Spotlight on Financial Skills for the Youth

Report

OCTOBER 2019
Management of your own finances is an important life skill. Skills developed when young tend to reflect our financial capabilities later in life. Finnish youngsters indicate that they are still not receiving enough education about money and financial skills. Home and the surrounding environment play a key role in the acquisition of financial skills. People plan their own finances, but four out of ten Finns are unprepared for unexpected expenses and have a lack awareness of financial risks. This is worrisome because managing your own finances provides a basis for living a good life in various respects. Such skills are critical in many life situations in our rapidly changing, digitised world. So, how can we team up to turn Finns into the world’s smartest managers of their finances?

We sought answers in this Spotlight, which was arranged in cooperation with HundrED. We wanted to find fun and engaging ways to learn financial skills. With the aim of identifying the best and most interesting ways of teaching and learning such skills, we searched for innovations in both Finland and abroad.

We identified 84 outstanding ideas, some of which, we will place under the ‘Spotlight’ in this report. With the help of experts, we selected these 10 practices as the innovations with the most potential to boost young people’s acquisition of financial skills. We are also committed to pursuing the report’s recommendations to teach young people financial planning, promote financial skills in youngsters from diverse backgrounds, increase discussion of monetary issues from a number of perspectives, and foster multi-sectoral cooperation between actors. Promotion of financial skills is an important part of our corporate sustainability work at OP. Each year, OP currently helps over 60,000 children and youngsters to manage their own finances around Finland. The cornerstone of our financial literacy work are visits to schools all over Finland. In addition, we invite children and adolescents to banks to teach working life oriented, financial and entrepreneurial skills. Collaboration with various third sector entities has always been a key part of our financial literacy work. An excellent example of this is our partnership with HundrED.

Let’s keep talking about money and turn Finland into the world’s smartest nation at managing their own finances!

Kati Ihamäki
VP, Brand and corporate responsibility

OP Financial Group is Finland’s largest financial services group whose mission is to create sustainable prosperity, security and wellbeing for its owner-customers and its operating region by means of its strong capital base and efficiency. OP Financial Group consists of 149 member cooperative banks, its central cooperative OP Cooperative, and its 10 subsidiaries and affiliates. The Group has a staff of 12,000 and 1.95 million owner-customers, www.op.fi

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Foreword from HundrED

Fluent financial skills are key to young people becoming independent. Financial management, understanding of one’s personal assets, and wise spending enable youth to act independently in society and provide the preconditions for independent living.

However, the field of economy has changed many ways in recent years and these changes influence both spending and understanding of spending. As digitalisation progresses in society, services related to spending and financial management have moved into online environments, such as mobile applications and smart watches. Simultaneously, the understanding of one’s personal assets and consumption has become more complex and multidimensional. Previously, you just looked into your wallet to see how much money you had, but these days, cash is used more seldom, and payments are often made digitally.

As children grow, their way of understanding and perceiving issues develop. Coins are easy to count, but a digital wallet requires abstract comprehension, which is considerably more difficult. Before, you could count your coins to make a purchase from the local shopkeeper, but now all you see are the lights flashing on the payment terminal to indicate a successful transaction. In addition to this, there are more opportunities for consumer credit, quick loans and other indirect payment methods. It is difficult to understand how much they spend and realise the actual costs of purchases they make.

Financial skills are a good example of a range of skills requiring both mathematical expertise and social understanding. Results of international research indicate that young people’s financial skills have declined, but their competence in using digital services is better than that of older people. On one hand, fluent digital skills may be the cause for impulsive buying behaviour that is more common among the young than older population groups. This has contributed to an increasing number of defaults of payment entries. On the other hand, young people’s bold attitude to making financial decisions has opened a channel for long-term investment through online services, providing an opportunity to increase their assets wisely.

This report focuses on the teachable aspect of financial skills. We take a look at the development of financial skills in Finland and abroad and seek to identify operating models that are key in supporting the development of sound financial skills. The report shows that broad-based cooperation between various actors is essential in learning financial skills. The basics of financial skills are included in curricula, but the importance of role models at home for wise financial management remains crucial for young people. In addition, the learning of financial skills promotes the integration of immigrant youth into society. For these reasons, enhancing the financial skills of parents has become part of the curriculum in some countries, for instance in the Netherlands.

In this report, we have compiled useful practical operating models for improving the financial skills of youth. The underlying theme common throughout the research is that the best way to improve young people’s financial skills is to discuss financial management and spending with them.

Lasse Leponiemi  Executive Director
Noora Ruoho  Researcher
Introduction

Fluent financial management is an integral element in the basis of a good life for all. In the current global, constantly evolving and technological world, financial skills are becoming increasingly important as it is easier to spend money invisibly via various digital applications. These applications bring finance-related services ever closer to young people. In addition, even younger people use financial services independently, which emphasises the significance of financial skills at an early stage, before adulthood. It has also been predicted that young people will encounter increasingly complex financial issues in the future. That is why financial skills must be taught to young people earlier than before and in ways that differ from the previous standards.

Teaching of financial skills has its place, as studies have found that positive connections between financial knowledge and sensible financial behaviour do exist. However, financial skills must be taught in diverse ways, not solely with a focus on mathematical skills. In fact, financial management correlates with broader dimensions, such as psychological phenomena. It goes without saying that to guarantee financial skills for young people, multidimensional cooperation between a wide range of actors is required. Homes, schools, businesses, organisations, banks and academics all play a role in developing the teaching of financial skills to young people. However, none of the aforementioned are able to achieve the task alone. The key word for success is cooperation.

The purpose of this report is to investigate how financial skills are learned now and what kind of financial skills young people will need in the future. In addition, the report identifies practical, solution-oriented operating models which help young people to better learn the financial skills they will need in the future. Inspiring teaching ideas are offered to schools and teachers. The report comprises three sections: a literature review, combining international and Finnish viewpoints; the section presenting methodology and the selected innovations, and recommendations related to young people’s learning of financial skills. The report was produced in cooperation between HundrED, a Finnish non-profit educational organisation, and OP Financial Group.

Literature on financial skills includes a wide range of terms relating to the subject. Financial literacy, widely used by the OECD, is often used as a parallel term with financial skills. The OECD definition of financial literacy is as follows: ‘A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing’. Financial competence, on the other hand, is defined as ‘the knowledge and skills of a young person to act responsibly and in the way required by the life situation in making financial decisions’. When the definitions of financial literacy and financial competence are combined, financial skills can be said to be a diverse combination of skills related to human knowledge and behaviour, through which you can reach responsible decisions and achieve well-being in life in financial terms.

This report uses the general term financial skills. If a quoted source uses another term for financial skills, it remains the same in the report as in the original source.
HundrED in brief

- HundrED Global is a collection of 100 inspiring innovations in K12 education that are researched, interviewed and recognised by our research team as innovative, impactful and scalable.

- HundrED Spotlights create partnerships between HundrED and local partner organisations to focus on a location or theme to research, understand and share ten impactful & scalable innovations.

- HundrED Open is our open resource platform where anyone can share their innovative work in education for free and enter to be considered for the annual HundrED Global Collection.

- HundrED’s Community comprises our innovators, educators, ambassadors, youth and iconic funders. They support our work in discovering inspiring K12 education innovations and help us in spreading our annual innovation collections with local education innovation communities.

- HundrED’s Media team create news articles and community blogs, and maintains HundrED’s digital platforms to help our global audience discover innovations from around the world easily.

- HundrED’s Research team discovers and analyses leading innovations in K12 education globally to select 100 that are innovative, impactful and scalable. We also conduct original research to understand the enablers and barriers that lead to the spread of effective educational innovations. Moreover, we work with many partners on highlighting leading educational innovations based on a theme or region for our spotlights.

- To celebrate the release of our Global Collection, we annually organise the HundrED Innovation Summit for the world’s most inspiring education innovators, educators, youth and other engaged stakeholders, in Helsinki (Finland).
This literature review studies factors relating to young people’s financial skills and learning of such skills. The literature review is divided into three sections. The first section focuses on the current situation of young people’s financial skills. Secondly, the role of financial skills as part of education is examined. Finally, conclusions are drawn on the strengths and deficiencies of young people’s financial skills, based on the sources used. The literature review covers both international and Finnish perspectives.

The academic articles, books and reports reviewed were chosen based on the following criteria:

- Finance-related skills or teaching are discussed
- Provides an international or national viewpoint on the topic
- Published in English or Finnish
- Published in 2014 or later.

A few older sources are used in the literature review because of the theoretical insights they provide.

The status of young people’s financial skills

In recent years, young people’s financial skills have attracted attention both in Finland and worldwide. The current status of young people’s financial skills is studied both from an international and national viewpoint.

INTERNATIONALLY

Financial skills vary greatly around the world. Internationally, financial literacy is higher in rich countries with better access to financial services and a higher educational level. However, studies also include comments criticizing the financial skills of populations with a higher education and suggest that they are not sufficient. Alongside education, gender, income level and socioeconomic background have been found to play a role in the development of financial literacy.

According to a survey carried out in cooperation by the World Bank and Standard & Poor’s, only 33 per cent of adults worldwide are financially literate. It is remarkable that according to the survey, financial literacy rates among young adults aged 15 to 35 are higher on average than those of other age groups. Consequently, in advanced economies, such as Canada, France and the United Kingdom, financial literacy rates are up to ten per cent lower among young people than adults aged 36 to 50. Despite the fact that in emerging economies, such as Brazil and India, financial literacy rates are higher among the young than the older population, the level of skills is considerably lower than in advanced economies.

The OECD/INFE International Survey of Adult Financial Literacy Competencies analyzed the situation of financial literacy competencies of the world’s population in three different sectors: The survey measured financial literacy with indicators focusing on financial knowledge, attitudes and behaviors. Results indicated that the average levels of financial literacy are lower for improvement worldwide, whilst there is a wide variation in results for various aspects between countries. The survey defined the level of adequate financial knowledge and the respondents’ skills were scored according to this model. Survey results can be summarized so that on average, slightly more than 50 per cent of the population have adequate financial knowledge, attitudes and behavior to achieve a score above the minimum target score. Citizens of OECD countries performed slightly better than others on the test, as an average of 63 per cent of the population across OECD countries achieved a score above the minimum target score in financial knowledge. Different percentage figures in surveys analyzing the financial skills of the world’s population partially result from different research designs. A broader overall view of the situation can be achieved by combining results.

Young people’s financial skills were measured in the international PISA assessment in the last ten years. The PISA Programme for International Student Assessment,
The use of digital applications facilitates quick financial decisions not necessarily based on sound consideration.

The blog was an organic thing based on demand, pure and simple. I decided to start a blog because I was interested in investing myself and, basically, needed a platform for considering my ideas and sharing information. I also realised that while I find investing very easy, many people know very little about it.

Hanna Tikander, 25, studies finance and marketing at a university of applied sciences. The community encourages young women to invest in the Mimmit sijoittaa (Young ladies Invest) project interesting. That gave us the idea for events and exciting. When I talked about it with others, I found investing to be interesting. I had also realised that there is someone who shares financial information. I basically, needed a platform for considering my ideas and sharing information. I had also realised that there is someone who shares financial information.

WHAT ARE YOUR OBJECTIVES AND EXPECTATIONS?

Pia-Maria: I think it is important to share financial skills because even though money does not make you happy, it is still important. I think there is someone who shares financial information and makes more women invest. This way, we also want to improve the financial status of women overall.

WHAT DO YOU THINK FINANCIAL SKILLS ARE IMPORTANT?

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Mimmit sijoittaa – Pia-Maria Nickström & Hanna Tikander / FINLAND

Mimmit sijoittaa (Young ladies Invest) is a community for young women that gather to discuss money, investing and saving. The community offers young women information and support on financial matters via blogs, events, social media and podcasts. The blog author, Pia-Maria Nickström, 25, studies finance and marketing at a university of applied sciences. Hanna Tikander, 25, producer of the podcast, has worked at the Helsinki Stock Exchange and that way, improve the financial status of women overall. The more idealistic goal is to share information and make more women invest. This way, we also want to improve the financial status of women overall. The community encourages young women to invest in the Mimmit sijoittaa (Young ladies Invest) project interesting. That gave us the idea for events and exciting. When I talked about it with others, I found investing to be interesting.

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WHAT ARE YOUR DREAMS FOR THE COMMUNITY?

Hanna: We would like to reach more young women all over Finland. It would be great to have a society where everyone can be who they want to be. It would be great to have more women in leadership positions. We would like to increase the number of women in society, not only in leadership positions but also in general. We want to increase the number of women in society and make them feel more welcome and included.

WHAT ARE YOUR PERSONAL DREAMS, AS REGARDS INVESTING AND FINANCES?

Hanna: One of the main reasons for me to invest is to increase my portfolio to a five-figure sum. I am interested in internationalisation. It would be great to take the opportunity abroad. See, we plan big.

In Finland, the national savings rate is relatively high, with the average household saving approximately 15% of their income. This high savings rate is due to a combination of factors, including low inflation, stable employment, and a well-developed pension system. However, young people in Finland are relatively independent in managing their finances, but might need more guidance and knowledge in order to plan their spending and finances. According to a study by Finance Finland, almost one half of young people aged 15–24 only plan their finances for one month ahead at maximum. The results show that 14 per cent of them do not plan their finances at all. The study revealed that 64 per cent of young people planning their financial matters. Next, we analyse the status of financial decisions made based on very little systematic consideration. However, a trend in the opposite direction has recently emerged, with a high volume of young people planning their financial matters.

Based on international research, the overall conclusion is that young people are in a vulnerable position regarding financial literacy in comparison with the rest of the population. However, a preliminary international comparison of the financial skills of people in Finland at all age groups is still to be the subject of systematic consideration. However, a trend in the opposite direction has recently emerged, with a high volume of young people planning their financial matters. Next, we analyse the status of financial skills from the viewpoint of young people in Finland.

IN FINLAND

Finland participated in PISA’s assessment section analysing financial skills for the first time in 2018. When the results will be published in late 2019, the financial skills of young people in Finland can be compared with those of peers in other OECD countries. However, a preliminary international comparison of the financial skills of people in Finland is still to be the subject of systematic consideration. The study comparing financial literacy concluded that Finland is one of the countries with the lowest financial literacy in international comparison.

The financial skills of young people, in particular, have been debated fairly little. However, some research is available: the financial information bureau Taloudellinen Tiedustamo TAT studied the status of young people’s financial skills and their attitudes towards financial matters in 2018. The study revealed that 64 per cent of young people are not planning their financial matters. Next, we analyse the status of financial decisions made based on very little systematic consideration. However, a trend in the opposite direction has recently emerged, with a high volume of young people planning their financial matters. Next, we analyse the status of financial skills from the viewpoint of young people in Finland.

Our number one aim is to make as many people as possible start investing. We try to avoid a situation where someone comes to say, ‘why didn’t anyone mention this to me ten years ago?’

Based on international research, the overall conclusion is that young people are in a vulnerable position regarding financial literacy in comparison with the rest of the population and that the development of financial skills has been declining in recent years. Young people have skills that enable the quick use of finances, but the decisions that are made are based on very little systematic consideration. However, a trend in the opposite direction has recently emerged, with a high volume of young people planning their financial matters. Next, we analyse the status of financial skills from the viewpoint of young people in Finland.

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Financial skills as part of education

The need to teach financial skills is recognised both internationally and nationally in many contexts. It has been found that financial skills learned at school level out the basic differences between young people, caused for instance from a different socio-economic status and the parents’ educational background. That is, teaching of financial skills in basic education increases future equality among the young. Moreover, the benefits of education regarding financial skills have been somewhat easily available, high-quality teaching materials, the high number of stakeholders, and the lack of political intent and commitment. Most countries have included the teaching of financial skills as a thematic module in existing subjects to avoid a congestion of subjects in the curriculum. For instance, in the Netherlands, the teaching of financial skills is integrated into other subjects. The Netherlands’ curriculum for teaching financial skills differs from other countries in that in addition to providing support for schools and teachers, guidance for parents is provided as well.

INFE has prepared general, internationally valid guidelines for successful inclusion of financial skills in education. The guidelines emphasise:

- National level guidance
- Clear learning outcomes
- Flexible implementation
- Assessment of progress and impacts.

In addition, the guidelines highlight the importance of all stakeholders’ commitment and utilisation of efficient learning and teaching methods, including sharing of good practices between countries.

IN FINLAND

In Finland, the development of young people’s financial skills is included in the national core curriculum for basic education. The national core curriculum for basic education is an obligatory document, based on which all providers of basic education and all individual schools prepare a local curriculum. In most cases, the provider of basic education is a municipality. Usually, the local curriculum includes a section specific for the municipality and another specific for the school. These enables consideration for regional strengths and the possibilities for community influence in a local context.

The national core curriculum for basic education published in 2014 highlights financial skills as part of a broader entity. Before the current core curriculum, teaching of financial skills was treated mostly as part of mathematics and social studies. After the change, financial skills are included in sectors of broad-based competencies, as “taking care of oneself and everyday skills” and “working life skills and entrepreneurship.” According to the national core curriculum for basic education, universal skills of broad-based competencies must be taught as part of every subject. That means that according to the current curriculum, financial skills do not culminate in certain subjects, but rather become a harmonious element of comprehensive learning in all everyday situations and subjects. For instance, environmental studies can discuss sustainable consumption choices and their climate impact. It goes without saying that in social studies, issues related to financial skills most likely emerge more often than in other subjects. One concrete change that contributes to the development of young people’s financial skills happened in 2016, when the subject ‘social studies’ began to be introduced earlier, in the 4th grade.

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Anu Särkijärvi is an education professional and the mother of three school-aged children. At the moment, she works for the City of Espoo as a teacher in an English-language class, with many years of experience in various international positions related to teaching and education, including the UN.

Financial literacy education is related to a number of school subjects. Perhaps most often it is connected with mathematics, but other subjects, like environmental studies, offer excellent opportunities to develop one’s financial literacy. The way I am working with my third class that will be thinking about and developing ones financial literacy is an important part of their social studies curriculum, with mathematics, but other subjects, like environmental studies, offer excellent opportunities to develop one’s financial literacy. The immediate goal of financial literacy education is to improve young people’s ability to manage their own finances, as well as the finances of their future family. If we speak about ethics, it is absolutely related to a broader context. Beyond their own lives, I believe that students need to start considering for those around them, both in their communities and globally, and to feel responsible for the greater environment they live in. The immediate goal of financial literacy education is to improve young people’s ability to manage their own finances, as well as the finances of their future family. If we speak about ethics, it is absolutely related to a broader context. Beyond their own lives, I believe that students need to start considering for those around them, both in their communities and globally, and to feel responsible for the greater environment they live in. Financial literacy is best taught when the themes and examples have some sort of relevancy to the child’s or young person’s own life. The themes should somehow relate to their own experiences and learners should feel that the discussions are useful in their own life. For example, it is too early to speak to primary school children about buying your first home. It’s easier to have a breakthrough with them when you talk about planning to save for a pet, a game, mobile phone or something similar. Of course, you can discuss the greater experiences in life with secondary students and children, helping them to understand their own family’s finances. For example, in students in upper secondary school, we introduce the world of macroeconomics. 

WHAT DO YOU THINK IS THE BEST WAY TO TEACH FINANCIAL SKILLS?

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WHAT IS YOUR DREAM FOR FINANCIAL LITERACY AMONG YOUNG PEOPLE?

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The national core curriculum for basic education’s interdisciplinary competence “taking care of oneself and everyday skills” seeks to steer young people’s financial skills towards a sustainable way of life and managing and planning one’s personal finances. The core curriculum emphasises how the student can consider the broader context. Acting as a consumer, critical consideration of advertising, knowing one’s rights and responsibilities and their critical use. The skills of moderation, sharing and frugality are regarded essential to a sustainable way of life.

The aim of promoting working life skills and entrepreneurial skills in basic education is that students gain experiences of constantly changing working life and can recognise its significance on a broader scale and as part of their personal life. According to the core curriculum, students should, during basic education, learn the principles of employment and entrepreneurship in a controlled environment where they can take risks and learn from their mistakes.

The study by the financial information bureau Economy and youth TAF for teachers in comprehensive school, upper secondary school and vocational education is fairly similar to those from the youth survey. Almost 95 per cent of the teachers consider teaching of financial knowledge at school important. Furthermore, 64 per cent of teachers were concerned over young people’s current financial knowledge and skills and less than one third were confident that teaching provides young people with adequate capabilities to manage financial matters successfully in the future. Teachers found their own financial skills fairly stable but did not think they had improved during teacher education at all, rather on the basis of their own activity and interest areas. Moreover, existing teaching materials of financial skills have been criticised because they do not meet the needs of all students and material relating to management of personal finance is scarce. On the other hand, it is important to consider the differences between training of class teachers and subject teachers.

WHAT IS THE BEST WAY TO TEACH FINANCIAL SKILLS?

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WHY IS IT IMPORTANT FOR YOUNG PEOPLE TO LEARN FINANCIAL SKILLS?

Financial literacy is a part of one’s life management skills. Financially literate young people learn to plan their own life and to make sensible, considered and sustainable decisions. Financial literacy teaches us realism, but on the other hand helps us to set goals for our dreams. Sometimes even our greatest aspirations can come true if we just plan our finances well and diligently work towards our dreams.
Finance is a vital element of the competence of all citizens. It is also formally recognised as important, because it is present at school and in teacher education.

HOW DOES TEACHER EDUCATION TAKE FINANCIAL SKILLS INTO ACCOUNT AS PART OF BROAD-BASED LEARNING?

It is important to make the distinction between a class teacher and a subject teacher in education. Class teachers major in educational science, and in multidisciplinary studies, they complete subject didactic courses with a few ECTS credits in the subjects taught, whereas subject teachers major in the subject they teach. This means that the society and financial matters is strongly featured in the studies of history and social sciences subject teachers. The aim in the education of both class and subject teachers is that finances are perceived on a broad scale, and in connection with social themes, including consumption and environmental choices. It is also important to take the learner’s age into account and relate that to the financial skills required from the teacher. The challenges class teachers face in financial education differ greatly from those of subject teachers. For instance, in upper secondary school, financial knowledge requires the teacher to have an in-depth understanding of financial skills, such as fiscal or financial policy.

In class teachers’ studies, financial skills are included in multidisciplinary studies, the study unit of didactics in history and social sciences. The time frame is limited but financial matters are handled as much as possible during the study unit. The study unit includes issues relating to childhood and finances from the perspective of socially oriented childhood research. Within the study unit, the topics considered include: how children perceive finances and how childhood and finance are linked in diverse ways in society.

The number of hours devoted to social studies is very small in the distribution of lesson hours in primary school, which is reflected in teacher education as well. On the other hand, the subject of social studies was introduced as a new subject to primary school only a few years ago, in the latest national curriculum. This means that class teachers are teachers whose education did not include didactics of social studies. It was included in class teacher education in this decade. Subject teachers’ pedagogic studies include subject didactic studies linked to society and financial matters. The courses include teaching in social studies, financial knowledge and entrepreneurship.

Both groups of teachers, class teachers and subject teachers alike, encounter financial matters also in teaching practice.

HOW DOES TEACHER TRAINING TACKLE THE CHALLENGES INVOLVED IN FUTURE TEACHING OF FINANCIAL KNOWLEDGE?

With subject teacher students, who have a good knowledge of society and history, we examine the change in society and working life a lot, for instance from the viewpoint of working life rules and citizens’ and consumers’ rights. During the studies, we consider how they can encounter these issues during their career as teachers, but primarily from the viewpoint of teaching.

Social science didactics also consider phenomena relating to excessive indebtedness, quick loans and consumer credits, which may be among the challenges individuals currently face in the management of personal finances.

WOULD YOU LIKE TO ADD A COMMENT ON YOUNG PEOPLE’S FINANCIAL SKILLS AND TEACHING THEM?

Finance is a vital element of the competence of all citizens. It is also formally recognised as important, because it is present at school and in teacher education.

Disclaimer: The views and opinions are solely those of the interviewees and do not necessarily constitute the official policy or opinion of any authority, organisation, employer or enterprise.
Strengths and weaknesses of financial skills

Based on this literature review, its international and specifically Finnish side, certain similarities can be identified in the strengths and weaknesses of young people’s financial skills.

Weaknesses:
• Young people have weak skills in financial planning
• Youths of low socio-economic background perform below average
• No culture of discussing financial matters at schools and homes
• Girls are not as interested in financial matters as boys are

Strengths:
• Young people are interested in learning financial skills
• Indicators of a small group of young adults being really interested in financial matters (the FIRE phenomenon)
• Strong digital competence – young people have the prerequisites to learn financial skills in an increasingly digital world
• Positive attitudes to problem-solving and learning overall strengthen the learning of financial skills

Based on the literature review, young people seem to be interested in financial matters and they have a strong intent and the prerequisites to learn better financial skills. However, the review seems to indicate that learning of financial skills is insufficient both in schools and at home. As to differences between genders, the international and Finnish comparison are inconsistent: internationally, no real difference has been found between genders in financial skills, but the Finnish study indicated that boys are more interested in financial matters than girls. In the literature review, it became clear that higher socio-economic status predicts better financial skills.

The literature review highlighted that Finns perform relatively well in the international comparison of financial skills, but many studies revealed the vulnerable position of young people. It would seem that the young require more determined guidance particularly to develop financial planning skills.

Both international and national reviews of teaching financial skills to young people have shown that more attention should be paid to financial skills in teaching. However, the need to improve young people’s financial skills is recognised in Finland and the framework required is being constructed both at the national and the municipal level.
Methodology

Frame of reference for seeking innovations

This survey strives to identify innovative operating models to improve young people’s financial skills. In particular, the report aims to identify practical, scalable and pedagogically functioning solutions to support the learning of financial skills.

During the study, innovative operating models related to financial skills were comprehensively searched in various sources, including academic and other publications and the HundrED database. In addition, both the operating models discovered by the research team during the background survey and ones it was notified of were assessed. Once innovative operating models had been identified, each of them was studied using the framework developed for classification of innovations by HundrED. The evaluation placed particular emphasis on the operating models’ effectiveness and scalability or potential to scale. Before making a final selection, the operating models were evaluated by a group of experts in the field of education and financial skills. To support the selections and investigate the impact of the innovations, HundrED’s research team interviewed some of the innovators.

Using the framework developed for the classification of innovations by HundrED, operating models were evaluated using the following criteria during the survey:

- Clear and needs-based purpose of use
- Ease and structure of introduction process
- Significant cooperation
- Pedagogic frame of reference
- Focus on the child and learner
- Contextual linking
- Inclusiveness
- Equality
- Verifiable results
- Improves the participation of stakeholders
- Adaptability
- Consideration for sustainable development principles
- Cost-efficiency and ease of acquisition

The evaluation placed particular emphasis on the operating models’ effectiveness and potential for scalability. Before making an official selection, the operating models were evaluated by a group of experts.
What kind of innovations support the learning of financial skills?

Internationally, a few previous studies of which operating methods best support young people’s learning of financial skills have been made. The development of financial literacy has been presented as a process, during which people learn to understand financial matters through observations, experiences and practical application. Teachers face challenges due to the evolving state of the economy, and they must ensure that the knowledge taught to learners is up-to-date. The development of financial skills and related capabilities must be ensured at all levels of education in society. The most important aspect in all teaching of financial skills is therefore the provision and reflection of the possibilities to train financial skills suitable for the learner’s stage of development. It has been proposed that in early childhood education and care, the development of executive function is essential for the development of financial skills. Executive function skills, which develop through repetition, correlate for instance with future orientation, postponement of pleasure and goal setting, which are all vital skills in financial matters as well. In comprehensive schools, social learning is key: adults at home and in schools provide a model of financial behaviour for the children through their example and guidance. For instance, the skills for saving and financial planning are proven to develop intensely under the influence of a social model. According to research, teaching of financial skills to young people should focus on experience and practical orientation. This type of finance-related exercises with young people may include simple budgeting tasks, role play, technological simulations, and the development of critical thinking and research skills. Such exercises have been proven to influence the improvement of young people’s financial skills. However, the list is not complete and further research in the field is required. Elaborate new finance-related educational innovations are constantly created around the world. These have the potential to raise the level of young people’s financial skills.
Innovative trends in teaching financial literacy to young people

All in all, throughout their research, the HundrED research group found 84 financial literacy education innovations. The greatest number of innovations were found in the most economically developed regions, like North America and Europe. In general, the innovations were either various financial literacy education-related learning materials for educators or digital applications for children and young people.

Suggested innovations

The HundrED research group evaluated all 84 innovations according to a framework, after which they compiled a short-list of 24 innovations. These 24 innovations were evaluated by a national expert group. With the help of these experts, the following 10 operating models were selected as financial literacy education innovations that have the greatest chances of improving financial literacy learning among young people. As the report observes specifically learning financial skills in Finland, it was decided to select five innovations from Finland and five international innovations.

Selected innovations

- Me & MyCity
- #TarkkaFyrkka Cartoon Workshops
- Little Entrepreneurs
- Taloustaitohanke
- Investment Course for High School Students
- Afritour International
- The Educate! Model
- Girls Leadership and Entrepreneurship Network
- What if you only had 1,25$ a day?
- Inspire X by Small Economy Works
Me & MyCity provides young people with competencies for the future

Me & MyCity
Finland

All school children should have access to basic skills in economy and working life. Me & MyCity -learning module helps pupils to be more prepared for further studies and working life. It gives young people the first taste/sense of working life and supports their growth into functioning members of society.

“...learned how to interact with different people and how to be responsible and use money.
Me & MyCity is the best thing I ever experienced at school.”

- PUPIL, 12 YEAR-OLD

Me & MyCity (Yrityskylä) is a Finnish learning innovation for 12-13 year-old pupils. Me & MyCity -learning module teaches skills and knowledge about the economy, working life and society whilst encouraging an entrepreneurial attitude. A study shows that the Me & MyCity learning module improves the financial literacy of pupils.

The learning experience includes teacher training, 10 school lessons and a day in the Me & MyCity learning environment. The learning environment is a miniature city where the pupils work in real companies and occupations. For one day, pupils get to run the city by themselves and act as employees and citizens as a part of society. The learning experience is supported by a custom-designed digital game system that demonstrates the circulation of money.

85% of Finnish students in that age group participate in the Me & MyCity -learning experience. The innovation brings together cities, municipalities, companies and learning institutions. According to the pupils’ feedback, they get excited about working life and say that the Me & MyCity -experience is The Best School day Ever!

Financial literacy is a skill comparable to reading and writing. Me & MyCity is offering young people a chance to learn about economic phenomena and practice financial skills that are needed in everyday life, starting from an early age. Introducing these skills to young people in a practical and authentic way makes economy become a natural part of their lives. The better the knowledge and the skills young people have, the easier it is for them to transfer to working life, influence the environment around them and, possibly, become entrepreneurs.

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Me & MyCity -learning module teaches skills and knowledge about the economy, working life and society whilst encouraging an entrepreneurial attitude.
#TarkkaFyrkka Comic Workshop

Finland

#TarkkaFyrkka comic workshop is a lesson where students get to learn basic information about credit, payment defaults and personal financial management. Cartoon drawing is used to help participants process these topics and serves as an easy way of relating themes to their own life. In the workshop, students receive the basic information mainly through participation and functional methods.

“This was a really good workshop. I asked my colleagues opinions about it beforehand and they all think that #TarkkaFyrkka workshops have been very good and that the material is useful.”

—TEACHER, HELSINKI

The workshops are designed to encourage and inspire young people to think about their own financial management and to raise awareness of the importance of their own credit history. The workshops, young people are educated about the meaning of credit information, payment defaults and personal finances management through participatory and functional methods. Like cartoon drawing and role play exercises. By drawing cartoons, young people can bring out their own thoughts, statements or descriptions of these themes.

Young people, finances and controlling your economics essentially come together. Adolescence is a time when you become independent and take responsibility for your own life, including economic matters. This requires knowledge and support for those young people. There are big differences in young people’s financial skills: some save on stock units and funds while others struggle with unpaid bills and insufficient income. The consumer society brings its own pressure as well like finding your own identity. In order for a young person to have control over their life, they must at least master the basics of their own financial management.

#TarkkaFyrkka cartoon workshops help young people avoid financial problems and payment defaults. Workshops are also raising young people’s awareness on how to find help if facing those issues.

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15–18

AGE GROUP

2011

ESTABLISHED

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COUNTRY
Entrepreneurship education program for elementary schools, where pupils develop their skills by running their own company in a group.

Little Entrepreneurs
Finland

The aim of Little Entrepreneurs is to encourage and strengthen the pupils’ participation in the learning process and to provide them with the opportunity to try out new ideas and notions. The goal is to provide children with life changing experiences and a feeling of success to show that anything can be achieved if you keep trying.

LEARNING BY DOING

In the Little Entrepreneurs program pupils learn a variety of skills and use the skills they learn in school in practice. The mini-company acts as a learning environment combining the knowledge from school, practical skills, as well as cooperation with business volunteers outside the school. The goal of the program is to provide children with life changing experiences and a feeling of success to show that anything can be achieved if you keep trying.

The program consists of nine themes that are:

1. Let your ideas fly!
2. Names and plans
3. Branding
4. Pitch your idea
5. Let’s talk about money
6. Marketing
7. Getting ready for the Grand Finale
8. The Grand Finale
9. Celebration

Little Entrepreneurs program also contains a mobile application to support the learning. With the mobile application, it is possible to go deeper into the themes through tests and games, as well as share learning outcomes through videos and photos.

PART OF JUNIOR ACHIEVEMENT FINLAND

Little Entrepreneurs is facilitated by Junior Achievement Finland (JA Finland). Little Entrepreneurs is a locally invented learning environment that was created an experimental action by parents with corporate background. Today 11 000 pupils in Finland participate in the Little Entrepreneurs program every school year.

The program’s goal is to provide children with life changing experiences and a feeling of success to show that anything can be achieved if you keep trying.
The workers of banks teach financial skills to young people

Taloustaitohanke

Finland

The idea is to teach financial skills to young people. Instructors are trained volunteer professionals from banks. Training takes place in groups but also as individual coaching.

“When I think about it, I have control of my money now. Instead the money having control over me. I think it’s pretty neat.”

- REETTA, 22-YEAR-OLD PARTICIPANT

Taloustaitohanke is a common project of Deaconess Institute and three Finnish banks. Taloustaitohanke trains young adults to take control of their own personal finances.

Maintaining one’s own personal finances can cause difficulties for young people. Young age, low income, usually combined with a person not participating in employment, education or training causes a high risk of financial difficulties. Financial difficulties are related to other difficulties in life, such as mental health problems, health problems, misuse of intoxicants and learning disabilities. Helping out with money related issues allocates energy and resources to work with the other issues causing concern in one’s life.

Taloustaitohanke advances and strengthens young adults’ skills to maintain their personal economics. Our target group is youngsters and young adults who are at a high-risk of meeting financial difficulties in their lives. Instructors are trained volunteer professionals from banks. Financial training is held by bank employees who are trained by a Taloustaitohanke coordinator.

The main operation mode is financial group training. Financial training is provided in already existing groups of young adults. Training includes 2–3 one to two-hour sessions held on different days. Training sessions include functional assignments, discussions and teamwork. Topics discussed are, for example, consumption, money related feelings, saving, payday loans and budgeting.

Individual training Raha-Amigo takes place in the metropolitan area of Finland. Raha-Amigo is a personal one-on-one intensive training for one’s own financial issues. The issues vary from making a budget to sorting out debts.

The focus in everything is in practicality, functionality and engaging dialogue.

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16–29
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The focus in our work is always on practicality, functionality & appreciative dialogue.
A program for improving the financial skills of high school students through first-hand experience in investing.

Investment Course for High School Students

Finland

This program uses the stock market to inspire students to think about their life from a long-term economic perspective. The desire to invest will create an incentive for students to plan their personal finances, start saving and follow the economy more closely. In addition, they will acquire crucial skills that will help them through-out their adult lives and strengthen their self-esteem.

“The Investment Course has been a really useful experience. I’ve learnt a lot about personal finances. I don’t think I would have started investing by myself, but thanks to this program, I now have.”

– A HIGH SCHOOL STUDENT

Unlike typical high school courses that last only for two months, the Investment Course goes on for the whole duration of high school. This way the participating students get 2.5 years of concrete experience – under the guidance of a well-informed teacher – in investing when they graduate. The longer time period allows the students to acquire a better understanding of the market.

The course consists of monthly meetings with a teacher. In each meeting a topic related to investing is discussed with the students. At first, topics are for example, investing as a lifestyle, the effect of compound interest on long term investing and the basic properties of a stock as an investment tool. Later on, more detailed subjects are covered such as diversification or ethically and socially sustainable investment. In addition, with the help of the teacher, the students will create individual investment plans that are suited to their personal income levels.

For each meeting there will be a video available, where an expert explains the basics of the concept at hand. In addition, students are actively encouraged to share their personal experiences in investing. Visits to local financial institutions and publicly traded companies are also organised.
Socially and economically empowering millions of children and young people worldwide with social and financial education

Aflatoun International
Netherlands

Aflatoun International creates high-quality curricula on social and financial education for different age groups. Our mission is to socially and economically empower children and young people so they can act as agents of change in their own lives for a more equitable world.

“I have become a financial literate individual, which I know will help me in the future to be successful.”

- ALCA, AFLATOUN YOUTH VOLUNTEER

Aflatoun International is a non-governmental organisation delivering Life Skills and Financial Education programmes through a global network of 275 partner organisations and 35 governments. Since 1991, Aflatoun International’s mission is to ensure that children and young people are socially and economically empowered to become agents of change for a more equitable future.

Aflatoun curriculums are created around social and financial education for children and young people of different age groups to learn about their rights, how to save and budget their money, and how to start small enterprises. Aflatoun network envisages that every child and young person gains financial independence through understanding their rights and responsibilities, being confident and self-efficient and developing healthy social and financial attitudes.

In 2018, Aflatoun programmes were implemented across 101 countries spanning 5 continents, including nearly all of Africa, reaching a total of 8.6 million children and young people through an innovative social franchise model.

Aflatoun programmes are created with a holistic view that building financial capacity in children and young people begins with understanding their developmental needs. Aflatoun curriculums are co-developed with diverse groups of local stakeholders to ensure that the contents and values inside and outside of the classroom are understood. As a technical assistant, Aflatoun organises prior participatory needs assessments to further adapt lessons to fit the needs and circumstances of children and young people, especially the most vulnerable.

In 2018, Aflatoun programmes were implemented across 101 countries spanning 5 continents, including nearly all of Africa, reaching a total of 8.6 million children and young people through an innovative social franchise model.

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COUNTRIES
Educate! prepares youth in Africa with the skills to succeed in today’s economy

The Educate! Model

Uganda, Rwanda, and Kenya

Educate! prepares youth in Africa with the skills to succeed in today’s economy. Educate! tackles youth unemployment by partnering with schools and governments to reform what schools teach and how they teach it so that students in Africa have the skills to attain further education, overcome gender inequities, start businesses, get jobs, and drive development in their communities.

“Because of Educate!, I started speaking confidently in public gatherings, I took up leadership positions at school, and started facing my fears. Most of all, I started believing in myself.”

- EMMANUEL, EDUCATE! GRADUATE

Africa will be 40% of the world by 2100 — its population is expected to grow from 1.2 to 4 billion and the continent could have more youth at that time than the total population of the United States. As many as 90% of African youth are projected to work in the informal sector. These demographics, along with a scarcity of jobs, have led to dramatic rates of youth unemployment. Education systems in Africa already face challenges meeting young people’s needs — current curricula and teaching methods don’t consistently prepare students for what’s to come following graduation. Despite an eagerness and commitment to learn, even students who finish secondary school often find themselves lacking the skills needed for the few available jobs, leading to unemployment and underemployment.

Educate! believes that by transforming secondary education we can equip youth with the skills to disrupt this systemic problem of youth unemployment. Educate! works in two ways:

- Educate! delivers leadership, entrepreneurship, and workforce-readiness training directly in secondary schools.
- Educate! partners with governments to integrate skills-based education into national education systems and support national curriculum reforms.

By creating a new educational model that reformes what schools teach and how they teach it, Educate! is empowering teachers and youth mentors to equip students with the business and 21st century skills to drive measurable change. Educate!’s experiential model teaches the “hard skills” of business including planning, budgeting, savings, and market research. Educate! complements these skills with the “soft skills” demanded most by both employers and students themselves, such as teamwork, public speaking, networking, critical thinking, self-confidence, and creativity. Educate!’s goal is to make this practical, skills-based model part of national education systems across Africa.
GLEN project teaches young girls – mostly high-school-age students – how to think like leaders and to become entrepreneurs.

Girls Leadership and entrepreneurship network (GLEN)

Nigeria

Girls' leadership and entrepreneurship network works through school clubs that gives girls in schools opportunities to contribute actively to global issues, develop their leadership skills, build confidence and inspire girl-led enterprises. The areas of focus is on Human Centered Design, Entrepreneurship, Leadership Development, Education and Economic Empowerment using design thinking methods.

"The truth is that GCAF gave me the boldness to talk. I appreciated the vision. I felt I could do more as a woman because I had no limits."

- OLIVE EKO CA, GIRL CHILD ART FOUNDATION ALUMNI

"Looking around and behind me, I realized that many girls were not as fortunate as I had been. Something had to change, and I saw that the biggest impact I could make was to intervene early enough when their choices could still be positively influenced and shaped. This compelled me to create a platform to reach developing young women early and inspire young girls to be successful leaders in today's business world."

- ADA ONYEJIKE-ANANABA, FOUNDER, GIRL CHILD ART FOUNDATION

GLEN enables girl CEO's to identify, align, plan and improve the quality of their products and services. The GLEN Program is designed to help girls start their first business.

So many girls and older women struggle with issues of roles and expectations, self-confidence, low self-esteem, leadership styles and communication. Girls grow up believing that they cannot be owners of successful big businesses. GLEN will break that chain. By starting in an early age mentoring and creating new learnings and perceptions of strength, success, fulfillment and leadership, we can create tomorrow's successful female business leaders and owners.

GLEN helps female students develop their talents through creative platform, design thinking methods and arts. GLEN's vision and mission is to see African girls empowered by helping them develop their leadership and entrepreneurship skills. GLEN's goal is to invest in sustainable solutions that will mitigate or end poverty and provide equal opportunities for social, economic and educational development.

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8–18
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The areas of focus are Human Centred Design, Entrepreneurship, Leadership Development, Education and Economic Empowerment using design thinking methods.
Could you live with just 1.25$ a day in your country? Students are finding the answers

What if you only had $1.25 a day?

Serbia

This project is connected to math with other subjects through research about real-world problems and Sustainable Development Goals. Students learn math-related skills (statistics and financial), but also raise awareness and empathy about poverty and hunger in the world. Students share their results with peers from other countries using Skype in the classroom and other educational platforms.

“If we have everything we need, it’s hard to imagine what poverty is. That’s why we tried to see how it feels to be in somebody else’s shoes. Each one of us can do something to help to fight the poverty.”

- ANICA TRIČKOVić, MATHEMATICS TEACHER

This lesson starts with the question: Could you live with just 1.25$ a day in your country?

Would you have everything you need – food, clothes, heat, electricity, education? If you have that amount of money just for food, what would your daily menu look like? How much does your meal cost or the daily menu? Do the math!

This lesson is about finding the answers with students and then connecting and sharing the results with other students from all over the world.

The main aim of this collaboration is to teach students about the first two Sustainable Development Goals: no poverty and zero hunger, and also to connect SDGs with math lessons (especially statistics, converting currencies, mean, median and financial skills in general). These topics are also connected with biology, geography, English and social and emotional learning.

Students can read about SDGs, but the best way to learn about these goals is to try to imagine how it really feels like to be poor, hungry and not have enough money for a decent life.

The main goal is to have an impact on students and make them think about their own life. Having just 1.25$ a day changes a students’ perspective and makes them think about how they can help to fight poverty.

Students share their results with peers from other countries using Skype in the classroom and other educational platforms.
With the rise of automation and technological change, modern education systems may not be adequately preparing students for the coming shift in the labour market. Students will need to develop essential skills and competencies such as creativity, ingenuity, entrepreneurialism and resiliency – to grow into adults who are lifelong learners that can upskill themselves based on changing market conditions. Inspire X does this through an entrepreneurship and social innovation course that teaches essential technical topics through the experiential process of starting a business or social enterprise.

Inspire X begins by taking the time to embed ourselves in a new context to learn about an institution and its community’s history, changing circumstances, and discover hidden assets and possibilities for the future. Youth, community leaders, teachers, business leaders, artists and others are listened to capture their aspirations for their community and people. The course is developed through human-centred design, co-creation and social labs: approaches which emphasize the first-hand scenarios and challenges local stakeholders have faced, in order to develop the course from their perspectives.

The ambition is to deliver a community-tailored solution that enable institutions such as schools to strengthen their communities through the entrepreneurial projects students will develop through the course. During the project entire community will turn into an interacting support ecosystem of stakeholders, activities, resources and infrastructure to help young entrepreneurs do their best work.

The solution can be broken down into two outcomes:

1. To upskill educators to support individualised, transformative learning that will advise students in planning their career paths, in mind with changing market dynamics
2. To provide curriculum where students: develop the skills and competencies that future employers desire by using experiential learning through entrepreneurship development and future skills oriented curriculum

‘I never knew dreams were literally limitless and friendships could be as deep as the ocean. But more important, how teamwork and dedication could show huge results of success.’

- student

Facilitating entrepreneurial learning for students to be equipped with the knowledge, skills and abilities to thrive in the future of work.
Recommen-
dations & Concluding Remarks

Financial skills are part of life management

We have compiled five key recommendations we believe will have a positive impact on financial skills among young people from a literature review combining international and national perspectives and from the innovation research portion.

1 Young People Should be Taught Especially about Planning One’s Finances

In a number of research papers reviewed for this report, it became clear that young people’s financial planning is insufficient, which may cause economic challenges in the future. For this reason, it’s crucial that the importance of planning is stressed in financial skills education – what should be taken into account before actually spending money and more generally how you can plan your finances in the long term.

2 We Should Speak to Young People about Financial Issues More Often

Research has not only shown the effects one’s own socioeconomic background has on financial literacy among youth, but also that even just speaking about finances with young people has a positive effect on their financial skills. For this reason, we should speak with young people about finances more often, both at school and at home, as well as in all sorts of other environments where young people tend to spend time.

3 We Must Ensure Girls Take an Interest in Financial Issues

Although the international PISA report demonstrated that the intergenerational difference in financial literacy is relatively small, the research on Finland showed a difference between genders in attitudes towards finance. For this reason, special attention should be paid to ensure that girls take an interest in financial issues and understand their importance.

4 To Ensure Financial Skills Among Young People, We Need Broad and Multidisciplinary Cooperation Between Stakeholders

No single group can be responsible for young people growing up to become financially wise adults. Economic systems develop and change constantly. Although education systems include financial literacy in their curricula, the role of parents and guardians is just as important when it comes to guiding young people in using their money wisely. Learning sound financial skills requires cooperation between a number of stakeholders.

5 Financial Skills Among Immigrant Families Should Be Supported

Research has shown that the financial literacy skills of immigrant youth are seen as weaker than their peers. Controlling how you use your own money also creates a feeling of control over your own life. By supporting immigrant families to make wise choices about how they use their money, we can improve integration and prevent other potential problems down the line. In this issue, following the example set out by the curriculum in the Netherlands could bring about positive results.

This report provides an overview of the current state of affairs of financial skills among young people, both nationally and internationally. It is our hope that the innovations and recommendations presented in this report are useful in finding solutions to challenges in youth financial literacy. We hope that the recommendations also reach the theme’s central stakeholders.

We should speak with young people about finances more often, both at home and at school, as well as in all sorts of students’ social environments.