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The integration of asset-building objectives and financial education in young people

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# Overview

- “Asset-building objectives” and “Financial inclusion objectives”
- Overview of two research projects
- Reflections on design



# “Asset-building objectives”

- *right of citizenship* (having a stake in society)
- *developing the savings habit* (taking greater responsibility for one’s future)
- *wealth redistribution* (tackling inequalities)
- *wealth creation* (asset-building which may improve the lot of those with zero assets but not fully address wider inequalities)

# Financial Education goal???

- how to manage money
- becoming a critical consumer
- managing risks and emotions associated with money
- understanding the important role money plays in our lives.



# Aligned Objectives?

- Divergent objectives?
- Complementary objectives?
- Seeking different outcomes?



# A tale of two projects

Pictures removed



# “Asset-building objectives”

- Tackling payday lender use in the future
- Helping young people learn about financial services/savings
- Encouraging parents to engage with the credit union
- Support the development of the credit union
- Local election campaign commitment
- Tackling inequality – 2009 identified as one of the most unequal areas – and this may help contribute to redressing this situation

# “Asset-building objectives”

- to increase the number of children that save regularly and that have a good age-appropriate understanding of money;
- to support the inclusion of financial education within the school curriculum ...
- to encourage parents to get involved in their child's financial education and create opportunities for parents to enhance their own financial capability;
- to raise awareness and increase active membership of credit unions among children, school staff, parents, and the wider community in an efficient and sustainable way;
- to create and strengthen links between churches, schools and credit unions.



# Policy Designs

## □ LifeSavers

- Curriculum
- Savings Club
- Credit union, School and Church partnership
- Pfgg/YE development workers

## □ Council scheme

- Credit union links
- CU development worker
- “Deposit” to be claimed
- Integration into schools system – barriers
- Secondary and Primary
- No curriculum

# Reflections on design

- Type of account
  - Universal – lump sum
  - Voluntary – parental power
  - Hybrid – mixing the two
- Incentives and matching?
- Phaseouts?
  - Targeting
  - Assumed willingness
- Contribution limits



# Reflections on design

- Administration costs
- Transition costs
- Eligible contributors
- Use
- Preservation



# Comparison

## □ LifeSavers

- Voluntary
- No matching
- Curriculum
- What happens after primary school?

## □ Council Scheme

- Voluntary
- No matching but initial deposit
- No curriculum
- What happens after primary school?



# Conclusion

- Integration of asset-building and financial education goals – possible but potentially asking “a lot” from one initiative
- LifeSavers – savings habit compatible with Fin Ed aims (potentially)
- Council Scheme – poor design with unclear outcomes

