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‘Personal Finance Programme’

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An international comparison report on finance teaching and other interventions and advice for Young people.

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Produced by DHE Solutions Ltd.

 **DHE Solutions Ltd**

Contents

Page

3	Purpose of report and terms of reference
4	Section 1 – comparing national teaching systems
6	Section 2 – comparing primary research
12	Section 3 – comparing good practice examples
14	Conclusion

This report has been produced as partial fulfilment of intellectual output 1 (National research & international comparison report) of the EU funded 'Personal Finance Programme' project (project reference 2017-1-UK01-KA201-036799)

The purpose of the report is to

- a) provide a current international comparison of finance teaching provided in the four partner countries of this project.
- b) identify good practice examples used in each partner country, outside of the statutory sector which aim to help students and young people generally become more understanding of personal financial matters. Including the development and availability of personal finance programmes, projects or advice websites which are targeted at young people.
- c) Compare and contrast the primary research conducted to establish a definitive list of topics which will be of most use to students in relation to personal finance.

Terms of reference

The four national reports (available to download from the project website) will be consolidated into an international comparison report again available in the three partner languages. This report will provide an innovative insight previously unknown into the various initiatives (or lack of them) in the partner countries and how they compare at various levels.

Section 1 – Comparing national teaching systems

A) Comparison by content.

Age	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
Cyprus						practical			mixed											
Finland	practical								theory											
Italy									theory											
United Kingdom					practical															

Source: Own elaboration based on data from the National Research Reports.

After analysing the different educational content by country and age and constructing Table 1, we can conclude that in Cyprus, Finland and the United Kingdom the focus is on teaching students of up to age 14, personal finances primarily from a practical perspective, with common topics ranging from budgets, through money management, to savings.

Finland continues a momentum at 12-14 by teaching budgeting, investments, getting a loan, and comparing renting and owning a home.

More noticeable changes appear from the age of 14 or 15 and thereafter, where the educational efforts by partner countries ceases to be standard, but instead focusing on practical/micro-economic (personal or family) and in theoretic/macro-economic (national) knowledge.

Italian students receive their first economic education at 14, but its educational content has a market analysis perspective, with mainly theoretical and macro-economic content, which is commonly viewed as 'poor' by educational staff.

This line is followed by the Finnish students, who change the practical approach they have been studying from 7 years of age, to focus more on macroeconomics and markets.

We see the opposite model in the United Kingdom, where its students continue to receive practical information to manage complex daily financial products, including, the functioning of credit, insurance and pensions, etc.

Finally, from the age of 15, the Cypriot educational model can be classified as mixed, since without reaching pure macro-economic content, it ceases to teach the personal and daily economy in favour of more complex financial products that require theoretical content.

B) Comparison by age.

Table 2. Comparing national systems by learning centre according to age.

Age	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Cyprus						low- sec		up-sec											
Finland	primary					low-sec		up-sec											
Italy								secondary											
United Kingdom						low-sec		up-sec											

Source: Own elaboration based on data from the National Research Reports.

Another characteristic feature is the difference in entrance age to finance studies. Finland is the first to teach subjects relating to finance, starting at the age of 7, whilst Italy is the last, starting at the age of 14.

C) Unique features.

Finland stands out because it has identified one of the biggest problems in the European Union: the lack of entrepreneurship. The Junior Achievement Finland (JA) programme aims to train young people from 7 to 25 years old by supporting them in the process of entrepreneurship and consumer education. The UK also acknowledges the entrepreneurship challenge at national level, but currently schools are criticised by the government for lacking the commitment to teach the subject at anything other than at a basic level.

Finland also offers the longest continuous teaching of finance covering the topics from 7 to 16 years. The United Kingdom and Cyprus have a similar age span teaching from 11 or 12 up to 16 or 17, while Italy teaches the topic areas the least, from just 14 to 17.

Section 2 - Comparing primary research

The five project partners analysed the responses they received from students and parents. These provided interesting comparisons and similarities within the four partner countries and five partners.

As a requirement for Intellectual Output 1 (Research), each partner was required to survey Young people and adults on their views on.

- a) their prior knowledge of financial topics
- b) which financial topics they would most like to learn about.

The following responses were gained by the partners.

Partner	No of students surveyed	No of parents surveyed	Breakdown of students by age group	
			14-18	18 - 23
Lancaster Royal Grammar School	50	25	49	1
DHE Solutions Ltd	76	11	52	24
IESS	50	25	50	0
Tampere UTA	62	9	62	0
Emphasys	25	50	18	7
Totals	263	120	231	32

There were variations in the age ranges of the students surveyed, and it is acknowledged that this will have a substantial impact on what a student knows at a particular age. DHE Solutions and Emphasys surveyed a good percentage of University undergraduates and graduates, while the three schools stuck primarily to their specific age group.

Prior knowledge of finance topics.

The first question asked students and parents to rank their prior knowledge of the 14 listed finance topics. Table 4 (following page) shows the students' responses, ranked from 1 (representing the most knowledge) to 14 (representing the least). Scores have been totalled then ranked 1-14 according to their total score. Some partners felt that a particular topic was not applicable to their students, and chose not to ask it, while Emphasys felt that Personal Banking as a topic should be considered for their own cohort. As such it has been added as a 15th option, but responded to only by Emphasys students and parents.

Table 4 - Students self-assessed prior knowledge of finance topics rating position						
	LRGS	DHE Solutions	IESS	Tampere UTA	Emphasys	Overall
1. Budgeting:	1	1	11	1	1	15 (2 nd)
2. Saving:	3	2	1	2	5	13 (1 st)
3. Investing in shares:	6	2	6	7 (joint)	12	33 (5 th)
4. The power of compounding:	4	14	N/A		11	36 (8 th)
5. Mortgages:	14	12	N/A	5 (joint)	13	44 (11 th)
6. Pensions:	13	10	8	9	7	47 (12 th)
7. University finance:	2	3	12	6	10	33 (5 th)
8. Cyber security for your money:	8	4	9	11	4	36 (8 th)
9. Your pay cheque explained	5	5	5	3 (taxes)	3	21 (3 rd)
10. Borrowing money-excluding mortgages:	8	9	3	5 (joint)	6	31 (4 th)
11: Buying your first home:	12	8	4	4	7	35 (7 th)
12. Insurance:	11	6	6	8	9	40 (10 th)
13. Business finance:	7	7	9	10	14	47 (12 th)
14. Crypto currencies:	10	13	7	12	15	57 (14 th)
15 Personal Banking:					2	

Across all five organisations, students knew most about savings, budgeting, ‘your pay cheque explained’, money-excluding mortgages and borrowing. Students acknowledged that they knew least about Crypto currencies, pensions, business finance and mortgages.

Blocks highlighted in yellow show where one partners views varied significantly from the average, for example IESS students knew (relatively) substantially less than other students about budgeting; Emphasys students knew substantially less about investing in shares than other students, etc. Conversely, students from Tampere UTA knew substantially more than other students about mortgages; and students from IESS knew substantially more than other students about crypto currencies.

Table 5 shows the parents opinion of their students' knowledge, ranked the same way.

Table 5 - Prior knowledge of finance topics rating position as rated by parents						
	LRGS	DHE Solutions	IESS	Tampere UTA	Emphasys	Overall
1. Budgeting:	1	1	2	5	2	11 1 st
2. Saving:	2	4	1	1	5	13 2 nd
3. Investing in shares:	12	10	4	3	15	44 10 th
4. The power of compounding:	13	14	N/A		13	51 13 th
5. Mortgages:	8	13	N/A	9	8	49 11 th
6. Pensions:	7	11	9	12	11	50 12 th
7. University finance:	8	2	7	8	4	29 3 rd
8. Cyber security for your money:	5	3	9	3	10	30 4 th
9. Your pay cheque explained	6	7	12	10 (Taxes)	7	42 9 th
10. Borrowing money-excluding mortgages:	11	9	11	9	12	52 14 th
11: Buying your first home:	4	12	3	5	6	30 4 th
12. Insurance:	10	7	6	10	3	36 7 th
13. Business finance:	3	6	8	5	9	31 6 th
14. Crypto currencies:	14	4	5 (open a bank account)	2	14	39 8 th
15 Personal Banking					1	

Parents agreed with the students in terms of knowledge of savings and budgeting, ranking them 1 and 2. But parents considered that their children knew more about University finance and buying their first home than the students did.

On the other hand, parents thought that their children had less previous knowledge in pensions, compounding and borrowing money (without taking into account mortgages). Blocks highlighted in yellow show where parents' views varied significantly from the average, for example Finnish and Italian parents felt their students knew considerably more than UK and Cypriot parents about investing in shares.

Table 6 shows the students' preferences to study the topics. There are considerable country-specific variations which may relate to specific financial aspirations or interests. For example, students from the UK show a much greater interest to learn about how to buy your first home, and insurance, compared to students from Italy, Finland and Cyprus. Cypriot students are keen to understand how a pay cheque works, and Italian and Cypriot students are more interested in Crypto currencies than students from the UK or Finland. Ranking the results in order of most favoured topic to study, Savings comes out top, followed by budgeting, and investment in shares. The power of compounding was ranked very low or deemed not applicable, however extensive discussions on this topic, concluded that many students would rank it low simply because they don't know what it is. Consequently, it was agreed to include the power of compounding in the topic covering investing in shares

Table 6 - Students preferences to study finance topics rating position

	LRGS	DHE Solutions	IESS	Tampere UTA	Emphasys	Overall
1. Budgeting:	5	5	1	3	1	15 (2 nd)
2. Saving:	1	2	2	2	7	14 (1 st)
3. Investing in shares:	3	8	4	1	9	24 (3 rd)
4. The power of compounding:	13	13	N/A	N/A	N/A	63 (14 th)
5. Mortgages:	4	3	N/A	4 (combined)	13	25 (4 th)
6. Pensions:	9	7	5	12	10	43 (9 th)
7. University finance:	8	6	3	5 (study grant)	4	25 (4 th)
8. Cyber security for your money:	12	11	7	11	14	52 (12 th)
9. Your pay cheque explained:	7	9	8	7 (Taxation)	2	33 (7 th)
10. Borrowing money-excluding mortgages:	14	10	10	6 (Loans)	6	46 (11 th)
11: Buying your first home:	2	1	9	4 (combined)	8	25 (4 th)
12. Insurance:	6	4	11	8	11	41 (8 th)
13. Business finance:	11	14	12	10	12	59 (13 th)
14. Crypto currencies:	10	12	6	9	5	44 (10 th)
15 Personal Banking					3	

Table 7 shows the preferences parents expressed as topics they felt their children should prioritise. The main difference between parents and students expressed interest to learn, (i.e. table 6 and 7) is that parents placed investing in shares and mortgages a lot lower as a priority, but placed understanding pensions, your pay cheque and borrowing money excluding mortgages, as a higher priority.

Table 7 - Preference to learn finance topics as rated by parents						
	LRGS	DHE Solutions	IESS	Tampere UTA	Emphasys	Overall
1. Budgeting:	1	1	1	1	1	5 (1 st)
2. Saving:	2	2	2	2	10	18 (2 nd)
3. Investing in shares:	11	11	3	3	13	41 (9 th)
4. The power of compounding:	10	12			14	50 (13 th)
5. Mortgages:	6	7		6	14	44 (11 th)
6. Pensions:	4	6	5	9	8	32 (4 th)
7. University finance:	3	3	6	5	5	22 (3 rd)
8. Cyber security for your money:	8	4	7	12	12	43 (10 th)
9. Your pay cheque explained:	12	5	10	4	2	33 (5 th)
10. Borrowing money-excluding mortgages:	9	8	11	7	3	38 (6 th)
11: Buying your first home:	7	9	12	6	4	38 (6 th)
12. Insurance:	5	9	9	10	6	39 (8 th)
13. Business finance:	13	13	8	7	8	49 (12 th)
14. Crypto currencies:	14	14	4	11	11	54 (14 th)
15 Personal Banking:					7	

Table 8 shows the preference of topics to learn split by age group - High school and University. (where 1 represents their greatest priority to learn, and 14 their least). Only two of the partners collected responses from University students, so it is limited to these two partners. Emphasys shows a remarkable consistency between students at High school and University, although the numbers surveyed are a lot lower. There are variations in the priorities of students surveyed by DHE Solutions. Most noticeably, University finance is a priority for upper high school children, but this drops right down to 12th position for university students (presumably because you learn how it works very quickly on arrival at University) Budgeting and saving increase in priority when you reach university, and mortgages and buying your first home have higher priority for the high school age students.

Table 8 - Preference to learn finance topics by age group

Analysis by Age Group	DHE Solutions		Emphasys	
	University (24)	Upper High (50)	University (10)	Upper High (15)
1. Budgeting:	2	6	1	1
2. Saving:	1	4	6	7
3. Investing in shares:	4	8	9	9
4. The power of compounding:	13	12	15	15
5. Mortgages:	7	3	13	13
6. Pensions:	5	7	10	10
7. University finance:	12	2	4	4
8. Cyber security for your money:	11	11	13	14
9. Your pay cheque explained:	9	10	2	2
10. Borrowing money-excluding mortgages:	14	9	6	6
11: Buying your first home:	3	1	6	8
12. Insurance:	5	5	11	10
13. Business finance:	10	13	12	12
14. Crypto currencies:	8	14	5	5
15 Personal Banking:			3	3

Section 3 - Comparing good practice examples

Each of the five partners were asked to analyse good practice examples in their own countries and these were included as an annex to the national reports. 42 examples of good practice were summarised; Finland produced 6, Cyprus 8, Italy, 10 and the UK 18. The 42 can be summarised as follows:

A) In consideration of the content.

Balance of Microeconomics/Macroeconomics: In most cases the partner countries analyse microeconomic and macroeconomic aspects in an accessible practical manner.

Balance of home economics/Complex financial products: The most complex financial products are primarily available through online courses or within educational centres, except in Italy which, in addition to having numerous courses, has a wide range of free resources in this area that go as far as stock market investment advice.

Many of the online resources provide practical advice on everyday products: banking and finance; budget and savings; investments and insurances; pensions and salaries; etc. And UK websites contain even deeper content, including advice on mobile-telephony contracts to crypto currencies.

Theoretical/Practical Balance: The most theoretical resources are reserved for courses and training, while free content tends to focus on practical advice.

Entrepreneurship: The Cypriot program helps at all stages of entrepreneurship, including the founding of a company, to establishing yourself as a self-employed. Finland also has good entrepreneurship examples, although they tend to be more focused on negotiation and commercial relations.

Guidance and consumer protection: In guidance and consumer protection, the resources of governmental and non-governmental organisations in Finland and Italy stand out, where they advise on the correct use of financial instruments, and different organisations specialize in certain areas, such as banking or home economics. On the other hand, the UK resource "*Eight Money Saving Tips if you're young and broke*" helps and advises the financial user in worst case scenarios.

Reports: In the United Kingdom there are numerous reports and online resources with up-to-date data that analyse the educational level in economic-financial matters of young people.

B) In consideration of their sources.

Web. In the digital age, most content is free and available to any user. However, in Cyprus we note a smaller amount of resources in this area, possibly due to the limitations of a relatively smaller country.

Books and guides. Books and guides are more present in economic education in Cyprus and Italy, and text resources also provide useful self-evaluations at the end of each chapter. In Finland and the United Kingdom these resources are more oriented to reports that indicate the state of the economy (as is the Finnish case) or the state of education in economic matters (within the UK resources).

Games. Finland and Italy have interactive resources to attract the attention of young people in economic matters. While Finland contains a financial simulator of an imaginary city, in Italy they have a greater variety of games, from board games to online games with topics related to financial investments, the economy of daily life and a company simulator.

Real instruments. The provision of debit cards to young Cypriots is noteworthy, which, together with tricks and explanatory guides, makes them more sensitive when making use of certain financial services. On the other hand, in the United Kingdom they have a wide network of university discount cards, with access to discounts and payments through the use of its prepaid card.

Courses and training. Despite the lower amount of free online resources in Cyprus, they offer a number of courses and training given by academies, universities and other prestigious institutions at competitive prices. The United Kingdom also has many courses, although prices tend to be relatively higher.

In summary, although there is some standardisation in terms of content, or use given to certain platforms and resources, each of the four countries has noted strengths within their financial resources, for example:

- **Quantity and depth of content:** United Kingdom
- **Entrepreneurship:** Cyprus and Finland
- **Financial Investors and Markets:** Italy
- **Courses and training (payment):** Cyprus and UK
- **Interactivity (games):** Italy and Finland
- **Guidance and consumer protection:** Finland, Italy and UK

Conclusion

Our primary and secondary research has taught us that the teaching of 'finance' varies enormously between the four countries involved in the project. Some teach topics across a wide age range, whilst others are limited to a few mid teenage years. Some opt more for theoretical teaching whilst others focus on practical, with a combination in the middle. In some countries, certain topics hold a much greater relevance, and therefore importance, for young people to learn, whilst some topics are regarded as not applicable. There were interesting variations in what young people knew, and wanted to study throughout the partner countries, and parents also varied in their view of what their children knew, and what they should learn.

We felt following extensive examination of the results, that each of the topics identified had a good reason to be taught to young people, and we would develop modules to cover most of the topics described on the survey forms. The primary research indicated that modules produced would need to have adaptability built in, so that they could vary taking into account each country's, legal, educational and individual priorities.

David Evans (DHE Solutions Ltd)

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