

# Financial Literacy program



*everyone's family*

## Certificate I Financial Literacy program

The Certificate I Financial Services is The Smith Family's national program aimed at supporting disadvantaged young people to make informed decisions and successfully manage their finances. The program aims to increase competency in three areas: knowledge, attitudes, and behaviours. The program is typically delivered over five two-hour workshops by a Certificate IV qualified facilitator to students in secondary schools.

### The challenge

Many young people face increasingly complex decisions around significant financial decisions they encounter for the first time (e.g. income tax and superannuation); whether and how to fund tertiary education; and advertising that targets them.

Despite these challenges, young people have some of the lowest levels of financial literacy in Australia. Financial literacy is a core competency required for young people to succeed, and the Financial Literacy program aims to provide young people with the knowledge, skills and resources to develop financial literacy.

### How the program works

The Financial Literacy program is delivered by Certificate IV qualified facilitators, over 10 hours in total. Facilitators help students to identify positive savings and planning principles, and to provide age-relevant understanding of credit, superannuation and financial planning principles.

Upon completion of the course, participants who demonstrate that they meet the required competencies are eligible for a Certificate I in Financial Services.



## 2014 Financial Literacy program outcomes



**815**  
**STUDENTS IN 2014**

### Of the 815 students who participated:

- **92%** who completed the course achieved a Certificate I in Financial Literacy
- **90%** of students agreed post-program that they understood what superannuation is, up from 37% before the program
- **85%** of students post-program understood how superannuation works
- **90%** know more about their financial rights 6 months after the program
- **93%** were sure they could manage their finances through life, after completing the program
- **73%** gave more thought to their finances after completing the program
- **87%** were more confident making financial decisions six months after the program
- **56%** of students said that they would try to save on a regular basis, 6 months after the program

The findings reported in the 2014 evaluation build on previous work which has clearly shown the positive impact of the Financial Literacy Program on young people's knowledge of financial products, their savings habits, their confidence, and attitudes toward financial matters.



### Students' comments:

*"I would like to thank The Smith Family for giving me this opportunity to study"*

*"Great course and opportunity for high school students"*

*"It was fun"*

*"I enjoyed this course and I'm happy I took it"*

*"It really helped my understanding on superannuation, budgets"*

*"I use planning a lot more now!"*

*"This was a great course, glad that I've got my Cert I in financial literacy"*

*"I have learned a lot. I feel like I am more prepared for the future."*

**Contents**

- Introduction ..... 4
  - The Smith Family..... 4
  - Financial literacy..... 4
  - Certificate 1 Financial Services ..... 4
- Evaluation Framework and Methodology..... 5
  - Methodology ..... 5
- Findings..... 6
  - Demographics ..... 6
  - Changes in knowledge ..... 7
    - Immediate impacts of the program ..... 7
    - Medium-term impacts of the course ..... 7
  - Attitudinal change ..... 8
    - Immediate impacts of the program ..... 8
    - Medium-term impacts of the program..... 9
  - Behavioural impacts ..... 9
    - Short-term impacts of the program ..... 9
    - Medium term impacts of the program..... 9
- Conclusion and Recommendations..... 10

## Introduction

### The Smith Family

The Smith Family is a national, independent children's charity helping disadvantaged young Australians get the most out of their education. The Smith Family helps young people to fully participate in their education so that they can create better futures for themselves and break the cycle of disadvantage, through the provision of:

- Financial support through the *Learning for Life* scholarship;
- A relationship with a *Learning for Life* Program Coordinator; and
- Access to a range of evidence-based programs, such as the Financial Literacy program.

### Financial literacy

Most broadly, financial literacy relates to an individual's competency for managing money, including knowledge of financial concepts, ability to make financial decisions, and aptitude in managing personal finances<sup>1</sup>. Financial literacy is essential for full participation in modern society, where access to, and complexity of, credit and other financial products are continually expanding. Young people in particular face increasingly complex decisions around:

- Significant financial decisions that they encounter for the first time (e.g. income tax, and superannuation);
- Whether and how to fund tertiary education; and
- Advertising that increasingly target their age group<sup>2</sup>.

In Australia, public, private and not-for-profit sectors have long-recognised the importance of financial literacy, the need for coordinated support, and challenges in tailoring support to specific groups such as disadvantaged youth. In 2014, ASIC launched Australia's new National Financial Literacy Strategy 2014-17. The new strategy has five strategic guidelines:

- Educating the next generation, especially around the formal education system
- Increasing the use of free, impartial information, tools and resources
- Providing targeted guidance and support
- Strengthening co-ordination and effective partnerships; and
- Improving research, measurement and evaluation<sup>3</sup>

The Smith Family has identified financial literacy as a core capability required for young people to succeed, and as such incorporated the Certificate 1 – Financial Services as part of its *Learning for Life* suite of programs.

### Certificate 1 Financial Services

The Smith Family has delivered the Certificate 1 Financial Services program since 2007. The program was designed to support young people make informed decisions and manage their finances successfully. The program has been tailored to run in high schools located in *Learning for Life* communities with students in Years 9 to 11. The course was reaccredited at the beginning of 2012 to meet new national training package standards to ensure that participants can:

---

<sup>1</sup> David L. Remund (2010), 'Financial literacy explicated: The case for a clearer definition in an increasingly complex economy', *Journal of Consumer Affairs*, 44(2), pp. 276-95

<sup>2</sup> Thompson et al. (2013), 'PISA 2012: How Australia measures up', Australian Council for Educational Research, Melbourne

<sup>3</sup> Peter Kell, 2014, 'Financial literacy for Australian students', [http://www.curriculum.edu.au/leader/financial\\_literacy\\_for\\_australian\\_students,37706.html?issueID=1294](http://www.curriculum.edu.au/leader/financial_literacy_for_australian_students,37706.html?issueID=1294)

- Develop and use a personal budget and savings plan; and
- Understand debt and consumer credit products, superannuation, the Australian financial system and markets, and taxation.

The program is delivered by Certificate IV qualified facilitators, typically over five 2-hour sessions made up of six units of competency, containing case studies, activities to apply knowledge, and group discussions. This approach is interactive and aims to empower participants to take charge of their finances. Facilitators help students to identify positive saving and planning principles and to provide age-relevant understanding of credit, superannuation and financial planning concepts using appropriate language and suitable vignettes. Upon completion of the course, participants who demonstrate that they meet the required competencies are eligible for a Certificate I in Financial Services.

## Evaluation Framework and Methodology

The Smith Family applies an Outcomes Based Accountability (OBA) framework to all core programs. As part of The Smith Family's ongoing process of evaluation and continuous improvement, the Financial Literacy Certificate I program is evaluated every year to assist the ongoing improvement of the program's OBA and evaluation tools.

A range of data collection tools are used to evaluate the program against the evaluation framework, including:

- *Program data*: Captured through course registration, attendance and completion data;
- *Pre-survey*: Completed before participants begin the course via paper-based surveys;
- *Post-survey*: Completed immediately following conclusion of the program via paper-based surveys;
- *10 week post survey*: Completed 10 weeks after the course via online and paper surveys; and,
- *Six-month post survey*: Captured via telephone surveys to participants

## Methodology

Three methodologies have been used to analyse data collected from the tools identified above, including:

- *Analysis of program data*: Data from all participants in The Smith Family's database was analysed to assess program inputs (e.g. number of participants, Learning for Life participants)
- *Pre-post paired data analysis*: Pre and post surveys were matched. Unique anonymous codes were included in surveys, allowing results to be matched. This approach decreased the sample size since not all participants complete both surveys; however, it allowed for stronger conclusions to be drawn from the data. In the 2014 evaluation, a total of 350 pre and post surveys were matched
- *Measurement of long-term impacts*: The Smith Family also matches surveys conducted 10 weeks and six months after the completion of the program, in order to measure medium-term impacts. Because of the relatively smaller numbers, the findings from the 10 week and six month programs have not been individually matched; rather, full numbers and proportions are reported.

Figures relating to program participation, and the sample size of each survey, are provided below.

**Table 1: Total sample, and survey responses, 2014**

Total program	Pre survey	Post survey	10 week post survey	Six month post survey
815	626 (77%)	459 (56%)	87 (11%)	60 (7%)

## Findings

### Demographics

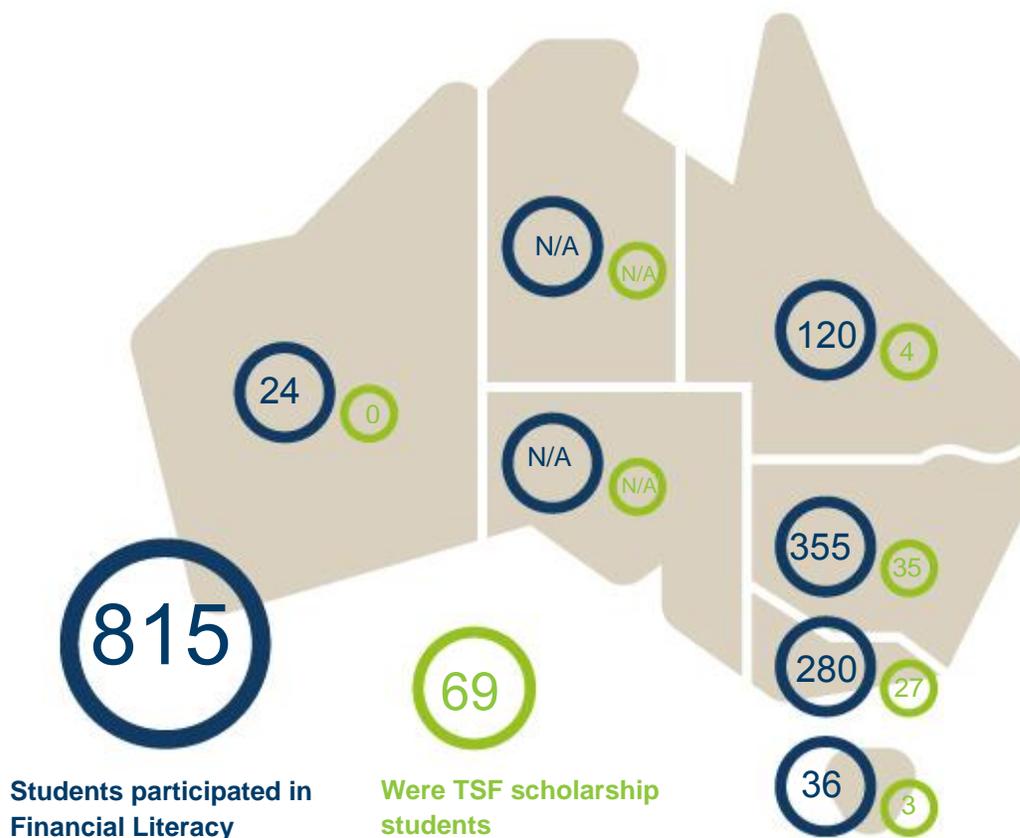
A total of 815 students took part in the Financial Literacy program in 2014. Of these students, 83 (10%) failed to complete the program. Reasons for non-completion included non-attendance, student withdrawal, and changes in availability. Of the remaining 732 students, the vast majority ( $n=676$ , 92%) achieved a Certificate I in Financial Literacy. The survey did not provide any information as to why the remaining 8% of students failed to achieve a Certificate in Financial Literacy.

Of the 815 students who enrolled in the Financial Literacy program in 2014:

- 452 (56%) were female and 363 (44%) were male;
- 69 (8.5%) were Learning for Life scholarship recipients
- 61 (7%) identified as Aboriginal and/or Torres Strait Islander;
- 9% ( $n=73$ ) were from a background other than Australia;
- The mean age was 15.6 years, with most students in Year 9 (20%), Year 10 (42%) or Year 11 (20%)

The following provides a regional snapshot of the students who participated in the Financial Literacy program in 2014.

**Figure 1: Geographical distribution of Financial Literacy participants, 2014**



## Changes in knowledge

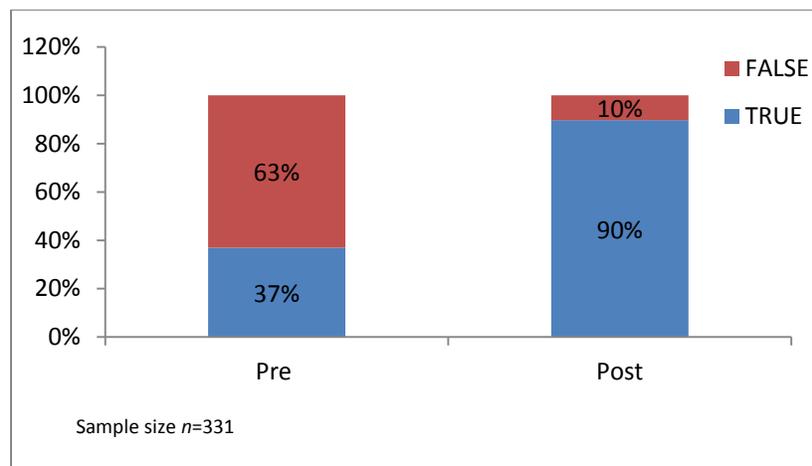
Having a good understanding of the types of financial products that are available is important in ensuring individuals make informed and effective decisions about their finances. The growing sophistication of financial products means consumers are making decisions that will have a major impact on the future. The Financial Literacy course includes content which is designed to increase knowledge about financial products and services.

### Immediate impacts of the program

Perhaps the strongest indication of participants' growth in financial knowledge is the high achievement rates of the Certificate I in Financial Literacy. In total, 92% of eligible students (students who completed the course) achieved a Certificate I in Financial Literacy in 2014.

The pre and post surveys also included questions to measure changes in financial knowledge. Analysis revealed particularly strong results in relation to young people's knowledge about superannuation. For instance, there was a huge jump in the numbers of young people who agreed that they knew what superannuation is between the pre and post surveys – from 37% to 90%.

**Table 2: I understand what superannuation is, pre and post surveys, matched**



Similarly strong findings were reported in relation to understanding how superannuation works. Whereas prior to the program only 1 out of 4 (25%) students understood how superannuation works, post-program the number had jumped to 85%— an increase of 60%. The positive changes in financial knowledge are also reflected in student's comments about the course, recorded in the post survey.

*I have learned a lot from this course.*

*This is really good for us to do because we know many things, how we can save the money.*

*It was lovely to have [teacher] come in and teach us how stuff works.*

*I have learned a lot. I feel like I am more prepared for the future.*

### Medium-term impacts of the course

Results from the 10 week and six month surveys show some positive impacts around knowledge retention. Particularly strong findings were reported around the areas of knowledge about superannuation, where to get help with financial decisions, and knowing more about what financial

questions to ask; many of these were similar, or better, than those reported in 2013 (see Appendix C). Whilst findings around knowledge about debt were more limited, it should be noted that relatively high numbers of students already felt they knew more about debt in the 10 week survey, meaning that there was little room for improvement in the 6 month survey.

**Table 3: Medium-term impacts on knowledge**

After completing the program, compared to before the program...	10 week survey	6 month survey
I know more about debt (e.g. how it accumulates)	91%	86%
I know more about consumer credit	86%	86%
I know more about superannuation	86%	96%
I know where to get help with my financial decisions	79%	93%
I know more about what questions I can ask myself, banks, and others when facing a financial decision	81%	90%
I know more about my rights	84%	90%

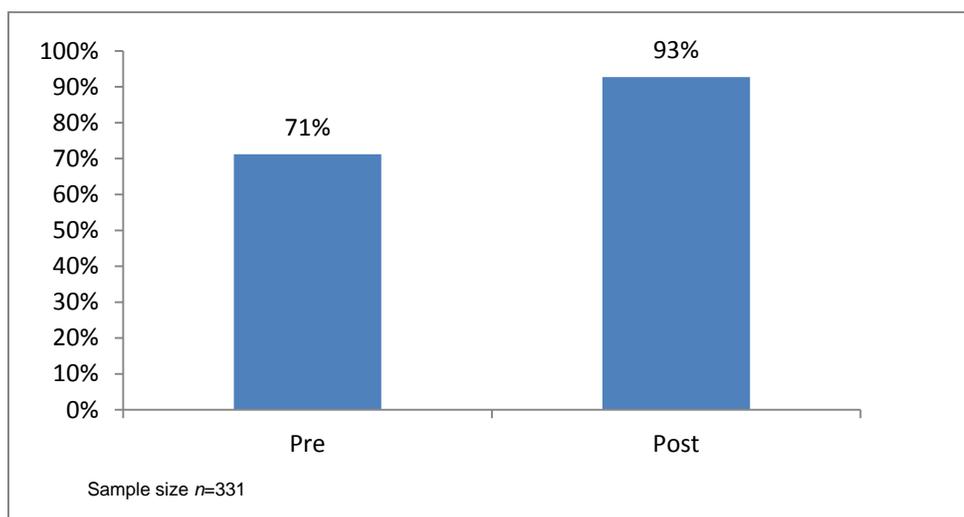
### Attitudinal change

The Certificate I Financial services course aims at improving knowledge in regards to personal financial management, as well as through exposure to broader financial issues and concepts. As such, a key outcome of the course is increasing participants' confidence making financial decisions and managing their personal finances. All four surveys contained questions designed to track attitudinal changes relating to financial management.

#### Immediate impacts of the program

Similar to the findings reported around knowledge, some positive results were found in relation to confidence about management of personal finances. For example, as shown in Figure 2, 22% more students felt confident about managing their finances throughout life following completion of the program.

**Figure 2: I am sure I can manage my finances as I go through life, pre and post surveys matched**



However, the other confidence measure, 'I worry about whether I will have enough money in the future', yielded less positive results. Whereas 75% of students worried about this before starting the Financial Literacy program, after the program approximately 77% of students indicated that they worried about having enough money in the future. However, this finding may reflect students' enhanced knowledge of financial concepts and behaviours, as well as attitudinal changes.

### Medium-term impacts of the program

Medium-term impacts of the program on confidence were also mixed. Whilst at the 6 month mark there had been a strong jump in the numbers of young people reporting that they were better equipped to deal with unexpected expenses, there was a slightly negative impact on the numbers of young people indicating that they were more confident making financial decisions. It should be noted, however, the latter finding, a fall of 2%, represents only 1 student, and as such may be a function of the relatively small numbers of students completing the 10 week and six month surveys. Further, these findings are comparable with those reported in 2013 (see Appendix C).

**Table 4: Medium-term impacts on participants' attitudes**

After completing the program, compared to before the program...	10 week survey	6 month survey
I am more confident making financial decisions	89%	87%
I am better equipped to deal with unexpected expenses	73%	83%

### Behavioural impacts

The Financial Literacy program is designed to help change young people's financial behaviours, by providing them with the skills and resources to set and meet financial goals. As such, The Smith Family collected information relating to changes in participant's financial behaviours in the post-survey, 10 week survey, and 6 month survey.

#### Short-term impacts of the program

In the post survey, we asked young people to explain their new attitudes to financial matters. Generally there were seen to be positive impacts for young people. For example, there was an increase in the numbers of students who indicated that they gave thought to their finances: from 60% at the beginning of the program, rising to 73% post-program. Additionally, in the post survey students were asked to reflect on their impressions of the program on their behaviour. The findings revealed:

- 42% of students said they would plan often, and 27% said that they had already started planning;
- 51% said that they will often set goals, whilst 27% indicated that they will 'always' set goals after the program;
- 56% of students said that they would try to save on a regular basis, whilst a further 42% agreed that 'I try to save when I want to save up for something special';

These are strong findings for the program, indicative of concrete changes on young people's financial behaviours.

#### Medium term impacts of the program

Analysis of the 10 week and 6 month surveys also showed moderately positive impacts regarding behavioural changes. There were notable increases in the numbers of students who shopped around more often when buying financial products or services, and those who used a budget plan. However, the other indicators revealed more modest impacts on increasing the value of savings and assets, using a savings plan more often, and improved control over finances.

**Table 5: Medium-term impacts of the program on participant's behaviours**

After completing the program, compared to before the program...	10 week survey	6 month survey
I shop around more often when buying products or services	56%	71%
I have increased the value of my savings/assets	69%	68%
I use a budget plan more often	55%	70%
I use a savings plan more often	73%	72%
I have improved control over my finances	90%	90%

## Conclusion and Recommendations

The findings reported here build on previous work which has clearly shown the positive impact of the Financial Literacy Program on young people's knowledge of financial products, their savings habits, their confidence, and their attitudes towards financial matters. Matched analysis of the pre and post surveys in 2014 revealed several positive impacts on knowledge, confidence and behaviour as a result of participation in the program, including:

- High (92%) achievement of a Certificate I in Financial Literacy;
- 93% believing that they could manage their finances after the program; and
- 56% trying to save on a regular basis

Whilst in many cases there were only modest changes observed between the 10 week and six month surveys, this may be a function of the fact that, in the 10 week survey, positive responses to many questions were already quite high, thus limiting the ability for positive changes to be observed in the six month survey. Nonetheless, this data clearly shows that participants are retaining long-term benefits in knowledge, confidence and behaviour as a result of the Financial Literacy program, ultimately normalising these important impacts of the program.

## Appendix A: Evaluation Framework

Evaluation criteria	Program Data	Compare Pre and Post Surveys	10 week/ Six-month post-survey
<b>Effort (Inputs): How well did we implement the program?</b>			
<ul style="list-style-type: none"> <li>• % of funded participant places filled</li> </ul>	<b>X</b>		
<ul style="list-style-type: none"> <li>• Key demographic information</li> </ul>	<b>X</b>		
<b>Effect (Outputs): Are participants better off?</b>			
Knowledge:			
<ul style="list-style-type: none"> <li>• Short-term change: Attainment of the Certificate I</li> </ul>	<b>X</b>		
<ul style="list-style-type: none"> <li>• Medium-term change: Participant's assessment of changes in knowledge before the program and after six months</li> </ul>		<b>X</b>	<b>X</b>
Attitudes/Confidence:			
<ul style="list-style-type: none"> <li>• Short-term change: Participant's attitudes and confidence before and after the program</li> </ul>		<b>X</b>	
<ul style="list-style-type: none"> <li>• Medium-term change: Participant's assessment of attitude changes before the program and after six months</li> </ul>			<b>X</b>
Behaviours:			
<ul style="list-style-type: none"> <li>• Short-term change: Participant's behaviours before and after the program</li> </ul>		<b>X</b>	
<ul style="list-style-type: none"> <li>• Medium-term change: Participant's assessment of behaviour changes before the program and after six months</li> </ul>			<b>X</b>

## Appendix B: Survey response rates

	Total Number			Response Rate		
	2014	2013	2012	2014	2013	2012
Total number of participants available to complete Pre survey	815	717	480			
Pre survey	626	476	271	76%	66%	56%
Total number of participants available to complete remaining surveys	459	432	N/A			
Post survey	459	351	237	73%	81%	N/A*
Post 10-week survey	87	90	4	11%	21%	N/A*
Post 6-month survey	60	51	38**	7%	12%	N/A*

\* 2012 response rates for the post, post 10-week, and post 6-month surveys were calculated using a different methodology which is no longer being used. Therefore these response rates are not comparable with the 2013 figures and not provided.

\*\*In 2012, there was a nominal response to the 6-month survey so focus groups were conducted instead. The figure presented in the table represents 38 attendees at these focus groups, which is not directly comparable with the 2013 figure for survey responses.

Appendix C: Key program outcomes, 2013-2014

	2014	2013
<b>Demographics</b>		
Percentage of male students	44%	54%
Percentage of Learning for Life scholarship recipients	8.5%	11%
Percentage of students identifying as Aboriginal or Torres Strait Islander	7%	7%
<b>Short-term outcomes</b>		
Eligible percentage who achieved Certificate I in Financial Services <sup>4</sup>	92%	87%
Percentage who understand how superannuation works	85%	86%
Percentage who are sure they can manage their finances as they go through life	93%	83%
Percentage of students who will try to save on a regular basis	56%	55%
<b>Medium-term outcomes</b>		
Percentage more confident making financial decisions, 6 months post	87%	88%
Percentage who use a budget plan more often, 6 months post	70%	76%
Percentage who use a savings plan more often, 6 months post	72%	82%
Percentage who have improved control over their finances, 6 months post	90%	88%
Percentage who know more about their rights, 6 months post	90%	86%
Percentage who know more about where to get help with financial decisions, 6 months post	93%	86%

<sup>4</sup> This figure is a percentage of all students who *completed* the Financial Literacy program, not all participants who *started* the program