

NATIONAL REPORT ON FINANCIAL EDUCATION

Outcome of Work Package 3 – Needs and Gap Analysis

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1 National Results: FE in Belgium

On the Child & Youth Finance International Regional Meeting Europe and Central Asia in November 2012 in Brussels, Mr. Steven Vanackere, Belgian's Vice Prime Minister and Minister of Finance, said something very important: "If people don't understand finance by the time they reach the age of 18, chances are low they will still learn it later". The most important outcome of this conference was a clear commitment that there is a general need in Europe and more particular in Belgium to improve financial education.

1.1 STATUS QUO

In order to get informed about financial literacy the Belgian Febelfin (the Belgian Federation of the Financial Sector) organized a national survey on basis of a representative sample of the Belgian population in September 2009. A series of sixteen specific questions with varying difficulty were posed to the interviewed; ranging from questions about calculating the interest rate till how to arrange a family insurance. Only 44.5 % of the interviewed young people between 18 and 24 years succeeded for this test. In other age groups, more than 50 % received good results.

Febelfin therefore wants financial education becoming a priority topic in general secondary education. "The goals of secondary education should be adjusted", said President Stefaan Decraene of Febelfin. "We leave the initiative to the government, but personally spoken, children over 12 years should know what e.g. a current account is [...] and from the age of 15 years, they should know what a stock or a bond is." The Flemish Minister of Education, Pascal Smet (SP.A), accepted this conclusion in 2009. Financial literacy will start in the following school year within new cross-curricular themes of education in Flanders. Therefore, all Flemish general secondary schools from must ensure that their students will have a sufficiently broad financial knowledge, starting with September 1st 2013.

The above described test, which Febelfin wants to repeat annually, also shows that Belgians know more about bank products than about insurances. Questions about general topics, such as calculating an interest, provided better results than product-related questions. The financial knowledge of the Belgian population does increase by age, until the age of 64. Afterwards it decreases slightly. Febelfin therefore argues not only for financial education related teaching materials in education. The banking federation also created an interactive website to help other vulnerable consumers. But that happens in collaboration with the FSMA

(Financial Services and Markets Authority). The FSMA received the legal mandate to contribute to financial education and was not surprised about the results of the test. “Financial education is a long process, which we support fully” said FSMA president Jean-Paul Servais. The Flemish Minister of Education Pascal Smet also wants more financial aspects integrated in the study programmes: “Now it’s not yet a separate topic, but it is present through cross-curricular themes. [...] Since 2010 there is more attention paid to the interaction between society and economy”, said Pascal Smet. The Minister will also take financial education in the reformation of general secondary education into account. In Flanders, the Minister wants to reform the structure of general secondary education and hopes that financial education will become a most important issue. The Minister wants to provide financial education in schools through video games. Furthermore, the Minister highlighted the importance of financial education among members of the Committee on Education of the Flemish Parliament last year as a member of the Parliament wanted to know about how to be able to improve financial education for pupils, students and citizens in general. Moreover, the Minister of Finance Steven Vanackere (CD&V) pointed out last year that financial literacy of consumers is an urgent need.

1.2 INSTITUTIONS AND SCHOOLS

The following sections deal with the school system in Belgium – specifically in Flanders – as well as financial education programmes within general secondary schools.

1.2.1 School System in general

As a result of the various state reforms since 1989 in Belgium, education is no longer part of the responsibilities of the federal state but of the Communities (Flemish, French and German-speaking Community). For this project, the Belgian project partners are going to focus on Flanders and will integrate this project in general secondary education ASO. In Flanders, there are 3 levels of education: primary education (pre-school and primary school), secondary education (high school) and higher education (vocational and university).

The primary school is attended by children from 6 to 12 years, whereas secondary education schools are teaching children aged between 12 and 18 years. These 6 years of secondary education are divided into 3 degrees of two years. The first grade consists of a core curriculum; at the end of the first grade, pupils have to choose a particular study-programme:

- **ASO** (general secondary education) with emphasis on broad general education

- **TSO** (technical secondary education) with 3 courses of study: a theoretical, practical, and a combination of theoretical and practical education
- **KSO** (artistic secondary education) that combines general education courses with art theory and practice
- **BSO** (vocational secondary education) is a practical education

Primary and secondary education is organized according to a so-called educational network. There are 3 educational networks in Flanders:

1. The **Subsidized Free Education** (BER) can be divided into denominational (Catholic, Protestant, Jewish ...) and non-denominational, such as Steiner, Freinet and Montessori Schools. These are schools from private organizations, but recognized by the Flemish government, if they reach certain requirements. The Free Education covers about two thirds of the Flemish education (in terms of numbers of schools and pupils).
2. **Community Education** (GO!) is entirely organized by the Flemish Community. 15 to 20 % of the Flemish schools belong to this network.
3. The **Official Subsidised Education** (DBL) consists of urban/municipal and provincial education. The provincial schools follow the same curriculum as the Community Education, while the urban/municipal schools determine the choice of their curriculum by themselves.

Higher education in Flanders consists of universities and university colleges. A University college is any higher education institution except the university. The following illustration should provide an overview over the Flemish school system:

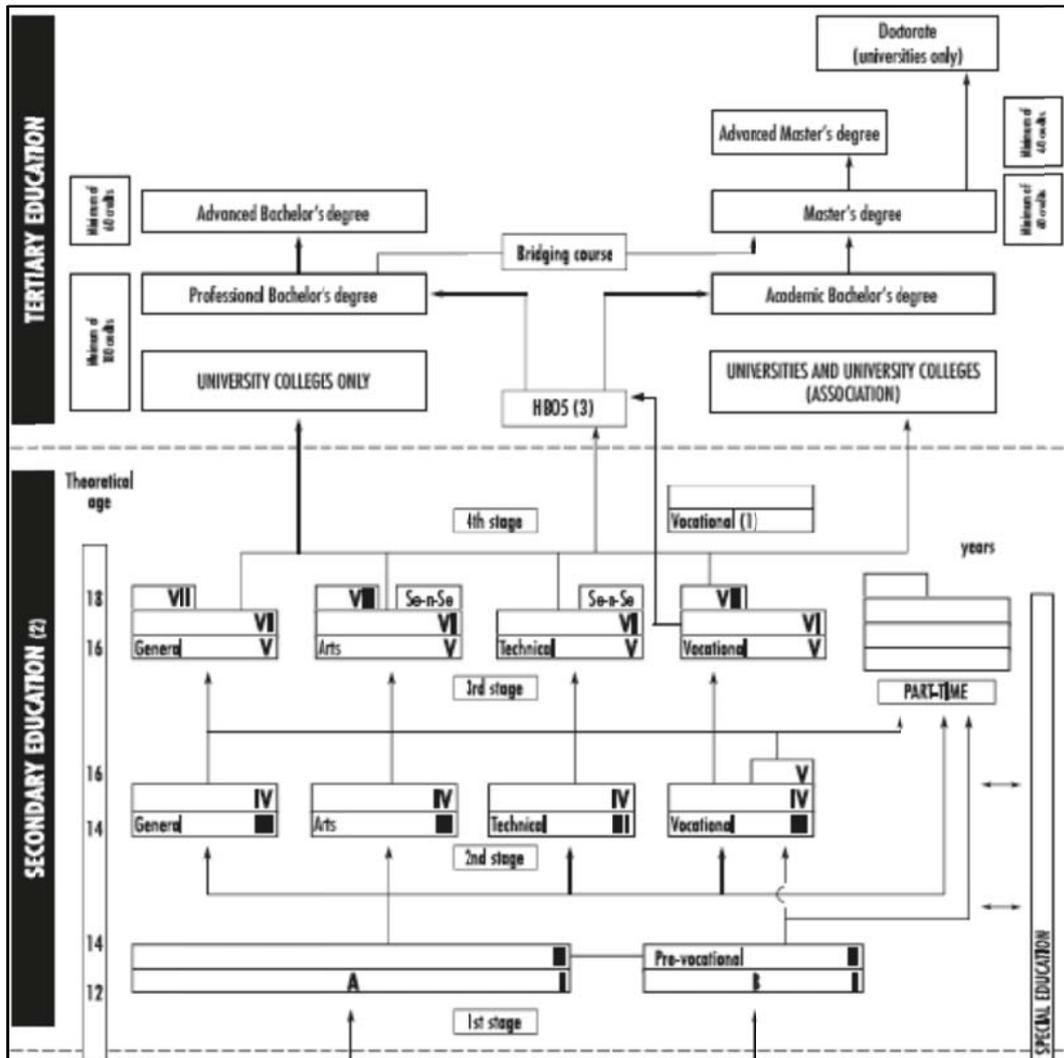


Image 1: Source: Vlaanderen.be: officiële site van de Vlaamse overheid, Flemish education in figures, 2011-12

Financial education programmes in secondary schools

Financial education can be integrated in socio-economic programmes, where pupils can become familiar with social participation, personal development and responsibility for their financial behaviour. These learning outcomes have been developed by The Flemish Ministry of Education and are the guidelines for different types of educational networks in Flanders. The following topics are included:

- the role of the government
- the role of companies
- the management of companies
- the employers and employees organizations
- welfare and prosperity
- employment

- economic activities
- goods and services ...

The living in poverty (knowledge of poverty; characteristics, causes and consequences) may be experienced as a barrier to full participation in the society. The education emphasizes on the rights and duties of consumers. Most relevant about financial education is budget as an element of consumer behaviour, self-reliance and resilience. All these topics are focusing on the dynamic nature of the social-economic society, influenced by a permanent interaction between economic, social and financial mechanisms. The international context, reflected in the globalizing economy, has an obvious impact on this interaction, too. It could be concluded that the knowledge of these themes empowers young people.

Inspired by European recommendation and based on ideas from the OECD project The definition and selection of key competences, an updating of the goals of these learning outcomes offers an answer to the question, what kind of minimum competences in Flanders each citizen has to have in order to be able to participate in the society and to develop his/her own personal life. The learning outcomes prepare pupils on a critical and creative function in the society and the development of their personal life. To realise these ideas, the Flemish Ministry of Education creates a framework to operationalize the vision of basic education in general secondary schools in different packages such as physical health and safety, mental well-being, socio-relational development, a multicultural-democratic society, environment and sustainable development, political-legal society, social-economic society and socio-cultural society.

It can be summarized that financial education could be integrated in all these different packages and could be linked with it. Basic skills like think and act autonomously, communication and collaboration, self-reliance and resilience, social functioning, exploration, initiative and creativity, etc. are in each package expressed more than once and this causes an overlap. The following illustration shows some more figures about the school system in Belgium:

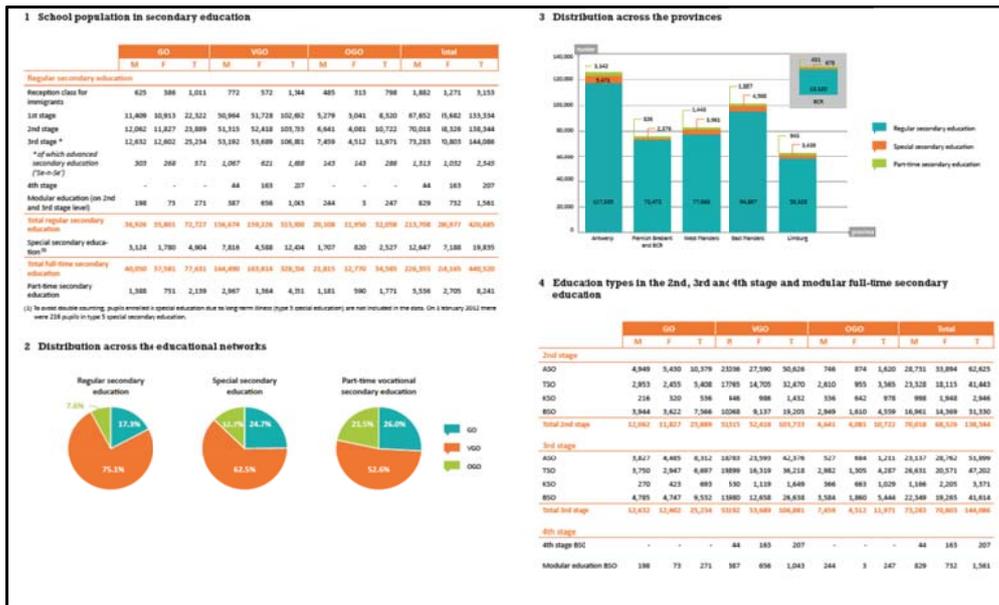


Image 2: Source: Sint Pieters College Leuven, Facts and Figures about General Secondary Education, 2012

1.2.2 National Institutions

In Belgium, different actors, namely Febelfin, FSMA, the Minister of Finance, the Minister of Flemish Education, BVK (professional association for credits) a member of Febelfin and VCS (Vlaams Centrum voor schuldenlast or Flemish Center for Indebtedness) want to work together to improve financial literacy among citizens in order to develop financial education. This is an extract of their initiatives:

VCS Book: In balans

The VCS is working on prevention for young people and aims to introduce this book in general secondary education from 12 years in ASO, TSO and BSO (see below: structure in Flemish education). The objective of In Balans is to provide skills and the way on how to deal with money to young people. Young people get pocket money, they sometimes have an income from student jobs and often, they manage their own account at a bank. One of the aims of this project is to provide information on how to spend money in a good way, other than spending money for games, ring tunes, gambling, the latest mobile phones and expensive clothes, as this is very attractive for young people. In Balans wants to help young people becoming independent.

The Credit Guide and Balance Calculator

The organisation UPS-BVK decided to write a credit guide using easily understandable words to inform consumers about their rights and duties as well as to provide basic, low entry information about the main characteristics of consumer credit products. Such a guide promotes the idea of informed consumers being able to make right financial decisions.

Ghent University: Planning and Budgeting Game

This game has been presented during a conference meeting for teachers in Leuven in May 2011. The teaching materials are available via the following link: <http://habe.hogent.be>.

Joetz (Organisation of Young People of Socialist Mutuality)

Joetz organised their 6th conference in Leuven in November 2012 about How to learn young people dealing with money and the importance of financial education? The target group of this meeting were teachers from general secondary education. During the conference, different speakers from institutions as Research and Information for the Consumer Organisation (CRIOC and VCS) have been part of the programme.

Workshops

There are a lot of workshops to show practical examples of projects on financial education like a workshop about improvisation or the game No credit, game over (EW 32-Serious is a game about debts) and social skills in dealing with money from OCMW (PCSW) and schools in Zottegem (Flanders). Based on the philosophy to provide financial information as early as possible, OCMW developed some projects for children and young people on how to handle money on a more social way.

FSMA

The FSMA is responsible for the integrity of the financial markets and fair treatment of financial consumers. FSMA organized the first financial education conference in Belgium on January 31st 2013. Contributing to the financial education of consumers is one of the missions, entrusted to the FSMA by the Belgian legislation. It's for the reason that the FSMA has developed a financial education website www.wikifin.be. There is also a savings account simulator on the website that provides savers online a personalized comparison of several accounts. The goal of this website is helping citizens with their financial decisions and to equip

consumers with information and simple tools to enable them to make informed choices that are best suited to their personal financial needs. Princess Mathilde is also supporting to this project. In addition to launching FSMA's financial education programme, the aim of this conference was also to gather all together those people who are concerned by financial education issues in Belgium. They were convinced that education plays a crucial role in increasing awareness among young people. During the conference, Pascal Smet organized round tables to discuss financial education topics as well as resources needed to integrate this subject into the curriculum.

Dolceta: A Project issued by the European Commission

The abbreviation Dolceta was originally derived from developing On-Line Consumer Education and Training for Adults. Dolceta is an ongoing online Consumer Education project involving 27 countries of EU, financed by the European Commission. Dolceta offers online modules, which focus on different consumer topics. One of the topics is financial literacy, launched for teachers. Belgium is one of the partners of this consortium.

1.2.3 Partner School within Project "Financial Education"

Sint Pieters College (College of Saint Peter) is situated in the centre of Leuven and is a subsidized private school. They only offer general education (ASO) in first, second and third grade. Young people from 12 to 18 years can follow courses in this school. The mission of the St. Pieters College could be translated as follows:

"We want to offer qualitative broad education. In addition, we enhance our students in becoming more independent. We want to create a warm, honest, respectful atmosphere, with possibilities for different initiatives."

Sint Pieters College is offering an outstanding preparation for higher education afterwards. They want to challenge and stimulate pupils and offer a lot of possibilities for the pupils' development as well as their becoming of independent young people. The structure of the school is as follows:

Derde graad				
Grieks-Latijn of Grieks-Wiskunde	Latijn-Wiskunde of Latijn-Wetenschappen of Latijn-Moderne talen	Wetenschappen- Wiskunde of Moderne talen- Wetenschappen of Moderne talen- Wiskunde	Economie-Moderne talen of Economie-Wiskunde	Humane wetenschappen
Tweede graad				
Grieks-Latijn	Latijn	Wetenschappen	Economie A - Economie B	Humane wetenschappen
Eerste graad				
Grieks-Latijn	Latijn	Moderne wetenschappen		
Klassieke studiën		Moderne wetenschappen		

Image 3: Source: Sint Pieters College, Structure of Education, 2013

When searching for financial education, it can be found in the first grade within the modern sciences (Moderne wetenschappen). In the second grade, the programmes economics (Economie A/B) and human sciences (Humane wetenschappen) are relevant. In the third grade, the programmes economics/modern languages (Economie/moderne talen) or economics-mathematics (Economie/Wiskunde) and human sciences (Humane wetenschappen) are of importance for the delivering of financial competences.

Curriculum of Partner School

The needs and gap analysis is based on the teaching (doctrine) plans, issued by the Catholic education (VVKSO Verbond van Katholiek Secundair Onderwijs or Association of Catholic Secondary Education).

Results of Gap Analysis

In the second year of first grade socio-economic initiation (SEI or Socio-economische initiatie), an optional course can be found. In the first grade, this course only verifies if student are interested in studying economics by offering some interesting topics. Topics such as purchasing power, the sources of family income and the household expenditures have been found within the curricula analysis. In the second grade, the learning outcomes for the cours-

es of economics are the functioning of companies (SME); their core business, growth and prosperity. In the third grade, topics such as the competition between markets, the imperfect market, generation of income, income inequality, poverty, GDP as welfare indicator of a country, economic fluctuations and international economic relations are taught. Pupils also could learn about business by creating their own small business. Therefore, the school is collaborating with Vlajo (Flemish Young people), an organisation, subsidized by the Flemish government to stimulate entrepreneurship among young people. Students of the last year or the third grade could choose this special course. There, they learn about the functioning of companies by playing the game Vlajo Challenge.

2 Conclusion

The awareness of the importance of financial education among policy makers in economies all over the world is very clear. Also in Belgium, there are contacts between the Ministry of Education, the Ministry of Consumer Affairs and the Ministry of Finance. There is a lot of information about financial literacy available as well as international conferences about financial education all over the world. The Conference of Child and Youth in Brussels at the end of January 2013 shows the importance of that topic. Not only the Minister of Finance was convinced by the need of financial education, also the Minister of Flemish Education, Pascal Smet, and the Minister of Consumer Affairs recognized the need of good financial education for young people. They also know that financial education should start at school. Pupils should be informed about financial matters as early as possible. Financial literacy is a core life skill for fully participating in a modern society. Children are growing up in an increasing complex world where they will need to take charge of their own financial future. National surveys show that young adults have the lowest levels of financial literacy also in Belgium where young people were not successful in a test about financial products. This is reflected in their general inability to choose the right financial products and often a lack of interest in undertaking financial planning. Even from an early age, children need to develop the skills to choose between different career and educational options and manage any discretionary funds they may have, whether from allowances or part time jobs. These funds may entail the use of saving accounts or bank cards. Situations where students/pupils have to reflect about managing their budget (the purchase of clothes, the purchase of mobile phones or smart phones ...) have been developed.

We are convinced that very simple examples could help students/pupils to think about financial planning. Our Minister of Flemish Education is trying to introduce financial education programmes in our school system. Financial education programmes that help financial consumers to understand pros and cons as well as the risks of different types of financial products. Our COMENIUS project could help to develop these financial education programmes. We discovered the need of the introduction of financial education amongst young people in Flanders but financial literacy and good financial topics are not hot topics in our educational system and there is still a long way to go. We found that yet financial education/literacy is not well integrated in school programmes of general secondary schools. We couldn't find financial literacy and specific topics of financial education in the educational programmes of Sint Pieters College, our partner school for this project. In this paper we tried to analyse some typical topics such as saving or spending, how to manage the own budget, all illustrated by very simple examples.

This analysis will be the start of a long process. We are convinced that we have to develop educational programmes to promote financial literacy and have to help young people to make better financial decisions for their future. This COMENIUS project will help us to do so.

Finally, we want to conclude with a statement of the OECD:

"Financial education is increasingly important, and not just for investors. It is becoming essential for the average family trying to decide how to balance its budget, buy a home, fund the children's education and ensure an income when the parents retire." (OECD 2006).

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