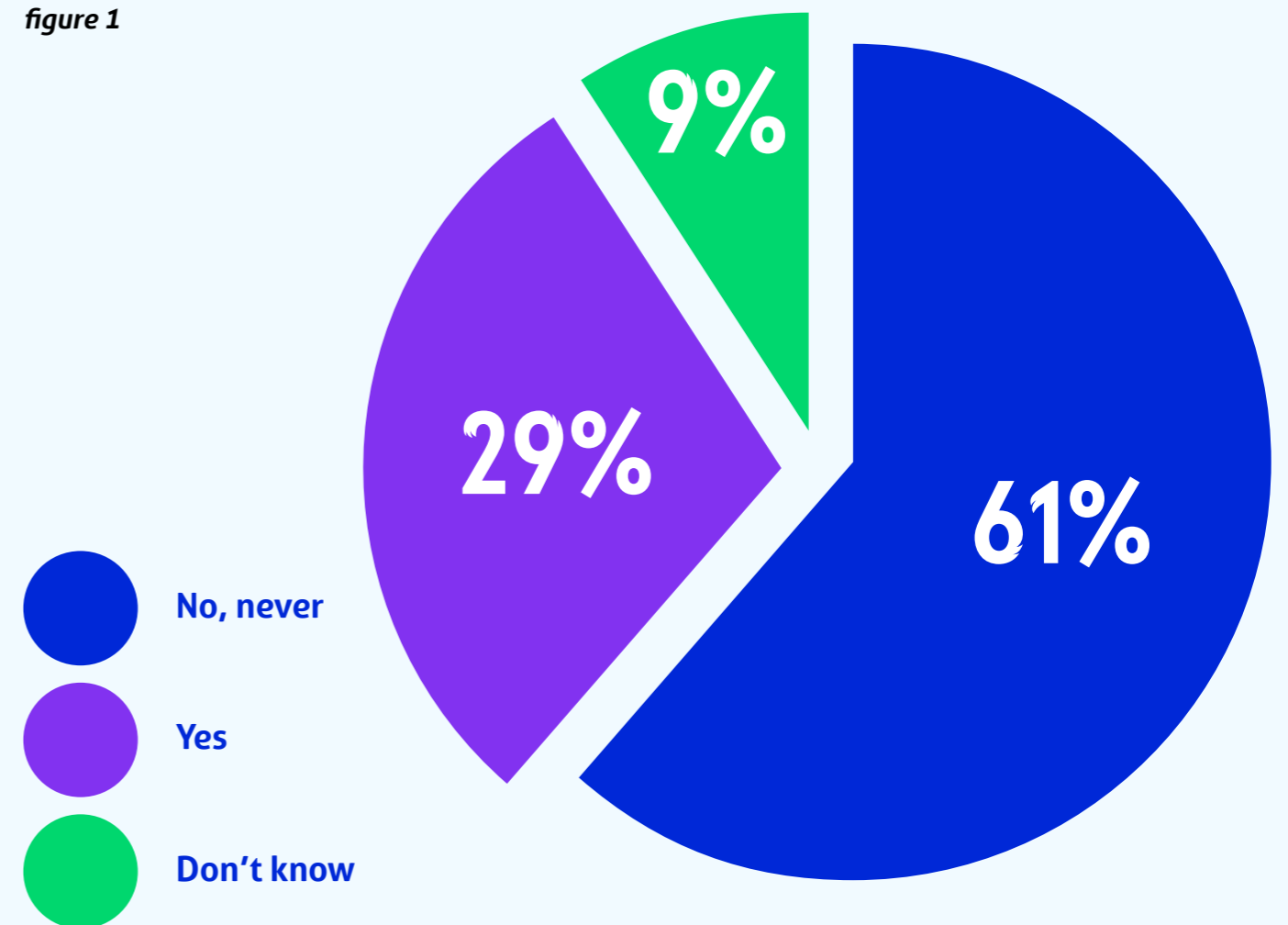
Findings

The link between financial education and financial literacy

- Almost two-thirds (61%) of young people do not recall receiving any financial education at school, compared to under a third (29%) who do recall receiving such lessons.
- On average, those who received financial education lessons were taught for approximately only 48 minutes per month. Translating this to a weekly basis, this is approximately 11 minutes of financial education per week.
- For those who received financial education in secondary school, the average time spent studying mathematics was 33 times more than the average time spent receiving financial education at school.

Share of young adults on whether they received financial education in school between the ages of 11 and 18

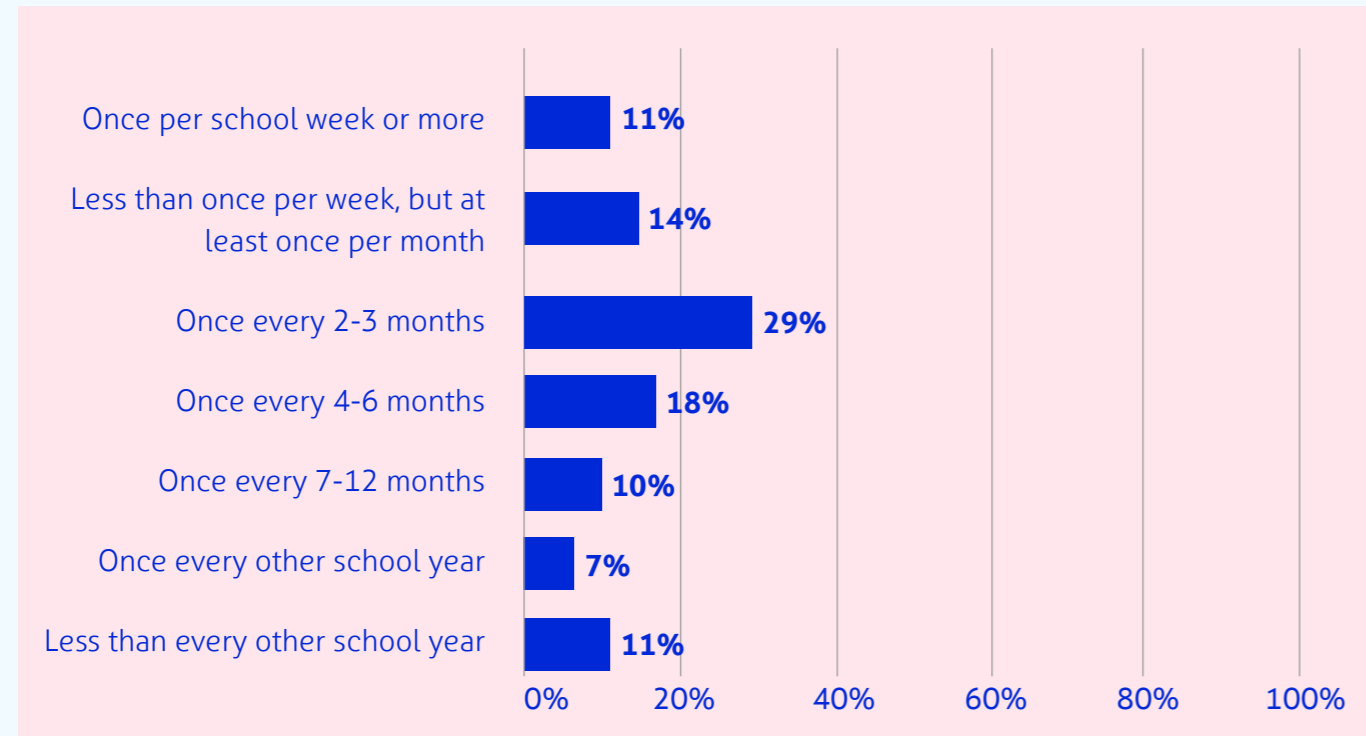
figure 1



Findings

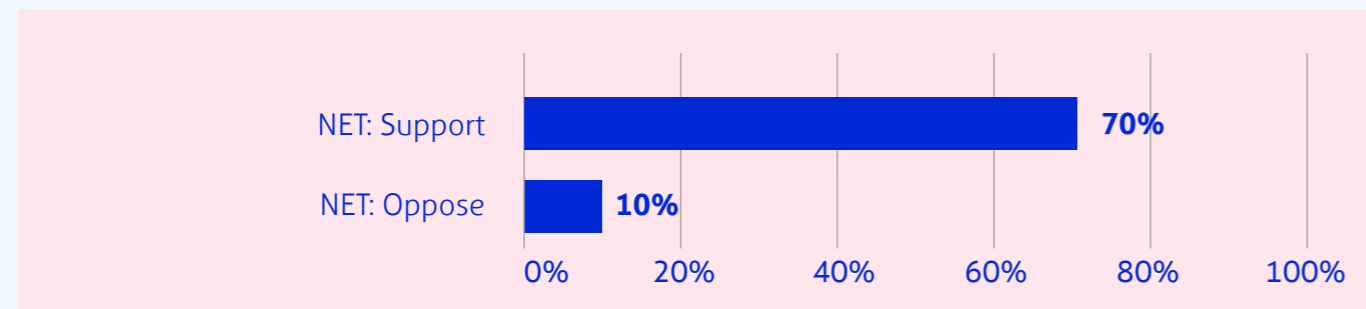
Number of young adults who received financial education at school and the total frequency per year

figure 2



Share of young adults on whether they supported the regular provision of financial education lessons to students at school

figure 3



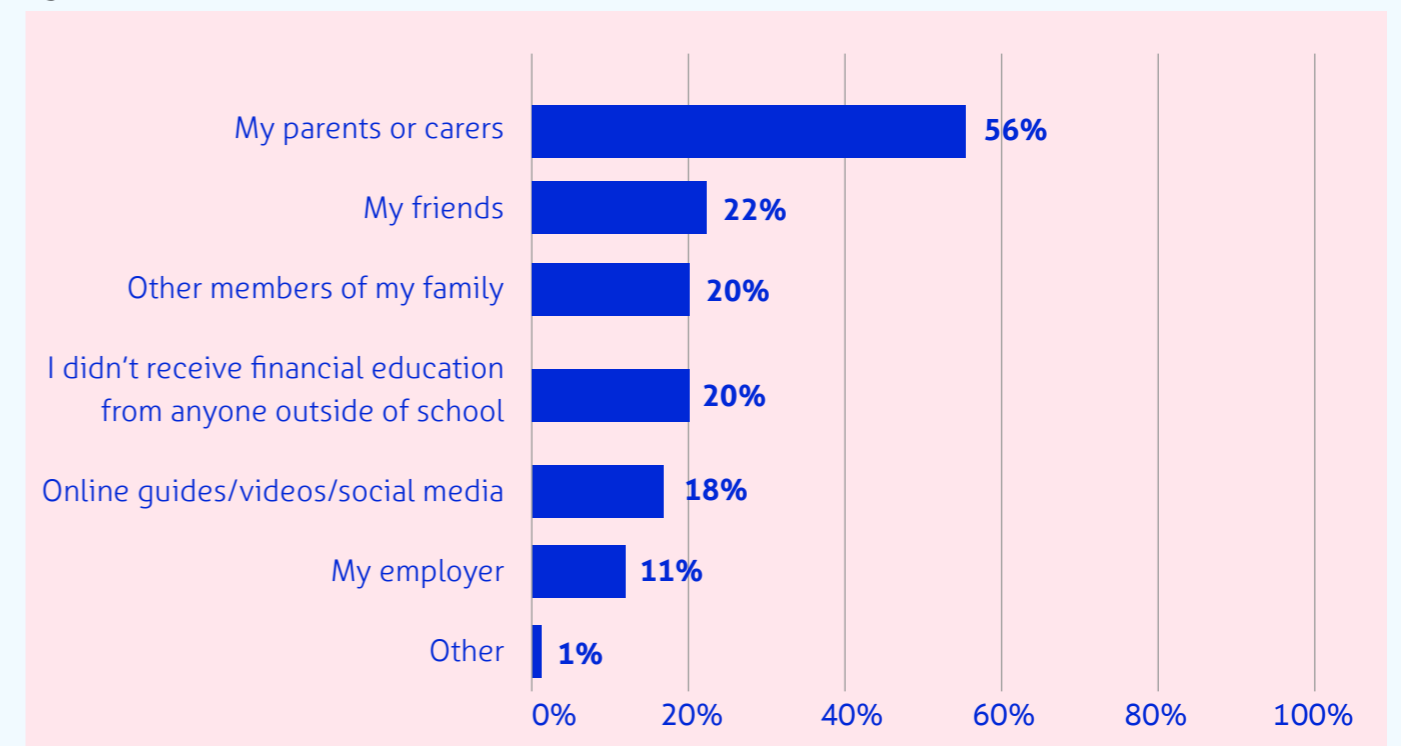
Findings

- Based on the Compare the Market and MyBnk Financial Education (FinEd) measure, only two in five young adults (41%) in the UK are financially literate.
- Amongst those who held credit cards, only 44% were considered financially literate.
- Former private school students, those in full-time work or education, those coming from suburban or rural areas, and those coming from households with higher incomes are more likely to be financially literate. Financial literacy is also observed to be positively correlated with the uptake of riskier financial products, such as stocks and shares, and individual savings accounts (ISAs).
- Respondents who are unemployed or not working for other reasons saw the lowest shares of those considered financially literate, at 26% and 22%, respectively.

- However, those who did not receive financial education in school appeared to be more financially literate (47%) than those who did receive financial education (33%). Although this result is based on smaller samples, it does suggest potential issues with the standard of financial education in schools. Further investigations could be undertaken with larger sample sizes to identify how financial education is being delivered in secondary schools, and how it could be improved.
- For those who did not receive financial education at secondary school but were classified as financially literate, nearly two-thirds (63%) stated that they received financial education from parents or carers. This shows that financial education should not merely be confined to the classroom and that there is a role for parents, carers, businesses, and the wider community.

Share of all respondents who received financial education from the following alternative sources

figure 4



Findings

A minimum time standard for financial education

- If just under three and a half hours each month is committed to financial education for 11-18-year-olds in the UK, this could help make the majority of young adults financially literate and increase current literacy levels by 44%. This in turn could positively impact UK economic activity.
- Increasing the share of financially literate individuals by a single percentage point, equivalent to approximately 55,000 young adults, requires, on average, a 24% increase in the average hours per week spent on financial education, or 12 minutes approximately per month.

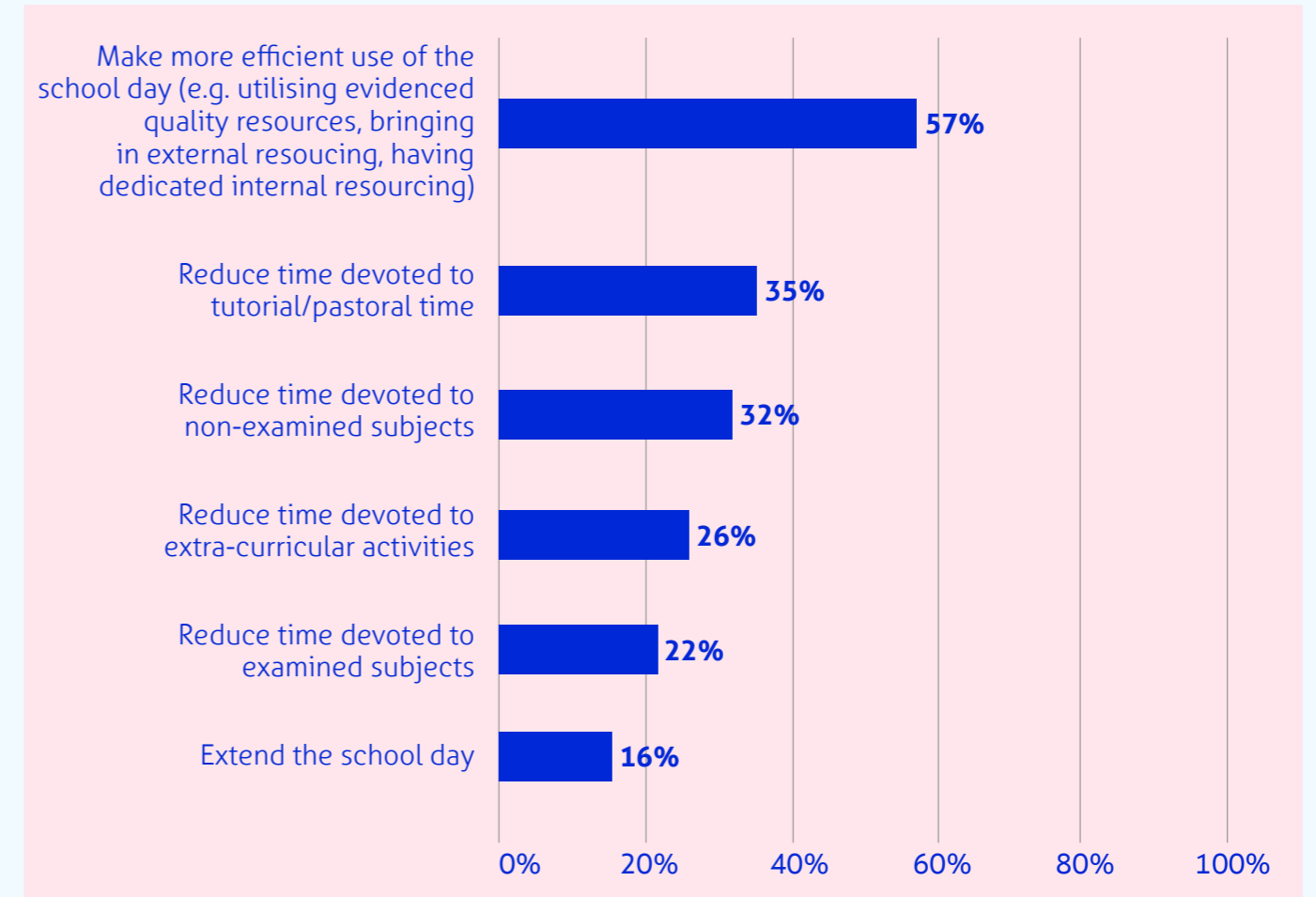
The constraints and demands on teachers

- It's well known that teachers in secondary schools are constrained in providing quality financial education due to competing demands on their time and in some cases a lack of financial education teaching expertise. Of teachers who said that financial education is being delivered in their school, eight in ten (80%) stated that they were personally responsible for preparing and collecting materials.
- Over three-quarters (78%) stated that financial education lessons are being delivered in schools and 81% stated these were mandatory.
- On average, teachers believe they need 12 days to train themselves to deliver financial education content. In addition, teachers believe that, on average, 82 minutes of preparation is needed to prepare the material required for an hour-long financial education lesson.
- Among teachers who stated that more time would be beneficial to ensure that financial education is delivered at their institution, 57% believe that making more efficient use of the school day is the best way to find additional time. Examples include using evidenced quality resources, bringing in external resourcing such as financial education charities, or having dedicated internal resourcing.

Findings

Share of teachers who requested more time to deliver financial education, on the best way to find additional time

figure 5



Insights from Compare the Market and MyBnk on the findings

Mark Bailie, CEO, Compare the Market:

“Financial education improves the ability to make better financial decisions – a critical skill in managing costs, balancing household budgets and getting good value deals. It should be a joint effort by policymakers, businesses, households, and schools to encourage the teaching of this vital subject which is essential to long-term financial confidence and stability. Teachers are facing significant time pressure in their lesson preparation, and it’s important they are supported through expert-produced and readily available resources. As our research additionally shows, we must not ignore the important role that parents and carers play as well in the provision of financial education for young people.”



Leon Ward, CEO, MyBnk:

“Despite our research showing the importance of financial education, we recognise the pressures and constraints teachers are under. That’s why we strongly encourage the government, schools, businesses, and households to take advantage of external resourcing from organisations like MyBnk. MyBnk’s financial education experts and resources save teachers the time needed to train themselves, prepare the content and deliver impactful lessons.”



Policy recommendations

Guarantee 30 hours a year of financial education for every 11–18-year-old regardless of which education pathway they are on

The Prime Minister recently highlighted the importance of numeracy skills. MyBnk supports this but urges for a focus on money management and practical maths skills linked to this. This research suggests that only 41% of young people can be classified as financially literate. **Therefore, this report is calling for all 11- to 18-year-olds to receive 30 hours a year of financial education - calculated as the minimum amount for the majority of young adults to be financially literate.** MyBnk stands ready to help educational establishments and employers meet this minimum standard through our expert-led financial education sessions and quality evidenced resources. MyBnk recommends reviewing how time could be created to accommodate these minimum required hours of financial education, for example by reducing time spent on other subjects, including it in the curriculum for other subjects or making more efficient use of the school day. The research also suggests that 63% of children not receiving financial education in schools but considered financially literate were taught by their guardian. This shows the critical importance of continuing financial education outside of schools to maximise its impact. MyBnk therefore recommends that schools disseminate dedicated “guides” or “toolkits” for young people and guardians to use as part of the 30 hours.

Include financial education in regulatory frameworks to establish high standards of teaching

Alongside having a minimum provision of financial education, there is also a need to help ensure that it is delivered. **This can be achieved by schools and teachers working with the devolved education departments and regulators across the UK to factor in a minimum provision of financial education as part of their grading systems.**

Along with minimum hours, this would also look at the quality of the financial education being delivered. This would draw greater attention to the importance of having a minimum provision. Although financial education is currently on the curriculum for state secondary schools, not all schools are required to follow this, including academies and private schools. Therefore, having teachers and schools partnering with both devolved education departments and their regulators, and having financial education monitored and assessed, will help to ensure that it is delivered more consistently across the UK.

Establish an awards programme to celebrate students, teachers, parents and carers, charities and others who excel in financial education

Similar to the ‘Points of Light’ programme where outstanding members of communities are recognised for their contributions, **we believe that individuals and organisations going above and beyond to promote financial education should be rewarded for their efforts.** The Points of Light programme could be a blueprint for a **financial education award for those who have made outstanding progress.** This could give individuals and organisations a huge morale boost and bring closer attention to the importance of financial education. It would also help to ensure that financial education is a joint effort by policymakers, businesses, households and schools. MyBnk recommend that this awards programme is run by the Money and Pensions Service or the Department for Education or equivalents in the devolved nations.



Methodology:

The Centre for Economics and Business Research (Cebr) analysed the findings of two surveys conducted by Opinium between February and March 2023, commissioned by Compare the Market and MyBnk. The surveys aimed to gather insights into financial education provision and young adults' financial literacy in the UK. The young adult survey involved 4,000 participants, while the teacher survey had 645 respondents.

As part of this research, a novel financial literacy measure, known as the Compare the Market and MyBnk FinEd measure, was introduced. This measure was developed by combining financial literacy questions from the well-established S&P FinLit survey with additional questions based on insights from Compare the Market and MyBnk. Young adults were presented with this set of questions, enabling Cebr to assess their financial literacy level, and determine the impact of a boost in financial literacy on the wider economy and society.

Money Action Index findings:

Censuswide Survey on behalf Compare the Market of 3,277 respondents including 2,000 households with children at home who are not confident they will be able to pay their bills in the coming weeks.

Household Financial Confidence Tracker findings:

Censuswide survey in February 2023 on behalf of Compare the Market of 2,000 young adults aged 18-24 years old

Disclaimer

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Authorship and acknowledgements

The findings of this report have been produced by Cebr, an independent economics and business research consultancy established in 1992. The views expressed herein are those of the authors only and are based upon independent research by them.

The findings do not necessarily reflect the views of Compare the Market or MyBnk.

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