

The Financial Capability of Children and Young People

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.

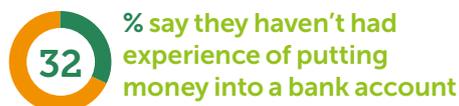
We are sharing a few of the initial findings here as part of Financial Capability Week. We expect to publish the full survey results in early 2017.

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:



Financial education in schools



Positively,

9 in 10 young people

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



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:



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



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



■ 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.