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Session: How to make financial education work in
schools

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Relevance

Financial education in schools

Financial literacy is a life skill, essential for navigating today's society

- **Investment in higher education is one of the most important decisions the young face**
 - **Young people need to understand the weight of this decision**
- **Education in school provides a basis on which to build**
 - **It is much cheaper to educate the young**
- **Educated youth can grow into responsible citizens**
 - **Economic news is consistently on front pages of newspapers. Building informed voters.**

OECD's Programme for International Student Assessment (PISA)

“Are students well prepared for future challenges? Can they analyse, reason and communicate effectively? Do they have the capacity to continue learning throughout life? The OECD Programme for International Student Assessment (PISA) answers these questions and more, through its surveys of 15-year-olds in the principal industrialised countries. Every three years, it assesses to what extent students near the end of compulsory education have acquired some of the knowledge and skills essential for full participation in society.”

PISA in 2012

New module on financial literacy in 2012

New module will allow the participating countries to assess level of financial knowledge among 15-year-olds

Some questions we can answer:

- Are young people financially knowledgeable even though financial literacy is (often) not taught in school?**
- Who knows the most (across and within countries)?**
- Is financial literacy simply knowledge of math?**
- How well equipped are the young to deal with future changes in the economy (e.g.: an aging population)?**

How to make fin education work in school

Dreaming about financial education

- **Start early (from kindergarten; e.g., New Zealand, financial education from age 5 to 105)**
- **Make it rigorous (like every other course), need a solid curriculum, not a set of *how-to***
- **Train the teachers**
- **Make it mandatory**
- **Engage parents and others**

Start early: Teaching with Elmo

Elmo and Beth Koblner (member of President's Advisory Council on Financial Capability)



What to teach in a financial literacy course?

Initiative of Council for Economic Education (CEE): “Voluntary National Standards for Financial Literacy”

A set of experts (academics & teachers, policy-makers, private sector, etc.) were put together to design guidelines

Proliferation of curricula can be counter-productive (reinventing the wheel and too much choice)

Stand-alone course or embedded in other courses?

Curricula are “crowded” but financial literacy can be embedded in other courses:

- **Math**
- **History**
- **Civics**

Modules developed with a team of mathematicians at Dartmouth College



The Center for

Mathematics and Quantitative Education at Dartmouth

The Electronic Bookshelf / The Little Bookshelf

Money Matters

The Financial Literacy Initiative at Dartmouth College

A project of Center for Mathematics and Quantitative Education at Dartmouth and the Financial Literacy Center.

The Financial Literacy Initiative at Dartmouth College advocates a quantitative approach to financial literacy for college students, K-12 students, future teachers and adult learners. The initiative supports this approach through contextually rich curriculum modules for classroom use, short video presentations for faculty development or classroom discussion, and case studies. All materials are freely available through online publication. Links to these are found below.



A joint center of the RAND Corporation, Dartmouth College, and the Wharton School

Modules:

A series of ten quantitative modules allows you and your students or workshop participants to explore the financial aspects of earning, spending, saving and investing. Each module includes an online slide presentation including videos and useful links. The presentation is supported by a set of online instructor notes suggesting activities, exercises, discussion questions and directions for further study or research. Also available online are spreadsheets and worksheets for students (and instructors) to use. Each module also has an associated case study and assessment tool, available upon request from Audrey Brown.

Modules may be used flexibly in conjunction with a variety of courses. They may be used independently to support an entire course, with student activities supporting about four classroom hours of work plus independent assignments. Alternatively they may be included as part of a course emphasizing developmental mathematics, quantitative literacy, college algebra, or financial literacy.

[Go To Modules](#)

Basic Mathematics through Financial Literacy:

This text is intended to be the basis for an alternative basic mathematics course based on real financial decisions everyone will have to make. A large proportion of entering college students are required to take and pass such a course as prerequisite to college level subjects. Largely a review of elementary and high school mathematics, this course is known to have limited success as a conduit to college. Financial literacy provides an entry point to the same material that benefits from its relevance to daily life.

Video presentations for faculty development and classroom discussion:

Seven videos support faculty development and discussion. Four short videos support presentations and discussions about how financial literacy topics fit naturally into a quantitative reasoning course. Three more short case studies provide an opportunity to look at specific financial scenarios.

[Go To Videos](#)

Train the teachers

A National Endowment for Financial Education (NEFE) study finds:

- **Only 20% of teachers feel comfortable teaching financial literacy**
- **Teachers themselves think financial education is important**
- **Teachers themselves state they would benefit from financial education**

Why financial education should be mandatory (EEE)

Externality

- **If financial mistakes affect not only the individual but society, there is an “externality” problem**

Equality

- **Everybody is given an opportunity to learn. Note that, in a market economy, we expect everybody to participate in financial markets**

Education

- **Financial education is like all other education; if we mandate math and science, we should mandate financial education**

Parents and others

Parents

- **They have an interest in their children being financially knowledgeable (today's young people will face workforce competition from other countries)**

Grandparents

- **A bequest that is unlikely to lose value is the investment in education**

All of us

- **Become “ambassadors” for financial literacy: Ask for it in your school district and at your library**

Concluding

Thank you for your attention

More information is provided on my web site:

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