Financial Knowledge Key to Financial Satisfaction: Developing Inclusive Curriculum for High School Students

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Abstract

Financial Knowledge is a life skill which is critical for financial satisfaction and financial wellbeing of an individual. It is pertinent that this skill is developed and nurtured from an early age. The project developing financial knowledge focusses on middle and high school children of a leading school in a metropolitan city of India. The curriculum is developed for grade 6 to grade 12 students (aged 11 years to 17 years) to increase their financial knowledge and thus prepare them to be prudent investors in future.

1. Introduction

Money is a critical part of our lives and a good relationship with money is pertinent for a peaceful life. Individuals irrespective of the profession they are in, need to learn basic money handling skills. This includes the art of budgeting, understanding how much to invest and where to invest. An integral part of this is also the knowledge of loans that an individual can take ad how it impacts the tax liability of an individual. This money handling skill is technically defined as financial literacy which now is rightly acknowledged a life skill.

Financial literacy is essential for financial wellbeing and economic growth of an individual as well the country [1]. Financial knowledge is another term which is used extensively in personal finance. The terms financial literacy and financial knowledge are used interchangeably in literature. As the Organisation for Economic Co-operation and Development (OECD) quoted, "Financial literacy is a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and achieve financial well-being." OECD ranks counties on the financial literacy level of its population which is a good metrics to establish the financial literacy level of a nation as compared to other countries. OECD states that India's rank score on financial literacy is 12, which is below the global average [1] whereby out of the maximum score of 21, the average score of G20 countries is 12.7. The financial literacy score also changes across gender and other factors. The financial literacy score is expected to be much lower for women and person with disability, where the population spread of women is approximately 48.5% [2] and there is population of 26.8 million person with disability constituting 2.21% of India population [3]. This gap in financial literacy across genders contributes to the gender wage gap in the future. A major reason for low financial literacy level in females is the financial socialization that happens at homes and the fabric of the society. From a very young age girl around the globe are told that the financial matters are to be handled by men and this message is reinforced over the years. The gap only increases over the years as our education system also does not cater to developing this critical life skill. Since financial literacy is a life skill, it is important that it is taught from an early age so that it translates into appropriate financial behavior. This will also ensure that girls from a young age are taught of money skills and they do not grow up thinking that this is something that they need not learn about.

The current curriculum for schools does not include financial literacy as a core course and thus it is not integrated into the course structure at school level. Schools focus on STEM and language subjects thus ignoring the essential life skills. Schools feel this is outside the scope of teaching and should be handled by parents. While parents most of the times themselves are struggling with it and learning it through hit and trial. Thus it is critical that the formal education system takes the ownership for grooming a financially literate generation. There is an outmost need to design, develop special curriculum on financial literacy for students for inclusive education and economic growth.

2. Pillars of Curriculum Design

The journey of curriculum design started with an extensive literature review to understand the concepts of financial knowledge and financial satisfaction. It was critical that the foundation of the curriculum design is strong, and it incorporates the

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knowledge and behavior part of financial literacy.

Financial Knowledge

For this research financial knowledge is defined as the precise and exact information about a topic stored in an individual's memory [4]. Financial Knowledge has been referred as financial literacy in some literature [5]. The term financial knowledge is used interchangeably with financial literacy [6]. For this research financial knowledge is used as a synonym for financial literacy.

Financial knowledge is the ability to understand financial jargon and take informed decisions. Financial Knowledge starts from the basics like budgeting, which equips individuals to use monetary resources prudently. It is the ability to understand the difference between needs and desire, so that the scarce resources like money can be used to first fulfill necessary needs before moving to luxury. It is the ability to decide whether to spend money on purchasing an asset or not. It is the knowledge to diplay self-control and delay instant gratification with the objective to prepare for long term goals. Today we have numerous investment products available in the market which can be confusing. Being financially literate empowers an individual to select appropriate investment products, thus impacting personal financial satisfaction [7].

Literature has evidence that financial knowledge is positively correlated with financial satisfaction [8-12]. Though in another research the results have been contradictory where financial knowledge was not found to be predicting financial satisfaction [13].

Individuals with low financial knowledge are not appropriately prepared for retirement and are not able to take benefit of new investment products [14]. The financial independence requirements for person with disability at retirement are also very different from a healthy population, thus it requires a customised preplanning and intervention at young age.

Financial Satisfaction

Financial satisfaction is defined to be an investor's perception about their own analysis of the financial situation they are in. Hira and Mugenda [15] define financial satisfaction as "satisfaction with various aspects of financial situation". Financial satisfaction is state of having met one's financial goals and needs [16]. Individuals can meet the financial goals only if they have the resource which is money. Lack of money can lead to a situation of financial problems and financial dissatisfaction which leads to health problems and in extreme cases it leads to depression [16].

There has been extensive research on determinants of financial satisfaction. Income, age and education have positive relationship with financial satisfaction [17]. The financial investments and related satisfaction level are directly related to the levels of income as suggested by another study [18]. The attitude towards money also has a strong influence on financial investment decision making and associated satisfaction [19].

Joo and Grable [17] in their research on determinants of financial satisfaction posit that demographic factors have indirect effect on financial satisfaction and psychological factors as a determinant of financial satisfaction should be explored.

Thus, it is critical that financial knowledge be imparted to students from a young age, to make them prudent investors in future which will result in a financially satisfied population. Alongwith financial knowledge, students should also be guided on developing the right attitude towards money so that they are able to spend the money judiciously thus adding to their wealth and thereby contributing to a nations wealth.

3. Project Details

The Government of India has been working on increasing the population's financial literacy through various novel initiatives. It is also important to note that the attitude to handle money prudently is a skill that should be taught from a young age. The National Education Policy (NEP) launched in 2020, by the Ministry of Education, Government of India, recognises this gap in the current education system and acknowledges financial literacy as a critical life skill. Central Board of Secondary Education, the most popular body that designs curriculum and conducts exams for middle and secondary schools in India, has introduced Financial Literacy as a part of the school syllabus for middle school and above. This subject is offered as an optional subject along with other subjects like entrepreneurship. However, this initiative has not considered the customization in curriculum and special requirement for inclusion of gender diversity and person with disability.

The project focusses on ensuring that students from the age of 12 years upwards are introduced to the basic concepts of money handling through activities. The program on financial literacy is developed from grade 6 in middle school to grade 12 (High school). The program covers a spectrum of financial basics: budgeting, savings, investments, banking, insurance and equity markets. The modules focus on developing financial literacy skills in school students, which will help them look at money decisions objectively. In a phased manner, the program introduces middle school students to the concept of saving and investment. The basics of banking, the judgement to rent or purchase an asset, and the concept of CIBIL score are introduced through activities and joint research projects. The seven-year intervention (Grade 6 to Grade 12) ends with students developing an investment mindset with a fair knowledge of investment instruments available to them.

Project Development

A team of highly motivated and qualified individuals came together with a mission to develop a comprehensive curriculum for school students which make them money savvy and add to their future financial wellbeing. The team also engaged interns who researched on the available resources and developed a broad outline of the program. This outline was shared with bankers and academicians for validation of the content and relevance of the concepts. After multiple rounds of iterations modules for grade 6 thru grade 12 were created.

As school students have shorter attention span it was essential that the delivery of the content is engaging. Activities were developed as per the age group to convert the classrooms to action classrooms. A pilot was done with few sections of a school in Pune to validate the content and access its impact. Once the content was finalized, a workbook was prepared for each grade. This workbook is shared with the students at the beginning of the academic session and during sessions activities in the workbook are conducted.

Project Delivery

This program focuses on helping students self-learn through research projects, simulations and field visits. This is mandated for a trained facilitator who can make the class room engaging for students with different learning styles. A requirement was floated on the job portals and on personal network to get interest from trainer. A set of 3 trainers were selected, and they underwent an off-site rigorous training to internalize the activities and content of the curriculum.

The practice-oriented modules include activities, roleplays, videos, and games. This ensures an active learning environment and can be adapted to the needs of different types of learners. The content is sustainable and scalable and is currently being run as a pilot study in a one CBSE school in Hyderabad, which is a metro city in India. Over the last three years, the program has trained more than 1200 school students and has garnered appreciation and interest from stakeholders like parents and teachers. The school students are encouraged to open bank accounts, and the school facilitates the same by tying up with a local bank.

Project Outcome

As an outcome of our program, 80% of school students have opened a bank account, and as per the feedback from their parents, they are actively engaged in family budgeting activities. This program bridges the gap in knowledge and financial empowerment, thus training a generation of resilient and financially confident adults.

The financially literate children support their parents in managing money, saving, and preventing financial fraud. With newfound knowledge, these children become financially confident and make informed decisions. While school and college prepare children to earn money, this program teaches them how to use and save their hard-earned money. They will grow into prudent investors in their adult life, leading to a generation's financial well-being. The power to manage finances well contributes to reducing financial stress and thus ensuring the mental well-being of individuals. This contributes to the UN's sustainable development goal of quality education, good health, and well- being.

Globally, women are behind men in financial literacy scores. Predominantly, the financial decisions in a home are taken by the male member, which also leads to gender inequality. Equipped with financial literacy skills, girls will be prepared to handle money matters and contribute to the well-being of their families. This will also lead to gender equality thus contributing the SDG5: Gender Equality.

4. Challenges

The project encountered challenges from both the stakeholders, school and parents. Initially, there was a reservation from the schools, as they felt that their timetable will not have room for an extra session. It took multiple meetings which led to a buy in from the school management.

The second major challenge was from parents, who were worried that their children will be burdened with another subject. The project team conducted multiple demo sessions for the parents and shared used cases with them to help them appreciate need for this intervention.

Finally, the challenge was to get the right trainers, who not only were passionate about the mission but would also be able to engage students with different learning styles.

5. Future Directions

The course will be offered to CBSE board to be implemented at pan India level. In future we will be working towards next stage of customisation the financial literacy curriculum specifically for women and person with disability. The curriculum will be designed in consensus with stakeholders, understanding individual needs, their contribution in society and financial independence desired.

6. Conclusion

The project will assess the financial knowledge level of the participants pre and post-intervention to assess the change that the program has brought. The project will document the best practices and update the content at regular intervals based on the feedback received from the participants and stakeholders like teachers and parents. The project's objective is to develop financial confidence in the participants and develop the acumen to make informed decisions. This leads to a generation which has reduced financial stress, thus leading to the mental well-being of the participants in the long run. The project will develop customised interventions to develop financial confidence in students with disabilities. As an outcome a standardised content will be created which has been tested on a large population of students. The module will then be offered to policy makers for implementation at a national level.

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