



24 January 2024

Education Committee,
House of Commons,
London, SW1A 0AA
By Email to: educom@parliament.uk

Response to Call for Evidence re Financial Education

Please accept this late response to your call for evidence. We recognise that submissions were due to be submitted by 22 December.

ShareSoc represents the interests of individual investors in the United Kingdom to regulators and government, and offers a range of **investor education**, information and networking services. We regularly submit responses to consultations that impact our members and the broad community of individual investors.

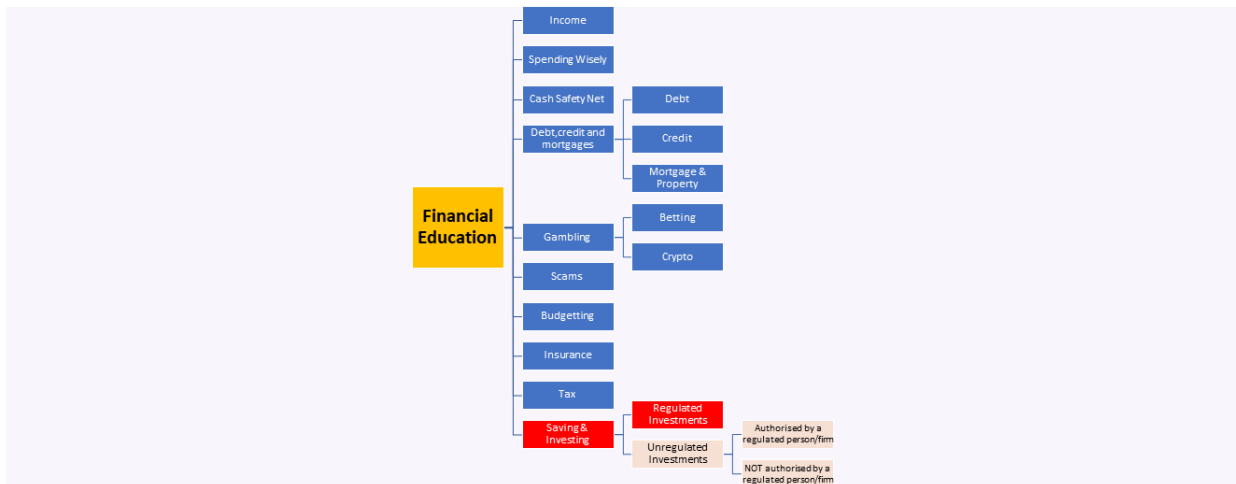
Financial Education is a key area of our focus. Our particular concern and expertise relates to investments in shares, either directly or via funds/investment trusts. Improving investor knowledge and understanding is essential as some 23 million people now invest via their pensions, over 5 million own shares and more than **13 million have ISAs** and / or SIPP's.

The ShareSoc website hosts significant financial education content, including our **Investor Academy** and our ShareSoc **Investing Basics** video series. The content of both is freely available to schools and to adult education services.

You asked for written submissions on the following questions. Our responses are below:

1. What should we be teaching young people about money? What should financial education include and are there any aspects missing from the current provision?

Financial education areas can be broken down as follows:



Aspects missing from current educational provision:

- **Income.** Many financial problems are caused by having more expenses than income. The problem of insufficient income can be addressed by:
 - Working longer hours, and/or for higher rates of pay.
 - Better education and increasing one's personal skills to increase earnings.
 - Negotiating with your employer to get a pay increase.
 - Moving to a higher paid job.
- **Cryptocurrencies** are almost entirely unregulated and as such are not considered by most investing experts as a real investment. Most Cryptocurrencies are purely speculative, rife with frauds and subject to innumerable scams. They serve little purpose other than for those who wish to speculate, exploit the naivety of others or move money outside the purview of relevant authorities. **Savings and investment** is an area where many teachers are uncomfortable and very often have limited practical experience. Often, they show little interest in the subject, partly perhaps because few have spare cash to invest.
 - Teachers need help to be able to teach these topics in schools. FLIC and ShareSoc Investing Basics can provide the necessary help.
 - There is a need to improve access to high quality unbiased teaching materials.
 - Currently this is a problem; almost all educational material is biased, or quasi advertising. The rise of advertising on social media and the increasing number of younger 'influencers', who often themselves have little understanding of the products they are promoting, is a matter of real concern,
- **The benefits of investing** need to be better explained and debated in schools, specifically the economic theory that investing and the returns it generates eventually leads to more spending, which leads to growing businesses and increased profits, which in turn improves share prices and creates jobs.
 - The risk of holding too high a proportion of one's savings in cash is poorly understood and has caused much consumer harm.
 - Crypto, meme stocks and the 'Fab Seven' tech stocks in the US have created the appearance that investing is easy, which it can be at times, but not always
 - Since the 1980s and early 90s, the relative importance of market economics and promotion of the benefits of investing in shares ("Tell Sid" and the other privatisations) has declined.
 - The disastrous Deliveroo IPO (400,000 investors), amongst other overhyped IPOs at the peak of the post-Covid investing bubble, negatively impacted younger people's perceptions.

2. **Where should financial education sit within the National Curriculum between the ages of 11 and 16? To what extent does its current position within the curriculum limit the amount of delivery time it receives? Should financial education form part of a core subject, such as mathematics?**

- Mathematics should incorporate the fundamental concepts necessary for financial education (fractions, compound interest, discount rates, use of spreadsheets, statistics, probability and risks - including tail risk and the benefits of insurance).
- Financial Education should not be part of the Maths syllabus. It is a Life Skills topic and ideally it should be taught and examined as a separate subject.

3. **What steps should be taken to support teachers and schools in their delivery of financial education?**

- Better training for teachers so that they themselves understand the basics of everyday personal finance. This should include:
 - Sources of household income and expenditure;
 - Budgeting: balancing income and expenditure;
 - Reasons to borrow, different types of borrowing, the cost of borrowing, the risks of borrowing;
 - Saving – reasons to save; options for saving; the benefits of saving; the benefits of investing; risks associated with saving and investing.
 - Basic taxation
 - Capital Markets – how they operate
 - Basic financial analysis
- Good teaching aids which are relevant to children and young adults and will be perceived by them as both relevant and interesting.
- Regular refreshers and training updates for teachers to help them keep up to date and help them keep abreast of changes in the world of personal finance and consumer attitudes personal finance.
- Encouraging 'investment clubs' and Stock market competitions where practical knowledge and skills can be applied. This can be achieved by, for example, setting up a shadow investment portfolio where no money is invested but the performance of investments / savings can still be tracked.
- **We note that:**
 - FLIC have done good work in this area
 - ShareSoc Investing Basics provides a good groundwork in the issues.
 - Teachers need significant help to be able to teach these topics in schools.

- The risk of holding too high a proportion of one's savings in cash is poorly explained and has caused much consumer harm.

4. Should the provision of financial education in schools be extended beyond key stages three and four. Is there scope for it to be embedded more extensively at primary-school level?

- Yes. It is concerning that many primary school children have educated themselves about crypto, whilst no formal education of the risks and rewards of saving and investing has been given. It is important that children receive balanced information.

5. The Government has outlined proposals to ensure that all students study some form of maths up until the age of 18 – should financial education be included in these plans and, if so, how?

- We believe, as previously stated, that financial education should largely be treated as a separate subject although the underlying mathematical concepts (fractions, compound interest, discount rates, use of spreadsheets, statistics, probability and risk) should be part of the maths curriculum.

6. Examples of best practice in teaching financial education are welcomed.

- The risk focused ShareSoc Investing Basics video is incorporated in the Year 11 Investing lesson from FLIC.

We would be pleased to meet with you or attend the Committee to answer questions.

Yours sincerely

Amit Vedhara
Cliff Weight
ShareSoc Education Committee

Appendix ShareSoc Example Pages from our Website

1. ShareSoc Investor Academy

<https://www.sharesoc.org/investor-academy/>

Your place for Investment Education

ShareSoc supports and encourages individuals to invest directly in the stock market. We are an independent, not-for-profit organisation, created & managed by individual investors, for investors. Subject to adequate education about stock market investment, the primary benefits of investing directly are:

- Elimination of fees charged by managers of collective investment schemes, which can have a significant impact on your returns. We acknowledge, however, that in some circumstances, collective investment schemes, especially investment trusts, can be a useful component of an individual investor's portfolio.
- Control over your specific investment decisions, and direct influence, through your voting rights, over the management of the businesses you choose to invest in. Such direct ownership interest, by well-informed investors, should improve business management and is to the benefit of UK Plc.

If you're **new to investing**, our **Investing Basics series** is a great place to start and we highly recommend that all investors familiarise themselves with the content.

You will also find a variety of additional educational content and resources within the ShareSoc Investor Academy. **Full members** have the added benefit of being able to access exclusive online investor resources as well as discounts on a number of Investor Services.

Some parts of the Investor Academy are under construction at present. Please bear with us whilst we strive to complete these ASAP. Your subscriptions and donations to ShareSoc will help us to increase the resources we have available to develop and maintain our educational offering.

2. ShareSoc Investing Basics

Learn Investing basics with our 10 easy 10-minute videos.

Throughout the free investing course you'll learn the principles of stock markets, how investing works and when to buy or sell, to the various routes into share ownership and the best ways to research potential investments.



Who Is The Investment Course For?

Are you just starting to think about investing and want to learn more? Or perhaps you are just starting to invest, i.e. are you a just starting your investing journey?

Have you got a workplace pension or an investment ISA that you don't really understand?

Perhaps you've decided to figure out how investing works, finally dug out a book or search the internet – and lost the will to live within three seconds? Or maybe you're an established investor wondering how you're ever going to get that 'boring but important' investment message across to your laid back family?

If any of those stories sound familiar, then Investing Basics could be the investing course you need to unlock that key piece of information holding you back.

Investing Basics Videos

1. Introduction to Investing
 2. The Miracle of Compounding
 3. Risk and Business
 4. Supercharge your Research
 5. Fun, Fun Funds
 6. When Should I Invest?
 7. When Should I Sell?
 8. How to Buy Shares and Funds
 9. Discovering Great Investments
 10. Summary and Recap
- Sponsors & Endorsements