

Bluebook

Executive summary of:
**RESEARCH REPORT OF
FINANCIAL EDUCATION OF
CHILDREN AND YOUTH IN
CHINA 2012**

Skilled teachers, involved
parents, curious students

Be Better China



Introduction

2

A new generation of consumers is growing up

China's rapid economic development in recent years, along with the "One-Child" policy, contributes to the fact that many urban young people, dubbed as "little emperors and princesses", possess excessive money and have formed bad habits like careless spending, as they are under the sway of consumerism. Are these urban myths, or is our society really changing? Be Better has researched the matter in depth.

Bluebook of Financial Education of Chinese teenagers 2012

In cooperation with Shanghai Normal University, Pudong Financial Bureau and the Shanghai Association of Moral Education for Primary and Secondary School, Be Better conducted a national survey. We interviewed 40,000 children between 6 and 22 yrs old from 9 cities across China. The research is sponsored by VISA.

Introduction of Be Better

Be Better was founded in 2009 to equip China's new generation with social and financial skills. Be Better stands for:

- Taking responsibility
- Sound money management
- Changing the world collectively
- Good Citizenship

We provide courses on social and financial skills, as well as social innovation for children and youth age 3 - 23. Our programs empower the youth and children in rural areas, and migrants in the cities. We reach them through our professional teacher trainings, training of trainers, through our community centres, local education bureaus, partnerships with schools and NGO's as well as our social media campaign for change makers.

We offer in-house expertise on curriculum development for social and financial education and social innovation.

Be Better is registered as an NGO at the Pudong Civil Affairs Bureau in Shanghai.

What do the students say?

First of all we asked the children: **do you think you need to learn how to spend your money? Or is that a skill that you were born with?**

Interesting enough, the answers differed, as the children grew older. Among primary school pupils, 79% thought it necessary to learn how to save and spend. The percentage dropped during middle school, and when asked, 12% of college students answered that they felt they have no need for financial education.

Looking deeper into the matter, **College students answered that since childhood, they have been told not to spend their money recklessly. Yet they haven't been told how to spend it wisely.** They ask for a more positive approach from their parents and teachers.

What do parents and teachers say?

We asked the parents and teachers: do you see a need for financial education for children, and if so, who should teach them, and from which age?

Both parents and teachers agreed that financial education is necessary. Parents saw less need, 81% of them answered positively, compared to 93% of the teachers.

Parents generally think that financial education should take place at school. Teachers however do not have access to the right materials, and find it difficult to discuss such sensitive topics as personal finance in their classes.

Answering the question about what is the right age for children to start learning about money, some concerns were raised. For those parents with children in middle school, they complained that their children had developed bad habits, spending all their money and not accepting any criticism from their parents on this. They felt it would be wisest to start teaching about good money management in primary school.

Parents who answered that children should start learning about money management in middle school argued that it would distract their children from studying if they were too early engaged in society and think only of money instead of their studies.

How are schools involved?

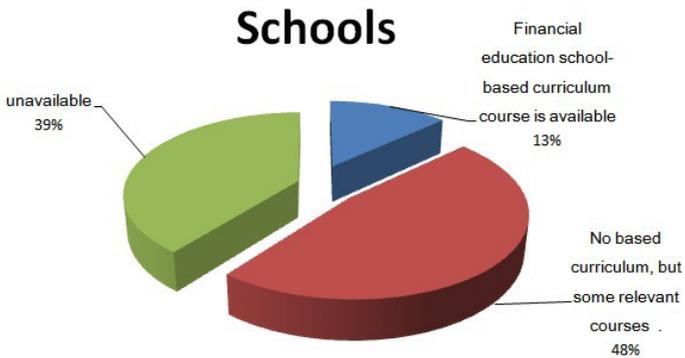
6

How many schools offer courses on finance already?

From all the primary and middle schools that were involved in this research, 87% had not established a school-based course of financial education. Some schools cover a program on moral education that includes basic financial understanding. For the schools with existing financial programs, **most teachers expressed the wish that the content be more relevant to day-to-day life, to increase the number of hours, and to provide the students with opportunities to practice their newly acquired skills.**

Pressure from exams is a direct threat to financial education. The fact that financial education is not part of the national curriculum makes the situation more insecure for the teachers. Most of them also lack the necessary skills themselves, and adequate methods to teach financial planning, bookkeeping or rational consumption. 74% of the teachers are willing to include financial education in the program, seeing it as part of a quality education.

Financial education is more widely available at college level (60%) but a majority of students does not show interest, saying that the program is boring and does not relate to real life. Others blame the lack of the teachers' knowledge that is not up to date and makes the course irrelevant (30%).



How do children earn?

8

What are the main sources of income for students? Do they earn money by doing housework or is it all gifts?

Very few students earn money by doing housework or selling waste to the recycling stations. Most rely on their parents for their allowance, and on their grandparents for red envelopes and New Year's money. Most is given to students without incentive, but especially primary students receive money for good grades in school.

So as not to distract their children from studies, most parents don't regularly engage them in doing housework. Especially in middle school parents often do their children's chores. Parents don't intend to teach their children about the relation between work and remuneration.

Students would like to earn extra money by doing some work, but have a hard time finding sources of income, and are usually given the necessary funds by their parents.

Most parents give their children money depending on their mood or upon request. Gain without pain is the common way to earn

More than half of the parents who give their child money, does so irregularly. They give the child money either because he asks for it for a specific purpose, or because the parent feels like giving some money. Around 12% of the parents never gives their children money or do not consider it an allowance because of the small amount.

Only 39% of the parents knows or understands what his child spends his money on. Most parents don't really care, given the small amounts.

Children complain about the difficulty to plan their expenses when their parents do not regularly give them money.

Primary school students like to swop their goods with peers. College students like to sell their things to friends. It seems that possessions have more value when swopped, sold or given away as a present. At home they mostly just pile up.

How do children spend?

10

What do you spend your money on?

Children in primary and middle school spend over 60% of their income on stationeries. Pens, papers, erasers and exercise books are very popular. Although these are very useful things to buy and contribute to their studies, research showed that they are mostly bought for their style, and that fashion changes quickly. Some parents complained that their child had drawers full of pens and cartridges, but were still crazy for buying new ones.

As primary students mature into middle school students, their spending habits change. While at primary school they have limited budget and purchase only simple things, at middle school they add clothes, electronic products, sightseeing, class parties and gifts for friends to their list of expenses.

Stationeries are the most popular purchase, and they come in many fashions

How do you feel about bargaining? And do you ever bargain yourself?

Bargaining being part of everyday life in China, many parents haggle with shopkeepers over their purchases. Their children however feel ashamed at this behavior. They're not sure if and what to bargain about, and they're worried what other people might think about it. Some admit to step away from their mum or dad so that bystanders won't think they're related.

As children grow into college students, they start to understand the need for bargaining, dealing with limited resources

themselves. Still, when shopping with a new friend, or with their lover, they would still refrain from bargaining in fear of losing face. Overall, girls find it more normal than boys to ask for a discount.

Children feel ashamed when their parents bargain

What do you consider when you buy a present?

Many students believe that positive emotions between people are invaluable, and that consuming in order to maintain or improve relationships is a good investment for the future. But how do you decide what to buy, and how much it should cost? Most children choose to buy something for their friend that he best likes (78% at primary school age) but some check how much money they have first (16%), very few will buy something that is necessarily more expensive than what they got from their friend (2%) or cheaper than what they got (1%) and a few would rather keep the money for themselves (2%). Different emotions underlie all these decisions, from vanity to social pressure among others.

Buying a small present for a classmate is like an investment in the future relationship

How strong is your desire to spend?

Many of the students realized that they usually buy things impulsively. First they like something, then they have a burning passion to own it, but once they have it they feel that it wasn't really what they needed. The purchase becomes a waste of money.

You have only so much money but you want to go shopping, what do you do? Students in Chongqing ask their classmates to lend them, children in Beijing press their parents for more money, while children in Guangzhou are very rational and limit their spending.

One of the reasons for children in Guangzhou to be so rational about spending is because their parents are migrants and they deeply understand the importance of money. In Chongqing, most students live in boarding schools and depend on classmates for help and advice, while students in the big city usually live with their parents and turn to them first when they need money.

Students clearly understand that borrowing money from classmates can lead to disputes. Some refrain from borrowing in order to avoid that. Others do lend money, afraid to be marked as 'stingy' even if they know they will not receive the money back. Very few are brave enough to require a receipt from their classmates.

		First think of on how to spend pin money and how to spend pin money according to plan.	First think of on how to spend pin money, but often do not spend pin money according to plan	Do not think of on how to spend pin money, spend it as whatever I like
Primary school pupil	Boy pupil	70.20%	15.80%	14%
	Girl pupil	74.38%	14.79%	10.84%
Middle school student	Boy student	47.67%	24.83%	27.51%
	Girl student	44.91%	28.44%	26.65%
College student	Boy student	41.75%	34.39%	23.86%
	Girl student	41.33%	41.95%	16.72%

How do children budget?

Do you usually make a plan for your expenses? And when you spend money, do you spend according to your plans?

Interestingly enough, many children think about what to spend their money on, and some even make a plan. When it comes to actually spending to money these thoughts and plans are often thrown overboard.

Among the college students, 80% makes a plan of how to spend their money, but half of them do not stick to the plan afterwards.

Do you keep account of your expenses?

In general children don't take book keeping very seriously. Primary school children are the exception, 32% of them keeps detailed record of every single income and expense. Most children regularly recall their income and expenses but without writing it down. In middle school, 60% of the children does not keep records at all.

	I keep detailed records of every single income and expenditure.	I regularly recall my own income and expenditure.	I do not make bookkeeping records.
Primary school pupil	32.02%	26.97%	41.01%
Middle school student	11.01%	28.55%	60.44%
College student	25.39%	42.57%	32.04%

When asked why they kept record of their expenses, most children answered that their parents or teachers had instructed them. At the same time, they hadn't been told how to do bookkeeping, and they were just trying it. Students who don't record their income and expenses argued that it was too troublesome and inconvenient, unnecessary and not appreciated by parents. Students who did keep record said it was easy, takes little time and is not scrutinized. An interesting contrast!

How do children save?

14

Do you save? And where do you keep your money?

Saving money is a long-standing tradition in China. How is this reflected in the newest generation? Do they still keep up with this habit?

Around 90% of the primary and middle school students admit to saving money. Some give it to their parents to keep, the majority a piggybank or a savings account at a bank. Especially younger children prefer to keep the money nearby where they can easily access it. The downside of that? It's often spend quicker than planned. Many parents fail to involve their children in the process of taking their money to the bank, and children therefore are not sure if their savings are safe or not.

Parents have to set the example and show their children how to take money to the bank

Savers club

Teachers from Pingliang No.3 primary school in Yangpu District of Shanghai discovered that their students don't know how to manage money and lack life skills. Lacking of life skills and financial knowledge will lead to wasting money. When these children grow up, they will become the new moonlite generation (spending their full income). Therefore, Savers Club was established. Savers members will learn how to use money in their daily life, such as water and electricity bills, groceries etc.

Process

Solve daily life problems

- Electric charge divides into two periods: peak time and off-peak time. (Peak time is 7:00am-22:00pm; off-peak time: 22:00pm-7:00am). The price of peak time is twice as much as off-peak time. So students discuss how to save money in peak time.
- Teacher teaches students to find the relationship between price and quantity in supermarket. They learn to find the cheapest version of a product, and where to find that information.

Do some activity

- Students role play the boss, and make a purchase plan. Students need to consider the relationship between cost and profit.
- Students role play customers, and learn how to bargain.

Achievement

Students combine financial knowledge into daily life and discuss with their parents to make a savings plan for the family. This activity transforms knowledge into daily practice.

Problems

Primary school teachers have limited financial knowledge, so they need to research a lot of data before doing events. They are not professional and have limitations. Also it's a challenge for teachers using the participatory teaching method. Finally, the teachers need parents' help.

Diandian Small Bank

Rose Primary School is an ordinary public school in Minhang district in Shanghai. Nearly 40% of the students are migrant children. They come from different cities with different cultural backgrounds. Parents have enjoyed little education and have no time to manage their children. Rose Primary School needs to motivate participants to become enthused and has developed a social banking system to do so.

Process

Teachers and students can put forward their idea for the process design, such as decoration, bank logo, slogan, deposit card, currency, etc.

Every child has a deposit card. There are an account and card number on it. Students can gain currency via the following routes:

- ▶ Being on time to school
- ▶ Teachers can give currency to those who behave well in school
- ▶ Participating in school activities

How to spend?

- ▶ Fulfill a wish, such as being a flag raiser, having a birthday party together, etc. The more currency you have, the bigger the wish you can fulfill. Also school will inform their parents how the students use their currency.
- ▶ School provides different programs for student to choose from, such as learning vegetable cultivation. Students need to pay for this activity. After learning cultivation, students will get a farming license. And then students can rent a plot and cultivate it by themselves.
- ▶ Teachers encourage students to make a savings plan for how they will use the currency.

Bank clerk

- ▶ The bank clerks are student volunteers. There are four positions: statistical officer, seal member, typist, and coordinator.
- ▶ Statistical officer: counting daily saving.
- ▶ Seal member: seal to confirm.
- ▶ Typist: type the data to computer.
- ▶ Coordinator: maintain order during working time.

Working time: 12:20PM-12:50PM

Monday for Grade One, Tuesday for Grade Two, Wednesday for Grade Three, Thursday for Grade Four, Friday for Grade Five.

Expand opportunities for students to gain currency

School is a part of student's life, so school expands opportunities for students to gain currency both in family and community. If students behave well in their family or community, his parents or social workers can reward the good behavior with currency.

Diandian bank integrated into reading

- > Students read suggested books and answer the online questions. If he/she answers correctly, he/she can gain currency.
- > Students read books and make online comments, and then he/she can gain currency also.
- > Select "Star of Reading". Those who always participate in the reading website can become the "Star of Reading" and gain currency.

Effect

- > Break the traditional evaluation way in China;
- > Create an atmosphere of self-management in school;
- > Cultivate students' not only textbook knowledge but also financial awareness, financial skills, behavior and morality.

Conclusion

Diandian Bank combines financial education into daily lives and study. Students can fulfill their wish through obtaining currency by different kinds of methods. Also they need to make a saving plan on how to use this currency, which cultivates their planning and budgeting skills.

Improvement

- > Currency from Diandian Bank only circulates between teacher and student, not student to student.
- > Currency inflation needs to be taken into account.