



## Financial literacy education and *Skills for Life*

### Synopsis

This report presents a review of the provision and accreditation of financial literacy education in England at the levels covered by *Skills for Life*, not including financial advice and information. It is based upon data collected in the first half of 2004. Financial literacy education provision is mapped against the areas identified by the Financial Services Authority and the Basic Skills Agency in the Adult Financial Capability Framework (FSA/BSA 2003). This is thought to be the first such attempt.

### The research found that:

The financial literacy education field is characterised by considerable diversity in both the public and private sectors, with adults studying financial literacy education in the context of family provision, in community settings, in the workplace, online and in colleges. It is often collaborative in nature with organisations from different sectors - national and local government, and the education, community and commercial sectors - co-operating to enable delivery.

#### ✘ Financial literacy education in the public sector:

- Provision and accreditation of financial literacy education is patchy and piecemeal, despite recent expansion in financial literacy education provision and important developments in accreditation.
- Financial literacy education is offered in both formal and informal modes; face-to-face and through distance education; as discrete units and embedded within numeracy, ESOL and literacy programmes; or in conjunction with other services.
- Provision is often linked to basic skills:

sometimes financial literacy education is used to support basic skills; at other times it is supported by basic skills.

- Numeracy is perceived to be a critical component of financial literacy.
- There is no evidence of any consistent accreditation of financial literacy education programmes or progression routes for learners.
- Many of those teaching financial literacy education lack relevant qualifications.
- In recent years there have been many new initiatives in financial literacy education provision, albeit mostly on a small scale.

#### ✘ Financial literacy education in the private sector:

- There is little formal personal financial education for adults. Employers and trades unions generally do not provide or support personal financial education courses for employees. However, some informal education for employees occurs in most companies.
- Employers are wary of providing authorised financial advice inadvertently, of seeming to intrude into the private lives of employees and of being regarded as patronising.
- Many employees increase their financial literacy capability as a by-product of doing their job, attending in-house courses and learning for professional examinations.
- Substantial campaigning and educational initiatives are undertaken by consumer and other community groups and by trade bodies connected to the financial sector.
- Counselling services, help lines, the web, newspapers, magazines, books, radio and television are significant sources of information, education and guidance, as are information leaflets produced by the Inland Revenue and other government departments.

## Background and rationale of research

Much financial literacy education is embedded in other activity and little was known about the range and scope of provision and accreditation at *Skills for Life* levels, hence this research was commissioned by the DfES to survey this fast-developing field.

This project was undertaken against the background of growing public and government concern about the adverse effects of poor financial literacy, especially in disadvantaged areas (BSA 2001). The report of the Advisory Group on Financial Literacy (AdFLAG 2002) demonstrates the strong link between poor financial understanding and awareness, poor literacy and numeracy, poverty and social exclusion. The Davies Review (2002) of enterprise and the economy in education identifies financial literacy as an essential ingredient of employability.

## Main elements of research

Provision and accreditation of financial literacy education in the education/community and private/commercial sectors were investigated and analysed using qualitative and quantitative methods. A questionnaire was administered primarily to a range of institutions and individuals in the education and community sectors via telephones and email. In-depth interviews were conducted in the private/commercial sector.

## Recommendations for policy

✘ A national strategy for financial literacy education at Skills for Life levels should be established, linked to the FSA National Strategy for Financial Capability and building on the work of the BSA, National Institute for Adult Continuing Education, Citizens Advice Bureau, University for Industry and others in the field.

✘ Financial literacy education should be formally reported in LSC-funded provision.

✘ A framework for professional development in financial literacy education should be established, with financial literacy education included in revised Subject Specifications for adult literacy, numeracy and ESOL, since much financial literacy education is embedded within this provision.

✘ The legal and regulatory implications of any expansion of financial literacy education should be considered, since teachers and others may unwittingly stray into giving FSA-regulated authorised financial advice.

✘ Further work is needed on the presentation of financial information to make it more transparent, accessible and understandable by non-specialists.

✘ Fundamental questions about the nature of financial literacy education remain and further research and wider debate would be helpful and healthy in this developing field.

## Further Reading

AdFLAG (2002). **Adult Financial Literacy Advisory Group Report to the Secretary of State for Education and Employment**. London: Department for Education and Skills.

BSA (2001). **Basic Skills and Financial Exclusion**. London, Basic Skills Agency.

Davies, H. (2002). **A Review of Enterprise and the Economy in Education**. London: DfES

ECOTEC Research & Consulting Ltd (2005). **Evaluation of the Community Finance and Learning Initiative and Saving Gateway Pilots**. Lessons Learned. London, DfES.

FSA (2004). **Building Financial Capability in the UK. London: Financial Services Authority.**

FSA/BSA (2003). **Adult Financial Capability Framework**. London: Financial Services Authority/Basic Skills Agency

McMeeking, S., R. Smith, A. Lines, L. Dartnall & S. Schagen (2002). **Evaluation of the Community**

**Development Programme in Financial Literacy and Basic Skills**. Final Report. Windsor: NFER.

## Contact for further information

Dr Diana Coben

Department of Education and Professional Studies  
King's College London  
Franklin-Wilkins Building (Waterloo Bridge Wing)  
Waterloo Road  
London SE1 9NH

Telephone: 020 7848 3105

Email: Diana.Coben@kcl.ac.uk

✘ **The full report is available from September 2005 in PDF and text-only formats from NRDC's website at**

**[www.nrdc.org.uk](http://www.nrdc.org.uk)**

Publications  
NRDC  
Institute of Education, University of London  
20 Bedford Way  
London WC1H 0AL  
Telephone: 020 7612 6476  
Email: publications@nrdc.org.uk