Supporting young savers:
The case for savings clubs in schools

The Children's Society

Personal Finance Education Group

ABCUL Association of British Credit Unions Limited

THE CHURCH OF ENGLAND

The Archbishop of Canterbury

Foreword

It has never been so important to ensure that children learn about debt and money management from an early age

With children making financial choices at an ever younger age, and regularly exposed to advertisements for credit, it has never been so important to ensure that children learn about debt and money management from an early age.

Schools have a key role to play in ensuring that children get the financial education they need, and it is a welcome step in the right direction that the government has made financial education a statutory part of the secondary curriculum – but this work needs to go much further. Children are making financial choices and developing their attitudes towards money long before they even get to secondary school. That is why we are together calling for the government to take action to ensure that children get a sound financial education starting in primary school.

Practical experience has an important role to play in achieving this, and through partnerships with local credit unions many schools have now introduced innovative 'savings clubs' which support young people to start saving early.

By supporting and promoting the development of savings clubs in primary schools across the country, the government could help to ensure all children get the right start in developing their financial capability.

Supporting young savers can play a crucial role in developing the attitudes and behaviours which children need in order to have a positive approach to money both as children, and into adulthood.

Sir Hector Sants,
Chair, Archbishop's Task Group on Responsible Credit and Savings

Matthew Reed,
Chief Executive,
The Children's Society

Mark Lyonette,
Chief Executive,
Association of British Credit Unions Limited

Michael Mercieca,
Chief Executive Officer,
Young Enterprise

1. Introduction

Financial education in schools can play a key role in improving children's financial capability

In recent years many countries – including the UK – have become increasingly concerned about the financial capability of their citizens in general and their young people in particular. This has stemmed from wide ranging developments in the financial market place, including shrinking public and private support systems, and shifting demographic profiles – specifically an ageing population.

Concern was heightened by the financial crisis of 2008, with the recognition that a lack of financial capability was one of the factors contributing to consumers making bad financial decisions. As a result, raising levels of financial capability is now globally acknowledged as an essential component of financial consumer protection and a nation's financial and economic stability.

Financial education in schools can play a key role in improving children's financial capability to both make good money choices in the present, and to grow up with the skills, attitudes and experiences they need to make the right money choices as independent adults.

Effective financial education typically demonstrates three key characteristics:

1. **It starts early**
2. **It provides opportunities for children to have practical experience of money management,**
3. **It engages in a whole school – or even community – approach to saving and money management.**

In many areas credit unions have sought to work with schools to introduce 'savings clubs' through partnership with a local credit union. These can be an effective way of introducing children to debt and money management issues from an early age, allowing them to make links with the wider community, and giving them the practical experience they need to make the right choices about their finances both now and in the future.

Credit unions recognise the value of partnerships with schools and the positive effects this has on young people. However, this does not generate income for credit unions so the challenge is to create a model whereby credit unions can expand these services to more schools in a sustainable and cost effective way.

Calderdale

Calderdale Council's Economic Task Force has identified £50,000 from the Economic Fighting Fund to develop and implement a pilot Junior Savers scheme, delivered by Calderdale Credit Union and other local partners. This scheme takes the learning from a scheme already established by Glasgow City Council in partnership with credit unions across Glasgow.

The Junior Savers Scheme[1] will aim to provide all children in Year 7 at a Calderdale school with £15 in their own account. The money will remain as the minimum balance for five years – through to Year 11. If accounts are not used by the time the child leaves Year 11 the money will be reclaimed to fund future years of the project.

Credit union volunteers will be available to support regular savings clubs. By promoting a better understanding of money, it is hoped that young people will be more aware of budgeting, saving, borrowing and how to avoid scams. The scheme will be rolled out between September and December 2014.

1 http://news.calderdale.gov.uk/boost-for-young-savers/

2. What we know about the problem

Credit cards, phone contracts and tuition fees all require young people to start making financial choices and decisions at an early age

Young people today grow up in an increasingly complex world requiring them to make difficult decisions that will often have a significant impact on their future. Credit cards, phone contracts and tuition fees all require young people to start making financial choices and decisions at an early age.

If we are to enable future generations of young people to manage their finances well, children must be given high quality financial education in school so they can make informed choices and take responsibility for their own actions. Prevention is better than cure, because it is both cheaper and more effective.

Development of financial capability among young people is increasingly being seen as essential because:

- Current and future financial choices faced by today's young people are likely to be more challenging than past generations due to their range and complexity.
- Young people bear more financial risk in adulthood due to increased life expectancy, decreases in welfare benefits, changes in student funding arrangements, and uncertain economic and job prospects.
- Young people engage with the financial services sector at an early age. Research[2] and surveys from the Personal Finance Education Group (**pfeg**) identify:
  - 64% of children get their first bank or building society account before they start secondary school
  - 58% of children bought something online before or had something bought for them online for the first time before they were 12
  - Nearly three quarters of 15 year olds with a bank account have a debit card.

Glasgow

Glasgow City Council launched its Future Savers scheme in January 2014, offering every first year high school pupil in the city a credit union savings account with an opening balance of £10.

Every secondary school in Glasgow has been matched with one of the city's credit unions, and more than 4000 first year pupils are eligible for one of the accounts.

Dubbed 'Your Starter for Ten', first year pupils opening one of the accounts will receive £10 from Glasgow City Council with a view to adding to that balance with regular savings throughout their time at high school in order to learn good habits of saving and budgeting responsibly.

The council's stated aim is to encourage every young person in the city to develop a relationship with a credit union so that they will learn about managing money and have the opportunity to save. The idea is that when in adulthood they decide they need to borrow, that decision will not only be well informed, but they will also have access to an ethical lender that knows them and will help them, rather than being vulnerable to high cost lenders.

Glasgow's example has been followed in neighbouring Renfrewshire and North Lanarkshire, and has inspired a number of similar schemes across the UK.

2 Source: BBA/pfeg/YouGov survey, September 2013

- They have high levels of exposure to debt – research from The Children's Society and Stepchange Debt Charity has found that more than half of children aged 10 to 17 said they saw advertising for loans 'often' or 'all of the time'.[3]

- Young people are likely to have greater responsibility for planning their own retirement savings and investments.

- OECD evidence shows that, internationally, younger generations have lower levels of financial capability compared with their parents.[4]

It has also been shown that poor money management can have an adverse effect on health. A study for the Financial Services Authority[5] in 2009 found that financial capability has significant impact on psychological health, over and above the impacts associated with income and material well-being more generally.

For all of the reasons explored above, children and young people need an effective financial education, which helps them to understand the different financial products and services available to them. These include, for example, credit unions' products, services provided by high street banks and the dangers associated with illegal lending.

This will allow them to make positive financial decisions in their adult life. By starting to learn about money and developing strong levels of financial understanding when they are young, there is also a greater chance that this will be sustained.

However, ensuring that children receive the necessary support to build financial competence is not an easy task. The All Party Parliamentary Group (APPG) Report on Financial Education for Vulnerable Young People[6] published in 2013 found that:

- Most young people recognise the importance of being capable of managing their money and yet do not always know where to go

- Practitioners working with vulnerable young people need to have the skills and confidence to address money matters.

3 Source : The debt trap: exposing the problem of debt on children. The Children's Society and Step-Change 2014
4 www.oecd.org/daf/fin/financial-education/TrustFund2013_OECD_INFE_Finl_Ed_for_Youth_and_in_Schools.pdf
5 Source: Financial capability and wellbeing: evidence from the British Household Panel Survey May 2009
6 www.pfeg.org/sites/default/files/Doc_downloads/APPG/Financial%20Education%20for%20Vulnerable%20Young%20People.pdf

3. The role of schools in children's financial education

Learning can start as early as nursery and pre-school education and then progress through primary school and into secondary

Including financial education within the formal school curriculum is recognised as one of the best ways to deliver financial education to young people on a large scale. Learning can start as early as nursery and pre-school education and then progress through primary school and into secondary. This would ensure young people have the knowledge, skills, understanding, values and attitudes which will enable them to make savvy and effective financial decisions in their daily life and when they become adults.

The key role played by schools is well documented and appreciated:

- The OECD Recommendation on Principles and Good Practices for Financial Education and Awareness acknowledged that '….financial education should start at school. People should be educated about financial matters as early as possible in their lives'.
- The APPG on Financial Education for Young People report published[7] in December 2011 called for financial education to be a compulsory part of every school's curriculum at both primary and secondary level.
- Parents and teachers think it is important. In a survey undertaken[8] to inform the APPG's report on financial education in the curriculum:
  - 94% of teachers said it should be taught.
  - 79% of parents felt it was important that children of 9/10 years should learn about money and financial matters at school.
- Young people themselves recognise its importance. In a report published in 2013, 90% of young people think it is important to learn about money.[9] Children are naturally curious about issues related to money and are able to grasp even relatively complex concepts (eg credit) if explained in terms and language they are familiar with.[10]

A planned programme of financial education will use all the opportunities a school curriculum provides for developing financial capability. Mathematics, Personal, Social, Health and Economic (PSHE) education and citizenship all have a role to play in helping young people make the most of the opportunities and challenges that money brings in life.

Financial education in primary schools

Financial education features in mathematics and non-statutory programmes of study for citizenship and PSHE education at key stages 1 and 2. As well as developing mathematical skills, pupils also need to consider their attitudes towards money so they can understand what drives the choices they make and how they will feel about the consequences.

In line with the way primary teachers plan, there are many links to other curriculum areas too. As well as 'money' being an interesting topic in its own right, it can also feature as an aspect of other topics such as 'Ourselves', 'Homes and Houses', 'Toys', 'the Victorians' and 'World War II'.

Financial education in secondary schools

The importance of financial education has been recognised in the new secondary National Curriculum for England. From September 2014 financial education will be taught as an aspect of citizenship and mathematics. Together with PSHE education this provides more opportunities than ever for a well-balanced and rounded financial education.

7 Source: Financial Education and the Curriculums APPG on Financial Education for Young People.
8 Source: pfeg/EdComs survey 2011
9 Source: RBS MoneySense Research Panel Final Report 2013
10 Sources: Home-Start/Lloyds banking Group Money Talk: Adults and ChildrenTalking about Money 2014

This is a very welcome step. A survey[11] conducted earlier this year by The Children's Society and Stepchange Debt Charity found that only one in five children aged 10–17 said that their school taught them about debt and money management.

However, inclusion of statutory financial education in the curriculum is not, in its own right, sufficient to ensure that children receive the financial education they need. This education must also be of high quality. How to achieve this is discussed in the following section.

Berkshire Community Savings and Loans (CSL)

The schools programme is funded by a grant from the Earley Trust, and has been offered to all 32 primary schools within the area covered by the trust[12] (Reading and surrounding areas). The trust already has an established relationship with local primary schools, having supported school libraries for many years.

The grant pays for 26 hours a week of a paid member of staff's time. Six schools have signed up already and many more have expressed an interest.

Schools are offered support and training to set up a savings club, linked to the credit union, and access to a pack of online lesson plans developed for Berkshire CSL (which focuses on values, as well as skills/knowledge eg the difference between 'needs' and 'wants'). Schools can adopt either or, ideally, both.

Emphasis is on rewarding saving, for example by giving out certificates and prizes and/or the PTA match-funding the children's own savings. Children are also encouraged to think about what they can do with their savings (eg saving for a present for Mothers' Day).

These primary schools previously offered very little financial education, because it is not currently on the statutory curriculum and because they do not have the experience or confidence to do it, although they recognise its value.

The savings club run once a week under the supervision of an adult (parent or teacher). Pupils are trained to run the bank for themselves, as junior bank managers, cashiers and marketing manager.

11 Source: The debt trap: exposing the problem of debt on children. The Children's Society and Step-Change 2014
12 www.oxford.anglican.org/churches-urged-to-support-credit-unions/

4. Key determinants of effective financial education programmes

There is no 'quick fix' when it comes to implementing a planned programme of financial education for young people

Although there is widespread agreement on the need for financial education in schools, it is also crucial to ensure that any such work is of the requisite standard to make a long lasting impact. Concerns have been raised over the range of topics delivered, the frequency and extent of coverage, the inadequacy of assessment arrangements and the confidence of teachers. Creating a Step Change in School[13] stated that:

> 'Most schools do not have an assessment policy and practices in place for personal finance education. It is important to know whether measures taken are effective and long-term, hence the need for good assessment methodology'

There is no 'quick fix' when it comes to implementing a planned programme of financial education for young people. Challenges include the lack of quality teaching and learning materials, an over-loaded curriculum, and insufficient expertise among teachers.

Clearly schools play a key role but parents, teachers, employers, financial institutions and the government need to work together to make sure young people get the right level of financial education at every stage of their lives – at home, through primary and secondary school and into the workplace. Some of the key components of effective financial education programmes are outlined in the following sections.

Start young

The OECD recommends that financial education should start as early as possible.[14] Young people encounter money and finance at an increasingly early age. A survey in 2013 suggested that 64% of children get their first bank or building society account and 63% get their first mobile phone before they start secondary school.[15]

The importance of starting young is not just because children are engaging with money management earlier. Research published by the Money Advice Service suggests that many habits around money are formulated by the age of seven.[16]

Supporting learning with a real experience

The emerging UK National Strategy for Financial Capability being led by Money Advice Service identifies the importance of exposure and access to financial products as a key contributor to helping young people become financially capable.

Having greater financial knowledge and skills may motivate young people to engage in more formal financial services and having a bank or savings account is one way for students to learn about money.

In 2012, the OECD undertook the first ever international assessment of the financial knowledge and skills of 15 year olds. This covered approximately 29,000 students in 18 countries. Findings from the assessment, published in 2014, suggest that holding a bank account helps promote financial capability.[17]

Some studies have suggested that having a bank or savings account to make deposits could help foster the savings habit. Examining cross-country historical evidence of public policies to promote savings suggests that countries that fostered savings habits among children in the past tend to display higher savings in recent decades.[18]

13 www.fsa.gov.uk/pubs/other/step_change.pdf
14 Financial Education in Schools: Policy guidance, challenges and case studies
15 BBA/pfeg/YouGov survey, 2013
16 Source: Money Advice Service Habit Formation and Learning in Young Children 2013
17 Source: OECD PISA 2012 Results: Students and Money. Financial Literacy Skills for the 21st Century (Volume VI), 2014
18 Studies cited in OECD PISA 2012 Results: Students and Money. Financial Literacy Skills for the 21st Century (Volume VI), 2014

A whole school approach

Financial education can be delivered through a number of subject areas including citizenship, mathematics and PSHE. Indeed, some aspects of financial education may be taught more appropriately in specific subjects eg calculating interest rates in mathematics or personal budgeting in PHSE.

However, it is essential that there is a coherent and planned programme of financial education. This means that the teacher responsible for co-ordinating financial education in the school needs to map out clearly where elements of financial capability are being taught.

In order to meet this need **pfeg** have created financial education planning frameworks to help teachers and educators working with children and young people in the 3–11 and 11–18 age ranges.[19] The frameworks aim to support the planning, teaching and progression of financial education by setting out the key areas of financial knowledge, skills and attitudes, across four key themes:

- How to manage money
- Becoming a critical consumer
- Managing risks and emotions associated with money
- Understanding the important role money plays in our lives.

It is designed to help teachers and schools deliver financial education flexibly across a range of subjects and learning opportunities that are within a school's curriculum.

Involving the wider community

Using schools, teachers and the curriculum is a very important part of the process to help young people become financially capable but there are other key influencers. The role of parents and the wider community is also very important. 'Approaches, practices and skills which are modelled, discussed and demonstrated by parents and other significant adults, are most likely influential 'levers' supporting the development of habits and practices.' [20]

I Can Save

The 'I Can Save' programme is an innovative four-year school-based financial education and savings programme that operates in a US elementary school (for children aged 5-10).[21]

Over a four-year period, children received classroom-based financial education (one half hour per week) and incentives for saving through participating in a voluntary after-school 'I Can Save' club (including a $500 seeded account and one-to-one matched savings for all subsequent deposits). I Can Save also offered financial education workshops for parents on topics such as financial goals, budgeting, and debt.

Children who took part in the program scored significantly higher on the 'financial fitness test', a measure of financial knowledge, compared with a control group of other children in the same school, suggesting that it was successful in improving children's financial capability.

Interviews with teachers, parents and children underscore the benefits of this approach, and provide evidence that having their own savings account motivated pupils to learn about a range of financial issues.

Overall, the findings suggest that 'even very young children enjoy and can learn about economic and financial concepts if they are conveyed in an engaging manner.' [22]

19 Frameworks can be downloaded from www.pfeg.org/planningframeworks
20 Source: Money Advice Service Habit Formation and Learning in Young Children 2013
21 http://csd.wustl.edu/Publications/Documents/WP09-16.pdf
22 Sherraden, M. S., Johnson, L., Guo, B., & Elliott, W. (2011). Financial capability in children: Effects of participation in a school-based financial education and savings program. Journal of Family & Economic Issues. 32(3): 385-399.

1st Alliance Credit Union

1st Alliance is currently working with eight primary schools and one academy, and started this work six years ago. The work is seen as being part of their 'core business' of building the 'next generation of members'.[23] It is also viewed as a good way to give something back to the community, and being seen doing it, which has helped to raise local awareness of their organisations.

The scheme is promoted by a full-time outreach worker, who spends around 10% of their time on schools work. They initially target two key adults within the school, either a teacher or someone on the parent teachers association (PTA), who is trained by the credit union. The responsible adult then trains and supervises pupils to run the savings club, including a bank manager, teller and cashier, with pupils taking turns to play the different roles.

The key to the success of the scheme is ensuring that the savings club is an integral part of school life, and consequently there is active involvement of teachers, PTA members and pupils. Each child is given a savings book to record their saving and is encouraged to set themselves savings goals. It needs to be fun, so schools hand out badges and certificates eg for helping to run the bank.

In a recent survey 85% of respondents aged 15-18 said they derive most of their financial understanding from their parents.[24] This reflects research published in 2013 as part of the five year RBS Money Sense Research Panel, which identified that 71% of young people who participated in the panel think their parents are best placed to help them learn about managing money.[25]

However, findings from a report commissioned by The Home-Start Charity that found that while 75% of children think they should be involved in family discussions about what to spend money, 31% of parents think it inappropriate to include their children in general discussions about money.[26]

The report suggests that while many parents say they believe it is important to talk to their children about money and involve them in some of the smaller spending decisions, in reality money is often considered to be too sensitive to discuss.

23 www.south-ayrshire.gov.uk/news/girvan-academy-pupils-bank-for-their-future.aspx
24 Source: IFS University College Young Persons' Money Index 2014
25 Source: RBS MoneySense Research Panel Final Report 2013
26 Sources: Home-Start/Lloyds banking Group Money Talk: Adults and ChildrenTalking about Money 2014

With parents having such a big influence on children and their spending habits, opportunities need to be created that will encourage and help them to talk to their children about money. Guidance, opportunities and prompts in identifying what they can do can all help parents to discuss this issue with their children.

In early August 2014 the Money Advice Service produced 'Teaching your kids the financial facts of life'. To coincide with the summer holidays the feature suggested that parents of primary aged children could:

- When shopping, ask their child to compare the prices of similar products, such as tinned tomatoes. Point out that similar items can cost more or less, and that by comparing prices they can make money go further.
- Encourage them to use their pocket money to pay for comics, toys and sweets to help them learn about the limits of cash.
- Get them in the habit of checking their change.

For secondary aged students the article suggested they should also:

- Keep some cash aside for emergencies – such as if they lose their bus pass and need to pay for a ride home
- Work out a budget to cover their average weekly intake so that they have enough to spend on sweets and other treats
- Encourage older secondary-school pupils to budget for big nights out with friends, such as a trip to the cinema, and to cover the cost of pay-as-you-go mobile phones.

Overall, effective financial education programmes need to address three key criteria which build on each other:

- Starting early
- Taking a whole school approach and engaging with the wider community
- Providing a real experience of financial management.

Step 1
By starting early habits and behaviours towards money can be embedded from a young age allowing positive attitudes to develop.

Step 2
By working with parents, and local organisations, financial education programmes delivered by schools can ensure that they engage with other important agencies which influence children's attitudes towards money.

Step 3
By offering practical lessons as well as theoretical information, children and young people can easily become accustomed to everyday financial transactions and learn how to be a critical consumer of financial products.

5. Savings clubs in schools

Savings clubs have the potential to provide a core component of a child's financial education, and can fundamentally affect children's attitudes towards money

By providing early, practical experience of money management, which ties in with work of the whole school, savings clubs have the potential to provide a core component of a child's financial education, and can fundamentally affect children's attitudes towards, and knowledge of, money.

It is vital for sustainability of both the credit union and the savings club that efficient and streamlined tools are in place to make collections as cost-effective as possible. Schools savings clubs do not generate income for credit unions, and while they are keen to help the next generation develop strong financial skills, they do not, in the short term, contribute to the overall strength of the credit union.

What does a school savings club look like?

A number of areas across Britain already have savings clubs in schools and in many cases these are well established, but credit unions can struggle with the financial and personnel resources to meet local demand. For that reason, any scheme which aims to eventually reach significant numbers of students needs to be efficient and scalable.

An effective savings club programme typically has three core components:

1. **A partnership between a school and a local credit union to provide savings accounts for students**

The credit union provides the account, while the school provides and facilitates the opportunity for children to deposit and withdraw money, and to tie this in to financial education within the school. The school may also provide additional activities, such as reward programmes for savers.

2. **An opportunity at school for children to deposit in, and withdraw money from, their savings account**

This may take the form of a 'school bank' run by members of the local credit union, school staff, parents, or pupil volunteers, which may be run before, during or after the school day.

The school may further facilitate the club by depositing money with the credit union on behalf of the children as part of their regular banking run.

3. **Integration of the savings club with financial education in the school**

A savings club is often not just about encouraging the practice of saving, but also to develop

Falmouth

An excellent example of financial education in schools is provided by St Mary's Catholic Primary School in Falmouth, where children are introduced to economic ideas in the Early Years Foundation Stage and there is progression through to Year 6.[27] Crucial elements of the programme include a school bank set up to promote the importance of savings and money management.

'The bank is run weekly by the children, who applied and were interviewed for roles in the bank. Every child and member of staff has a bank account which is used predominantly for saving for school trips. After four years over £40,000 has been deposited. This has resulted in real enthusiasm in our pupils in managing their money, raising money for others and heightened awareness of global economics.'

Jacqui Scarborough, Headteacher
Helen Bancroft, Deputy Headteacher

27 www.ofsted.gov.uk/resources/good-practice-resource-outstanding-enterprising-curriculum-equipping-children-for-their-lives-st-mar

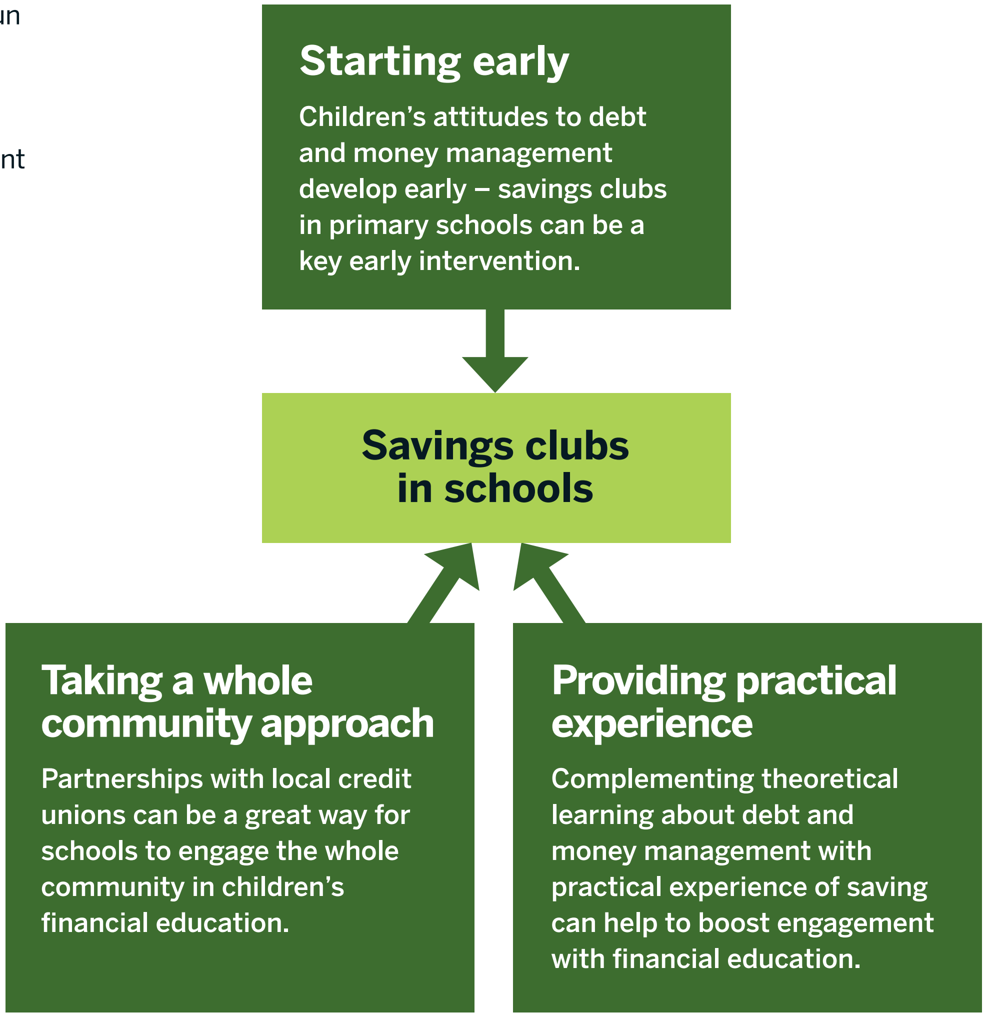
a better approach to money management issues more generally. One way of achieving this is by integrating the practical experiences of the savings club into the wider financial education curriculum delivered by the school.

It should also be noted that, while this report focuses on savings clubs in primary schools, it is important that the benefits of these clubs are maintained into secondary school which is a challenge at present. Some secondary schools also run successful savings clubs in their own right and improving the transition from primary to secondary schools is important to address if children are to maintain good savings habits in the long term.

Developing savings clubs in schools

Savings clubs in schools can be a great way to improve children's financial capability, providing a balance between practical learning and classroom education. This allows children to both understand the principles of responsible money management, while developing skills around transactions and handling money.

It should be noted that not all models of savings clubs in schools which are currently in place are cost efficient for credit unions. This makes a leaner approach, supported by new technology, vital in developing a more scalable model that allows more schools to become involved. Government could support the development of a leaner approach to delivering savings clubs in schools.



Neath Port Talbot Credit Union (NPTCU)

The schools programme in Neath and Port Talbot has been running since 2007, and was established with funding from the local authority to employ a part-time schools officer. There are now 30 primary schools taking part with 2162 junior savers and £143,000 in savings. This activity has been made possible with multiple revenue funding streams over several years to sustain the partnerships.

The savings club gives children a practical experience of handling money, reinforcing their classroom-based financial education. To make it fun, children are rewarded with badges, key rings and certificates for saving regularly. Teachers can save with the credit union via their payroll scheme, and parents are also encouraged to join and use the credit union to save for school trips.

The schools officer supports schools until they have the confidence to run the scheme themselves. The savings club takes the name of the school, which helps to give them a sense of ownership.

Every school year, the scheme is re-launched, and is well advertised with banners outside the school, advertising on the school website, and text messages to all the parents. In addition, the marketing of the scheme has been helped by having a ‘mobile office’ which acts as a credit union collection point in some communities.

NPTCU Business Development Manager Julie Mallinson, who oversees the programme, acknowledges that without further funding this schools work is actually a net cost to the to the credit union, but sees it as a very important part of their work in the community and provides a platform for greater engagement with both teachers and parents.

6. Conclusion and recommendations

One way the government could move towards effective financial education from an early age would be by promoting savings clubs in primary schools

Children are faced with an increasingly complex world of financial decisions, but are regularly faced with advertising which encourages an irresponsible attitude towards debt and money management. For this reason, it has never been so important to ensure that children are getting an effective financial education which promotes saving.

This is a big challenge, but achieving this would take a big step towards a future free from problem debt.

The inclusion of statutory financial education in the secondary curriculum is a welcome first step. But action on this issue needs to go further by recognising the evidence that children's attitudes towards money are engrained at a very early age, and working to ensure effective financial education starts in primary schools or earlier.

This would have two main positive effects:

1. **It would raise the aspiration of children to save for the future which promotes a healthy and sustainable attitude to financial management**
2. **It can help to address children's exposure to TV advertising for credit and the potential for this to lead to taking on high risk debts.**

We believe that any such educational programme will need to engage with parents as well, especially as they are proven to be the main influence on children's attitudes to money while they are in primary school, with an enduring influence into adolescence as well.

One way the government could move towards effective financial education from an early age would be by promoting savings clubs in primary schools. By starting early, providing practical experience to support theoretical learning, and by creating links between the school and the wider community, the development of savings clubs in primary schools can play an important role in developing positive attitudes towards debt and money management among children.

There are a number of ways in which the government could support the development of school savings clubs, such as by providing 'seeded' credit union accounts (as in the I Can Save programme in the US) to give children an initial pot of money to start them saving.

By implementing this, we can help children early on to effectively manage their money and to avoid unnecessary debt. By supporting young savers we can help secure them a healthy financial future.

Archbishop's Task Group on Responsible Credit and Savings

The Archbishop of Canterbury's task group seeks to harness the Church's resources - its people, premises, networks and influence – in order to increase the availability of responsible credit and saving across all communities, offering a real alternative to payday lenders and other forms of exploitative lending.

The task group is developing a number of practical initiatives to help stimulate the growth of credit unions and other community finance organisations, expand the provision of financial education and debt advice services, and raise the profile of these issues with policy-makers and the wider public.

Association of British Credit Unions Limited

The Association of British Credit Unions Ltd (ABCUL) is the leading trade association for credit unions in England, Scotland and Wales.

ABCUL represents around 70% of credit unions who in turn provide services to 85% of the British credit union membership. Our dedicated team are committed to making a difference to credit unions in Great Britain. We provide a full range of advice, training and development services to help our member credit unions grow and become sustainable financial co-operatives.

The Children's Society

The Children's Society has helped change children's stories for over a century.

We expose injustice and address hard truths, tackling child poverty and neglect head-on. We fight for change based on the experiences of every child we work with and the solid evidence we gather.

Through our campaigning, commitment and care, we are determined to give every child in this country the greatest possible chance in life.

Young Enterprise

Young Enterprise is the UK's largest enterprise and financial education charity in the UK working with young people aged 4 to 25. Following the recent merger of the Personal Finance Education Group (**pfeg**) into Young Enterprise, we are a specialist 'one stop shop' for students and teachers, empowering young people to develop the knowledge, skills and attitudes they need for the world of work and life.

For further information please contact:

Archbishop's Task Group on Responsible Credit and Savings
Tom Sefton
tom.sefton@churchofengland.org

The Children's Society
Sam Royston
sam.royston@childrenssociety.org.uk

Young Enterprise
Steve Stillwell
steve.stillwell@pfeg.org

Association of British Credit Unions Limited
Michelle Smith
michelle.smith@creditunionfoundation.org.uk

Charity Registration No. 221124 | PCR8/09/14

Report written by David Ayre, Steve Stillwell and Sam Royston