

The importance of financial capability development through education

We all want the **best possible future for young Kiwis**. Research shows developing financial capability from a young age, and normalising these lessons through educational pathways is a step towards this.

What's wrong with the status quo?

Broadly speaking, we've historically lacked formal financial education in New Zealand. Instead, we've placed reliance on parental influences, some without financial capability themselves resulting in exacerbated generational inequality.¹

This is a big problem for our nation, as low financial capability is academically linked to failure to plan for retirement, non-participation in the stock market, and poor borrowing behaviours.² These actions, and subsequent inactions, leave New Zealanders exposed and vulnerable, affecting financial and overall wellbeing.

Young Kiwis and financial education

If we take the average 15 year old, they're most likely already engaging with banks and transacting financially.¹ This is a big responsibility with a low guarantee of preparation adequate, often leading to trial and error.

It's essential that our young adults develop the required financial capability needed as they're beginning to make complex financial decisions that could have an impact on the rest of their lives. This should not be left to trial and error.

Early education is the best way to prepare young Kiwis, as it is proven to provide the best chance of a person making effective financial decisions. It also minimises the likelihood of them being financially misled and facing financial problems.³ It also exponentially increases the likelihood of them engaging in more financial education further down the track, with this further financial education often including self-directed learning.

The change we can create

From a societal perspective, financial education improves a person's ability to make good decisions for their families, which increases their economic security and well being.⁴ Financially secure families are then better able to contribute to thriving communities which foster further community economic development.²

This is the future we all want for Aotearoa.



Australian research shows that **increasing financial literacy of the least financially literate by 10% would add AU \$6 billion per year to the economy and create 16,000 new jobs.**⁵



Financial Education and the New Zealand Curriculum

Financial education provides a context for linking learning areas, such as social sciences, mathematics and statistics, business studies, and provides a relevant context for strengthening literacy and numeracy skills.

Financial capability is therefore included in the New Zealand Curriculum as a theme that schools can use for cross-curricular teaching and learning programmes, providing a learning context for students to become:

- Informed decision makers;
- Financially-literate and numerate;
- Enterprising and entrepreneurial; and
- Contributors to the well-being of New Zealand.

Curriculum learning outcomes encompass three capability strands:

- Managing money (covering money, spending, credit and debt, saving and investing, income and taxation, and budgeting and financial management);
- Setting goals (covering setting financial goals and planning ahead); and
- Managing risk (covering identifying and managing risk, and rights and responsibilities).

Banqer High and the New Zealand Curriculum

Banqer High provides an engaging simulative platform to bring these cross-curricular learnings to life. It's flexible enough to be adopted and integrated differently by each educator. The emphasis of links drawn will depend on areas of the curriculum being explored by specific schools, with Banqer High adapting in a localised manner to your demands.

For support on getting started, and making initial curriculum ties, Banqer High has a suite of lesson plans available for educators with specific curriculum links. These can be used as they stand, or can be adapted to suit the individual needs and values of the course being taught.

These explicit links pull from the Financial Capability Progressions, which are aligned to The New Zealand Curriculum levels 1-8. We link specifically to social studies, economics, mathematics and statistics, and economics. Although recommended for use at year nine and ten, Banqer High can be adapted to support achievement objectives, as well explicit mapping to the financial capability unit standards (total of 25 credits).

¹PISA 2012 results; Students and Money, Financial skills for the 21st century (OECD 2014)

²How Young New Zealanders Learn About Finance: A Longitudinal Study (Financial Education and Research Centre 2012)

³Personal Financial Literacy Among High School Students in New Zealand, Japan and the United States (Economics Department University of Waikato 2013)

⁴Financial Education for Youth; The role of Schools (OECD 2014)

⁵Improving financial literacy in Australian (Commonwealth Bank Foundation 2014)

