



ASIC

Australian Securities & Investments Commission

**Summary of
stakeholder responses to
*Financial literacy
in schools*
ASIC discussion paper,
June 2003**

February 2004

What this paper is about

1 On 30 June 2003 ASIC published the discussion paper *Financial literacy in schools*. We invited feedback on the matters raised in the discussion paper by 26 September 2003. A list of the questions asked in the discussion paper is included in Annexure 1.

2 We received 60 responses to the discussion paper, and this paper is a summary of those responses. A full list of respondents is included in Annexure 2. If you would like to view or copy the responses, please contact:

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3 We received responses from a broad cross-section of stakeholders, and key groups were well represented. The areas represented by respondents and the number of responses are shown in the following table.

Category and number of responses

Category	Number
Finance industry	16
Education	14
Education Department/Board of Studies	9
Community	9
Government	5
Private individual	4
Complaint schemes	1
Overseas	1
Confidential	1
Total	60

4 In addition to these responses, we received a number of letters of support from federal, state and territory education and consumer affairs ministers.

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1. Support for financial literacy education

1.1 Respondents were unanimous in their support for the concept of financial literacy education, and there was widespread recognition that financial literacy education is a life-long process. Most respondents were aware of problems caused by low financial literacy.

1.2 Finance industry respondents supported the development and promotion of financial literacy education. The main reasons for their support appear to be:

- a desire to improve understanding of financial products and services among the general population;
- a desire to enhance the public's understanding of the financial services industry and, consequently, its reputation among consumers; and
- a desire to 'do good' in the community.

'Apart from the benefits to the general community, the financial services industry has much to gain from a literate and more aware community at whatever age. Knowledge and education is the best form of protection against scams and improper conduct, as well as the fact that it facilitates a more prepared public in terms of retirement goals.'¹

1.3 The education sector supported the concept of financial literacy education because they saw it as providing an essential skill for young people in society, and something that students could easily relate to.

'The issue of financial literacy is an important component of any school curriculum. It is highly relevant to the lives of today's students and therefore potentially of high interest to them.'²

1.4 Educators also pointed out that schools cannot be solely responsible for the delivery of financial literacy education, particularly as children's attitudes towards money are influenced by their family or cultural background.

'While schools can provide appropriate knowledge and skills, many attitudes that impact on successful management of financial affairs are formed well outside the ambit and influence of schools.'³

¹ Response from the Investment & Financial Services Association Ltd.

² Response from Students Program Division, Department of Education and Training, Victoria.

³ Response from the Catholic Secondary Principals' Association.

1.5 Community and consumer groups cautioned that education can never be the only answer to financial problems, particularly those affecting low-income earners. They said that there is no substitute for effective regulation and enforcement. This view was supported by the response from the Banking & Financial Services Ombudsman.

‘Financial literacy cannot replace affordable/appropriate products—education cannot assist people to make appropriate choices if those options are simply not available.’⁴

‘The current focus on financial literacy is important. However ... it is equally important that financial services providers continue to devote attention and resources to improving the ways in which they provide information and deliver services to consumers.’⁵

1.6 Several respondents, across all sectors, argued for financial literacy teaching to begin in primary schools, or even kindergarten, as children are already forming attitudes towards money by this age.

1.7 There was especially strong support for financial literacy education from Northern Territory respondents, who highlighted the particular problems faced by the territory’s indigenous population.

1.8 Many respondents commented that financial literacy education in schools also has benefits for parents and other family members.

2. What is financial literacy?

2.1 Respondents had different views about exactly what financial literacy means. Responses were particularly divided about whether financial literacy should encompass the concepts of enterprise, risk and wealth creation. Some finance industry respondents saw these as essential components of financial literacy, as much as concepts of money management.

‘... greater emphasis could be given to positive elements of financial literacy such as wealth creation and the role of investment.’⁶

2.2 A number of respondents, including most from the education sector, said that financial literacy was not simply a matter of technical knowledge about financial products and services: rather, it covered a much broader range of skills and understandings. The education sector, in particular, commented that financial literacy education must include the development of beliefs, attitudes and values. Several commented, for

⁴ Response from Consumer Credit Legal Centre (NSW) Inc.

⁵ Response from Banking and Financial Services Ombudsman Limited.

⁶ Response from the Australian Stock Exchange.

instance, that the National Standards developed by Jump\$tart in the US were too narrow in their approach.

‘The discussion paper should review its definition of financial literacy to include purpose and social and ethical dimensions.’⁷

2.3 Overall, respondents considered that it was crucial that a definition of financial literacy should be agreed nationally.

‘... an obvious impediment to teaching financial literacy through the existing key learning areas is the lack of a national agreement about what the term “financial literacy” actually means. Without a definition there can be no systematic approach by which agreed elements or competencies associated with financial literacy could be developed within (or across) jurisdictions.’⁸

3. How should financial literacy be incorporated into school curricula?

(Questions 4.1–4.6)

3.1 Views differed on how financial literacy should be incorporated into school curricula, and there were varying levels of support for the options put forward in the discussion paper. Many non-education sector respondents did not express a view about this, acknowledging that they were not best placed to answer the question.

3.2 Almost all respondents who commented agreed with us that financial literacy should be incorporated into existing subjects, rather than offered as a new discipline. The reasons for this were:

- most respondents believed strongly that financial literacy was, by nature, a cross-curricular subject; and
- respondents from the education sector noted that a separate subject could not be accommodated within already crowded curricula.

3.3 Respondents considered that the options in the discussion paper should not be seen as mutually exclusive and the teaching of financial literacy could be included in a number of subjects. Many respondents, therefore, supported a combination of options.

3.4 Against this background, most respondents who answered this question favoured Option (b)—the inclusion of financial literacy in Studies of Society and Environment (SOSE; called Human Society and

⁷ Response from the NSW Department of Education and Training.

⁸ Response from MCEETYA Transition from School Taskforce.

Its Environment, or HSIE, in New South Wales) and Maths. This was often in conjunction with Option (d)—the inclusion of financial literacy in life skills—and Option (e)—the inclusion of financial literacy in transition from school agenda (including employability skills). Few respondents supported Option (c)—the inclusion of financial literacy in Health and Physical Education.

3.5 Several respondents from the education sector explained that many curriculum frameworks now focus on outcomes underpinned by guiding principles or essential learnings, rather than the more traditional subject-based approach. This would have to be taken into account in deciding how to incorporate financial literacy into existing curricula, or maximise the opportunities that already exist.

3.6 Respondents also said that, while securing some kind of national consistency towards financial literacy education would be beneficial, responsibility for curriculum development rests ultimately with the states and territories.

4. How should financial literacy education be supported?

(Questions 5.1–5.4, 6.1–6.4)

4.1 Teacher training or professional development was consistently mentioned by respondents as the most important requirement for supporting financial literacy in schools. Most respondents thought that this training should be conducted by teacher associations, with input from the finance industry as appropriate.

4.2 Most respondents believed that the development of a set of financial literacy competencies would be beneficial and that they should be developed with input from a range of stakeholders. Other suggestions of bodies to develop a set of competencies included the Financial Literacy Institute, the Ministerial Council on Employment, Education, Training and Youth Affairs, National Finance Industry Training Advisory Body Ltd (NFITAB) or state and/territory education authorities. Respondents commented that competencies would need to cater for the diversity among curricula across the country.

4.3 Respondents were concerned that any competencies developed would need to be directly relevant to students and that there might, therefore, need to be different competencies for different ages. For example, several respondents commented that students could not be expected to take an interest in superannuation.

‘Financial literacy for students in schools will look very different to that for the adult population, and we cannot assume that issues that appear to be relevant for adults will necessarily engage students. Thus competencies need to be specific to different age groups, perhaps at three or four different stages of schooling.’⁹

4.4 Most respondents generally supported our assessment of the need for a good quality teaching resource and the proposed best practice principles. A number of respondents, however, pointed out that resources also had to be flexible enough to be adapted to different classroom situations. For example, respondents advised that, while lesson plans were sometimes helpful, they should not be overly restrictive, and would need to be drafted generically to fit in with different curricula. Other respondents suggested that there must be a commitment to keeping resources up to date, providing regular reviews and effective promotion and distribution.

‘In the development phase dissemination and promotion of the material should be considered. Too often excellent materials are not used by teachers because they do not know of their existence.’¹⁰

4.5 No clear preference on resource format emerged from responses. Many teachers still use hard-copy resources, which should be easy to photocopy, while others prefer interactive or web-based resources. This depends partly on whether the teacher and students have easy access to a computer.

4.6 Other things that respondents suggested would be necessary to support financial literacy education in schools included public awareness campaigns and the involvement of parents.

5. Financial Literacy Institute

(Questions 7.1–7.7)

5.1 All stakeholders gave broad support for the establishment of a body to promote and support the teaching of financial literacy. Its particular value would be its independence and cross-sectoral participation.

5.2 Respondents had different views about what such a body should do and how it should be funded. Some envisaged an active organisation that would, for example, run teacher and parent workshops, develop training and sponsor research. Others believed that the organisation should be

⁹ Response from The Australian Association of Mathematics Teachers Inc.

¹⁰ Response from Business Educators Australasia Inc.

much smaller in scale and act largely as a champion and central focus for financial literacy.

5.3 A number of respondents were concerned that some of the roles outlined in the discussion paper for this organisation could lead to duplication of the work of other organisations.

5.4 Most respondents were concerned about the amount of resources that the organisation would need, and several commented that it should not try to over-reach itself. Most education, professional association and community sector respondents stated clearly that they would not be in a position to provide funds towards the establishment or running costs of the organisation. They saw their involvement as being advisory, as well as being able to give access to teachers or consumers.

5.5 While most finance industry respondents were keen to be involved with the new organisation and have a seat on the governing body, they wanted more detail from us about its structure and role before they were prepared to commit themselves to offering funding or in-kind support.

5.6 Most respondents thought that government (federal and state) should provide at least initial funding for the organisation, which would send a clear message that it was committed to financial literacy education in schools.

5.7 Respondents generally did not like the word ‘institute’ as part of its name, which was variously described as ‘formal’, ‘clinical’ and ‘intimidating’. It was also thought that this did not really convey the anticipated role of the organisation. Some also questioned the wider public’s understanding of the words ‘financial literacy’ in the organisation name.

6. Conclusion

6.1 The responses received to the discussion paper indicate strong levels of support across all sectors for the provision of financial literacy education in schools. Responses acknowledged that coordination of existing and future financial literacy initiatives is crucial for the successful implementation of financial literacy education in the community.

6.2 Although the vast majority of responses supported the idea of an independent cross-sectoral body to promote and support this, there was also general agreement that there needs to be more collaborative work done to decide what form and what responsibilities the body should have.

Annexure 1: Questions from the discussion paper

Section 4

- Q4.1** Are there other available options for incorporating financial literacy into the curriculum? If so, what are they?
- Q4.2** Which option/s do you support and why?
- Q4.3** Do you agree that financial literacy competencies should be developed with general standards and skills for different levels?
- Q4.4** Who should develop the financial literacy competencies?
- Q4.5** Do you have any other comments on the development of financial literacy competencies or on the nature of the competencies themselves?
- Q4.6** What other initiatives are required to support financial literacy in the curriculum?

Section 5

- Q5.1** Do you agree with our assessment of a good quality teaching resource? If not, what would you omit, change or add?
- Q5.2** What formats do teachers prefer for resources?
- Q5.3** Do you agree with our proposed best practice principles?
- Q5.4** What else should be taken into account when developing and reviewing teaching resources?

Section 6

- Q6.1** As a stakeholder in the education sector, particularly as a principal or teacher, what are your comments on the issues raised in this discussion paper?
- Q6.2** Do you agree with the need for professional development of teachers in this area?
- Q6.3** Who should be involved in developing and delivering professional development for teachers and what form should it take?
- Q6.4** As a stakeholder in the financial services industry, what are your comments on the issues raised in this discussion paper?

Section 7

- Q7.1** What do you think of the idea of establishing such an independent body?

- Q7.2** What do you think of the name the 'Financial Literacy Institute'? Can you suggest any alternatives?
- Q7.3** Would you or your organisation be interested in being involved in FLI?
- Q7.4** What would be the nature of your involvement?
- Q7.5** Do you have any suggestions or comments on the structure and funding of FLI?
- Q7.6** Do you have any suggestions or comments on any of the proposed roles for FLI?
- Q7.7** Do you have any other comments to make on the proposal for a cross-sectoral partnership such as FLI?

Annexure 2: Respondents to the discussion paper

	Name	Category
1.	AAMI	Finance industry
2.	ANZ Bank	Finance industry
3.	Association of Independent Retirees	Community
4.	Association of Independent Schools of South Australia	Education
5.	Australian & New Zealand Institute of Insurance & Finance	Finance industry
6.	Australian Association of Mathematics Teachers	Education
7.	Australian Bankers' Association	Finance industry
8.	Australian Council of State School Organisations	Education
9.	Australian Principals Centre	Education
10.	Australian Secondary Principals' Association	Education
11.	Australian Stock Exchange (ASX)	Finance industry
12.	Australian Taxation Office (Cox, Michelle)	Government
13.	Banking and Financial Services Ombudsman	Complaint scheme
14.	Betuel, Haydn	Private individual
15.	Business Educators' Association of Queensland	Education
16.	Business Educators Australasia	Education
17.	Catholic Education Centre, SA	Education
18.	Catholic Secondary Principals' Association	Education
19.	Catholic Schools Office, Diocese of Broken Bay	Education
20.	Centrelink	Government
21.	Collection House Foundation	Community
22.	Commonwealth Bank	Finance industry

	Name	Category
23.	Confidential	Confidential
24.	Consumer Affairs Victoria	Government
25.	Consumer Credit Legal Centre	Community
26.	CPA Australia	Finance Industry
27.	Credit Union Services Corporation (Australia) Limited (CUSCAL)	Finance industry
28.	Department of Education and Training, NSW	Dept Ed/Board
29.	Department of Education and Training, Victoria	Dept Ed/Board
30.	Department of Further Education, Employment, Science & Technology, South Australia	Dept Ed/Board
31.	Education Queensland	Dept Ed/Board
32.	Enterprise New Zealand Trust	Overseas
33.	Financial Counsellors Association of NSW	Community
34.	Forbes-Smith, Kingsley	Private individual
35.	Insurance Australia Group	Finance industry
36.	Insurance Council of Australia	Finance industry
37.	Investment and Financial Services Association (IFSA)	Finance industry
38.	Link, Heather Financial counsellor	Community
39.	Mathematical Association of NSW	Education
40.	MCEETYA Transition from School Taskforce	Dept Ed/Board
41.	National Australia Bank	Finance Industry
42.	National Information Centre on Retirement Investments (NICRI)	Community
43.	Northern Territory Consumer Affairs Council	Government
44.	Northern Territory Consumer and Business Affairs	Government
45.	NSW Department of Education and Training	Dept Ed/Board
46.	Office of Board of Studies NSW	Dept Ed/Board

	Name	Category
47.	Open Learning Australia	Education
48.	Powell, Phillip, financial counsellor	Community
49.	Queensland Economic Teachers Association	Education
50.	Quicken Australia	Finance industry
51.	Renaldi, Dimas	Private individual
52.	RMG Financial Services	Finance industry
53.	Ryde Eastwood Financial Counselling Service	Community
54.	Taoro, Elizabeth	Private individual
55.	Tara Anglican School for Girls	Education
56.	Taxpayers Australia	Finance industry
57.	Victorian Curriculum and Assessment Authority	Dept Ed/Board
58.	Western Australian Department of Education & Training	Dept Ed/Board
59.	Westpac	Finance industry
60.	YWCA	Community