Financial education at school

An Italian perspective

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Financial Education

- Information
- Skills
- Behaviors
Behavioral economics

• The average consumer does not act as a rational agent

• Familiarity with financial issues can play a positive role in sound decision making
Behavioral economics

Awareness

Familiarity

PHOOEY! I WON'T EVEN TRY! ANSWERING QUESTIONS IS A FORM OF WORK AND I NEVER WORK!
Why at School

- Financial literacy is a critical life skill for individuals
- Financial education is a fundamental right
- It is one of the OECD and European Commission recommendations
- Children have pocket money to spend and have influence on household spending
- Children are often the target of marketing and advertising campaigns
- Children are not aware of the importance of providing for their future needs
- There is a spill over effect on families
- Children are extremely receptive
- Schools can be an optimal channel through which to deliver financial education
Why at School
Cognitive Psychology

Familiarity as soon as possible
Young people and money
An Italian survey

- Children rarely hear their parents talk about money and are not involved in making decisions about money;
- are not used to make any financial planning;
- are not prone to save and spend their pocket money without thinking enough about it;
- 48% of respondents declared they often remain penniless before the end of the month;
- young people have consumeristic behaviors; 42% of respondents declared that if they had more money they would use it all for shopping;
- 32% often do not know how to better use their money;
- 43% have no familiarity at all with saving and investing.

WE NEED TO TEACH CHILDREN THE WISE USE OF MONEY
MIUR+Bank of Italy

• A new project devised at the highest institutional level to face the problem of the lack of basic financial knowledge

• It goes beyond providing students with basic FE notions

• It is an experimental project to incorporate financial education into school curricula.
Key responses to the challenges of financial education at school

• Financial education delivered by teachers in the context of various curricular subjects
• Our school system is flexible enough to accommodate FE
• Teachers are provided with the appropriate tools to identify subjects and issues having a bearing on financial education
• FE starts at primary school
• Financial issues are treated in close relations with students’ school curriculum as well as with their every-day life
• Parents are involved in the financial education process both as participants in their children’s financial choices and as indirect beneficiaries
General features of the project

• Two editions: 2008-09 and 2009-10

• All school levels are involved (4th, 7th and 12th grade)

• Bank of Italy experts provide a “kit” and teach teachers

• Teachers in turn provide students with a series of lessons linking financial issues to their subject matter (10-12 hours)

• Before and after the series of lessons students are tested to measure any improvement in their financial literacy
The 2009-10 edition

- Focused on “money and payment instruments”
- 250 schools, 435 classes and 8,500 students involved in all Italian regions.
- The implementation of the project (teacher training, pre-teaching testing session and lessons in class) went as expected.
- The test results confirm last year evidence.

Percentages of correct answers

<table>
<thead>
<tr>
<th>Year 2010</th>
<th>1st Test</th>
<th>2nd Test</th>
<th>Variation</th>
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</thead>
<tbody>
<tr>
<td>Primary school</td>
<td>71,6%</td>
<td>85,7%</td>
<td>19,7%</td>
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<tr>
<td>Junior high school</td>
<td>69,4%</td>
<td>77,7%</td>
<td>12,0%</td>
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<td>High school</td>
<td>57,0%</td>
<td>67,4%</td>
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Test results

<table>
<thead>
<tr>
<th>T=0</th>
<th>T=1</th>
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</thead>
<tbody>
<tr>
<td>Literacy before lessons</td>
<td>Literacy after lessons</td>
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</table>

Lessons on “Money and payment instruments alternative to cash”

Effectiveness

Literacy of the control sample
Children’s response
Children’s response

Heigh, kid, are you happy about what you have learned?

Well ...... the more I learn the more I want to know!!!
Thank you for your attention