# Practice Makes Perfect: Insights from experiential financial education in Blackpool

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The Centre for Social Justice

The Centre for Social Justice FOUNDATION

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# About the Centre for Social Justice

Established in 2004, the Centre for Social Justice is an independent think-tank that studies the root causes of Britain's social problems and addresses them by recommending practical, workable policy interventions. The CSJ's vision is to give people in the UK who are experiencing the worst multiple disadvantages and injustice every possible opportunity to reach their full potential.

The majority of the CSJ's work is organised around five "pathways to poverty", first identified in our ground-breaking 2007 report, Breakthrough Britain. These are: educational failure; family breakdown; economic dependency and worklessness; addiction to drugs and alcohol; and severe personal debt.

Since its inception, the CSJ has changed the landscape of our political discourse by putting social justice at the heart of British politics. This has led to a transformation in government thinking and policy. For instance, in March 2013, the CSJ report It Happens Here shone a light on the horrific reality of human trafficking and modern slavery in the UK. As a direct result of this report, the Government passed the Modern Slavery Act 2015, one of the first pieces of legislation in the world to address slavery and trafficking in the 21st century.

Our research is informed by experts including prominent academics, practitioners and policy-makers. We also draw upon our CSJ Alliance, a unique group of charities, social enterprises and other grass-roots organisations that have a proven track-record of reversing social breakdown across the UK.

The social challenges facing Britain remain serious. In 2022 and beyond, we will continue to advance the cause of social justice so that more people can continue to fulfil their potential.

# Acknowledgements

The CSJ would like to extend our thanks to the many individuals who shared their time and expertise in the preparation of this report. We'd like to extend particular thanks to Boathouse Youth for working with us and allowing us to observe their financial education activities.

We would like to give a special thanks to Lowell, our Financial Education Initiative partner

Lowell

Disclaimer: *the views in this report are those of the CSJ and do not necessarily represent those of the individuals or organisations mentioned*

# Foreword

I am pleased to introduce the report on financial education, which is a collaboration between one of Westminster's most innovative think tanks, the Centre for Social Justice, and Blackpool's leading youth charity, Boathouse Youth. I am also grateful to the Lowell Group for their financial support for this work.

As a town with eight out of the ten poorest neighbourhoods in the country, financial precarity is not a new phenomenon in Blackpool even with the current increases in the cost-of-living. Starting at a young age, it is crucial for young people to learn how to manage money, build up financial resilience, and be equipped to master their own financial affairs. With limited provision in the national curriculum, charities such as Boathouse Youth are a great forum for financial education and plug an important gap.

The work Boathouse does across the Fylde Coast is all about partnering with children as they grow, offering development across their early lives, not just dipping in and out or helicoptering over them. It is a partnership that fosters confidence and respect and delivers valuable life lessons that are not always taught in an educational setting. The resilience Boathouse builds in young people is crucial for self-development in a world of great uncertainty.

As this report sets out, the world for disadvantaged young people is one often dominated by cash, where spending takes precedence over saving as a precarious future leaves only uncertainty. Young people face significant gaps in their understanding of basic financial concepts, but Boathouse's experiential learning techniques help bridge those gaps through exercises that give young people direct experience outside of familiar environments.

Money confidence is something we all may feel we lack whatever our own resources. It is a complex environment, whether considering obtaining the daily necessities or navigating the world of pensions.

So, the conclusions reached by the Centre for Social Justice are fundamental. Financial education needs to relate to young people's daily lives and challenges now and not a few years hence, and involve practical learning, rather than just a whiteboard.

Most importantly of all, as is the case with working on so many of Blackpool's challenges, practitioners must see the world through the eyes of the people themselves to understand the challenges faced, not impose their own narratives.

I congratulate those involved in the project. I am sure Boathouse benefitted from the insights, and I hope both Lowell and the CSJ are able to disseminate the learnings from this project across a wider area.

**Paul Maynard MP**
Member of Parliament for Blackpool North and Cleveleys

# 1. CSJ Partnership with Boathouse Youth

## 1.1 Partnership: Purpose and Aims

In partnership with Lowell, the CSJ has launched a new programme of research and policy work called the Financial Education Initiative (FEI). This programme of work culminated in the publication of *On the Money*, which explained the changing financial landscape, the state of the nation's low financial literacy, and the current financial education offer. In it, we set out 29 new recommendations to government that related to opportunity areas for improvements in delivering effective financial education. In doing so, we have charted the next steps for an ambitious and politically deliverable vision for financial education policy in Britain.

Central to the Financial Education Initiative was the commissioning of a new 'community engagement' exercise in one of our nation's most financially vulnerable areas. Boathouse Youth (BHY), a youth charity in Blackpool which serves some of the UK's most disadvantaged children and intervenes to improve financial literacy among its service users, was selected for partnership. The FEI's community engagement exercises aimed to qualitatively review the state of financial education in a deprived area and understand how we can overcome the challenges it faces. This exercise enabled us to be led from the frontlines on policy development.

This short paper sets out the insights we uncovered from our activities with Boathouse Youth and does so in a thematic way.

## 1.2 Scoping Exercise

In partnership with the Urban Institute, Lowell has developed a new Financial Vulnerability Index (FVI), which maps out constituency-level financial characteristics across the UK.[1] The Financial Vulnerability Index uses Labour Market Statistics, data from the Financial Lives Survey, DWP, ONS and Lowell's own consumer data to describes people's ability to manage daily finances and adapt to sudden economic changes, like a job loss or emergency expense.

The Financial Vulnerability Index is based on six components that capture a household's ability to manage daily finances and resist economic shocks: carrying defaulted debt, claiming work-related social benefits, holding a high-cost loan, relying heavily on credit, lacking emergency savings, and using alternative financial products.

As the highest scoring area on Lowell's Financial Vulnerability Index, Blackpool has been pinpointed as an area of significant need and was therefore chosen as our target geographic area in which to partner with a local charity.

Our initial scoping exercise brought us into contact with 14 charities, working across a range of areas and with varying focus on developing financial literacy. BHY was selected based on its service size, provision across multiple wards in Blackpool, engagement with Blackpool's most disadvantaged youth, breadth of financial education activities, and its use of experiential methods to teach financial education.

Since May 2021, Boathouse Youth has worked closely with the CSJ's North-West office to help build the CSJ's understanding of deprivation in the area, focusing on the impact of financial vulnerability on life chances, and has worked with its Financial Inclusion Unit, focusing on the level of financial literacy among their service users, their access to different sources of financial education, and the impact of BHY's experiential financial education activities.

1 Lowell and The Urban Institute, *Tracking Financial Vulnerability in the UK*

## 1.3 Description of Partner: Boathouse Youth

Boathouse Youth (BHY) is a multi-site, universal, open-access youth club established in 2009 in Blackpool. It provides high-quality, positive recreational and educational activities for children and young people aged 5 to 17 completely free of charge. Today, the charity is the largest youth work provider in Blackpool. It attracts approximately 400 admissions each week.

The charity operates in the two of the most deprived (according to measurable means) wards in the area: Bloomfield and Grange Park. More than half of the children residing in these communities are living in poverty. A variety of complex issues associated with deprivation contribute towards instability in their lives. They may witness regular domestic violence, drug and alcohol misuse, live in poor housing conditions and have limited access to basic services such as the doctors. The simplest of commodities are often in the shortest supply: food in the fridge, help with homework, a bed-time story at night and clean clothes.

The charity provides a variety of educational and recreational activities that to build confidence, restore self-esteem and bring happiness to the lives of its young members. Its mission is to break the cycle of deprivation and empower today's children to become contributing members of society.

The BHY hosts a range of weekly sessions, school holiday provision, and residential experiences throughout the year. Activities include theme-based sessions, indoor and outdoor games, creative sessions, the Duke of Edinburgh award, and the young leadership scheme – all of which are intended to create an atmosphere of fun while developing key life skills.

The CSJ engaged with BHY due to their emphasis on developing financial capability through a variety of experiential money management activities. Their headline money management activity is a residential trip called the Canal Boat expedition, an outdoor residential experience where young people are given a £2,000 cash card and must make decisions with their money to ensure that it lasts for the duration of their boat trip. During the residential there are scenarios that require budgeting and saving for unexpected costs. The children are responsible for paying for everything from the canal boat rental and petrol to the toilet pumping, daily food shop, and excursions at various docking points. Throughout the residential, the expenditure is translated into real life terms, such as "what you spent on the boat is like what you may have to spend on rent in the future".

As a result of the pandemic, the residential experiences could not be delivered by Boathouse or observed by the CSJ. As a replacement, BHY ran a 6-week money management course called 'The Apprentice Program' at their Grange Park site, which the CSJ observed as part of its Financial Education Initiative (FEI) research. This activity is described below.

## 1.4 Activity Description

The engagement with Boathouse Youth involved 1 introductory session on a BHY summer away day to build rapport and trust between CSJ staff and BHY service users, and 2 'Apprentice Program' sessions delivered by the CSJ and BHY at their Grange Park site for formal observations. Participants for all activities included children aged 12-16 from both the Grange Park Estate and the Bloomfield wards.

### BHY Engagement Key

**Age range:** 13 – 16 years

**Participants:** 8 – 40 young people

**1 x 3-hour introductory session**

CSJ staff accompanied BHY leaders and service users on an adventure day to build rapport with service leaders and users as recommended by BHY in order to get the most from our engagement.

**2 x 20-minute reflection session observations**

CSJ staff attended the BHY staff led sessions where BHY service users reflected on learning from their experiential financial education modules.

**2 x 30-minute CSJ led activity sessions**

CSJ led activities to gather qualitative data about this cohort's level of financial literacy and the sources by which they get their financial education.

### Facts

BHY's program is a 6-week program containing 3 experiential activities and 3 reflection sessions with the goal of teaching lessons about money management. The primary lesson across all 6 modules was the practical skill of budgeting and saving, and the behavioural skills of delayed gratification, self-control and positive decision making.

Activities included:

| ACTIVITY | DESCRIPTION | SKILL |
|---|---|---|
| Warrington Car Boot Sale Bartering Activity | Teams were given £20 each and were challenged to purchase as many items on a list as possible within their budget. The team with the most items won the challenge.<br>**Goal:** Getting as much for their money as possible | Budgeting, self-control, positive decision making |
| Preston Market Place Shopping Trip | Teams were given £50 to spend on a designated list of household goods at a local market. There were items of varying prices at the market, so children had to make money savvy decisions. The team who was able to purchase everything within budget and with the most savings left over won the challenge.<br>**Goal:** Making choices between products to remain within budget | Budgeting, saving, self-control |
| Planning, Purchasing and Cooking a Romantic Meal for Two | Teams were given a set amount of money to create a 3-course meal for two. They were required to plan and create the menu, invitation, décor and cook the meal. They were scored on their execution and the team will the most points won the challenge.<br>**Goal:** Planning ahead and executing on a budgeted plan | Budgeting, saving, delayed gratification |

Reflection sessions were held after each experiential activity. During these sessions, BHY staff led their service users through a reflection on lessons learned through participation in the activity.

The CSJ observed 2 reflection sessions and hosted 2 activities. The activities aimed to better understand the financial context that young people in Blackpool face, their access to and the effectiveness of financial education they received, and the wider financial challenges they face.

### Activity 1: Exploring young people's financial awareness

During this session, young people were asked a variety of 'money lingo' questions to identify their level of financial education. Discussion was facilitated by BHY leaders and CSJ staff regarding the concepts of budgeting, saving, preparing for the future, to gain this group's handle of and use of money management skills.

### Activity 2: Exploring young people's exposure to and experience of 'financial education'

During this session, BHY leaders led service users in a variety of interactive games which had children identify their sources of financial education and the impact of each. Discussion was facilitated to learn about this group's interaction with financial education in school, at home, and online and to better understands its prevalence in a variety of settings and its impact.

### Activity 3: 'Apprentice Program' reflection session observations

CSJ staff observed 2 reflections sessions led by BHY staff. The children were asked to share what they learned during their Apprentice Program activities and to share how they might use this learning in the future to help them be more money capable. We observed these sessions in order to better understand the short and long-term impact of experiential formats of financial education.

The purpose of these activities was not to assess the program, but to use it as an entry point to learn about the financial lives and literacy levels of Blackpool's most disadvantaged children and to observe the impact of experiential financial education.

# 2. CSJ observations: Levels of financial literacy among BHY service users

CSJ facilitated activities and Apprentice Program reflection sessions were voice recorded and observed in person by 2 members of CSJ staff. Permission was received from BHY to include the following quotes and excerpts from the engagement. While this data points to the reality of low financial literacy among young people from disadvantaged backgrounds, this data is not sufficient to draw widespread conclusions from statements made about financial literacy and financial education among young people living in areas of high deprivation.

## 2.1 Context

> *'What shocks people the most is that, even though the Grange Park kids live only a few miles away and the Bloomfield kids only a few metres away, almost none of them had ever been to the beach before coming to Boathouse. Some had never even seen the sea.'*
>
> BHY Staff

BHY service users come from two different wards in Blackpool and face different challenges, despite living in relatively close proximity.

> *'We took 70 kids on the heritage tram. 30 hadn't seem the illuminations (on the promenade) because they just stay on Grange Park.'*
>
> BHY Staff

Grange Park is an estate in central-west Blackpool that is largely isolated from the rest of the city due to lack of transport links and local infrastructure. BHY staff shared that the lack of work nearby and high rates of worklessness in the estate means that community members rarely leave the boundary of the estate. Many of the children's parents don't own cars, making travel for errands, activities, and work infrequent. As one BHY member of staff put it, most kids that grow up on Grange Park 'may as well live near Leeds…either way the kids would never know it'.

> *'Even at the good schools, kids go whose parents have problems. Drugs, alcohol, violence, you name it. Then those problems are brought into the schools.'*
>
> BHY Staff

Bloomfield is a ward in south Blackpool which, while less disconnected from the rest of Blackpool due to its proximity to the centre of town, is still highly insular. Children stay close to home due to the community being surrounded by bars, entertainment venues, and betting shops where illicit behaviour is believed to be regular. These young people are frequently exposed to drugs, drinking, gambling, and crime in and around their homes and are, according to BHY staff, often the first in the mixed site group to start engaging in these activities. Housing in this ward, like in much of Blackpool, is poor quality, with many homes suffering from damp and visible decay. BHY staff say that these children are more likely to come to their programmes in dirty clothes.

Both sites suffer from inconsistent access to internet and neither group of young people have regular access to smart phones. Most homes have computers or laptops in the house, but these devices are often shared among multiple family members. Across both wards, BHY staff and service users say that most of the teenager's families use cash to transact, save their money in cash, and regularly barter and trade as a form of currency.

Financial and digital exclusion are key features of these teenager's lives, making the task of learning how to manage money well an obstructed and difficult one. And while financial education is important, there are clearly substantial barriers that need to be addressed for meaningful financial education to land.

## 2.2 Levels of Financial Literacy

Understanding of money terminology among this group was very low. The majority of young people were able to identify what the Money and Pensions Service (MaPS) deems basic terms like budgeting, saving, debit card, credit card and loans. However, when asked to describe these terms, there was far less uniform ability among this group. A minority of the children were able to provide proficient definitions, whereas the majority could describe the terms in loose layman's terms. Many said that they couldn't define these terms because 'they'd never had to use any of these adult things before'.

What MaPS defines as intermediate terms, like 'current account' and 'interest' were seen as too technical. With these more complex terms, the young people were able to recognise a concept when it was described to them but could not name it and did not recognise the name when it was shared. MaPS advanced terms like 'compounding interest' and 'APR' were not recognised by their name or definition.

> *'Most of these kids are 3 years behind where they should be. We try to fill the gaps with tying spelling and grammar into some of our activities, but there's only so much you can do without a lot of tutoring.'*

More alarming than low levels of financial literacy, were the underlying low levels of literacy and numeracy. When children were asked to read the questions off their activity sheet, nearly half of each group struggled to read with substantive comprehension and pace. When asked to write down their answers down, most of the teenagers needed more time than normal to write their answers, slowing the pace of the activity. This indicated that the basic levels of literacy and numeracy, skills that are prerequisite to financial literacy, are below the expected level.

## 2.3 Budgeting and Saving

> *'When I get it, I feel like I have to spend it'*

Money behaviours were also observed based on different scenarios posed to the young people. Most children did not have experience of budgeting because they did not have enough money in savings with which to budget. Any money that was saved tended to be saved for a short period of time and spent in a single outlay (such as at the local sweet shop or on an item of clothing).

> *'I go to the shops with a tenner, spend the whole thing, and come back with scran'*

A culture of spending was pervasive among this group. It was shared that because money comes and goes so quickly in their context, money that comes in needs to be spent before it is taken away. A number of kids mentioned that they aren't allowed to or don't 'trust themselves' to hold their money for long, so they spend it when they receive it. Only a small minority said that they saved money and saved for a long time for things they really wanted or needed.

Buying sweets and trinkets from the local shop was the top thing this group spent their money on, followed by clothing items. A number of children mentioned that they most wanted to purchase new clothes so that they can 'look their best' and show off to their friends'.

> *'Savings help you buy a couch or a tv'*
>
> *'People save for things like holidays and a house'*

Saving was also described in terms of buying big ticket or luxury items, not in terms of covering unexpected costs when they occur. This group seemed more focused on what luxury items money can buy, not on what necessity items money pays for and what hardship it prevents. While this could be an indicator of parents shielding their children from the day to day stresses of living on low incomes, it may also point to a pervasive culture of consumerism that doesn't discriminate by class.

## 2.4 Credit and loans

> *'My uncle gave my mum a loan and she paid it back 3 months later'*

Most children had heard of lending, but nearly all the teenagers associated loans with borrowing from family or friends, rather than from institutions. It was only once the BHY leader asked about whether they had heard of loans from banks for cars or houses that the teens recalled this. All had heard of a mortgage, but few could define how a mortgage works. Half of the group knew what a credit card is, but none could say whether their parents use a credit or debit card more frequently.

> *'My nan asks me for money sometimes. Sometimes she gives it back and sometimes she doesn't.'*
>
> *A loan is where you get money from someone and then you have to pay back more than you borrowed from them.*

Family and friends borrowing was not categorized as a negative, risky or dangerous thing to do, but instead as an ordinary occurrence within their communities. No stories of family and friends borrowing gone bad were mentioned by this group, but it was clear that it was their dominant example of loan making.

A small group of teens had heard of Klarna and described it as 'something that helps you pay less'. That said, the vast majority had not heard of or used a buy-now-pay-later product, which is unsurprising given that very few members of this group regularly make purchases online.

## 2.5 Terminology

> *'Calling it a current account is a 'posh thing', I just call that a normal account.'*

Technical money language proved to be a barrier to understanding for this group who recognised most money terms by the concept or description and not by their name. Most teens were not able to describe what the money term was when it was called by its 'technical' name, but describe it when a more colloquial name like 'normal bank account' instead of 'current account'.

## 2.6 Financial Inclusion

> *'I've never seen a debit card. I don't online bank and neither do my parents – they don't pay online.'*

Financial exclusion was a substantial driver of low financial literacy among this group. Only 1 child in the group knew what a 'current account' was and only 3 of 10 had a bank account.  Most teenagers said that they only ever use cash to pay for their items and that they have never used a parent's debit or credit card. One teen said that their parent goes 'to the bank once a week and takes out a bunch of bills to pay for everything with. [They] only pay for things with fivers and tenners'.

> *'If I had a bank account, I'd save more money. Then I could see what was going in and out and how much I was spending. I wouldn't want to know how much money I've spent in my whole life.'*
>
> *'I want a GoHenry card instead of a regular bank account so my mum can keep an eye on me.'*
>
> *'I think I'd be better at money if I had a bank account, but if they didn't give me a debit card.'*

Most of the teens recognised the benefit of having a bank account to help keep track of their money and to help keep it safe. The majority also believed that having a bank account would help them to spend less and save more. They said that they didn't know how to open a bank account on their own and wouldn't be confident enough to do it themselves and most said that their parents had never mentioned it or taken them. Only one young person of 10 in the session said that their older brother had taken them to open a bank account. When BHY said that they might help the teens open bank accounts next year, all of the young people said that they would be happy to open one and would take BHY up on the offer.

# 3. Observations: Sources of Financial Education

## 3.1 The Family Setting

> *'Mum doesn't talk to me about money because money is secret [and] too important.'*
>
> *'Money is for parents. My mum doesn't trust me with even a tenner.'*

Despite 7 out of 10 secondary school students saying that they learned the majority of their money lessons at home, this cohort has a much more mixed experience of home financial learning. The majority of the group said that they didn't regularly have money conversations and that when they did, the conversations were short.

Money conversations were largely described as taboo. Most kids saw money as being an adult topic and out of reach for them. They described seeing their parents take money out of ATMs, but very few knew how much or where it goes.

Additionally, most of the group appeared to not be aware that money was particularly 'tight' or that their parents worried about money. However, conclusions cannot be drawn from this as the group setting likely prevented more honest conversations around what may be a sensitive subject.

> *'I learn everything from my parents, but we don't talk about it very often. Only when they need me to buy something.'*
>
> *'My nan taught me because she asked me to use her debit card.'*

When teaching did come from the family, most kids said that it was out of necessity. When relatives needed them to use money in some way, instruction around money was given. However, this teaching would have then been followed up with an experience of money use, likely making those lessons particularly 'sticky'.

> *'My mum counts coins for everything. If I even take 10p, she knows about.'*
>
> *'My brother took me to the bank to open an account. He'd done it a few years earlier and now when he gets paid it goes in there. I don't know how much money he has, but he's always buying me things. So I was really excited to get one.'*

One teen mentioned that they had had a meeting with a bank manager thanks to a family member bringing them to the bank. There was diversity among this group in regard to family engagement around money with the minority of families appearing to take an active role according to the teens, and most ignoring the subject unless necessity forced a money conversation.

## 3.2 The School Setting

> *'Teachers are useless.'*
>
> *'I haven't been taught because it's not on the curriculum. Teachers only teach about maths and English and science – not the things that matter like money.'*
>
> *'I think we had some lessons about mortgages and buying cars but I didn't really care that much.'*

Most of this cohort did not express learning any meaningful money lessons in school. It was not clear whether this was as a result of genuinely few money lessons being taught at school, or that the lessons that were taught didn't register with the group. Most of the group stated that the money lessons that they remember came from relatives or from the Boathouse Youth Apprentice program.

> *'My teacher teaches it in PHSE every Wednesday for 1 hour – we learn about money and jobs and careers and about ways to save money and budget.'*

The individual with the best financial acumen credited her financial knowledge to a weekly PHSE course where her teacher spent one hour teaching financial lessons. This young person was able to answer nearly all the financial literacy questions asked and was one of the few with a bank account. She also presented as confident about her knowledge and expressed a positive outlook about her financial future as opposed to most of the other young people.

The mixed experiences shared regarding learning money lessons in school point to a potential lack of consistency between schools. This cohort attend 3 – 4 different schools in the local area.

BHY Staff shared that several their young people leave school at 16, missing out on the opportunity to learn financial skills in the school setting during that critical life stage. It was also mentioned that post-16 education tends to focus too much on grades and not enough on developing life skills for them these kids leave school.

# 4. CSJ Observations: Experiential Financial Education Feedback

## 4.1 BHY Service Users

> *'I think I learned more here about money than I have my whole life.'*
>
> *'Good, yeah. It felt good to spend the money we were given and to think about it instead of just doing it like normal. Even though we lost. I'll still try to get as many things as possible from my money.'*
>
> *'Now I'll try not to spend my money so fast or I'll try to at least make it go further.'*

The dominant opinion was that this group learned more about good money management from the Apprentice Program than they had ever before. Most of the teenagers said that getting to actually use money and make decisions with it, rather than being told what to do with it, made them feel a sense of responsibility. They didn't want to just 'spend it as quickly as possible like normal', but instead wanted to make good decisions.

When asked about what made their experience at Boathouse good, they said that the activities being fun and getting the chance to 'win' was important to them. They also said that getting to go on trips made the experience 'something they won't forget.

While the feedback from the course was very positive, what is not clear is how long these money lessons stick without regular 'practice' with their own money. A number of the participants had been on various BHY money management experiential activities in the past, but couldn't recall the lessons learned from them.

> *'I wish I had been taught all this sooner.'*
>
> *'If I'd had more money knowledge then, when I got my inheritance from my nan as a child, I'd have known how expensive life is when I get older and I wouldn't have blown it on clothes and food and dishing it out to my mates.  I wouldn't have wasted it the way I did. I really regret that now.'*

The teenagers also expressed regret and guilt about not knowing more about money sooner. A number of young people expressed that they would 'hate to know how much money they've spent in their lives' and wished that they had had money lessons sooner. At the same time, others said that money lessons still weren't important for them in their day to day lives.

## 4.2 BHY Staff

> **'The kids have made good progress over the 6-week Apprentice. But there's a lot standing in their way before they can really be good at managing money. Not least that they don't have barely any money to practice with.'**
>
> BHY Staff
>
> **'If they aren't practicing, it is no wonder they don't know the terms and concepts.'**
>
> BHY Staff

Generally, the level of understanding around money terminology and their expressed money behaviors were not proficient, which BHY staff suggested is mainly due to them not using money regularly enough. That said, they also said that lack of role modeling in this area, the prevalence of accessible and alluring shops (gambling shops, arcades, corner shops) made spending money on short life items easy.

> *'Don't get me wrong, financial education is vital for these kids who most of the time have no example of how to handle their money well. But without more support, they aren't likely to have much money for their whole lives. We all know that being able to manage your money is a key life skill as an adult…but being able to manage your money well doesn't matter much when you have none.'*
>
> BHY Staff

Over the course of our engagement, BHY staff repeatedly highlighted the high degree of disadvantage these young people face. BHY staff believe that, while financial education is in their view so important that they spend substantial time teaching it, things like low literacy and numeracy, the high risk of entering a cycle of addiction and crime, and general lack of money are all significant barriers to the financial education having impact in these young people's lives. BHY staff said that 'when people live in poverty, having good money knowledge is one thing, but being forced to make bad decisions with your money is another'. It was repeated that that there are a host of social issues that need to be addressed for financial education to have meaningful impact in these young people's lives.

# 5. Lessons for the Future

In *On the Money*, we reported that 24 million people – around half of adults – report not feeling confidence managing their money day to day.[2] This was compounded by the fact that many of those in financial difficulty believed that low money management skills contributed to their situation.[3]

We believe that the key to tackling our lack of financial education is to begin with young children and the insights in this paper suggest that this education needs to be experiential in nature. Without reinforced education, children will pass into adulthood without the skills they need to make sound financial choices. Research conducted by Lowell and their Consumer Insights Panel demonstrates similar themes to that found in this research.

A number of adult consumers started that they wished they had known how products work and how to borrow responsibly.

> *"Loans, mortgages and credit cards. I think people need to understand how to borrow responsibly so they can avoid problems"*

Consumers suggested that they had felt overwhelmed by the offering of easy credit but had been unable to appreciate how to make long term decisions about credit use and repayments.

> *"I wish I'd known to avoid pay day lenders at all costs. There's no such thing as free easy money. At the time, credit cards and loans were a quick fix, but I wish I had known how to properly manage and prioritise repayments to prevent the debt spiral I found myself in."*

This fed into a wider conversation about knowing about the repercussions of getting into debt and the damage it would have on their financial status.

> *"The repercussions of getting into debt. How it damages your financial status and likelihood of getting further credit in order to move forward."*
>
> *"I wish I had known the impact missing payment, arrears or going into insolvency would have on trying to gain credit in the future, cost of credit as you try to rebuild your score and the length of time building your score to a decent level again will take"*

These insights suggest that adults in financial difficulty show a more sophisticated understanding of the problems they face, but that these issues are an advanced phase of the closely linked to the issues the young adults also face. They lack knowledge about how financial products work, struggle to make long-term financial choices, and suffer adverse effects as a result.

2 Centre for Social Justice, *On the Money: A roadmap for lifelong financial learning*

3 *Ibid*.

# 6. Key Takeaways

### Disadvantage inhibits the effectiveness of financial education

Low literacy and numeracy skills, risk of early addiction and crime, and a lack of money with which to practice financial skills and behaviours obstruct disadvantaged young people from learning key money lessons in their childhood.

### Technical terminology exacerbates financial exclusion

The group had low comprehension of technical terminology without an explanation attached. Colloquial terms on their own or technical terms followed by an easy-to-understand definition resonate with this group.

### Parents and youth clubs are seen as trusted deliverers of financial education

Money lessons from trusted people like relatives or youth workers appear to create the most memorable learning. Mistrust of or disregard for teachers from many seemed to compromise their position as trusted deliverers of financial education.

### Teaching without experiential learning falls flat

'Textbook teaching' in the classroom appeared to have lower impact than experiential learning, with most kids struggling to recall money lessons they had been taught at school.

### Financial education in school can work well when done well

The teenagers with the highest degree of financial understanding were those who had consistent money lessons in school (1 hour every week). These young people had the highest level of comprehension of technical terminology but didn't necessarily express substantially better money behaviours.

### Teaching about money concepts that won't be applicable for many years falls flat

The group showed low interest in learning about money concepts like pensions that don't seem relevant to their lives now. Knowledge about these subjects was the lowest. Even topics with medium-term relevance, like borrowing money from institutions, seemed to fall flat in comparison to lessons about budgeting and saving.

### Inconsistent attendance leads to incomplete financial learning

While the financial education at BHY appeared to have meaningful impact on these kids, attendees varied week by week, meaning that not all kids got the same lessons. BHY also has wide, but ultimately limited, reach within the community meaning that not all local kids will get extra financial learning from outside of school or the home.

### Despite the challenges faced, this group sees the value in learning about how to use their money well

Nearly all of the young people expressed that they wish they had learned more money lessons throughout their life and want to learn more money lessons now. Many see work in their near future and look forward to having money of their own.

# Practice Makes Perfect: Insights from experiential financial education in Blackpool

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