Why is Financial Literacy Education in Ontario Schools Still Inadequate?

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> Can you tell the difference between a good deal and a bad one? Do you budget? Do you prioritize saving for future events? Do you carry credit card debt? Do you own your home? Are you good with your money? Do you know where to get help in order to make good financial decisions?

Depending on how you answered these questions, you may be at risk of having inadequate financial literacy. In general, the literature defines financial literacy as both a set of skills and knowledge amassed and used to make sound financial and economic decisions that positively impact one's present and future (Ontario Ministry of Education, 2010; Sari, Fatimah, & Suyanto, 2017).

If you are like most Canadians, and even most of the world, your financial literacy reflects what you have learned from personal experience or from your family (Jorgensen & Savla, 2010). Maybe you were fortunate enough to grow up in a household that talked openly about money and taught you about handling money. This is already a step up above most others, an advantage that will serve you well throughout your life (Kiliyanni & Sivaraman, 2018).

The problem is that most folks do not talk about money with friends or with family. Money remains a taboo topic, mainly avoided, and sometimes even whispered about at dinner parties and family gatherings. Many people learn how to manage their money through adversity and setbacks. For example, many Canadians acquire crippling debt early on in life, sometimes through credit cards, and sometimes through student loans. As a result, Canadian youth are some of the most indebted Canadians (Chawla & Uppal, 2012), while at the same time some of the most financially literate taking second place on the first-ever PISA[1] survey conducted in 2015 by the OECD[2] ("Teach Children About Money," 2017). This sets our Canadian youth back since the reality is that "[a]dult consumers today face a complex financial world, and financial mistakes can be costly for them" (Walstad et al., 2017, p. 96) and take many years to correct or remedy.

In academia, the recent discourse around financial literacy emphasizes the importance of teaching youth, both during elementary and secondary schools' grades, and providing financial literacy lessons that will prepare them for financial success in adult life (Armstrong, Piercey, & Greene-Hunley, 2015; Davies, 2015; Maloney, 2010; Ontario Ministry of Education, 2010; Drever et al., 2015; Riitsalu & Põder, 2016; Sawatzki, 2017). The goals of such financial literacy education programs broadly include "[p]reparing citizens who can confidently rise to the demands of everyday life beyond school" (Sawatzki, 2017, p. 25), while more specific goals lead to adult behaviours and "abilit[ies] of individuals to manage money and the purpose of financial decision[-making]" (Kiliyanni & Sivaraman, 2018, p. 538).

It is never too early to start, as according to some researchers and educators, financial literacy can be introduced to students as early as elementary school (Sari, Fatimah, & Suyanto, 2017; Collins & Odders-White, 2015). Studies have shown that elementary school students already have a cognitive understanding of various financial concepts such as ownership, conservation, planning, and deferred consumption. In addition, "many children already control some financial resources and thus should learn how to manage them" (Collins & Odders-White, 2015, p. 106, as cited in Walstad et al., 2017).

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[1] Program for International Student Assessment.
[2] Organization for Economic Cooperation and Development

> [O]ptimally, financial education begins early in life because the financial knowledge, attitudes, and behaviours developed during childhood and adolescence tend to carry into emerging adulthood and adulthood, affecting financial independence and capability and affecting families and societies.
>
> (LeBaron et al., 2018, pp. 497-498)

Around the world, the response of governments and policymakers to these calls for action has been swift. Efforts in the United States have led to such initiatives as *JumpStart Coalition for Personal Financial Literacy* (Maloney, 2010) and the EU efforts to promote financial literacy education through an optional 2012 assessment by the *Programme for International Student Assessment (PISA).*

In Canada, teaching financial literacy is encased within the provincial curricula. In reality, its enactment has depended on school districts or even more so on individual teachers willing to take on related projects within their classrooms and/or schools. For example, Halifax Independent School, located in Halifax, Nova Scotia, employs all Pre-school through Grade 9 students to complete daily morning tasks and participate in a mini-society economics practice[3] by going to work and getting paid (Hurd, 2017).

> While personal income and capital, in general, remain taboo topics, economics and financial literacy must become part of the discussion in education. Education around personal economics, investment, and finances are generally relegated to the home; parents teach their children, either explicitly or implicitly modelling the **value of a Dollar**. Why is this important learning not a part of a provincial or national curriculum? Instead, it is taught by a teacher, or parent, here and there - infrequently, sporadically, and inconsistently.

A 2010 Working Group of the Ontario Ministry of Education, convened at the request of the Curriculum Council, reported "an overwhelming consensus among all stakeholder groups, including students, teachers, parents, and the business community, that financial literacy is an essential lifelong skill… that will help [students] make sound financial decisions today and throughout their lives" (Ontario Ministry of Education, 2010). Why is then financial literacy education in Ontario schools still inadequate?

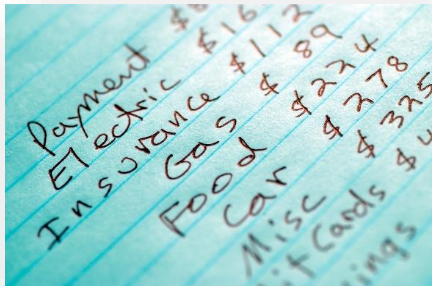
Various studies have demonstrated positive knowledge retention and impact on the student behaviour of financial literacy programs and interventions. For example, Batty, Collins, and Odders-White (2015, as cited in Walstad et al., 2017) conducted a study of Grade 4 and 5 students who received five 45 minute lessons on decision-making, savings, and money management. The study involved a random sample control groups meant to investigate what children who did not receive the financial literacy intervention knew about these topics. The researchers found that after the first year, the group receiving the financial literacy intervention naturally did better on the assessment. What was interesting and encouraging was that the students who were re-tested two years after the intervention had their financial knowledge intact but were also able to connect the intervention to positive behaviours such as savings.

A 2012 study by Chen and Heath also examined the same financial literacy intervention with students in grades 3 to 5 and students in grades 6 to 8. This study, using 16 lessons in financial literacy found that students in

[3] "For two hours, each morning, the children create a society complete with businesses, resources and services. They go to work in a shop, snack bar or newsroom. They get paid in that year's home-grown currency. They write for or read the society's daily newspaper. They make individual decisions about how much of their earnings to spend, how much to give, and how much to save in the "bank" (at an excellent interest rate!). On the final day, children are free to set up a store with goods purchased from the craft "warehouse" or to offer some service or homemade craft for sale to one another. The imagination and energy that the children pour into Market Day make it a school-wide celebration and so much fun they hardly notice how much they have learned about social studies and economics." (from https://halifaxindependentschool.ca/experience/)

the study “experienced significant gains from financial instruction, with the most significant among disadvantaged students” (Walstad et al., 2017, p. 96). The study found that teachers’ attitudes toward the importance of financial literacy are “significant determinant[s] of student gains in knowledge” (Walstad et al., 2017, p. 96).

Certainly studies like these point toward the importance and effectiveness of financial literacy education and curriculum within a formalized public-school setting. The positive effects on student knowledge and behaviour are encouraging and promising of the recent focus on and implementation of financial literacy curriculum within the Ontario context. But, are the interventions coming early enough for students?



The Ontario Context, In Brief

In 2012, the International Network on Financial Education (INFE), a network of public experts established in 2008 by the OECD, recommended that financial education starts as “early as possible, ideally from the beginning of formal schooling, and carry on until the end of the students’ time at school” (INFE, 2012, p.6). The OECD reasoned that “[i]ncluding financial education as part of the school curriculum is a fair and efficient policy tool” (INFE, 2012, p.5). Financial literacy is based on habits modeled, learned, and engrained in childhood. While children generally do not have much economic buying power until adolescence and sometimes adulthood, habitual practices and beliefs develop early and under the guidance of well/ill-informed parents and/or guardians. This makes the discussion of money, spending, earning, and other financial literacy topics a priority for students in both elementary and secondary school.

In a press conference on July 2nd, 2019 at York University in Toronto, Ontario’s then new Education Minister, Stephen Lecce confirmed that beginning September 2019, high schools across Ontario would include financial literacy education as part of the revised and mandatory Grade 10 Career studies course. The four components of financial literacy education in Ontario would include personal finance, consumer awareness, economic education, and citizenship, with a specific focus on “calculating pay, taxes and interest expenses, how to be a socially responsible and ethical investor, and how to budget for life after high school” (Ontario Ministry of Education, 2019).

In elementary schools across Ontario, financial literacy would continue to be integrated across “mathematics, career studies, social studies, Canadian and world studies, business studies, and many others” (Ontario Ministry of Education, 2019). Without a specific focus on financial literacy education, students in elementary school “may be [or may not be] learning specific skills like understanding money, consumer awareness, personal finances, budgeting and money management” (Ontario Ministry of Education, 2019). It is this curricular ambiguity, this lack of definition and vagueness, which leads to and furthers disadvantage and inequity among students in Ontario schools. Simply put, some children learn about finances and some do not; at this point, it is the luck of the draw at birth.

> 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. (INFE, 2012, p. 6)

Curriculum Design Framework

Many teachers are uncomfortable teaching financial education as they are primarily guided by their own experiences and their own personal context, which more often than not, is riddled with mistakes and learning on the go. Oftentimes, their knowledge may not align with the situation and needs of the student population they serve. If you recall, the 2012 study conducted by Chen and Heath found teacher attitude toward the importance of financial literacy as a "significant determinant of student gains in knowledge" (Walstad et al., 2017, p. 96).

Formal education of junior grades children should introduce new ideas about the economy. It needs to ask students to consider what works (for them, but also for the benefit of others), rather than what makes the most money (regardless of the consequences). It should teach them about a new economy that asks, "What would be generous? What would be moral? What would be exciting? What would be liberating?" (Wood, 2016). Undoubtedly, this teaching may be contrary to how our individualistic society is seen by many, but it is my conviction that a new definition of value, in opposition to financial capital, may lead to achieving a balanced, harmonious, or holistic capital.

Since the term first showed up in research discourse in the 1990s, interest in financial literacy for school-aged children has grown steadily over the last two decades. However, even in the domain of applied mathematics, which implies that what is learned is directly implementable in practice, curriculum developers neglect to make a connection between mathematics and the real world.

> In the mathematics classroom, capital is presented through either growing or decreasing numbers, while in the real world, capital is growing or decreasing empowerment, autonomy, choice, morality, sacrifice, and community.

And why not leave this learning in the home anyway? This is how financial literacy, even before it was called financial literacy, was transmitted and passed on generation to generation. Walstad et al. (2017) argue that in addition to ensuring a "measure of confidence that accurate knowledge and information is being conveyed" (p. 95), public schools also "provid[e] more widespread coverage than solely relying on parents or limited life experiences to teach financial literacy to their children" (p. 95). In other words, the learning becomes more equitable.

How Financially Literate are You? Take a Quiz

If you are wondering how you would score with basic financial questions, I invite you to take the quiz below. The quiz is composed of two sections: the first section will ask you to answer basic financial knowledge questions; and, in the second section you will be given the option to compare your responses to the correct answers in the first section.

Link to Survey:
https://forms.gle/H8nYP3oSNkAoEto39

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