Premier’s First State Super Financial Literacy Teacher Scholarship

Financial Literacy / Global Crisis

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In the 35 days that I travelled overseas I was airborne for 57 hours and landed in 9 different airports around the world. I have researched financial literacy education at BRAC University, Bangladesh and met Dr Muhammud Yunus at the 2013 Social Business Day organised by the Yunus Centre, Bangladesh. I have attended the World Finance Conference in Cypress where I met academics from all over the world. Both the New York Stock Exchange Teacher Workshop and the Securities and Exchange Commission Graduate Program provided a wealth of relevant information and professional connections. During my stay in Santa Barbara I trained in *The Money Game*.

Financial literacy is the survival skill of the 21st Century. Every developed and developing country is currently concerned with finding ways to improve an individual’s ability to be financially independent. From the back streets of Bangladesh to The White House, government agencies, educators, entrepreneurs and philanthropic organisations are doing everything they can to raise capability in financial literacy. Governments realise the importance of a financially literate society but are not always able to implement and oversee the most effective programs.

In Bangladesh and America personal finance is part of the government mandated educational program which is embedded in the national curriculum from primary through to high-school. In both countries the school curriculum is supplemented by external philanthropic, not-for-profit organisations and banking institutions that focus on the social and fiscal responsibility of the individual. What all of the current programs, booklets and on line resources lack is the requirement for true financial independence to occur: the persons’ ability to make, manage and multiply their money.

It is the realisation that individuals have a choice to, invest, spend, save or share their income that leads to the ability of the individual to generate passive income that is key to not just financial literacy but financial freedom. In my report I will describe the similarities between developing and developed nations in terms of financial literacy needs. I will outline most of the current resources available to teach financial literacy and I will conclude with what I believe to be the best resource in the world to make a real difference to the financial literacy of Australians both young and old.

The extreme political, economic and social history of Bangladesh has required that people become innovative in ways that assist their survival and also raise people out of the poverty cycle. Staying with my family at the High Commission, in Dhaka, has made my stay in Bangladesh extraordinarily easy. Through my brother in law, Mr Gregory Wilcock’s vast contacts here as High Commissioner, I have been privileged to access some of Bangladesh’s best examples of financial literacy in practice. From the fundamentals of raising money to provide food and education to impoverished children, to the extensive education and financial services offered by the BRAC organisation and then to the global phenomenon of social business as promoted by Dr Muhammad Yunus.

BRAC stands for Bangladesh Rehabilitation Assistance Committee. The Commissioner’s secretary set up an appointment with Shakil Ahmed, Staff Researcher and Mathematician from BRAC University Institute of Educational Development (IED).

BRAC University (IED) offers a Master’s in Education and employs students as part time teachers in the demonstration schools. Bangladesh, like Australia, has a shortage of qualified Mathematics teachers. We were invited to sit in the board room and met the project officer, the primary math and secondary math teachers, a research associate and the curriculum advisor. They had prepared a power point presentation that highlighted the strategic planning of their educational program. They were developing a model for a school based on the government curriculum for primary to secondary. The issues they were addressing were retention, engagement and meaning in education. The Bangladesh government provide a text book for each grade from primary through to year 10 but not Year 11 or 12. Staff at IED are creating a teachers’ guide to assist with educational strategies that empower the teacher to truly educate the children. The principles of pedagogy are the same as for Australia. Teaching by rote is common in Bangladeshi schools so the IED team work hard to provide a scaffold of learning with critical thinking, problem solving, reflection and investigation and research activities. The assessment and reporting focus is undertaken by observation and assignment work, as opposed to purely test based assessment. The model they use is similar to our Quality Teaching model. The IED operates very much as our NSW government departmental curriculum advisors do but they are free enterprise and funded by the not for profit BRAC organisation that operates extensively in Bangladesh to educate and support people to rise above poverty. I was very impressed with the thoroughness of the program development. Teaching strategies were clearly written and beautifully presented in a booklet form. I met with Anisa Haq, Project Head, who had lived and worked in New Zealand on the NZ National Literacy and Numeracy strategy. She had an extensive background in education and was inspirational in guiding the team to a successful outcome. The real aim of the model was to educate children to become capable thinkers and excel at university level. I was informed by Anisa Haq, that statistically in Bangladesh, it has been found that even though schools can produce “A grade” students, these same students were not coping with university studies due too much rote learning and not enough critical thinking in the government educational system. The government curriculum and national testing was not sufficient to truly make a difference. So BRAC in its usual fashion sees a social need and steps in to address it. If the model for the IED is successful they will implement it on a broader scale across the country. Anisa said she would like to keep in touch with me as she is coming to Australia in 2014 and they are willing to share resources in the future. It was interesting that the government supply all Bangladesh students with a booklet for every subject and grade. They teach financial literacy as part of social studies. The booklets focus mostly on currency and budgeting. The math teachers present spoke of the need to make the booklets real by creating interactive learning activities in the classroom that simulate the world of buying and selling, earning and spending and investing. They were interested in *The Money Game* and we agreed to keep in communication and share teaching ideas and resources.

My next appointment was at BRAC Centre where I met with Wahid Newton, Program Manager Education. The BRAC headquarters is 21 stories high. It is a western style construction and impressive in its size. Our meeting was held on the 17th floor which provided an impressive view of urban Bangladesh. BRAC’s education program is working with the Bangladesh government to achieve “Education for All by 2015”. BRAC is a global leader in providing high quality, cost free non formal education to underprivileged children who have never enrolled in or had to drop out of formal school. They focus on children and adolescents, especially girls from disadvantaged backgrounds. They are dedicated to improving the lives of vulnerable adolescents through life skills training and provision of livelihood opportunities.

They partner with local NGOs in order to access remote areas and have established bilingual schools for children from ethnic minorities. All of the schools are capable of catering to children with special needs. BRAC also collaborate with mainstream secondary schools to improve quality of education and support communities in maintaining literacy skills through multipurpose community learning centres.

The team here had established 3300 schools in rural Bangladesh. Being a BRAC organisation they not only set up schools but trained teachers, usually a female from the village who had at least graduated at year 10 levels. BRAC also educated parents about all aspects of school life including financial literacy at monthly school meetings. They run the Aflatoun program which teaches children about social values and their rights and responsibilities, coupled with financial literacy education that enables them to be self -reliant and break the cycle of poverty. The Aflatoun curriculum is designed for children aged 6-14 years. Alfatoun established its network in Amsterdam. The secretariat facilitates the programme partnerships with government bodies and NGO’s around the globe. The Aflatoun secretariat also facilitates the development of two areas of reform, the first reform being the inclusion of child social financial education as part of the core curriculum of governments worldwide, and the second reform being the access to safe banking.

In Bangladesh many individuals are “unbanked”. However, in the United States 9 million people not using the banking system. Professor Chuduray, from India, has established a concept called” FAB”. There is a video on YouTube about his work. The plan is to give every child at birth $100 and create for them a unique identification code and encourage the child, the mother and family to save. Using mobile phone technology Chaduray wants to create available banking services to impoverished people in remote areas using internet banking. He spoke about the potential for these same services to distribute aid if required in disaster situations such as earthquakes or floods.

I like the sound of both of these programs and will pursue more information on line. Currently the Aflatoun program is implemented in 1002 BRAC Primary schools, 250 secondary schools and 20 adolescent clubs. Some key findings of the program are:

* + Children are more aware about their rights and responsibilities. They learn to respect the contribution of people to society and respect other’s opinions.
  + Children learnt the importance of saving
  + Children learn to prioritise spending
  + Children become more conscious about the cost of living
  + Children learn to invest their money
  + Children become environmentally conscious and value recycling.
  + It has been observed that mathematical knowledge has been enhanced through the keeping of records of saving and spending.

The BRAC model of sustainable development is successful owing to the extent to which it thoroughly address all the issues associated with creating a sustainable future. Through the efforts of Grameen Bank and BRAC educational development, Bangladesh has a growing economy that was not negatively affected by the GFC. The challenges in Bangladesh are culturally unique but do provide a successful working model of how private enterprise can work alongside government structures to ensure positive social outcomes for individuals. Education, nutrition, employment and access to safe banking are vital elements to a successful economy.

In America the cultural context is geographically more affluent than Bangladesh but the social and economic issues are just as real in terms of an individual’s need to survive and become self- sustaining. America has a strong curriculum emphasis on financial literacy with high school courses on personal finance offered in every school. The US also has a host of programs sponsored by philanthropic and not-for-profit organisations where financial literacy can be taught via extra-curricular units of work, workshops and camps to both adults and children.

The new economic reality is tough. The use of technology in the workplace is at an all-time high. The new ‘normal’ is to adapt or become obsolete. Post GFC most businesses that have survived have had to remodel themselves. What is common to both Australia and the States is sluggish economic growth, low growth GDP (US 2.4% for 1st quarter 2013) (AUS 3.3%) and high unemployment (US 7.6%) (AUS 5.6% March 2013, Australian Bureau of Statistics).

My experience at the New York Stock Exchange and subsequently at the Securities and Exchange Commission has given me a depth of understanding into the financial markets, investments and the regulations around financial transactions. I am very keen to learn more about ASIC as they carry out similar functions to the SEC. It was interesting that the Deputy Director for Investor Education, Kathy Floyd, was previously a primary school teacher. One presentation at NYSE by June Jaffee and Suzanne Mathews from the Muriel Siebert Foundation was very insightful regarding the current need to prepare students for the new economic reality. I have summarised the presentation as follows:

From the economic crisis we learned that people need to be better educated about financial markets and financial products. We need to avoid excessive amounts of debt. People also need to build personal savings and emergency funds. One of the reasons that adults make bad investment decisions is poor financial literacy.

FINRA, the US regulatory body for financial transactions, did a survey in 2012 that showed that 19% of individuals spend more than they earn. Fifty-six percent of adults do not have emergency savings. Sixty-one percent of adults are unable to answer three of five basic financial questions. Many adults could not work out basic percentages. This is certainly my experience in the high school classroom as well.

Adults in the United States have lost the culture of saving owing to credit card debt. Survey data indicates a looming crisis. Census data of household savings indicated in May 2013 that only 2.5% saved. Average credit card debt in households with at least one credit card was $16000.

The economic realities facing young adults indicate a need for more careful planning and education around decision making. A lot of young people don’t realise the importance of a good career choice that will provide sufficient income for the persons chosen lifestyle. Unemployment is the biggest challenge facing the economy. Student loan debt is really high, students are graduating with no idea of how much they can earn or if they can get a job and how much they will have to pay on a weekly basis to pay off the debt,

Many American students have ruined their credit rating after college. They do not realise that credit records are checked at interviews, when getting a phone, when renting an apartment. Annamaria Lusardi, National Bureau of Economic Research George Washington University, says that

“Being financially literate is no longer an option it is a critical skill for a better chance in life”.

Lack of financial literacy can lead to high risk behaviour in late adolescence, including criminal behaviour.

So what is financial literacy?

In the Australian National Financial Literacy Strategy 2014-2016 Consultation Paper written by ASIC it states that:

“There is currently no widely agreed upon definition of financial literacy. The definition used in the 2011 Strategy was chosen for national consistency and international comparability at the time: [financial literacy is]...the ability to make informed judgements and to take effective decisions regarding the use and management of money.”

Since 2011, dialogue on financial literacy has increasingly focused on behaviour and action. Some countries prefer to use the term ‘financial capability’ as they believe it better reflects the behavioural and other factors that contribute to making sound financial decisions.

For the 2014–16 Strategy, we propose to adopt the following definition used by the International Network on Financial Education of the Organisation for Economic Co-operation and Development (OECD) in its guiding principles on national strategies: *Financial literacy is a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.*

I like to think of financial literacy simply as the ability to make, manage and multiply money.

Currently in Australia we have fewer educational programs than the rest of the world to teach financial literacy to children and adults. In America financial literacy is becoming a mandatory course in most states. Consumer Arithmetic and financial mathematics constitute a small proportion of the new Australian Mathematics and HSIE curriculum. I know that the emphasis in the curriculum is on the students’ ability to apply the language and procedures associated with earning and spending money as opposed to the individual’s ability to make informed financial decisions with the goal of becoming financially independent.

It is for this reason that I chose to study with Elisabeth Donati in California because of her passion for educating children and adults in financial literacy. Elisabeth is an author, award winning recipient of a 2010 Financial Literacy award and has appeared on CNN and Fox TV. She is the owner of Creative Wealth Intl. and has over 25 years of experience in teaching financial literacy. From my analysis of global programmes and extensive on-line resources and from also considering our own ASX and Money Smart sites, I believe that Elisabeth has the best program that can be readily taught in Australian schools. The secret of her programmes success is the interactive and engaging fun way that she teaches. The lesson delivery incorporates accelerated learning techniques which embody our Quality Teaching Framework. I have attended her Train the Trainer workshop which culminated in a weekend of Camp Millionaire. *The Money Game* is a component of Camp Millionaire. Students practise using fundamentals of money management. Students receive a monthly pay check and learn how to allocate spending, saving and investing by physically being the pieces in the game. The whole learning process embodies best teaching practice and is akin to the saying “What I hear I forget, what I see I remember and what I do I understand!”

In September I will be presenting *The Money Game* at the 2013 MASWA Conference to my fellow Mathematics teachers. For term 4 I would like to offer *The Money Game* to students at Byron Bay High School as an extra-curricular activity that will operate for an hour a week over the ten week term. In April 2014 I plan to offer a 4 day Teacher Training course followed by a 2 day Camp Millionaire for NSW teachers and students in Byron Bay. I have places available to train 40 teachers who can then be part of the first Australian Camp Millionaire which can host up to 30 students. I propose that The Money Game be offered as an integral part of the Australian Curriculum and that Camp Millionaire become a national educational priority that is offered in every school at least once a year. I have the motivation and education to make this vision a reality.

In summary the experience and knowledge I have gained as a result of this scholarship is significant and I believe that as a result of everything I have seen and learned that I have something very valuable to offer our Australian students, parents and fellow teachers. It is my hope that the Department of Education benefit from my findings and continue to support me in my work to improve financial literacy education in Australia.

National and International Financial Literacy Websites

[Financial Basics Foundation](http://www.financialbasics.org.au/)

[ESSI Money](http://www.essimoney.com.au/)

[Money Smart](http://www.moneysmart.gov.au/)

[Aflatoun International](http://www.aflatoun.org/)

[Council of Economic Education](http://www.econedlink.org/)

[National Endowment for Financial Education](https://www.nefe.org/)

[The Foundation for Teaching Economics](http://www.fte.org)

[Practical Money Skills](www.practicalmoneyskills.com)

[Banzai](http://www.teachbanzai.com/) came highly recommended by US teachers.

[Hands on Banking](https://handsonbanking.org/) includes resources for middle school

[Geni Revolution](http://www.genirevolution.org)

[Econ Ed at the St. Louis Fed](https://www.stlouisfed.org/education)

[North American Securities Administrators Association](http://www.nasaa.org/) – have resources for high school teachers particularly interesting is a forensic investigation into a fictional company. Successful students will find that the company is fraudulent and poorer students will invest in the company.

[My Money](http://www.mymoney.gov/) (USA)

[BRAC Centre](http://www.brac.net)