



**FINANCIAL
EDUCATION:
INSIGHTS FOR
AUSTRALIA,
FROM THE
WORLD**

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FOREWORD

By Wendy Mason

Head of the Commonwealth Bank Foundation

IT IS A CRITICAL TIME FOR FINANCIAL EDUCATION IN AUSTRALIA.

With great progress towards full curriculum integration, a newly minted national strategy, reinvigorated international efforts of the OECD and a growing consensus around the importance of financial education, the next few years are critical in ensuring our approaches align to best practice.

We know first-hand the importance of staying abreast of leading thinking, emerging best-practice and the latest trends in the space. That is why it was both a pleasure and a privilege to be the only Australian representatives at the Global Financial Literacy Summit in Amsterdam in late 2013. We had the opportunity to showcase our leading work in front of peers, and to *learn* from the greatest academics, researchers, financial institutions, regulators and policy makers in the world.

We wanted to create a way to share the insights gained (and create many *new* insights) with our partners, collaborators and colleagues here in Australia. We assembled five global experts and had them share their thoughts for us here in Australia. Whether you are a regulator, policy maker, researcher or educator, we hope that you find value in the following pages.



Wendy Mason

*Head of the Commonwealth
Bank Foundation, Australia*

CURRICULUM INTEGRATION IS THE START, NOT THE END OF THE JOURNEY.

- ✓ We should not treat curriculum integration of financial education as ‘job done’
- ✓ Many teachers lack the confidence and motivation to teach financial education
- ✓ We need a more strategic, ‘whole-of-school’ approach
- ✓ Beyond schools, we need to reach young people through multiple channels

Given the energy behind integration of financial education into Australia's school curriculum in recent years, we may be forgiven for thinking the game is all but won. The UK's leading financial education charity, Personal Finance Education Group (*pfeg*), offers an important note of caution on that interpretation.

The charity provides teaching, learning resources and free advice to anyone teaching young people about money. They also run a number of programs that enhance leadership and management of financial education within schools. *pfeg* was among the pioneers lobbying for financial education to be integrated into the UK national curriculum. A landmark achievement was reached late last year when the UK government announced that, as of September 2014, it would feature as a statutory part of the national curriculum. In many respects, Australia and the UK have been undergoing a very similar journey.

We interviewed Fiona Ellis, *pfeg*'s Director of Education, to gain her insight into the UK experiences and what Australia might learn from them. As an internationally respected thought leader, Ellis has led a host of high profile national curriculum development and advisory programs over the past decade. She offered a series of fascinating thoughts on the subtleties of turning curriculum integration into a powerful force for creating financial education outcomes.



Fiona Ellis

Director of Education, pfeg

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**THE QUALITY OF FINANCIAL
EDUCATION IN SCHOOLS
WILL NEVER EXCEED THE
TEACHERS' MOTIVATION
AND ABILITY TO TEACH IT.**

”

QUESTION FOR AUSTRALIA

There are striking similarities between the UK and Australian context and also subtle differences.

In recent developments in Australia, financial education has been included in the draft national curriculum for mathematics, economics and business studies. In this regard, we too face the task of equipping our educators with the passion and competency to teach this content well.

What must Australia do to support teachers, schools and other educators to deliver high quality financial education to young people?

Curriculum integration... check. Job done?

"Curriculum integration is really the start of the journey, not the end. It's wonderful to have, but there is much more to do."

Many countries, Australia included, are rightly proud of the work that's been done to integrate financial education into the school curriculum. But with such an achievement, Ellis highlights the risk of losing momentum when there are still many complex challenges to solve.

In the UK for example, the private sector has played a significant role over the past decade through funding, provision of volunteers and innovative financial education programs. But with the curriculum integration, there is a trend of divestment emerging as some institutions refocus resources on other community-based initiatives.

In this way, curriculum integration may *stall* progress or even cause regression, rather than encourage progress.

The risk is amplified in light of the recent economic downturn and limits to government funding in the UK. As Ellis points out, a lot of the responsibility for delivering high quality financial education rests on the shoulders of schools and teachers alone. Adding to the complexity, only around half of all UK government schools are required by law to follow the national curriculum, and independent schools have complete freedom to teach what they like.

To make the most of curriculum integration, Ellis encourages Australian stakeholders to maintain their energy and investment in financial education. A coordinated effort between schools, the private sector and the government will enhance our ability to deliver financial education consistently and with impact across our respective nations.

Teaching the teachers

Curriculum integration takes us from a scenario where financial education is taught by select teachers who are passionate about it and understand it, to a scenario where *all* teachers are *obligated* to teach it. In Ellis' experience, this leads to a raft of challenges and resistance.

Syllabus re-design is a complex task at the best of times. Most teachers don't have any formal training or subject matter expertise in financial education, and many lack confidence and capability in this area in their personal life.

Research by the UK National Endowment for Financial Education revealed that there is a strong tendency to focus on the pedagogy of financial education, helping schools understand how to *teach* financial education effectively. But Ellis maintains we need to think about teachers first as people, and provide them with the training and support to become more financially capable individuals themselves. As teachers grow their confidence and knowledge base, they are far better equipped to bring quality financial education to life within the classroom.

“
**WE NEED A HOLISTIC,
MULTI-CHANNEL
APPROACH TO FINANCIAL
EDUCATION THAT SPANS
A NUMBER OF INFLUENCES
ON YOUNG PEOPLE.**
”

A 'whole-of-school', leadership-driven approach

"There are big issues around how to coordinate, manage and evaluate financial education across the school curriculum."

In the UK, like Australia, financial education does not have subject status within the national curriculum; rather, it exists as a stream of learning within select statutory subjects (secondary school mathematics and citizenship education) and the non-statutory subject Personal, Social, Health and Economic (PSHE) education. Ideally, a student's cumulative learnings across all subjects and school years would connect up to form a holistic picture of financial education over the course of their schooling.

In reality, Ellis observes that financial education is delivered in a far more fragmented fashion. Coordination is especially difficult in secondary school where students have a different teacher for each subject. In addition, teachers are more likely to orient their classes toward what will be examined in their subject area.

To facilitate a 'whole-of-school' learning experience, Ellis maintains that financial education needs to be coordinated at management level within a school. *pifeg* offer an interesting benchmark in this regard through their *Centre of Excellence in Financial Education* programs. Successful coordination is contingent upon a leader to:

1. Ensure coverage (quality and quantity) of financial education across the entire school curriculum
2. Garner senior leadership teams' commitment, making sure financial education is written into the strategic improvement plans in schools
3. Measure schools against a range of financial education quality standards

For Ellis, it doesn't matter where the starting point is, or if any financial education is presently underway. It is far more important that schools have the will and the capacity to build sustainable financial education structures over the course of the academic experience.

Beyond the school-gates

With its statutory status in the national school curriculum, financial education has largely become synonymous with school-based education. Whilst schools play a vital role, Ellis reminds us that they are only one part of a much bigger picture. She encourages us to reach out to young people through a range of channels so that they are learning about financial education in the classroom, at home and in the wider community.

Ellis also reminds us to consider reaching out to young people slightly on the fringes of mainstream schools or those who aren't accessing formal education. In a recent project, Ellis uncovered a tremendous appetite for financial education support among social workers, foster carers and other community groups who are working with young people to prepare for independent living. Ellis and the *pifeg* team revealed that leaders of these groups do not require a formal curriculum, but training and resources, so that they can deliver financial education confidently to their young people in the most appropriate way.

‘FINANCIAL LITERACY’ IS A FUNDAMENTAL LIFE SKILL IN THE 21ST CENTURY.

- ✓ Financial literacy is as important as reading and writing in today’s society
- ✓ We must consider financial literacy beyond personal finance
- ✓ The wrong questions are being asked of financial education when we measure its impact
- ✓ We need a data-driven approach to target vulnerable groups

In today’s increasingly complex, global marketplace people require a higher degree of financial literacy than ever to make good decisions, contribute to national prosperity and ultimately enhance our economy’s global position. Annamaria Lusardi, rated by the New York Times as one of the world’s six most influential financial reform economists, urges us to ground national financial education efforts in robust research.

In 2010, Lusardi was appointed as the Denit Trust Distinguished Scholar and Professor of Economics and Accountancy at the George Washington University School of Business. Here, she founded the *Global Financial Literacy Excellence Center* (GFLEC) to further her research on financial literacy internationally. Lusardi’s academic career spans several world-class institutions including Dartmouth College, where she taught for 20 years, Princeton University, the University of Chicago, Columbia Business School and Harvard Business School.

Her seminal study, *Financial Literacy Around the World* (FLAT) commenced in 2004 as a national survey and now measures and documents the level of financial literacy across twelve countries with more being added. In addition to her research, Lusardi has advised the Dartmouth Hitchcock Medical Center, FINRA Investor Education Foundation, the Dutch Central Bank, the OECD and the World Bank. We were grateful to spend an hour with her to provoke our thinking on the journey ahead for Australia.



Annamaria Lusardi
*Financial Economist and
GFLEC Founder*

“
**WE NEED A DATA-DRIVEN
APPROACH TO ASSESS
THE EFFECTIVENESS OF
FINANCIAL EDUCATION.**
”

Reading, writing... financial literacy

One of Lusardi’s most passionately held beliefs is that *financial literacy is as important as reading and writing* in today’s society. She speaks profoundly of a ‘new world’ that is rapidly changing and more challenging than ever. We are living longer, and our youth are being asked earlier and earlier to make decisions that will affect their social and economic prosperity.

But how prepared are we to take on this increased burden and to process the information needed to make informed decisions about current and future finances? To summarise a decade of Lusardi’s research, *not very*.

Paraphrasing Thomas Friedman, Lusardi’s research reveals that our world is *flat* when it comes to our knowledge of basic financial concepts. Financial illiteracy is widespread in both well-developed and rapidly changing markets. The good news is higher education is strongly correlated with financial knowledge. But even at the highest level of schooling, financial literacy still tends to be low.

For Lusardi, semantics are important. We need to keep discussing and institutionalising the *literacy* angle of financial education, thus elevating its status as an essential topic of study.

QUESTIONS FOR AUSTRALIA

In Australia, there is currently a big push for evidence-based approaches to learning and policymaking. As our national investment in financial literacy increases, and more institutions become involved in the delivery of education programs, there is a growing desire to measure the impact of our efforts, and to understand *how* what we are doing works.

What more needs to be done to ensure a rigorous, data-driven approach to enhancing financial literacy in Australia?

What data points will be critical to ensure an equitable distribution of financial literacy levels across our country?

“
THERE IS A GROWING DESIRE TO MEASURE THE IMPACT OF OUR EFFORTS, AND TO UNDERSTAND HOW WHAT WE ARE DOING WORKS.
”

Bigger than just me

“We need to help people understand their role in the broader economy and how markets operate.”

Lusardi encourages us to consider financial literacy beyond one's *personal* finances. We must consider more broadly how individual knowledge and decisions impact the community, the country and the global economy. For example, our elections always require us to evaluate economic reforms. For Lusardi, if we are not financially literate, we cannot be politically literate and this undermines the foundation on which democracy is built. Consider the financial crisis, where we witnessed governments intervene to rescue both citizens and organisations who made serious errors. For Lusardi, better financial education is one part of a prevention-based strategy.

Lusardi wholeheartedly supports the integration of financial education into the Australian school curriculum, but challenges us to think beyond the personal finance angle and help students consider national and global implications of their choices.

Measurement matters

When it comes to measuring the impact of financial education, Lusardi has thought deeply about whether the right questions are being asked. For Lusardi, ‘*Does financial education work?*’ and ‘*should we do it?*’ are the wrong questions to ask. But given the financial stress many people find themselves in during adulthood, several educators and policymakers are questioning the value of financial education, or declaring altogether that it doesn't work.

Lusardi believes that financial education is getting held to a higher standard than other forms of education. For example, if literacy programs are not successful,

we don't cut English out from the curriculum or close down schools, and we certainly don't question the need to read and write.

For Lusardi, a far more productive question to ask is, “*how can we make financial education work better?*” Rather than looking at the link between education and adult behaviour, we should instead be looking at the extent to which education affects *knowledge* and *decision making ability* among our youth.

“
FINANCIAL LITERACY IS EQUIVALENT TO READING AND WRITING. IT'S NOT POSSIBLE TO PARTICIPATE EFFECTIVELY IN TODAY'S SOCIETY WITHOUT IT.
”

An exciting development in this regard has recently occurred within the OECD Programme for International Student Assessment (PISA). PISA tests 15 year olds from many countries (Australia included) on their knowledge of personal finances and ability to apply it in a financial context. This is the first large-scale international study to assess the financial literacy of young people. Lusardi urges Australia to engage closely with the data when it is released in July 2014 and use it to inform our financial literacy programs and education policies.

Above all, Lusardi challenges us to be more creative in figuring out the exact nature of financial education's contribution.

Target vulnerable groups

“We need a more equitable distribution of financial literacy across the population.”

With over a decade of research on hand, Lusardi and her colleagues have

revealed several vulnerable subgroups within the population that show lower levels of financial literacy than others.

One of the key findings is a significant gender-based gap; women are less financially literate than men. This finding holds across most countries and subgroups. Furthermore, the gender difference is prevalent at the beginning of the lifecycle and doesn't close with age. Most interestingly, women are far more likely than men to admit gaps in their knowledge, which makes them an ideal target for financial education programs.

Other significant findings indicate important differences in population subgroups, with the youngest and oldest most at risk. While young people tend to acknowledge the gaps in their knowledge, older demographics demonstrate a lack of self-awareness regarding their lower than average financial literacy.

Not surprisingly, students from college-educated families are the most financially knowledgeable. For people who acquire financial literacy, the advantage grows over time. For example, a recent research paper written by Lusardi and her colleagues revealed that financial literacy can account for as much as half of the wealth inequality in the USA.

Lusardi's research highlights the importance of a data-driven approach for identifying and targeting vulnerable groups within the Australian context, and levelling the playing field so that everyone has an opportunity for learning. In particular, women, representing slightly more than half the population, are a substantial sub-group who are primed and ready for quality learning.

SCALE IS A NECESSARY PART OF CREATING REAL CHANGE.

- ✓ There is a vital link between youth friendly products, access to those products and financial education
- ✓ Coordination is essential for creating large-scale, sustainable change
- ✓ Education programs and products must be customised for local communities

Australia is geographically vast with a richly diverse population; a challenging context for consistently delivering quality financial education across our nation. As such, we can learn a lot from looking at the way international movements in financial education have simultaneously achieved scale and customisation to meet the needs of different communities.

We spoke with Jeroo Billimoria, a leading social entrepreneur and global advocate for children's rights, to see how Australia could learn from the global context. Billimoria is the Founder and Managing Director of *Child and Youth Finance International* (CYFI), which leads the world's largest movement dedicated to enhancing the financial capabilities of children and youth. Launched in September 2011, CYFI has spread to over 100 countries and reached a staggering 18 million children through their partners. Billimoria is also the founder of *Aflatoun*, which provides social and financial education to over two million children in over 100 countries.

Prior to this, Billimoria founded *Childline India Foundation* and *Child Helpline International*, facilitating a global movement for child protection in over 120 countries. Clearly no stranger to scale, Billimoria offers several profound insights for Australia to help us drive up engagement with financial education across our entire country.



Jeroo Billimoria

Managing Director of Child and Youth Finance International

“
**HAVING A BANK ACCOUNT IS
HAVING A CHOICE. IT'S BEING
INCLUDED IN AN ECONOMY.**
”

QUESTION FOR AUSTRALIA

Given Australia's geographic dispersion and cultural diversity, we face tremendous challenges in promoting universal financial inclusion, and perhaps even greater challenges in providing consistent, high-quality and relevant financial education to all people.

Some specific considerations include Aboriginal and Torres Strait Islanders and other communities who lack access to traditional financial services, such as children with special needs and migrant and ESL groups across the nation.

How can we, as a country, find ways to create universal access, while customising our strategy for local needs and requirements?

Dreams begin with a bank account

Billimoria's personal driving force for the creation of CYFI came from analysing a host of calls to child/youth helplines. Many of the issues raised – such as lack of food, lack of education, bullying, abuse, and low self-confidence have root causes that could be traced back to lack of income.

For Billimoria, the humble bank account can go a long way; it integrates children into the economy and is a stepping-stone to greater confidence, choices, and livelihoods. Further still, the bank account is the starting point for achieving a child's dreams. This belief forms the basis of CYFI's DreamsBank initiative, in which 2700 youth from different countries have signed up to collaborate on solutions for their individual and collective financial future.

It is the firm belief of Billimoria and CYFI that, while financial education is imperative to a young person's development, *financial inclusion* and *access* are equally critical for creating financially capable adults who make sound financial decisions. Financial inclusion means that every child has access to financial products and services that are affordable, usable, secure and reliable.

CYFI's goal is to achieve 100% financial inclusion across the world. In this regard, Billimoria offers some big challenges for Australia, which she expects will create a healthy stir. First and foremost, that every student graduating from primary school should have a bank account that is linked to financial education. Secondly, that every bank needs to offer a child-friendly account for children and young people, and if not, the government should regulate it.

The latter requires an enlightened approach from financial institutions, given that youth products are not big revenue earners in the short run. She encourages banks to adopt a longer-term outlook on retention and educating young customers across all aspects of the lifecycle.

For Billimoria, the ultimate scenario unfolds when financial and educational institutions work together to combine child and youth friendly products with financial education in a holistic fashion.

Tipping the scale

Given that there are more than a billion children in the world, scale is paramount for creating sustainable change. CYFI currently reaches 18 million children in 125 countries. Although this is almost 20% of their ambitious target, it is a phenomenal reach when you consider there are just 20 staff and a handful of interns at the CYFI headquarters in Amsterdam.

CYFI's scale comes from an impressive network structure that leverages the expertise and innovation of a host of partners across the globe, including financial regulatory authorities, ministries of education, key governmental agencies, financial institutions, NGOs, corporates and academics.

“SCALE IS REQUIRED TO REACH A TIPPING POINT, FOR INFLUENCING POLICY AND MAKING CHANGE HAPPEN.”

At the macro level, CYFI use big events like *Global Money Week* to create a worldwide buzz around money and economic citizenship of young people, and to facilitate cross-sector collaboration on the development of financial education/inclusion initiatives. At the regional level, CYFI facilitates the 'buddying up' of countries who share expertise and experiences with one another. At the national level, CYFI supports the creation and implementation of national action plans for child and youth-related finance activities within a country.

Within Australia, Billimoria believes that it is the coordination piece that is most essential to get right. We have a national financial literacy strategy, and financial education is delivered through the national curriculum and other programs to varying degrees. But could we be doing more to tie together efforts between community, industry, government, parents and not for profits?

Billimoria encourages us to develop a more integrated effort to drive up the scale and impact of our efforts, to ensure an equitable spread of education and to avoid duplication of work. As there is so much great work taking place in Australia,

Billimoria further encourages us to look beyond our domestic role and consider our global leadership role on the topic of youth and finance, especially considering that Australia is a G20 country.

“WE TRY TO MEET THE NEEDS OF THE PEOPLE, RATHER THAN SAY “THIS IS WHAT WE KNOW – FOLLOW”.”

Balance inclusion with customisation

As financial inclusion increases, so too does the challenge of customising education programs and youth products for different markets. CYFI, for example, works across a multitude of different countries and communities, each with different issues and starting points.

Billimoria believes that one of CYFI's critical success factors is their unique DNA and change methodology. In this respect, CYFI has Intellectual Property, co-developed with McKinsey, which Billimoria likens to a fruit basket – a comprehensive offering with everything in it. But without customisation, in Billimoria's words, it simply won't work. The solution always requires understanding the local needs, mapping the offering to what already exists and developing a strategy that will meet the specific country or community's needs.

Customisation is something that Billimoria encourages Australia to take very seriously as we look to roll out financial education widely across the nation.

FINANCIAL EDUCATION IS AN 'ALL OF LIFE' ISSUE OF RELEVANCE.

- ✓ We start preparing for our future far too late
- ✓ We need to continue financial education across the course of a lifetime
- ✓ Technology is a key enabler for developed and developing countries

All of the thought leaders that we interviewed for this paper have emphasised the importance of quality financial education for our youth. While Harry Smorenberg is no exception, he draws our attention to the fact financial education is a pressing issue for people of *all* ages.

Smorenberg is a Dutch-based financial services strategist, professional speaker and columnist. He is a respected thought leader on the subjects of financial planning, international pensions and social innovations, and regularly publishes in leading international media. Smorenberg occupies key roles on several advisory boards and is the Founder and Chairman of the *World Pension Summit*, the *Global Payment Summit*, and the *EPCA Payment Summit* among others.

In partnership with Annamaria Lusardi, Smorenberg co-initiated the *Global Financial Literacy Summit* (GFLS) upon realising a need to talk about financial education and to help people prepare themselves for retirement. Smorenberg's goal for the GFLS is to bring strategists together to share academic research and showcase the best financial products and services from different regions of the world. Given the breadth of Smorenberg's experience, we were particularly interested to explore with him how we can enhance financial literacy over the course of a lifetime.



Harry Smorenberg

Financial services strategist, speaker and columnist

“BY THE TIME WE START PLANNING FOR OUR FUTURE, IT IS OFTEN TOO LATE.”

Four reasons we are unprepared

“By the time we start planning for our future, it is often too late.”

In Smorenberg's experience, 40-50 is the average age in which most people start planning for their retirement. Not surprisingly, quite a lot of people fall short of their expectations. This is not just a problem for retirees, but also the youth of tomorrow who will inherit the problem. Smorenberg draws our attention to four common issues that prevent many adults from financial prosperity later in life.

- 1.** *Many people are unaware of their actual financial position.*
For Smorenberg, the problem is exacerbated because individuals have to go to a range of different platforms to obtain their data, such as bank savings from multiple accounts, superannuation accrued from various employers, mortgage payments, life insurance data and the position of share portfolios.
- 2.** *The level of education that currently exists for adults and the ageing population is highly variable.*
The problem is most pronounced for those with lower levels of education who tend to have lower income and lower financial literacy.

QUESTION FOR AUSTRALIA

We start from an enviably strong position in Australia. We have one of the most well-developed and high-quality superannuation systems in the world, strong and consistent regulation, and innovative financial services institutions that already use technology creatively. Building on that strong foundation:

What do we need to do in this country to make sure financial education is delivered across all of people's lives, at times and places relevant to them and their planning?

“
**WE START FROM
AN ENVIABLY
STRONG POSITION
IN AUSTRALIA.**
”

But as Smorenberg points out, many people with high-level university degrees are not taking care of their financial future at all either.

3. A lack of savings discipline.

Smorenberg applauds Australia as having one of the highest compulsory superannuation requirements in the world. Beyond that, our country does not have a reputation for being huge savers. Related to this is people's willingness to dip into retirement savings early to fund holidays or other leisure-related purchases.

4. Many people are not interested in financial planning. Smorenberg maintains that we need to work harder in garnering people's commitment by helping them to convert dense financial concepts and data into a meaningful picture for their future.

Continuing financial education

What must we do here in Australia to keep financial education going over the course of a lifetime?

For Smorenberg, like the other thought leaders in this paper, the solution begins in our schools. Specifically, he urges us to incorporate the concept of *financial sustainability* into the school curriculum so that people start thinking about their future at a young age.

Beyond schools, universities can do more to build personal financial education into their degrees. Even top mathematicians and physicists need to be able to read a balance sheet, manage their investments and understand how to start a business. Outside of the formal education system, employers and HR professionals are ideally placed to play a more active role in financial education for adults.

Smorenberg also encourages financial institutions to step up to the plate. Pensions in Holland, like Superannuation funds in Australia, are well established; there are a host of quality products and choices available to the individual. But beyond the elegant products and brochures, Smorenberg encourages more proactive engagement with clients at certain stages of their life to create awareness and facilitate discussions about financial planning and budgeting.

“
**PERSONAL ECONOMICS
SHOULD BE BUILT INTO
THE EDUCATIONAL
PROCESS AT ALL STAGES
OF A PERSON'S GROWTH.**
”

Smorenberg would also like to see banks providing more ‘hand-holding’ for customers across big purchases and life events, such as weddings, big trips, house purchases etc. In Smorenberg's experience, emphasising the educational value of these moments will simultaneously boost customer knowledge and product sales.

Use technology as a bridge

“Technology is a key part of the solution for developed and developing communities.”

Besides education, Smorenberg believes that there is another very big piece of the financial literacy challenge; people must have visibility and control over their personal financial data. In this regard, technology can be used as a great enabler.

One of Smorenberg's personal missions is to encourage financial institutions to aggregate as much of a customer's data into a central platform or dashboard as possible. Such an initiative has the potential to drive up awareness and ownership of one's financial destiny or at least provide a solid foundation for a discussion with a financial advisor.

The possibilities of this central platform are limited only by our creativity. Some particularly important simulations that Smorenberg envisages are:

- Providing a breakdown of spending in different categories, such as groceries, rent, leisure, utilities etc.
- Comparing self vs. others in similar demographics
- Performing ‘life simulations’ to plan and compare different scenarios in life, e.g. see the impact of big purchases, play with different mortgage structures and retirement ages, etc.

Smorenberg is also passionate about using technology to bridge the gap between developed and developing countries. For example, many creative innovations have been developed to overcome a lack of traditional financial infrastructure in developing countries. These innovations have resulted in such incredible efficiencies, that Smorenberg believes the Western world can benefit too. He strongly encourages Australia to look closely at solutions being developed for Africa and other developing nations.

IT'S TIME FOR AUSTRALIA TO 'SEIZE THE DAY'.

- ✓ We need to capitalise on strategic developments occurring at the national level
- ✓ Financial education needs to be taught and it needs to be taught well
- ✓ Leadership and cultural change are key accelerants for quality teaching
- ✓ Schools and teachers benefit from authentic engagement with the private sector

As we look across our shores for thought leadership on financial education, we mustn't forget that nations around the world often look to Australia as leaders in this space. Bronwyn Hession, one of Australia's foremost experts in financial education and quality teaching, is a personification of that leadership.

Hession's involvement in Australian education spans over 30 years across primary, secondary, government and non-government schools and in teacher education. She is currently Inspector for the *Board of Studies, Teaching and Educational Standards*, the President of *Business Educators Australasia*, and a Director of *Economics and Business Educators NSW*.

Hession was a member of the expert national reference group that developed the *National Consumer and Financial Framework* under Federal Treasury. She was also a member of the advisory group for the development of the *Australian Curriculum: Economics and Business*. Her contribution to the profession was recognised in 2013 when she was awarded a national Australian Professional Teachers' Association (APTA) award.

It would be hard to find a more experienced advocate for financial education in Australia. Here, we present Hession's insights on our achievements thus far and the next steps we need to take to drive up the quality of financial education in our country.



Bronwyn Hession

*Inspector, Board of Studies,
Teaching and Educational
Standards (BOSTES)*

“

**THERE ARE A LOT OF THINGS
HAPPENING IN AUSTRALIA
THAT WE REALLY NEED TO
CAPITALISE ON.**

”

Seize the day

When considering the next 'big challenge' for financial education in Australia, Hession firstly points to a number of *positive* strategic developments that are occurring simultaneously at a national level. This includes the development of the Australian curriculum for Economics and Business, the government-led National Financial Literacy Strategy, and the National Consumer and Financial Literacy Framework, elements of which are being integrated directly into the national school curriculum.

Hession observes that the importance of financial literacy and the need to be strategic about it at all levels (nationally, in the community and in schools) is being recognised. There is a desire for approaches that are sustainable and greater consideration of how decisions made today will affect future generations.

For Hession, this is a wonderful opportunity to seize the day; to build upon and leverage the great work that is being done nationally. As we turn our heads to some of the challenges associated with delivering high quality financial education, we must continue to engage in high quality conversations of the most strategic nature, and raise awareness of our social and moral imperative in this space.

QUESTION FOR AUSTRALIA

What can we do to ensure that all of the great work happening at a national level filters down to the people at the coal face – the schools, teachers and students of Australia?

Drive up teaching quality

“Some people think a teacher can teach anything. I don’t necessarily subscribe to that view.”

Beyond the national agenda, Hession looks to the quality of teaching as one of the biggest challenges we face for financial education in this country. In Hession’s experience, good teachers make a huge difference. But how do we ensure that financial education for a child is not limited to a few interactions with passionate and competent teachers, beyond which the conversation and learning stops?

Hession believes that part of the solution lies in pre-service education for teachers, with explicit inclusion of financial literacy across the curriculum. She is also a very strong advocate for professional *communities of practice*, where teachers work collaboratively to learn, provide feedback and improve their practice so that outcomes for students are improved.

Beyond teacher development, we also need to learn more about effective and engaging pedagogies for financial education. Financial literacy can be described as ‘concept-dense’ and a hierarchy of learning needs to occur before genuine understanding of relevant concepts takes place.

For Hession, more applied approaches to learning are necessary, for example, connecting simple mathematical concepts to budgeting or shopping. This helps students link what they learn in the classroom and their everyday lives. Hession also advises that we need to look more to the role of information technology, considering its relevance to the lives of young people today.

“**AS WE LOOK ACROSS OUR SHORES FOR THOUGHT LEADERSHIP ON FINANCIAL EDUCATION, WE MUSTN’T FORGET THAT NATIONS AROUND THE WORLD OFTEN LOOK TO AUSTRALIA AS LEADERS IN THIS SPACE.**”

Leadership >> culture change >> quality learning

At the same time as we invest in teacher education, Hession believes that we have a whole new agenda; working with principals and leaders within our schools so that they become the champions of financial education. In some outstanding cases, Hession has witnessed strong leadership affect cultural change across an entire school. This good practice needs to be affirmed and acknowledged.

“**WE NEED TO WORK WITH PRINCIPALS AND LEADERS WITHIN OUR SCHOOLS SO THAT THEY BECOME CHAMPIONS FOR FINANCIAL EDUCATION.**”

Such a cultural change means that financial literacy becomes embedded in the core values, beliefs and practices of the school. Teachers are aware of the need for quality financial education across the curriculum, they are supported to deliver it within their field of expertise and they are assisted by quality professional learning and resources.

For Hession, once this cultural change occurs, teachers can make a more significant difference in the classroom. They are better equipped to help students make meaning of their learnings across a range of disciplines, and to contextualise this in their own lives.

Authentic engagement

“Private sector involvement works best when there is authentic engagement with schools and teachers.”

Hession acknowledges and applauds the strong role the Australian private sector has played in financial education to date. Post GFC, most institutions have an element of financial literacy built into their Corporate Social Responsibility strategy. While cynics may argue this is to please shareholders and grow the business, Hession believes the support is genuine and could be a win-win scenario for all involved.

Hession would like to see the relationship between the private and public sector continue to strengthen. Currently there is duplication of effort with several financial institutions providing similar resources and financial education programs. Ideally there would be more collaboration between institutions so that resources to support teachers and schools are used more effectively.

For Hession, the return on investment is maximised when there is *authentic* engagement with the teaching profession to ensure that financial literacy programs on offer will resonate with students at the highest level. Other success factors include an evidence-based approach to learning and behavioural change, high quality content, and skilful teachers who can engage their students.

Last but not least, Hession highlights the importance of evaluating the impact of financial literacy resources and programs with simple but tangible measures of success and of course correcting at regular intervals in the journey.

