CYP Financial Capability

Nations summary

Authors James Hopkins and Ben Farr of Critical Research

December 2019

Money & Pensions Service

Foreword

The Money and Pensions Service's vision is everyone making the most of their money and pensions. Previous research has shown that financial capability, by the time of reaching financial independence, is in large part a consequence of what is seen, learned and experienced during childhood and adolescence. We will continue to focus therefore on how we provide a meaningful financial education for children and young people, be that via school or positive experiences of talking about, and handling, money at home.

Research and insights are central to our understanding of financial capability. We are pleased therefore to present the findings of our 2019 UK Children and Young People's Financial Capability Survey. This updates and builds on the previous 2016 survey and provides robust measures of children and young people's financial capability across the UK, including separate analysis for each devolved nation.

The survey will continue to be a major source of insight regarding children and young people's financial capability needs and gives us a robust evidence base on which to base decisions about how we develop and influence funding, policy, and the delivery of financial education in schools, homes, and communities across the UK.

Findings from the survey will also be used to measure progress against the goals of the forthcoming UK Financial Wellbeing Strategy.

Nick Watkins

Head of Insight & Evaluation

Money and Pensions Service

Background and context

The UK Children and Young People's Financial Capability Survey is a nationally representative study of the financial knowledge, attitudes, mindsets and behaviours of seven to 17 year olds and their parents, living in the UK. A total of 3,745 children and young people aged seven to 17, and their parents, were interviewed as part of this research. The decision was taken for the current wave of the survey to exclude four to six year olds. A separate research study is being conducted with this younger age group.

The survey is designed to further develop our research into the indicators, drivers and inhibitors of financial capability, including asking children about:

- how they get, save and spend money;
- their attitude to spending, saving and debt;
- their confidence and understanding about money; and
- how they recall receiving financial education, what they learnt and who they turn to for help and advice.

We asked parents:

- about their own attitudes and behaviours with money;
- their attitudes and approaches towards parenting relevant to money; and
- their view on their child's skills, abilities, attitudes and behaviours with money.

Questions asked in 2016 were largely unchanged, although extra, key areas, of questioning added for 2019 included asking children about money topics learned at school and asking parents about rule setting and giving money to their children.

Reporting

The approach taken towards reporting for 2019, is to create a series of short reports, each focused on a specific topic of interest. The initial reports cover:

- Headline findings;
- Nation reports (A report of main findings per UK nation);
- Financial Education at School;
- Financial Services; and
- Parenting (covering attitudes, rule setting and the giving of money).

Further reporting will cover:

- Vulnerability; and
- Analysis of looked after children (In 2019 we boosted the sample with main carers who are not a parent).

There will also be a repeat of the principal components analysis that was originally done in 2016 and which identifies the 'building blocks' of financial capability.

Across the reports we will look at the link between each topic and those aspects of behaviour associated with good financial capability from the 2016 survey, these being active saving and good day-to-day money management.

Headline findings from the full survey

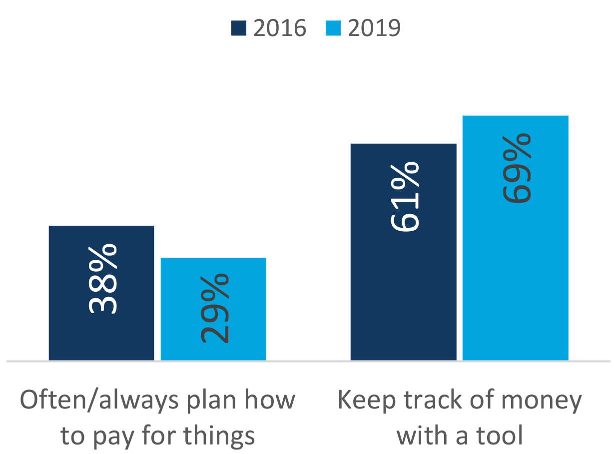
Day-to-day money management

The elements identified as part of good day-to-day money management based on analysis of the 2016 Children and Young People's Financial Capability Survey are:

- Whether the child knows how much money they have.
- Whether the child has a method of keeping track of their money (not just in their head).
- How often the child says they plan how they are going to pay for the things they need.

Whilst there has been a decrease in the number of 14 to 17 year olds who often plan how they are going to pay for things, there has been an increase in the number of 14 to 17 year olds who keep track of their money using a tool – two thirds (69%) now do so.

Chart one : Elements of day-to-day money management behaviour amongst 14-17 year olds, 2016 versus 2019.



Source: How often do you plan how you are going to pay for things you need? How do you keep track of the money you get and the money you spend?

Amongst all children aged seven to 17, only one in ten (11%) are aware of exactly how much money they have, just as in 2016. There has been a rise in the number of children who would make a plan and stick to it when given £5 for a school trip (up 8% points to 42%), although a third (30%) would not make a plan at all.

Active saving

Included in both the 2016 and 2019 waves of the survey were several questions which give an overall indication of children's behaviours around active saving and day-to-day money management.

The elements considered part of active saving are, from the parent's perspective:

- Whether their child is able to save up for a short period and how often their child saves up money to buy a specific item.

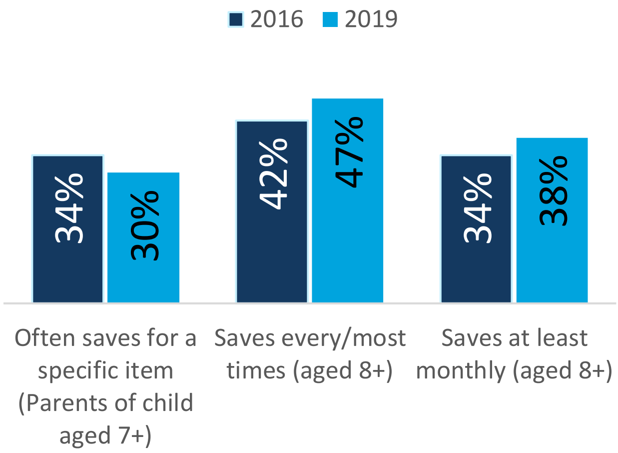
From the child's perspective:

- How often they save money as soon as they're given it.
- How frequently they put money aside into their savings.
- The longest time they've been able to save up for.

Almost all (97%) children receive money either regularly in the form of pocket money or from paid work, or irregularly such as on special occasions. Of those aged eight and over receiving money, about half (47%) say they regularly save some of it, either in an account or elsewhere (such as a piggy bank). This is an increase of 5% points since 2016. There has also been a small increase in children saying they save at least monthly.

The number of parents who say their child often saves for a specific item has slightly declined since 2016 (chart two).

Chart two : Elements of active saving behaviour, 2016 versus 2019.



Source(s). How often does <child> save up their own money to buy a specific item? When you get money, how often do you save at least some of it? How often do you put money aside into your savings?

Financial Education

School and home are main environments where children are known to receive elements of financial education. In this wave of the survey, there has been a decrease in the proportion of children and young people who have received key elements of financial education at home or at school since 2016. This has fallen from 52% to 48%, a statistically significant decline.

Only 38% of children and young people recall learning about how to manage money at school, which is 2% points less than in 2016. Children of secondary or sixth form school age (aged 12 to 17) are more likely to recall learning about how to manage money at school (42%) than children of primary school age (33%). Amongst those who recall it, almost all consider learning how to manage their money to be useful (90%).

Over three quarters (79%) say they would turn to their parents if they needed advice about money, but not so much to their school, with only 6% saying they would go to their teachers.

Parents

The financial education environment which parents create for their children is important and is likely to impact children's financial wellbeing.

The vast majority of parents feel it is important to help their children learn about money, but this has decreased slightly from 90% in 2016 to 87% in 2019.

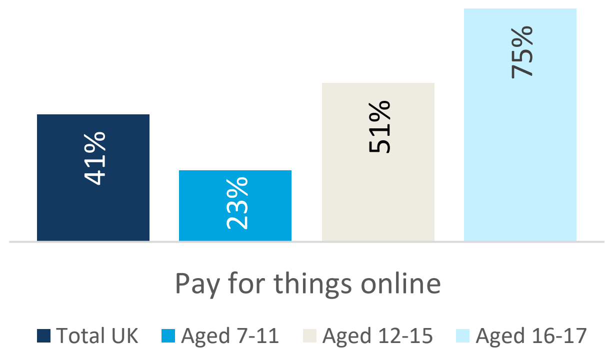
Parents also agree they have an impact on how their children will behave around money when they grow up (82%).

There are some apparent links between the actions of parents and children. For example, better active saving behaviours are found amongst children whose parents openly discuss household finances with them (48% amongst those whose parents discuss this versus 33% amongst those whose parents don't) or set rules about how to save and spend their money (46% versus 28%). Differences which are statistically significant.

Those who receive pocket money or an allowance has decreased by 2% points to 65%, and the number of children who have parents who set rules about money has decreased by 3% points to 37%. Similarly, the number of children who make decisions about how to spend their money (either themselves or with their parents) has fallen by 5% points to 86%.

Amongst those aged seven to 11, almost all have seen their parents pay for things in one way or another, and over half (51%) have seen their parents make payments using their mobile phone or online. Children themselves increasingly pay for things online as they get older (Chart three).

Chart three: Proportion of children making purchases themselves online.

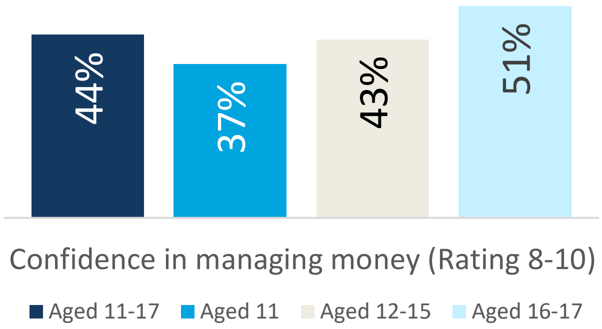


Source: Does <your child> … pay for things online themself, such as apps, games or music (with either their money or your money)?

Confidence

Under half (44%) of children and young people aged 11 to 17 feel confident managing their money, though this increases to 51% amongst 16 to 17 year olds (Chart four).

Chart four: Proportion of children with high confidence managing their money.



Source: How confident do you feel managing your money?

Northern Ireland

This report presents analysis of the findings from the 2019 Children and Young People's Financial Capability Survey, focusing on Northern Ireland and where relevant including reference to the other UK nations and comparison to the average for the whole of the UK. For more detailed analysis of the UK, England, Wales and Scotland, please refer to the individual reports produced from this research.

While there are few significant differences between the nations, children in Northern Ireland appear less involved in managing their bank accounts. However, they are relatively similar to the average for the UK in terms of level of responsibility in deciding for themselves about how they are going to spend and save their money and recalling learning about managing money in school.

As with all other nations, except for Wales, the proportion receiving key elements of financial education at school or at home has fallen since 2016 (49% versus 56% in 2016).

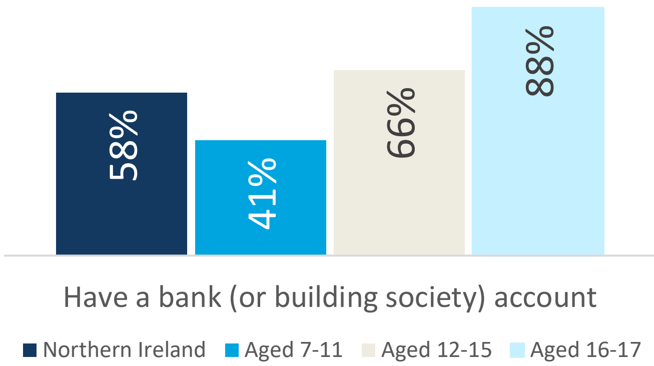
Children aged 12 to 17 in Northern Ireland appear to have more confidence (50% feel highly confident) in managing their money, compared to children in the UK as a whole (46%). Children in Northern Ireland seem to have the highest levels of confidence of each of the four nations. A larger proportion of boys (56%) appear to be more confident than girls (44%).

Financial services

In general, children in Northern Ireland appear to be less actively involved in using financial products and services themselves compared to children in the rest of the UK. They are less likely to manage their bank account themselves, including withdrawing money and checking their balance.

The proportion who report having a bank account increases with age (Chart five).

Chart five. Children who report having a bank account



Source: Do you have a bank account (or building society account) of your own?

A lower proportion of children in Northern Ireland (58%) are aware they have a bank account compared to the other nations (UK average 63%).

For children of all ages in Northern Ireland:

- 89% of those aged seven to 11 know what a bank account is (86% UK);
- 58% of those aged seven to 17 have a bank account of their own (63% UK).

Amongst those with a bank account:

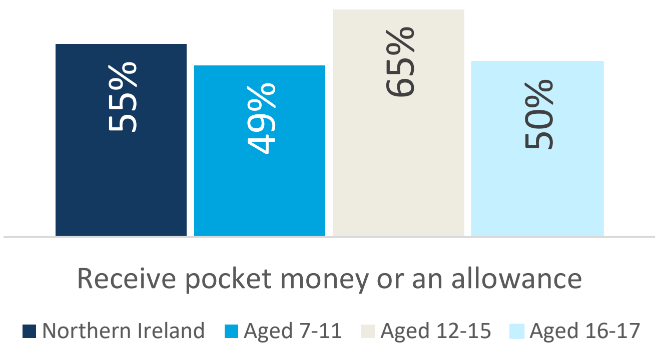
- 49% check their balance themselves (55% UK);
- 48% make deposits themselves (48% UK);
- 46% take money out themselves (51% UK); and
- 37% look after their bank details themselves (46% UK).

Similar to children across the UK (84%), most aged 11 to 17 (83%) are able to read a bank statement correctly.

Regular money

Pocket money and other regular money is significantly less common in Northern Ireland than in England (and appears lower than Wales and Scotland).

Chart six. Comparison of children who receive pocket money by age



Source: Where do you get your money from?

As with other nations, pocket money varies by age group (Chart six). Across all age groups:

- 55% receive pocket money (65% UK);
- 45% of those receiving pocket money receive the same amount each week (51% UK); and
- 8% of those aged 13 to 17 receive money through work (9% UK).

Savings

Children in Northern Ireland are less likely to save regularly or save a proportion of money they receive, compared to children in the UK as a whole. Amongst children aged seven to 17 who have their own money:

- 31% save at least monthly (37% UK);
- 41% save money every or most times they are given it (47% UK).

Decision-making and planning

In general children in Northern Ireland have similar responsibility for their finances to the UK as a whole:

- 82% of those with their own money are involved in the decision to save a proportion of the money they have (84% UK).
- 90% of those with their own money are involved in the decision about what to spend their money on (91% UK)
- 41% if given £5 would plan how to spend it and then stick to it (42% UK).
- 34% of children aged 11 to 17 say they often shop around to compare prices (36% UK).
- 28% of children aged 14 to 17 will always or often plan how they are going to pay for things (29% UK).
- 62% of children aged 14 to 17 have some sort of system to keep track of their money, the lowest of all the nations (69% UK).

Financial education

Financial education is on both the primary and secondary curriculum in Northern Ireland. Whilst children in Northern Ireland appear to have similar levels of recall for learning about managing money in school overall compared to the UK, only 29% of children aged seven to 11 remembered doing so, which appears lower than the other three nations.

Chart seven: Recall of learning about managing money in school, Northern Ireland compared to UK

Nation	All (age 7-17)	Primary school age (age 7-11)	Secondary school age (age 12-17)
All UK*	**38%** (-2%)	**33%** (-7%)	**42%** (+2%)
Northern Ireland	39% (-18%)	29% (-26%)	48% (-10%)

Source: Have you learnt about how to manage your money in school or college?

**Figures in brackets relate to change since 2016*

The proportion of children in Northern Ireland who talk about money with parents and teachers, is similar to the rest of the UK:

- 39% recall learning about managing money in School (38% UK).
- 80% say they would go to their parents if they needed advice about money (79% UK).
- 70% of children actually do talk about money with their parents (69% UK);
- 56% of parents feel confident talking to their children about how to manage their money (58% UK).

- 71% of children aged 11 to 17 agree that their parents discuss with them about what the family can afford (72% UK).

Compared to the other nations, parents are more likely to set rules about money, with an indication this is more true for boys in Northern Ireland:

- 42% have parents who set clear rules about money (37% UK).
- 46% of boys have parents who set clear rules about money (40% UK).

Comparisons with 2016

The proportion of children who receive any elements of financial education at home or in school appears to have fallen slightly from 56% to 49%, although the proportion of parents who set rules about money in Northern Ireland has stayed the same at 42%.

Furthermore, children aged 12 to 17 in Northern Ireland are more confident in their ability to manage money, with an apparently larger proportion in 2019 (50%) stating they feel highly confident managing their money compared to 2016 (41%). In line with other nations too, there is a rise in the proportion of 14 to 17 year olds who use a system to track spending of the money they receive (up 12% points to 62%), though this is not at the same level as in other nations, for example Scotland, where the proportion is 73%.

There are key elements associated with positive financial capability where children in Northern Ireland do not rate as well:

- Fewer receive pocket money now compared to 2016 (a fall of 9% points to 55%).
- Of those aged 16 to 17, 39% do not have a current account, a level which is similar to 2016.

Appendix: Question sources

CYP10 feel confident managing their money

CYP18 have learnt about how to manage money in school or college

PP21 check they have the right change versus mental health condition (S5)

Financial services

NQ3 know what a bank account is

NQ4 have a bank account of their own

PP19a make deposits into their accounts

P22 are able to correctly read a bank statement

Savings

YP2 have a savings account

YP3 when they receive money, every or most times save a proportion

YP3c regularly (at least once per month) put money aside into savings

CYP3 receive the same amount of pocket money each week

YP11 are not bothered about borrowing money even if they cannot afford to repay it

Decision-making and planning

CYP8a are involved in the decision to save a proportion of the money they have

YP8a aged 14-17 and keep track of the money they get in their head, or do not keep track at all

PP19c look after their own bank details

PP19d check their bank balance

NQ5 often or always plan how they are going to pay for things

NCYP10 create a plan of how to spend £5 on a school trip and stick to that plan

YP99a shop around to compare prices

Parents and school

YP6 have seen their parents pay for things using money or credit cards

CYP9a aged 11 to 17 and agree that their parents discuss with them what the family can afford

CYP17 talk about money with their parents and/or teachers

YP16 turn to their parents or teachers for advice about money

CYP18 have learnt about managing money in school or college