RBS Group

Mon£ySense

RESEARCH PANEL

THE FINAL REPORT CONCLUDING
FIVE YEARS OF IN-DEPTH RESEARCH

APRIL 2013

CONTENTS

FOREWORD

As the Retail Chief Executive of an organisation that has been delivering free financial education in schools since 1994 – first under NatWest Face 2 Face with Finance and now under RBS, NatWest and Ulster Bank MoneySense – it's no surprise that I believe banks should do everything they can to make sure future generations have all the knowledge they need to make good financial decisions.

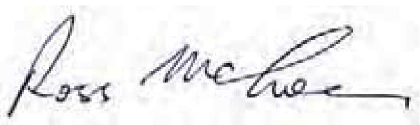
Not only is our MoneySense programme a great teaching resource, quality marked by the Personal Financial Education Group (pfeg) for its impartiality and educational value, it is also backed by experienced and professional people. We have a small but dedicated team of people who build relationships with schools, support teachers to embed the programme, and train our employees who volunteer to offer their skills to schools.

Banks deal with money every day, it's what we do, and that's why we assist with this important subject. However, I know that banks can, and should, do more. I want RBS to work with the Government, educators, parents and our peers to improve the quality of financial education and the outcomes a young person can achieve as a consequence.

That's why in 2007 we began an in-depth study into how young people feel about money. For the past five years we have published and shared our findings, and they've been fascinating. For example, I was struck by the drop in young people earning their own money across the five years – from 27% to 20%. This means young people are now receiving £45 less per month and spending £35 less. They have also become more reliant on their parents for pocket money and now 68% of young people are worrying about serious debt in their future.

This report not only draws on our own research, but contextualises findings against events since 2007. We have also sought out the views of young people, parents, teachers and a panel of experts to provide recommendations which will enable us all to take action.

At the back of this report you'll find our recommendations – I hope that after reading this report, you'll be inspired to join us and take action.



Ross McEwan
CEO UK Retail

INTRODUCTION

About our research panel

In 2007 we commissioned educational consultancy EdComs to carry out five years of independent research with 50,000 12 to 19-year-olds across the UK to find out what they know, think and do about managing their money.

Our study coincided with a period of great political and economic change in the UK. The recession and the arrival of a new Government have contributed to changes in young peoples' attitudes to money and their aspirations for the future – and we, at RBS, have also been on our own journey of change.

About this report

This report features insight from:

- **Young people:** an online community of fifty 11 to 18-year-olds, from England, Wales, Scotland and Northern Ireland.
- **Parents:** two focus groups of eight parents – one in London, one in Glasgow.
- **Teachers:** two focus groups of eight teachers who've taught financial education – one in London, one in Glasgow.
- **Expert stakeholders:** conversations with 13 expert stakeholders:
  - Wendy Alcock, Senior Researcher, Money Saving Expert
  - Will Chew, Education Officer, McDonald's
  - Ian Hanson, Manager, Financial and Business Services, Skills Development Scotland
  - Holly Hardisty, Policy Adviser, Employment and Skills Directorate, CBI
  - Michelle Highman, Chief Executive, Credit Action
  - Michaela Kirsop-Holdford, Programmes and Services Delivery Director, pfeg
  - Jim Lally, National Advisor, Education Scotland
  - Tina Livingston, Director, TwoBridge Consultancy Ltd.
  - Rod McKee, Vice Principal, Financial Education, IFS School of Finance
  - Julie Mercer, Head of Education and Skills, Deloitte
  - Michael Mercieca, Chief Executive, Young Enterprise
  - Steve Stillwell, former Manager, Young People Strategy and Development, Money Advice Service
  - Justin Tomlinson MP, Chair, All-Party Parliamentary Group on Financial Education for Young People

The research is split into 5 topics:

EARNING, SPENDING AND SAVING

KNOWLEDGE AND UNDERSTANDING

SALARY AND LIFESTYLE

DEBT AND WORRY

FINANCIAL EDUCATION

ONLINE COMMUNITY OF 50 YOUNG PEOPLE AGED 11-18

RESPONDENTS FROM ENGLAND, SCOTLAND, WALES AND NORTHERN IRELAND

TWO FOCUS GROUPS WITH 8 TEACHERS

WHO'VE TAUGHT FINANCIAL EDUCATION

IN 2012, WE DISCUSSED OUR FINDINGS WITH A RANGE OF DIFFERENT PEOPLE:

YOUNG PEOPLE, PARENTS, TEACHERS AND EXPERT STAKEHOLDERS.

BASED ON THESE DISCUSSIONS, WE'VE COME UP WITH OUR OWN CONCLUSIONS AND RECOMMENDATIONS FOR IMPROVING FINANCIAL EDUCATION IN THE UK IN THE FUTURE.

TWO FOCUS GROUPS WITH 8 PARENTS

ONE IN LONDON, ONE IN GLASGOW

CONVERSATIONS WITH 13 EXPERT STAKEHOLDERS

2007

- Young people are spending an average of £143.17 a month
- 24% of them are 'worried' about money
- 27% earn their own money through a part-time job or by doing chores
- 24% expect to be debt-free by 25
- Northern Rock gets a bailout from the Bank of England

2008

- Young people are getting an average of £126.55 a month in pocket money
- 78% are saving up to buy something soon
- Wonga.com launches
- Government announces £37 billion rescue package for RBS, Lloyds and HBOS
- Personal finance education is introduced to the Welsh curriculum, although it's not compulsory

2009

- 73% of young people are saving at least some money
- 62% are worried about the amount of debt they'll have in the future
- 49% have learned something about money management at school (up 7% from 2008)
- The UK officially goes into recession
- New curriculum for Northern Ireland – including personal finance education – becomes statutory for all ages

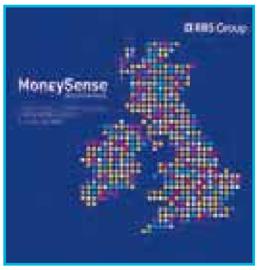
TIMELINE

2010

- More than half of 17 to 18-year-olds expect to have debt in the future
- Only 10% of young people say they're not keeping track of their finances (down from 20% in 2007)
- The UK climbs out of recession (0.1% growth)
- The coalition government comes to power – announcing £6.2 billion in cuts
- Curriculum for Excellence comes into effect in secondary schools in Scotland. The focus is on an entitlement to a broad general education. Financial education is introduced in numeracy and social studies

2011

- Young people are getting an average of £81.67 a month in pocket money (more than a third less than in 2008) – and the number who earn their own money through a part-time job or chores has fallen to 20% (a 7% drop from 2007)
- They're spending an average of £109.04 a month – £34.13 less than 2007
- Only 12% expect to be debt-free at 25, down from 24% in 2007
- Unemployment rises to 8.1% – the highest since 1994
- The UK falls back into recession (double-dip)



2012/2013

- Unemployment fell to 7.7% in November 2012 – the lowest since April 2011
- The number of new UK graduates working in jobs like cleaning or bar work has nearly doubled since 2007
- According to a 2012 report by the Office of National Statistics, 80 to 85% of young people in the UK report a medium to high level of optimism – more optimistic than any other age group
- In 2012 one in six 16 to 24-year-olds in England were NEET – not in education, employment or training (the highest June rate in over ten years)
- In February 2013 the UK Government announced changes to the curriculum for England which proposes personal finance education should become compulsory in maths and PSHE (Personal, Social, Health and Economic Education) from 2014

Please see page 18 for references

EARNING, SPENDING AND SAVING

EARNING, SPENDING AND SAVING

Towards the end of 2011, our survey showed young people were getting less pocket money and earning less of their own money than they were in 2007. Overall, they're spending less and saving more than five years ago. However, there's also evidence to suggest that many spend more than they earn. Most people don't learn the true value of money or how to manage it until they start to earn it and support themselves. With more teenagers living at home and struggling to find work, financial education can help to instil healthy attitudes and behaviours around money – especially if it starts at an early age.

82% of young people receive pocket money. Around **20%** earn their own money by doing part-time work or household chores – down from 27% in our 2007 survey.

What the research shows

Earning

According to our 2011 survey, 82% of young people receive pocket money. Around 20% earn their own money by doing part-time work or household chores – down from 27% in our 2007 survey (a UKCES survey conducted in the 1990s reported a figure around 40% higher than this). This means that, on average, they're getting around £45 less a month than they used to (from £126.55 in 2008 down to £81.67 in 2011).

According to the Office of National Statistics, there's been a significantly greater drop in the employment rate for 16 to 24-year-olds than 24 to 64-year-olds since 2004 (Allen, 2012). Our own research shows the number of 16 to 19-year-olds getting pocket money has gone up by 8%. This suggests that, as older teenagers struggle to find part-time work, their parents are paying them more pocket money to help make up the difference.

Spending

Our 2007 survey showed young people spending an average of £143.17 a month. By our 2011 survey, this had dropped to £109.04 (nearly £35 less).

However, while young people in 2011 were spending an average of £109.04 a month, they were only getting an average of £81.67. Since our 2011 survey also shows that only 20% earn their own money, this suggests that many are spending more than they earn or receive every month: typically on clothes (£37) or technology (£20).

Saving

According to our 2011 MoneySense survey, 75% of young people say they save at least some of their money every month, either at home or in a bank account. 86% think it's important to save, 78% say their parents encourage them to save and 62% say they save more than they used to. The number of girls saving money, in particular, went up by 7% from 2007 to 2011.

Our own research shows that young people are saving more in 2011 than they were in 2007. However, only 59% of those with savings keep them in a bank or building society. Also, a recent poll (Bradley 2012) shows that nearly a quarter of young people on low incomes have no savings at all.

What our stakeholders say

Young people

According to the young people we spoke to, the lack of part-time jobs – and fierce competition from older, more experienced candidates for the few jobs there are – is making it harder for them to be financially independent.

"There aren't many opportunities for young people to get a job where I live because the few jobs that come up are taken by more experienced people." (Zara, 15, Scotland)

"[Young people] receive more pocket money due to the lack of job opportunities." (Tom, 16, Scotland)

Parents and teachers

Both the parents and teachers we spoke to said young people only begin to understand the value of money and how to manage it once they start earning it for themselves. Those with part-time jobs are much better at managing their money than those without.

"The difference between those that work and those that don't is huge in terms of how they spend their money... Those that didn't work didn't have an understanding of what £2,000 is, because it's always been given." (Teacher, Glasgow)

Experts

According to the experts, our attitudes and behaviours around money develop early on at home when we're children – long before we start to earn for ourselves. They say financial education should begin at home with support from parents, then develop through primary and secondary school with support from a range of educators.

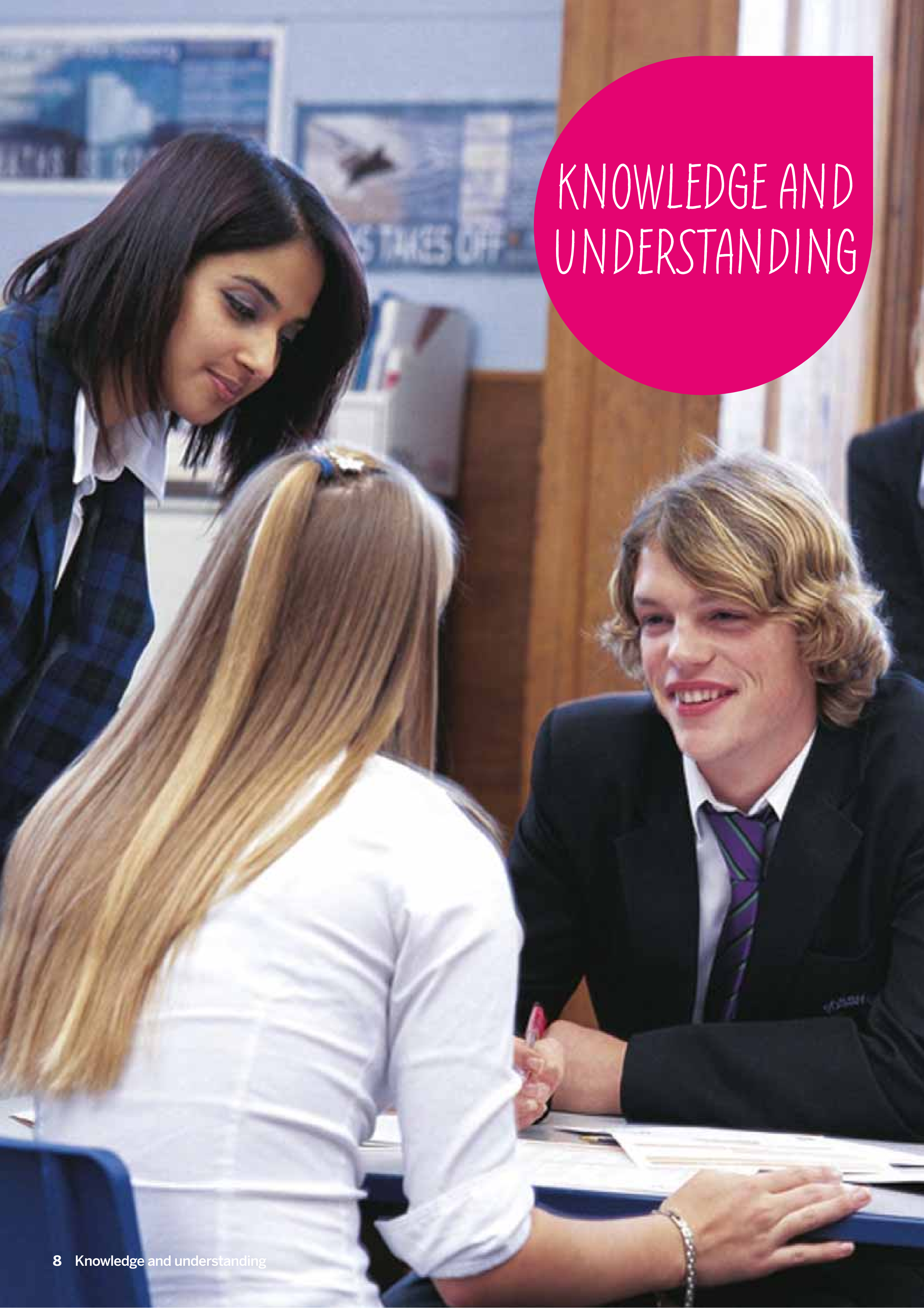
They also agree that young people need to be taught financial education using relevant examples (mobile phone tariffs rather than mortgages, for example). If we give them grounding in the basic principles at an early age, they'll be better equipped to apply that knowledge to other areas as they grow older.

"There is a need to begin [financial education] earlier in order to influence behaviour. Families, parents and peers all have an important contribution to play as well." (Steve Stillwell, Money Advice Service)

"This should start in primary schools; even five/six/seven-year-olds can be involved in enterprise – learning skills of being creative and developing skills, services and products that have a value." (Ian Hanson, Skills Development Scotland)

"[Young people] receive more pocket money due to the lack of job opportunities."
(Tom, 16, Scotland)

KNOWLEDGE AND UNDERSTANDING



KNOWLEDGE AND UNDERSTANDING

Over the last five years, young people seem to have become more aware of money generally, with constant stories about the recession in the media. However, they don't feel they have the knowledge to make sense of those stories – and it's still a taboo topic at home.

Financial education can help demystify financial issues and deliver a more positive message around money.

In 2007, only **80%** of 12 to 19-year-olds said they kept track of their money. By 2011, this had risen to **90%**.

What the research shows

Growing awareness

In 2007, only 80% of 12 to 19-year-olds said they kept track of their money. By 2011, this had risen to 90%.

Of that 90%, however, 52% said they track their spending 'in their head'. This suggests that although young people appear to be more aware that it's important to think about how much they're earning, spending and saving, they don't necessarily know how to do it effectively.

It's possible that a steady diet of negative stories in the media about double-dip recessions, unemployment figures and government cuts over the past five years have made young people generally more anxious about money – but has done little to provide the knowledge or practical experience they need to manage their own finances.

However, there's also evidence to suggest that young people learn more as they grow older. Two thirds of those we surveyed said they felt that they knew more about money than they did a year ago.

Taboo topic

Even though 90% of young people think it's important to talk about money, around a third say they never talk about their household finances with their families or friends. Even though they're more aware of financial issues in general, there's a lot they don't understand or don't have a chance to discuss in detail.

Worryingly, 15% of young people in lower income families said they don't know if learning about money is important or not (compared with just 3% from the highest income families).

It appears many young people are growing up worrying about money, without a clear idea of the problems or how to deal with them.

What our stakeholders say

Young people

The young people we spoke to told us they've heard lots of stories in the press about the double-dip recession, government cuts and collapsing high-street chains. They say they don't talk about these things at home or with their friends – so they don't understand a lot about financial issues, though they'd like to know more.

They'd like to have more teaching and workshops about money at school from financial experts, as well as online resources – but they need to be fun, interactive and relevant to their day-to-day lives.

"At the moment, I don't know a lot about finance and money and would love to learn more about it. I think young people are interested, as it's a topic which is rarely talked about in schools." (Mai, 15, England)

"I think that what we hear about the economy has had an effect and young people are beginning to realise that money management is important – not just now but for the rest of their lives." (Zac, 17, England)

Parents

The parents we spoke to generally said they don't discuss their household finances or work worries with their children. They want their children to learn how to manage their money, but don't want them to grow up worrying about it.

"I think the only financial awareness the kids have is since April when I was made redundant. I was the chief income earner in the household, and when that went things changed dramatically. They used to get pocket money, but don't anymore." (Parent, Glasgow)

Teachers

The teachers we spoke to told us they think financial education needs to start in primary schools, introducing basic concepts early on. They also feel there's a lack of consistency in financial education across the UK. At the moment, teachers have to rely on their own knowledge, experience and instinct. They don't yet have clear guidelines about what they should be teaching or how – or enough time in the curriculum to cover it. Recently proposed changes for England will address the last of these points, introducing curriculum time for financial education, bringing England in line with Northern Ireland, where it's compulsory to teach financial education. Scotland and Wales will continue to offer it as part of a broader education, but it isn't compulsory to teach it.

"I think it should be introduced earlier than 15 or 16 years old. Start in primary school. The same idea as collaborative working. Introduce it at an early age for them to be aware of it and for all secondary school teachers to underpin that." (Teacher, London)

"...I don't know a lot about finance and money and would love to learn more... I think young people are interested, as it's a topic which is rarely talked about in schools"

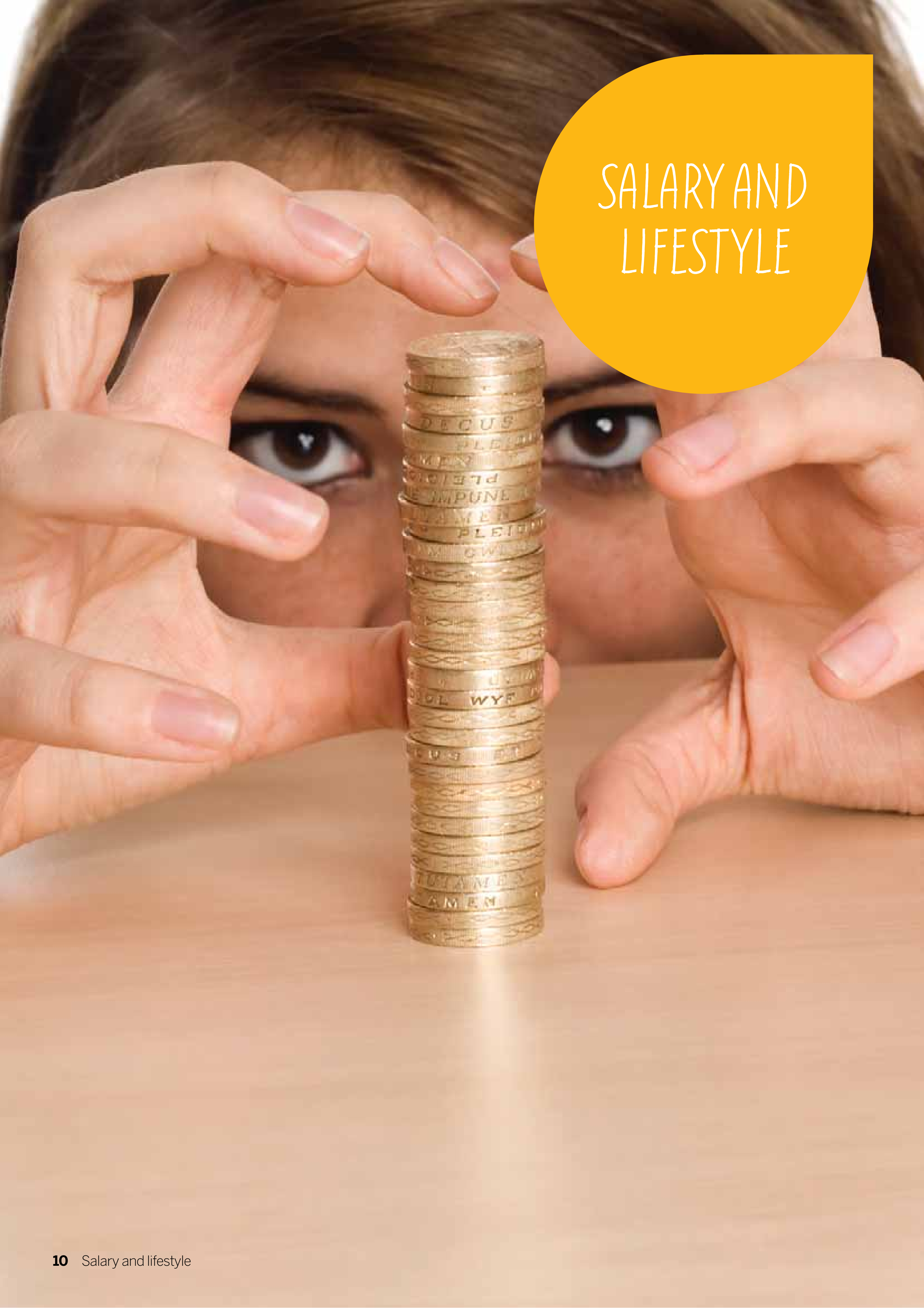
(Mai, 15, England)

Experts

Our experts all agree that financial education should start at primary school. They also feel it should focus less on financial terms and concepts, and more on giving young people the skills and understanding they'll need to make positive choices throughout their lives – even as new products, concepts and issues arise that we can't predict today.

"Ambitions need to be grounded in some sort of reality... if they've got the understanding at an early age, the money part should be second nature. To learn at uni age is too late." (Tina Livingston, TwoBridge Consultancy Ltd)

"We need to give people the skills to make informed decisions." (Justin Tomlinson, MP, Chair, All-Party Parliamentary Group on Financial Education for Young People)



SALARY AND LIFESTYLE

SALARY AND LIFESTYLE

Generally, young people tend to overestimate how much they're likely to earn and the kind of lifestyle they'll be able to afford. The rise in tuition fees in England has also led many to question whether they can afford to go into higher education.

Both the parents and experts we spoke to feel that financial education should be designed to give young people the tools to make important financial decisions at different stages in life, all the way through to retirement.

What the research shows

In our 2011 study, when we asked young people what they expected to be earning by the time they turn 35, the average answer was **£56,500**.

Overestimating salaries

Half of the young people we surveyed – and 71% of girls (2011) – had no idea how much they might earn in the future. Those who did name a figure tended to have unrealistically high expectations.

In our 2011 study, when we asked them what they expected to be earning by the time they turn 35, the average answer was £56,500. By contrast, the Office of National Statistics (2012b) puts the median gross annual pay for 30 to 35-year-olds at £28,600.

Generally, it seems that young people tend to overestimate their future earnings.

Unrealistic expectations

According to our 2011 survey, two thirds of young people expect to have left home by 21. Around 70% expect to have bought their own car at 21, whilst 80% expect to have bought their first home by 30.

Yet according to the Office of National Statistics (2012c), young people are generally living at home for longer. According to Aviva (2012), most people don't get their first car until age 25 (often with financial help from a family member). According to the Post Office (2012), the average first-time house buyer is 35.

Generally, young people seem to expect to be able to afford these major milestones earlier than the statistics would suggest.

Affording higher education

Young people are all too aware of rising tuition fees and a lack of jobs for graduates. And they're worried about the financial burden on their families – especially those on low incomes. According to research by the Sutton Trust (2012), four out of five 11 to 16-year-olds in England and Wales aspire to higher education, but those from single-parent families were nearly three times more likely to say they couldn't afford it.

According to UCAS (2012), the recent raising of the cap on tuition fees in England led to a 10% drop in university applications in England – unlike Scotland, where tuition remains free for Scottish students.

What our stakeholders say

Young people

The young people we spoke to agreed that they don't have a clear sense of what the average salaries for different jobs are, because they haven't been given any information to go on. They're more influenced by what interests them as well as by their families and friends than salary expectations when it comes to choosing a career.

They'd also like to see more work experience built into their education, to prepare them for the realities of working life before they leave school – and career guidance, with accurate information on salaries.

"I think there should be more skills and careers teachers in school. To make more young people aware of the reality of the real world." (Joe, 16, Wales)

"I think family and friends influence people's decision on what career to choose. From my point of view salary doesn't matter as long as you're doing what you enjoy." (Hannah, 16, Wales)

Parents

The parents we spoke to weren't particularly worried about their children having unrealistically high expectations around salary – they see it as a sign of healthy ambition. Generally, they're more concerned that their children follow a career they enjoy.

"There aren't jobs for life any more. Job security isn't what it once was. In a way, you think that if they can find something they like doing, rather than something they hate, let them do that." (Parent, London)

"Job security isn't what it once was... In a way, you think that if they can find something they like doing, rather than something they hate, let them do that."
(Parent, London)

Teachers

Our teachers agreed that it's important not to kill off young people's ambitions with talk of student loans and deferred earnings. Although if they're being scared off higher education by negative stories in the media, it's important to give them the information and career guidance they need to make an informed choice.

Experts

Our experts agreed that financial education should be taught within the context of different life stages – from going to university, to finding a job, to changing careers, to retirement. They believe we should be introducing young people to financial concepts in primary school, developing and preparing behaviours in secondary school – and working with employers to make sure financial education carries on into the workplace.

Our experts agreed that career guidance should be part of financial education classes at school – and that financial education should be built in more, including lessons around business and entrepreneurship. They'd also like to see employers playing a larger role – like work-entry schemes, for example, to help young people as they enter the workforce for the first time and start to become financially independent.

"For us it's a progression. You can't just chuck everything at young people when they're 18." (Michael Mercieca, Young Enterprise)

"We need to look at life stages and needs, not just generic concepts. It has to be linked to applications... at the moment children don't link financial education to their current life." (Michelle Highman, Credit Action)

DEBT AND WORRY

DEBT AND WORRY

Young people aren't just growing up worried about debt – they're actually expecting it. Over the past five years, the number who expect to be debt-free at 25 has halved.

We need financial education to teach young people how to make informed decisions about managing their money, so they develop a healthy attitude to borrowing.

In 2011, **29%** agreed with the statement 'money worries me' – up **5%** from 2007.

What the research shows

Growing up worried

Generally, young people have become more worried about money over the past five years. In 2011, 29% agreed with the statement 'money worries me' – up 5% from 2007.

They're worried about getting into debt, the cost of higher education and earning enough to pay for the lifestyle they want. Around a third said their families are having to spend more on essentials, like food (34%) and utilities (40%) – which creates a feeling that 'money is tight'. On top of this, just over half (52%) said they didn't think they'd have enough money to pay for the future.

Expecting debt

68% of young people worry about getting into serious debt in the future. From 2007 to 2011, the number of 16 to 19-year-olds expecting to have debts of £30,000 or more jumped from 7% to 44%. At the same time, the number of young people expecting to be debt-free at 25 halved.

The raising of the cap on tuition fees in England appears to have had a major effect. 70% of young people in England expect to have debts of up to £50,000. In Scotland, where tuition is free for Scottish students, only 48% of young people expect to have debt of up to £20,000.

What our stakeholders say

Young people

Most of the young people we talked to were worried about money and debt. They're struggling to find part-time work now, which makes them worried they won't find full-time work in the future. At the same time, they seem to feel that as long as they have a good job, they won't need to worry about managing their money. Financial education can do more to send the message that managing your money is important, whether you're in or out of work.

"Yes, I do worry a bit and I think my parents do too. I'm not sure about my friends as they don't really talk about it!" (Tara, 11, England)

"To solve the problem of young people getting jobs, we could make it compulsory for every business that has a turnover of greater than £500 million to have at least 30% of their total employees under the age of 30." (Will, 13, England)

Parents

Many of the parents we spoke to are worried that their children are vulnerable to debt – especially due to the ads they see every day for credit cards and short-term loans. For many, money is still a taboo subject at home. Parents want to protect their children from knowing too much too soon and be in control over what they learn at what age. At the same time, they realise that this can leave their children vulnerable to debt. There needs to be a cultural shift to help break down the taboo around discussing money at home.

"My children might have heard us discussing how completely up to the roots we are and Christmas is terrifying us – they hear that but don't necessarily discuss it with us." (Parent, Glasgow)

Teachers

Teachers agree that there's a need for more discussion around borrowing and debt. They've noticed that fewer of their pupils can afford to go on school trips, because their families are struggling for money. However, they aren't comfortable having these kinds of discussions with their pupils in school.

Experts

Our experts agreed that we need to be more open about financial issues with young people, to help break the taboo. They say we need to do more to make sure they develop a balanced and healthy attitude to borrowing, so they can make informed decisions for themselves.

"Young people are picking up on the worry, but without having the education." (Michaela Kirsop-Holdford, pfeg)

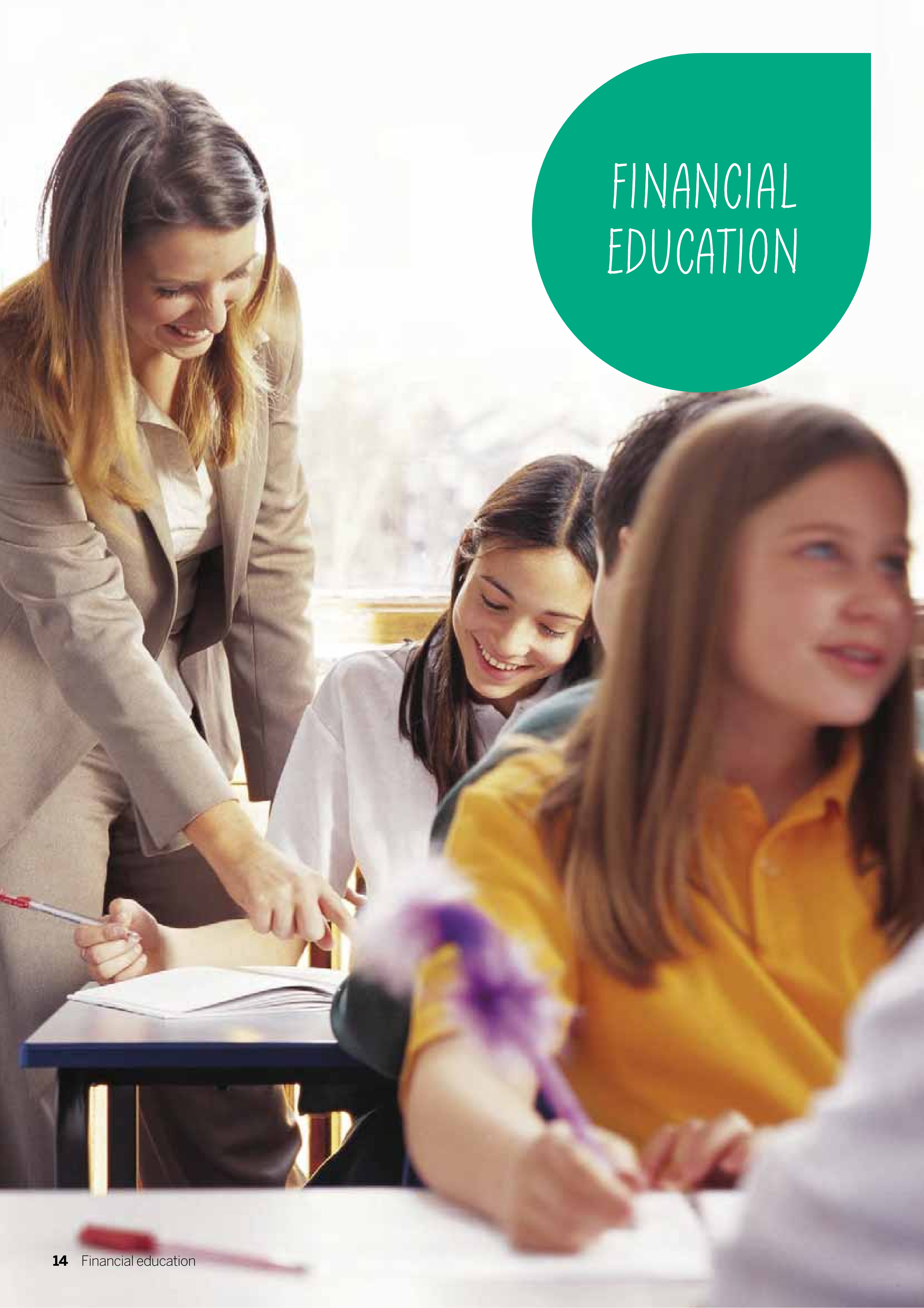
"I don't think that as a society we have an understanding of what 'good' and 'bad' debt is." (Michelle Highman, Credit Action)

"It needs to be high up the agenda, because for the sake of the economy as a whole, as well as families, we mustn't have vast amounts of unmanageable debt." (Ian Hanson, Skills Development Scotland)

"Yes, I do worry a bit and I think my parents do too. I'm not sure about my friends as they don't really talk about it!"

(Tara, 11, England)

FINANCIAL EDUCATION



FINANCIAL EDUCATION

We want to give every young person the opportunity to be financially capable for life. We'll support this aim with the skills of our people and the know-how of our business. Parents, teachers, employers, financial institutions and the Government will need to work together to make sure people get the right level of financial education at every stage of their lives – at home, through primary and secondary school and into the workplace.

According to a report by the APPG on Financial Education for Young People (2011), **96%** of secondary school teachers and **65%** of primary school teachers feel that financial education should be compulsory.

What the research shows

Financial education at school

Our research shows that 39% of young people want to learn more about financial matters at school. A report by the All Party Parliamentary Group on *Financial Education for Young People (2011)*, shows 96% of secondary teachers and 65% of primary teachers feel financial education should be compulsory. However the situation varies across the UK.

England

- Not compulsory at the moment – it falls under non-statutory PSHE in the curriculum.
- Covers careers education, work-related learning, enterprise and financial capability, and economic well-being in Key Stages 3 and 4.
- The current proposed new curriculum from September 2014 will make financial education compulsory at Key Stages 3 and 4 as part of Citizenship and Maths.

Scotland

- Built into the 'Curriculum for Excellence' for 3 to 18 year-olds, under Skills for Learning, Life and Work, as part of a broader education offering.
- Covers financial understanding, competence, responsibility and enterprise.

Wales

- Built into the curriculum for 7 to 16 year-olds – in maths, and as part of the 'Personal Social Education' framework and 'Careers and the World of Work' framework.
- There is no statutory requirement to teach it.

Northern Ireland

- Compulsory – part of the curriculum.
- Falls under 'Mathematics and Numeracy', as well as 'Learning for Life and Work' and other cross-curricular areas.

Financial education at home

90% of young people think it's important to learn about money, 71% think their parents are the best people to do it.

What our stakeholders say

Young people

The young people we spoke to want to learn about making the most of the money they've got– by budgeting, investing, saving and borrowing sensibly. Younger children want to learn from parents and older ones think it's better left to teachers and financial experts.

"I would say financial experts… so maybe an expert coming into school to teach a few lessons." (Rosa, 16, Scotland)

"I think it should come from my parents but they don't know everything about it. It would be good if there were more talks in school and if information was written with fewer big words so younger children could understand better." (Jake, 11, Wales)

Parents

Parents say they're sceptical about banks giving their children unbiased and impartial advice. However, many aren't comfortable talking about financial issues with their children – and they agree there's a need for impartial, easy-to-access services to help young people make informed choices.

Teachers

Teachers said that while they have access to plenty of resources around financial education, they struggle to find the time to teach it. They also feel that making financial education compulsory isn't enough. They also want clearer direction on what to teach and how.

"I think the students do want to talk about it if it's done properly, and not in a three-minute, rushed, tick-box scenario. You need to give it the time, effort, planning and preparation it needs, and also make it creative and inspiring, with the right resources." (Teacher, London)

"…it would be good if there were more talks in school and if information was written with fewer big words younger children could understand better."

(Jake, 11, Wales)

Experts

Our experts agree that financial education should be built into the school curriculum and that employers should play a larger role. They'd like to see more businesses building financial education into their outreach programmes – and more support for new employees, like teaching them about payslips and tax. Parents, schools, businesses, employers and the financial sector all need to work together to give young people the skills and knowledge they'll need at different stages in their lives.

"We need some high level targets on what we're working towards." (Michaela Kirsop-Holdford, pfeg)

"Schools cannot do it all by themselves." (Jim Lally, Education Scotland)

"It would be great if all employers saw it as their responsibility – but it needs to be a collaborative effort with schools, colleges, universities, etc." (Will Chew, McDonald's)

RECOMMENDATIONS

Young people today face a changed reality. They're entering a world full of financial products and technologies that didn't even exist five years ago.

We believe by working together the financial capability of young people in the UK can be improved: in school, at home, and by helping them into work.

These recommendations are based on our research, as well as our interviews and focus groups with young people, parents, teachers and expert stakeholders.

Please join us in addressing the content of this report and the recommendations to help improve the financial capability of young people in the UK.

1. Financial education should begin when children are young

Parents need the tools, encouragement and support to start teaching their children about money from an early age. Financial education should be encouraged from the early years of primary school.

What is RBS doing? We have extended our financial education resources to primary schools. Pocket Money already helps parents of young children approach financial matters in a fun way. It is now available online as a primary school resource to teachers.

2. During teen years young people should be improving their financial capability and becoming equipped to make informed financial decisions.

Financial education should give young people the knowledge and skills they need to make informed decisions at every stage of their lives: starting to work, buying a home, raising a family, planning for retirement.

What is RBS doing? We continue to provide MoneySense, our free and impartial programme, to secondary schools across the UK. MoneySense gives every young person in school an opportunity to learn the basics of finance, as well as helping them to make the financial decisions in the world of work and beyond.

3. Teachers should be given training and support to deliver financial education.

Making financial education part of the curriculum is an important first step, although only part of the solution. Teachers need to be given opportunities in which to learn themselves, allowing them to give the support to young people. Teachers need clear guidance on what they should be teaching, at what age – and the most effective ways to do it.

What is RBS doing? We are supporting teachers by providing information and guidance to help embed MoneySense in their school. We are supporting pfeg whilst they develop a maths resource for the new National Curriculum in England.

4. Employers should play an active role in recruiting young people and supporting the financial decisions they will face in their career.

This is where the theory becomes reality. All the teaching from all the different sources is finally put to the test. Young people first need to have the opportunity to work and earn a wage. When they do they need the support and information to decide what to do with that money.

What is RBS doing? Our staff are volunteering in schools, to raise aspirations of working in financial services. Our Early Careers team will provide around 100 apprenticeships in 2013 and have created Career Kickstart, a mobile app which gives advice on employability skills.

5. Parents, teachers, employers, financial institutions and the Government all need to work together to play their part.

We all need to accept our share of the responsibility in supporting young people to become financially capable – and work together to make sure young people get the right financial education, at the right age, in the right environment.

What is RBS doing? We are, and will continue to engage with all stakeholders to support young people to become more financially capable.

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