



Secretariat  
Task Force on Review of School Curriculum  
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Dear Sir/Madam

### **Responses to the Consultation on the Review of School Curriculum**

On behalf of the Investor and Financial Education Council (IFEC), I am delighted to see the Task Force's efforts in reviewing the school curriculum and sharing its initial recommendations. I am pleased to share IFEC's views on the school curriculum.

#### **Importance of financial literacy**

We agree with the initial recommendations in the consultation document that i) Whole-person Development should be reinforced, and that ii) Values Education in schools accorded higher priority, Life Education strengthened, and Life Planning Education should start early at upper primary and junior secondary levels. In relation to this, financial literacy is an integral element of Whole-person Development and Values Education, but is not mentioned nor given due prominence in the current curriculum. This omission should be addressed in this review.

Financial literacy is an essential life skill for individuals and society at large. With improved financial literacy, people can better manage their money and improve their financial well-being<sup>1</sup>. A low level of financial literacy contributes to ill-informed financial decisions, and these decisions could, in turn, have adverse effects on a person, the household they live in and society in general<sup>2</sup>. As a result, financial literacy is now globally accepted as an important factor to enhance social stability and development. This is reflected in the G20 endorsement of the OECD/INFE High-level Principles on National Strategies for Financial Education<sup>3</sup>.

With regard to school curriculum, financial literacy is increasingly recognised as an essential subject matter for students across the globe. Since 2012, the OECD has included financial literacy as one of the domains, along with Mathematics, Reading, Science and Problem Solving, measured in its Programme for International Student Assessment (PISA)<sup>4</sup>. In addition, the World Economic Forum has included financial literacy as one of the six foundational literacies and one of the sixteen skills students require for the 21<sup>st</sup> century<sup>5</sup>. Unfortunately, curriculum development in Hong Kong has been unable to keep up with the pace of change, and financial literacy remains to be an area without a clear focus.

<sup>1</sup> Centre for Social Impact, Exploring Financial Well-being in the Australian context; Elaine Kempson et. al., 2017

<sup>2</sup> OECD/INFE (2009), Financial Education and the Crisis: Policy Paper and Guidance, OECD, Paris, [www.oecd.org/finance/financial-education/50264221.pdf](http://www.oecd.org/finance/financial-education/50264221.pdf); OECD (2009a), Financial Literacy and Consumer Protection: Overlooked Aspects of the Crisis, OECD Recommendation on Good Practices on Financial Education and Awareness Relating to Credit, OECD, Paris, [www.oecd.org/finance/financial-markets/43138294.pdf](http://www.oecd.org/finance/financial-markets/43138294.pdf).

<sup>3</sup> G20 (2012), "G20 Leaders Declaration", Los Cabos, [www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/ec/131069.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/131069.pdf); OECD/INFE (2012), OECD/INFE High-Level Principles on National Strategies for Financial Education, OECD, Paris, [www.oecd.org/daf/fin/financial-education/OECD-INFE-Principles-National-Strategies-Financial-Education.pdf](http://www.oecd.org/daf/fin/financial-education/OECD-INFE-Principles-National-Strategies-Financial-Education.pdf)

<sup>4</sup> OECD (2012), PISA 2012 Frameworks - Mathematics, Problem Solving and Financial Literacy, [www.oecd.org/pisa/pisaproducts/PISA%202012%20framework%20e-book\\_final.pdf](http://www.oecd.org/pisa/pisaproducts/PISA%202012%20framework%20e-book_final.pdf)

<sup>5</sup> New Vision for Education, World Economic Forum, 2015, [www3.weforum.org/docs/WEFUSA\\_NewVisionforEducation\\_Report2015.pdf](http://www3.weforum.org/docs/WEFUSA_NewVisionforEducation_Report2015.pdf)



### Benefits of starting financial education early in school

Financial education is a process intended to increase the financial literacy level of people. Empirical evidence shows that young people who have had good-quality financial education are more likely to plan ahead, save and engage in other responsible financial behaviours<sup>6</sup>. Higher levels of financial literacy are also related to good debt management, with more financially literate individuals opting for less costly debt<sup>7</sup>. These factors can also ultimately help to reduce government assistance aimed at helping those who have made unwise financial decisions, or made no decision at all.

The OECD advises that “*People should be educated about financial matters as early as possible in their lives*”<sup>8</sup>. Two main reasons to support this recommendation are: focusing on children to provide them with key life skills before they start to become active financial consumers; and the relative efficiency of providing financial education early in life rather than attempting remedial actions in adulthood.

People form habits and behaviours from a young age, learning from their parents and others around them. Researchers have shown how important it is to intervene early to help shape beneficial behaviours and attitudes<sup>9</sup>. Cognitive development theory and related research suggests that the elementary school years may be a window of opportunity during which education can influence financial behaviour later in life<sup>10</sup>. Although young children’s financial understanding is unsophisticated, scholars suggest that elementary-school-age children can grasp basic economic concepts such as savings, barter, scarcity, and supply and demand<sup>11</sup>.

From research the Consumer Financial Protection Bureau (CFPB) created the financial capability developmental model<sup>12</sup> which is an age-appropriate framework. The model identifies three key building blocks – executive function, financial habits and norms, and financial knowledge and decision-making skills. It then lays out when these three building blocks of financial capability typically manifest, as well as how they commonly progress during three developmental stages – early childhood, middle childhood, and from the teen years into young adulthood. It is important to view the building blocks of financial capability as ideal windows of opportunity to learn key skills at different stages of their childhood. From this, it is clear that starting financial education early has important benefits for young people.

The Task Force’s initial recommendation that Life Planning Education should start early at upper primary and junior secondary levels is in line with our view that when people plan for their future, they should understand and take into account the financial considerations, such as income, savings and expenses, in order to achieve and sustain their life goals.

### Giving prominence to financial literacy in school curriculum

OECD/INFE recommends that “*financial education should ideally be a core part of the school curriculum. It can be, but need not be, taught as a ‘stand-alone’ subject; integration into other subjects like mathematics, economics, social science or citizenship can also be effective. Financial education can give a range of ‘real life’ contexts across a range of subjects.*”<sup>13</sup> For this reason, the OECD/INFE

<sup>6</sup> Bernheim et al., 2001; Cole et al., 2011; Lusardi, 2009; Atkinson et al. 2015; Bruhn et al. 2013; Miller et al. 2014

<sup>7</sup> Gerardi et al., 2010; Lusardi and Tufano, 2009a, 2009b; Moore et al., 2003

<sup>8</sup> OECD (2005a), Recommendation on Principles and Good Practices for Financial Education and Awareness, OECD Publishing, Paris, [www.oecd.org/finance/financial-education/35108560.pdf](http://www.oecd.org/finance/financial-education/35108560.pdf)

<sup>9</sup> Whitebread and Bingham (2013), Habit Formation and Learning in Young Children, The Money Advice Service, London, [www.moneyadviceservice.org.uk/en/corporate/habit-formation-and-learning-in-young-children](http://www.moneyadviceservice.org.uk/en/corporate/habit-formation-and-learning-in-young-children)

<sup>10</sup> Collins, J. Michael et al. (2012), “Determining What Works: A Framework for Evaluating Financial Literacy Education in Elementary School.” Center for Financial Security, <http://moneyfitevaluation.files.wordpress.com/2012/06/determining-what-works-2012.pdf>

<sup>11</sup> Sherraden et al. (2011), “Financial Capability in Children: Effects of Participation in a School-Based Financial Education and Savings Program.” Journal of Family and Economic Issues. 32 (3) (2011): 385-399

<sup>12</sup> CFPB (2016), “Building blocks to help youth achieve financial capability.”, CFPB, [www.consumerfinance.gov/documents/923/092016\\_cfpb\\_BuildingBlocksReportBrief\\_web.pdf](http://www.consumerfinance.gov/documents/923/092016_cfpb_BuildingBlocksReportBrief_web.pdf)

<sup>13</sup> OECD/INFE (2012), Financial Education in Schools, [www.oecd.org/daf/fin/financial-education/2012%20Schools%20Guidelines.pdf](http://www.oecd.org/daf/fin/financial-education/2012%20Schools%20Guidelines.pdf)

developed the Core Competencies Framework on Financial Literacy for Youth<sup>14</sup> to facilitate the work in financial education for children.

A number of developed economies have given prominence to financial literacy in their school curricula. For example, the Ministry of Education of Ontario, Canada, specifies that students in grades 4-12 learn about financial literacy so they can understand how to make informed financial decisions. There are distinct policy documents on financial literacy for both elementary and secondary school curricula<sup>15</sup>. In addition, financial literacy will be a major component of the mandatory learning in the Grade 10 Career Studies course<sup>16</sup>. In the UK, financial education is identified as an element of two statutory subjects: Mathematics and Citizenship<sup>17</sup>. In addition, Personal Social Health and Economic (PSHE) Education can also be used for financial education<sup>18</sup>. In the Northern Ireland, it is clearly stated how financial capability is to be infused throughout the whole school curriculum and all areas of learning<sup>19</sup>.

In Hong Kong, according to a research conducted by the IFEC<sup>20</sup>, there are financial literacy elements scattered among different school subjects in the current school curriculum. However, there is no dedicated staff support or central coordination for financial education and the learning needs of students are not addressed holistically. To investigate this further, in 2018 the IFEC and The Chinese University of Hong Kong started jointly implementing The Chin Family Financially Literate Schools programme 才德兼備理財學校計劃 for 20 primary schools. The programme adopts a whole school approach to integrate financial concepts into curriculum teaching and builds virtues (prudence, temperance, honesty, diligence and responsibility) of students to reinforce financial literacy<sup>21</sup>. To date, 92.9%<sup>22</sup> of the teachers agreed that the programme changed their views on “financial education is important to students’ personal growth” and 91.4%<sup>23</sup> of the teachers who participated in collegial lesson planning and observations agreed that they are more “able to identify topics and activities that are related to financial education when designing subject lessons or non-subject curriculum activities” after a year of support from the programme. Most significantly, the schools that have participated have not reported any negative impact on other parts of the school curriculum and have found time to inculcate financial education. Parents of children in these schools also gained much through this programme.

## Conclusion

The Task Force’s initial recommendations that Whole-person Development should be reinforced, and that Values Education in schools accorded higher priority are in line with the need for financial education. Financial education provides life-wide learning experiences in relation to managing money and addresses the moral and social aspects of Whole-person Development. However, financial education has been neglected in the existing approach and curriculum document in implementing Values Education, and hence needs to be strengthened.

All-in-all, we agree with the curriculum’s emphasis on Whole-person Development and Value Education, fostering students’ balanced development of essential attributes. We believe managing a person’s finances responsibly is an essential attribute which should also be highlighted in the

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<sup>14</sup> OCED/INFE (2015), Core Competencies Framework on Financial Literacy, [www.oecd.org/daf/fin/financial-education/Core-Competencies-Framework-Youth.pdf](http://www.oecd.org/daf/fin/financial-education/Core-Competencies-Framework-Youth.pdf)

<sup>15</sup> Ministry of Education, Ontario, Canada (2016), Financial Literacy - Scope and Sequence of Expectations, The Ontario Curriculum, Grades 4-8; Financial Literacy - Scope and Sequence of Expectations, The Ontario Curriculum, Grades 9-12

<sup>16</sup> Ministry of Education, Ontario, Canada, The Ontario Curriculum – Career Studies Grade 10, Open (GLC20), <http://edu.gov.on.ca/eng/curriculum/secondary/career-studies-grade10.pdf>

<sup>17</sup> Department of Education, UK (2014), National curriculum in England: mathematics programmes of study; Department of Education, UK (2013), National curriculum in England: citizenship programmes of study

<sup>18</sup> Department of Education, UK (2019), Personal, Social, Health and Economic (PSHE) Education,

[www.gov.uk/government/publications/personal-social-health-and-economic-education-pshe/personal-social-health-and-economic-pshe-education](http://www.gov.uk/government/publications/personal-social-health-and-economic-education-pshe/personal-social-health-and-economic-pshe-education)

<sup>19</sup> Council for the Curriculum, Examinations & Assessment, Northern Ireland, [www.nicurriculum.org.uk/curriculum\\_microsite/financial\\_capability](http://www.nicurriculum.org.uk/curriculum_microsite/financial_capability)

<sup>20</sup> IFEC (2014), Understanding Financial Literacy in Schools, [www.ifec.org.hk/common/pdf/about\\_iec/IEC-Research-Understanding-Financial-Literacy-in-Schools-2014.pdf](http://www.ifec.org.hk/common/pdf/about_iec/IEC-Research-Understanding-Financial-Literacy-in-Schools-2014.pdf)

<sup>21</sup> The Chin Family Financially Literate Schools website, [www.fed.cuhk.edu.hk/fls/](http://www.fed.cuhk.edu.hk/fls/)

<sup>22</sup> 196 questionnaires were collected from 222 questionnaires distributed to teachers from the first batch of five participating schools

<sup>23</sup> 70 teachers participated in collegial lesson planning/observation while 105 teachers attended workshops only

curriculum framework. This would be coherent with and supports the values and attributes, such as responsibility, commitment and self-management skills, purported in the curriculum framework.

Therefore, we urge that financial literacy be given more prominence in the revised curriculum so that children in Hong Kong are well equipped for the 21<sup>st</sup> century, remain competitive and do not lag their counterparts in other developed economies. Money management skills should be included as a distinct generic skill in the curriculum framework. In addition, while financial education is usually infused throughout the school curriculum, a holistic approach needs to be adopted to ensure that the various financial literacy elements are adequately covered.

Yours faithfully

Lester Huang  
Chairman  
Investor and Financial Education Council