

MoneySense

RESEARCH PANEL

50,000 12-19 YEAR OLDS INDEPENDENTLY SURVEYED
5 YEARS OF RESEARCH (2007-2011)
FINAL HIGH LEVEL REPORT



“It's more important now than ever before to give our young people the opportunity to learn about how to manage their money. We know from this research, that young people are more confident about dealing with the practical, day to day aspects of money if they've had RBS Group MoneySense lessons at school. And that in turn makes them feel more equipped to deal with key decisions in life.

I believe RBS has an important role to play in the future of young people, and we are committed to supporting that vision through our MoneySense for Schools programme.

I found this research report very interesting, I hope you do too...”

Sir Philip Hampton
Group Chairman, RBS

This is the final year of the MoneySense Research Panel

In 2007, RBS commissioned an independent body to conduct a five-year study into young people's understanding of, and attitudes and behaviours towards money management. The research helps RBS keep its MoneySense for Schools programme relevant for young people dealing with the challenges of money management in today's economy.

We've surveyed 50,000 young people between 2007 and 2011.

Over 12,000 of them in the winter of 2011.

MONEY SENSE

FOR SCHOOLS...

RBS's financial
education programme

THE PROGRAMME IS DESIGNED TO HELP SCHOOLS DELIVER LESSONS AND ENSURE THAT STUDENTS ARE GIVEN THE OPPORTUNITY TO DEVELOP THEIR MONEY MANAGEMENT SKILLS.

MONEYSENSE FOR SCHOOLS WAS LAUNCHED IN 2005...

WHAT THE PUPILS SAY...

Nathan, 13, England: "The last time I talked to my mum about finances was after I'd had my first lesson about money. I said I got an award. I said, 'I found out that money isn't that hard.'"

Gregor, 14, Scotland: "It's taught us to plan ahead and to make sure you don't take out a loan and go in debt, and if you need to spend money on a holiday or something you can plan how much you need to save every month or week so it's helpful like that."

Gerald, 16, Northern Ireland: "Yes, they were realistic, situations that we'll probably get into when we're older. Getting a mortgage or car loan or going travelling round the world or for college. People who wanted to do that and how they got the loan, saved or got into debt about it."

MONEYSENSE HAS REACHED 70% OF BRITISH SECONDARY SCHOOLS AND TAUGHT OVER 2.5M YOUNG PEOPLE SINCE 2005.

THE 2011 FINDINGS

IN BRIEF...

6 OUT OF 10 YOUNG PEOPLE
SURVEYED SAID THAT **THEY
DIDN'T NEED MORE MONEY
TO BE HAPPY...**

Ben, 17, Wales: "I suppose you need enough money to, like, get by comfortably, but then once you're comfortable money doesn't really have an effect on happiness."

YOUNG
PEOPLE STILL
SPEND MORE
THAN THEY
CLAIM TO
RECEIVE...
ON AVERAGE,
£110 vs £83
PER MONTH...

...THEY PREDICT HIGHER SALARIES
THAN THE UK MEDIAN...

IN 2011, YOUNG PEOPLE PREDICTED
EARNING £56,500 AT AGE 35...

...CURRENT UK MEDIAN SALARY
AGED 30-39 IS £24,416.¹

THAT'S A DIFFERENCE OF £32,084.



¹ Source: Annual Survey of Hours and Earnings, Office for National Statistics, 2011.

CASH SOCIETY

Young people still live in a cash society...
85% of young people received money in cash...and only 6% of young people had any money paid into an online bank account in 2011...

FINANCIAL INDEPENDENCE

85% of young people said it's important to them to have their own money...But more than half felt that their money always goes too quickly...

POSITIVE OUTLOOK

Young people were positive about gaining higher education qualifications. More than half of young people expected to go to University in 2011...

LEARN ABOUT MONEY

Young people want to learn about money...
90% of young people said it's important to learn about managing money...

5 YEAR TRENDS

...2007 TO 2011

Yokha, 14, England: "I don't like borrowing money because it will stay in my head, about having to pay it back. That would stress me out."

Chloe, 14, Scotland: "Sometimes I get money and sometimes I don't, it depends if I've tidied my room so I can't really budget for anything because I don't know if I'm going to get it."

OVER THE 5 YEARS, SOME CLEAR TRENDS HAVE EMERGED...

THERE'S MORE CONCERN ABOUT DEBT ESPECIALLY FOR OLDER TEENAGERS

EXPECTATIONS SEEM TO BE GETTING MORE REALISTIC

IT'S MORE UNDERSTOOD THAT SAVING IS IMPORTANT

YOUNG PEOPLE ARE RELYING MORE ON MONEY FROM AN ADULT AT HOME

KEEPING TRACK OF MONEY IS IMPROVING

LEARNING ABOUT MONEY IS ACCEPTED AS BEING IMPORTANT

- IN 2007, 24% OF YOUNG PEOPLE THOUGHT THEY'D HAVE NO DEBT AT AGE 25. BY 2011, THIS FIGURE HAD HALVED TO 12%.
- EXPECTATIONS OF £30,000+ DEBT AFTER UNIVERSITY INCREASED, PARTICULARLY IN ENGLAND: 8% TO 33%.

- IN 2009, 22% OF YOUNG PEOPLE THOUGHT THERE WOULD BE LESS TO SPEND IN THE HOME. BY 2011, THE FIGURE WAS 30%.
- IN 2011, THE PROPORTIONS WHO AGREED THAT 'IF I RUN OUT OF MONEY, I CAN JUST GET MORE FROM SOMEONE AT HOME' DROPPED TO 2007 LEVELS, FOLLOWING INCREASES BETWEEN 2008 AND 2010.

- AROUND A THIRD OF ALL YOUNG PEOPLE HAD SAVED FOR THEIR LONGER-TERM FUTURE IN 2008, 34%, INCREASING TO 37% IN 2011.
- THE PERCENTAGE OF YOUNG PEOPLE WHO BELIEVE 'IT'S IMPORTANT TO SAVE' REACHED 85% IN 2011.

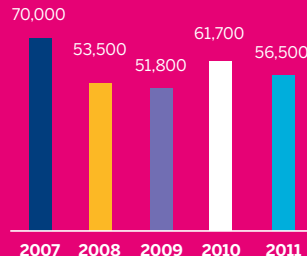
- IN 2007, 27% OF YOUNG PEOPLE EARNED THEIR OWN MONEY THROUGH A PART-TIME JOB. THIS FIGURE HAD REDUCED TO 20% BY 2011.
- IN 2007, 71% OF 16-19 YEAR OLDS AND 89% OF 12-15 YEAR OLDS RECEIVED POCKET MONEY.
- IN 2011, 79% OF 16-19 YEAR OLDS AND 85% OF 12-15 YEAR OLDS RECEIVED POCKET MONEY.

- 90% OF YOUNG PEOPLE ARE KEEPING TRACK OF THEIR MONEY, UP 10% ON 2007 FIGURES.
- MORE THAN HALF OF YOUNG PEOPLE USED FORMAL METHODS OF KEEPING TRACK OF MONEY BETWEEN 2007 AND 2011 – CHECKING BANK BALANCE, PRINTING A MINI-STATEMENT – THIS WAS AT ITS HIGHEST IN 2010 AT 59%.

A NEW QUESTION WAS ASKED IN 2010 ABOUT HOW IMPORTANT IT WAS FOR THEM TO LEARN.

- IN 2010, 88% THOUGHT IT WAS IMPORTANT TO LEARN.
- IN 2011, 90% THOUGHT IT WAS IMPORTANT TO LEARN.

SALARY PREDICTIONS SEEM TO REFLECT THE UK ECONOMIC BACKDROP...



...THAT'S A DROP OF £13,500

GIRLS Vs BOYS

THE DIFFERENCES IN TRENDS BETWEEN BOYS AND GIRLS CONTINUE, BUT THE GENDER GAP IS CLOSING... BOYS ARE STILL MORE CONFIDENT THAN GIRLS, AND GIRLS ARE MORE REALISTIC...

WORRYING ABOUT MONEY...

- ⊙ 33% of girls agreed that money worries them. Only 24% of boys agreed.
- ⊙ Girls were more likely to say they worried about not having enough money for the future (58% compared to 43% boys).
- ⊙ Less than 20% of girls thought more money would be available for adults in the future, compared to 37% of boys.

SPENDING AND SAVING...

- ⊙ The average amount that boys spent was £105 (68% of what they spent in 2008) compared with £83 spent by girls (63% of what they spent in 2008).
- ⊙ However, 10% fewer boys earned their own money in 2011 than in 2007, compared to a decline of 5% for girls.

ATTITUDES TOWARDS DEBT...

- ⊙ Girls were more likely than boys to say that they would get into future debt.
- ⊙ Boys were more likely than girls to have thought about the amount of debt they would be in at age 25, but they were also more likely to have reported that they would have no debt.



**A YEAR ON
YEAR DECLINE:
HAVING OWN BANK ACCOUNT**

2007 vs 2011

Girls=79% to 75%

Boys=82% to 73%

**LEAVING
HOME BY AGE 21**

Girls=70% Boys=64%

In reality 24% of men;
12% of women are still
living at home age 25-29²

**OWNING
OWN BUSINESS**

Girls=31% Boys=32%

In reality, 13% of the working
population are self-employed¹

Men are twice as likely to start
businesses as women³

¹ Source: Labour Market Statistics, December 2011, Office for National Statistics. Data taken from MoneySense Research Panel findings, 2007-2011 weighted data.

² Source: Social Trends, No. 39, 2009 Edition, Office for National Statistics. Available at www.ons.gov.uk/ons/rel/social-trends-rd/social-trends/social-trends-39/index.html

³ Global entrepreneurship Monitor (GEM)

12 TO 15 YEAR OLDS

Vs

16 TO 19 YEAR OLDS

AS YOU'D EXPECT, 16-19 YEAR OLDS ARE MORE REALISTIC THAN 12-15 YEAR OLDS WHEN IT COMES TO HOW MUCH MONEY THEY'LL HAVE, AND HOW MUCH DEBT...

MORE 16-19 YEAR OLDS WERE RECEIVING POCKET MONEY THAN EVER BEFORE...

A significant 8% jump between 2007 and 2011, compared to 12-15 year olds, where we saw a 5% drop.

16-19 YEAR OLDS EARN MORE AND SPEND MORE THAN 12-15 YEAR OLDS...

However, the largest decline in young people earning money through jobs was among 16-19 year olds (47% in 2007 to 36% in 2011).

SAVING FOR THE FUTURE...

16-19 year olds were most likely to agree that it's important to save. The highest number of young people who had saved each year was 16-19 year olds - 40% in 2008, 45% in 2011.



FINANCIAL PRODUCTS AND SERVICES...

There was a clear difference between those who said they had a bank account:
16-19 year olds: 91%
12-15 year olds: 65%

49% of 16-19 year olds accurately calculated an APR question compared to only 30% of 12-15 year olds

AMOUNT OF DEBT THEY THOUGHT THEY'D BE IN AT AGE 25...

12-15 YEAR OLDS
2007 – 41% less than £1k
2011 – 49% less than £1k

16-19 YEAR OLDS
2007 – 39% £10-£100k
2011 – 56% £10-£100k

TALKING ABOUT MONEY...

More 16-19 year olds than 12-15 year olds said they talked to adults about changes to the amount of money available to the household.

28% vs 19%
... and how much is spent on food and bills
42% vs 35%

LEARNING ABOUT MONEY

90% OF YOUNG PEOPLE SAY IT'S IMPORTANT TO LEARN ABOUT MANAGING THEIR MONEY...

87% FELT THEY SHOULD HAVE THE SAME OR MORE LESSONS ABOUT MANAGING THEIR MONEY...

90%

In 2007 research showed that 90% of adults in the UK never received lessons on managing money at school and 66% felt that having lessons would have better equipped them to deal with the financial challenges of modern life.¹

¹ Primary research conducted by YouGov during 29-31 May 2007 among a representative sample of 2,296 GB adults (aged 18+), based on UK adult population of 45,731,000 according to ONS population data.

16-19

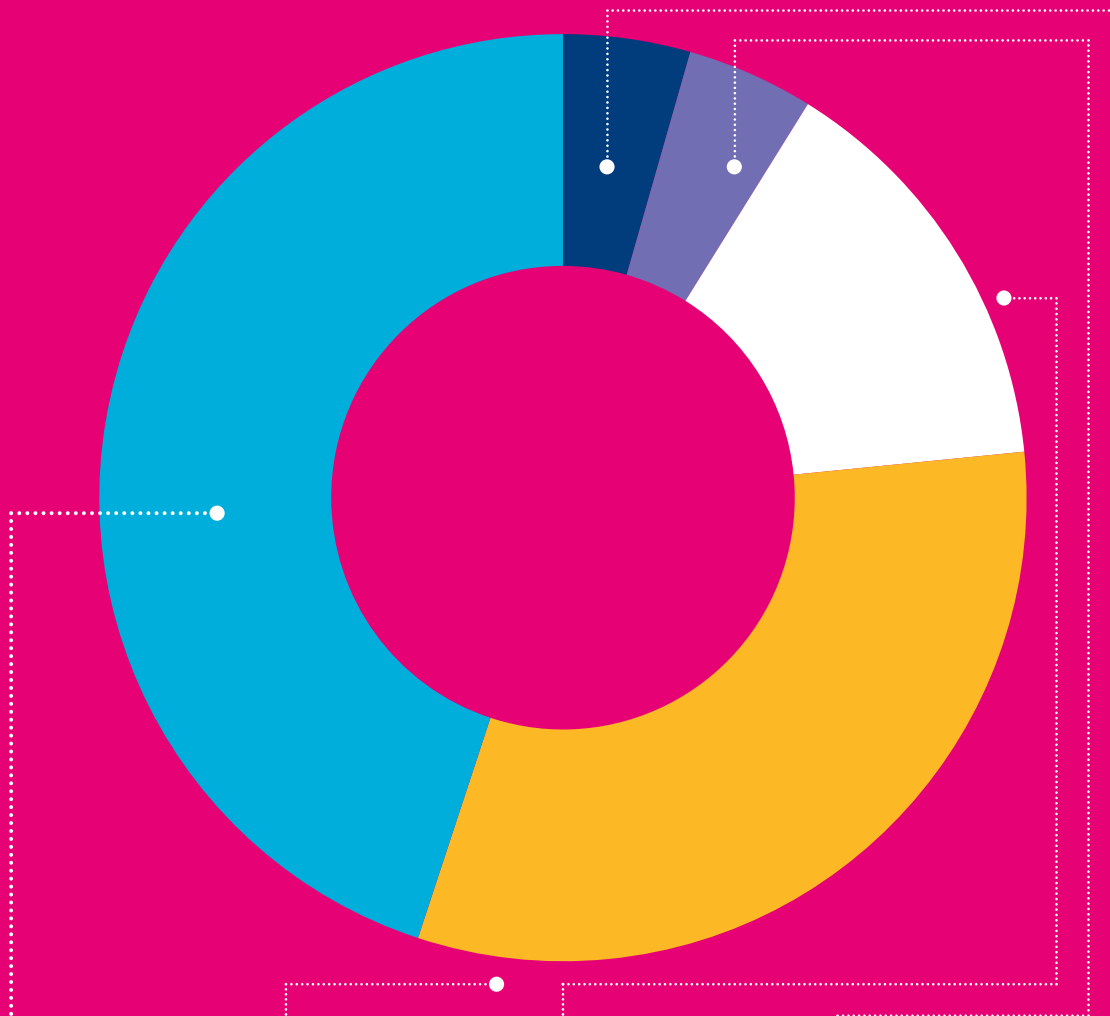
More 16-19 year olds compared to 12-15 year olds felt they knew more about managing money in each year, though the gap was at its narrowest in 2010 (66% and 65%).

46%

There is evidence that more young people are learning about how to manage their money at school. In total, 46% said they learnt about money at school. That's an increase of 5%, 41% in 2008.

Kahiem, 13, England: "I think it's important, because if you don't know about money, the future is unsure. You might end up spending it all."

HOW DO YOUNG PEOPLE PREFER TO LEARN?



71%
MY PARENTS

50%
FINANCIAL
EXPERTS

23%
MY TEACHER

7%
MY FRIENDS

7%
DON'T KNOW

MONEY SENSE

FOR SCHOOLS...

TO HELP US MEASURE THE
IMPACT OF THE RBS GROUP
MONEYSense PROGRAMME,
WE COMPARED STUDENTS WHO HAD
RECEIVED AT LEAST TWO MONEYSense
LESSONS WITHIN THE PAST TWO YEARS
WITH THOSE WHO HADN'T*

WE SEE CONSISTENT DIFFERENCES...

- ⊙ MORE REGULARLY CHECKED THEIR BANK BALANCE
- ⊙ MORE SAVE MONEY THAN THEY USED TO
- ⊙ MORE HAVE REALISTIC EXPECTATIONS
- ⊙ MORE HAVE A BETTER KNOWLEDGE OF FINANCIAL PRODUCTS AND SERVICES

Max, 12, England: "It was interesting, because I knew a bit about it before, but then I understood it fully. Now I know how my mum and dad feel with managing their finances with tax bills and electricity bills, and what normal taxpayers have to pay."

*But may have used other PFE resources

THERE ARE FOUR LEARNING MODULES LINKED TO THE UK CURRICULUMS:

01

MANAGING YOUR MONEY

Gregor, 14, Scotland: "It's taught us to plan ahead...if you need to spend money on a holiday.. you can plan how much you need to save every month..."

02

UNDERSTANDING CREDIT AND DEBT

Hamza, 18, Wales: "They showed us how easy it is to get into debt, how you should be cautious about it, and plan your income and stuff."

03

PLANNING YOUR FUTURE

Gerald, 16, Northern Ireland: "Yes, they were realistic, situations that we'll probably get into when we're older. Getting a mortgage or car loan or going travelling round the world or for college. People who wanted to do that and how they got the loan, saved or got into debt about it."

04

YOU'RE IN BUSINESS

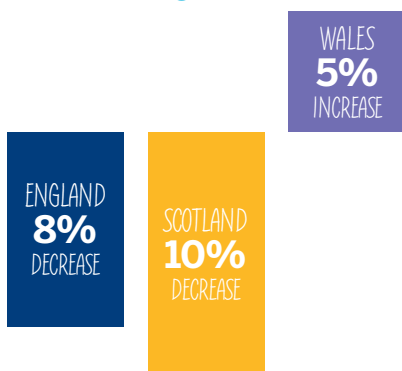
Oliver, 13, England: "It teaches you how hard it is to set up a business, running it all, and what resources you need."

UK COMPARISONS

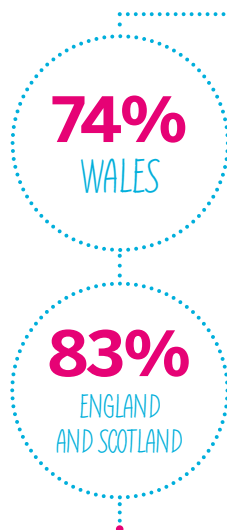
2011 is the first year research has been carried out for Northern Ireland.

FROM DATA COLLECTED BETWEEN 2007 AND 2011, THERE WERE SOME CLEAR DIFFERENCES ACROSS ENGLAND, SCOTLAND AND WALES...

YOUNG PEOPLE EARNING THEIR OWN MONEY DECLINED BETWEEN 2007 AND 2011, APART FROM IN WALES...



AND YOUNG PEOPLE IN WALES ARE GETTING LESS POCKET MONEY



THERE WAS A MASSIVE INCREASE IN THE NUMBER OF YOUNG PEOPLE IN ENGLAND WHO EXPECTED TO HAVE A £30,000+ DEBT POST-UNIVERSITY* IN 2011...

8% IN 2007 TO 33% IN 2011 IN ENGLAND, vs...

4% TO 8% IN SCOTLAND, AND

6% TO 12% IN WALES

*among those who expected to achieve a tertiary qualification

HOW DID THE HOME NATIONS RANK IN 2011 FOR:

LEARNING ABOUT MONEY MANAGEMENT AT SCHOOL



SALARY EXPECTATIONS



England (£57,200)
Scotland (£53,600)
Wales (£46,600)
N. Ireland (£39,600)

Scotland (57%)
N. Ireland (56%)
Wales (47%)
England (45%)

THOUGHT THEY WOULD GET INTO DEBT IN THE FUTURE



England (37%)
N. Ireland (32%)
Wales (30%)
Scotland (24%)

N. Ireland (41%)
England (30%)
Wales (28%)
Scotland (28%)

EXPECTED PARENTS TO HAVE LESS MONEY IN A YEAR'S TIME



We hope you have enjoyed this report

If you have any specific questions, please send us an email: moneysense@rbs.co.uk
or check out our website and download the full report: rbs.com/moneysense

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