CYP Financial Capability

UK Children and Young People's Survey
Vulnerability

Authors James Hopkins and Ben Farr of Critical Research

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Money & Pensions Service

Foreword

The Money and Pensions Service's vision is everyone making the most of their money and pensions. Previous research has shown that financial capability, by the time of reaching financial independence, is in large part a consequence of what is seen, learned and experienced during childhood and adolescence. We will continue to focus therefore on how we provide a meaningful financial education for children and young people, be that via school or positive experiences of talking about, and handling, money at home or learning about money in the community.

Research and insights are central to our understanding of financial capability. We are pleased therefore to present the findings of our 2019 UK Children and Young People's Financial Capability Survey. This work updates and builds on the previous 2016 survey and provides robust measures of children and young people's financial capability across the UK, including separate analysis for each devolved nation.

We will use the research as a base for decisions about how we develop and influence funding, policy, and the delivery of financial education in schools, homes, and communities across the UK.

Findings from the survey will also be used to measure progress against the goals of the UK Financial Wellbeing Strategy[1].

Nick Watkins

Head of Insight & Evaluation

Money and Pensions Service

Background and context

The survey is designed to further develop our research into the indicators, drivers and inhibitors of financial capability, including asking children about:

- how they get, save and spend money;
- their attitude to spending, saving and debt;
- their confidence and understanding about money; and
- how they recall receiving financial education, what they learnt and who they turn to for help and advice.

We asked parents:

- about their own attitudes and behaviours with money;
- their attitudes and approaches towards parenting relevant to money; and
- their view on their child's skills, abilities, attitudes and behaviours with money.

Questions asked in 2016 were largely unchanged, although additional key areas of questioning added for 2019 included asking children about money topics learned at school and asking parents about rule setting and giving money to their children.

Reporting

The approach taken towards reporting for 2019 is to create a series of short reports, each focused on a specific topic of interest. The initial reports cover:

- Headline findings;
- Nation reports (A report of main findings per UK nation);
- Financial Education at School;
- Financial Services;
- Parenting (covering attitudes, rule setting and the giving of money).
- Vulnerability; and
- Analysis of children whose main carers are not a parent (In 2019 we boosted this sample).

There will also be a repeat of the Principal Components Analysis that was originally done in 2016 and which identifies the 'building blocks' of financial capability.

Across the reports we will look at the link between each topic and those aspects of behaviour associated with good financial capability from the 2016 survey, these being active saving and good day-to-day money management.

[1] https://moneyandpensionsservice.org.uk/uk-strategy-for-financial-wellbeing/

Vulnerability

Executive summary

This report presents an initial analysis of the findings from the 2019 Children and Young People's Financial Capability Survey examining the links between children's individual characteristics, skills, and environmental factors affecting them and their financial capability, in particular:

- **active saving** - the propensity a child has to consider saving money rather than spending it; and
- **good day-to-day money management** - the tendency a child shows for looking after their money, planning, spending and keeping track.

This analysis is the first step in helping us understand more about which children and young people may have potential vulnerabilities, and the areas of financial capability they may benefit most from support on.

We focus on the groups identified in the Vulnerability Deep Dive[2] and 2018 Needs Analysis[3] for this analysis. Where appropriate findings are compared with the 2016 survey data which was used to prepare the Vulnerability Deep Dive report.

What do we mean by vulnerability?

There is no single definition of vulnerability. This report defines vulnerable children and young people as those who are at increased risk of poor financial capability, and/or at risk of disproportionately negative impacts of poor money decisions.

Four key themes were identified in the 2018 Vulnerable Children and Young People and Financial Capability Literature Review[4] that may be linked to poorer financial capability. These are:

- **Individual characteristics** – things about a child which are very unlikely to change such as disability or ethnicity
- **Individual skills and behaviour** – things about a child which may change, such as cognitive skills or behaviour
- **Environmental factors** – the wider environment such as economic circumstances including household finances and indebtedness
- **Financial education** – links between recall of learning about money management in schools or other types of education and financial capability, including for those children who are not in mainstream education

Key findings

This initial analysis demonstrates that many of the individual characteristics, skills and environmental factors identified in the previous children and young people's vulnerability research remain linked to poor financial capability in 2019.

A key finding from this research is that many of the children and young people in the vulnerable groups identified had poor day-to-day money management outcomes when looking at planning how to spend their money. The question, "*Imagine you were given £5 to spend on a school trip. Would you plan how to spend the money and then stick to that plan?*", seems to highlight big differences between those children and young people in the vulnerable groups and those in the UK as a whole.

Another key finding is that some groups seem to be more vulnerable when it comes to receiving a meaningful financial education. Children with poor behavior or poor perseverance are the only groups in this analysis that are less likely to receive a meaningful financial education both at home and in school. Also, looking at environmental factors, those children living

[2] https://masassets.blob.core.windows.net/cms/files/000/000/961/original/CYP_Deep_Dive_Vulnerability_final.PDF

[3] https://masassets.blob.core.windows.net/cms/files/000/000/962/original/CYP_Needs_Analysis_final.PDF

[4] https://masassets.blob.core.windows.net/cms/files/000/000/963/original/CYP_Vulnerability_Literature_review.PDF

in low income families, in households where the main income earner is unemployed or where the family has fallen behind on or missed payments in the last 6 months are less likely to receive key elements of financial education at home compared to other groups.

Individual characteristics

- Those children aged seven to 17 with a long-standing social, emotional and mental health (SEMH) condition[5] or learning difficulty often have lower levels of financial capability. In general, these links seem to continue as children become older.
- In comparison, children with physical disabilities often show similar financial capability outcomes to children in the UK as a whole.
- Children with a parent from an ethnic minority background tend to have less responsibility for their day-to-day money management but do demonstrate good active saving behaviour. For example, saving at least monthly, and choosing to save some money when they are given it.

Individual skills and behaviour

Poor behavioural characteristics and cognitive vulnerabilities are negatively linked with financial capability.

- Children with poor behavioural or emotional characteristics such as *'not generally being willing to do what is asked of them by parents or teachers'* or with poor perseverance such as not being able to *'finish a task they have been asked or decided to do'* also show lower levels of financial capability.
- Reflecting findings from 2016, performing below expectations in maths or numeracy, according to the carers' reporting of the child's latest school report, seem to be associated with poor financial capability, particularly in terms of active saving and planning how they are going to spend or save their money. These children are also less likely to recall learning about managing money in school.

Environmental factors

Our analysis shows that a number of environmental factors identified in 2016 continue to be associated with lower levels of financial capability. These include:

- children who live in a low income household, where the annual household income is below £17,500
- where the main income earner in the household is unemployed
- children growing up in the Struggling segment of the MaPS Financial Wellbeing Segmentation categories

In comparison, those children who have a regular, ongoing role looking after or caring for their parents, or any relatives who are ill, disabled or elderly tend to show higher levels of financial capability compared to children in the UK as a whole. They are much more likely to be active savers and those aged 14 to 17 are more likely to keep track of their money with a tool and to know how much money they have.

Financial education in schools

As in 2016, analysis shows that financial education in schools is positively linked to financial capability. Children who recall learning about financial education in schools are more likely to be:

- active savers, by saving some of their money when they are given it and saving up when there is something that they want to buy.
- have better day-to-day money management in terms of planning how they will pay for things and keeping track of how much they spend and save.

Our findings suggest that children whose maths or numeracy is below age expectations and children with poor behavior or poor perseverance are less likely to recall learning about financial education in schools. On the other hand, children with a caring responsibility and those living in households where the family has fallen behind on or missed payments in the last 6 months have higher recall rates than the UK average.

More detailed data on all the key findings discussed in this report can be found in Appendices 1 and 2.

[5] For the purpose of this report, social, emotional and mental health difficulties include all those respondents who reported having a memory or a mental health condition or having social or behavioral difficulties (associated with a mental health condition, or with a developmental disorder like autism or attention deficit hyperactivity disorder). Also, 'long standing', in our survey, refers to all conditions lasting or expected to last 12 months or more.

Individual characteristics[6]

Child has a long-standing illness

The findings suggest that those children with a long-standing social, emotional and mental health (SEMH) or learning difficulty often have lower levels of financial capability.

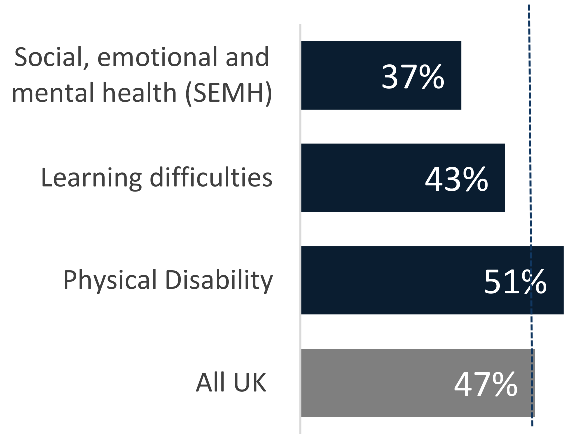
In comparison, those children with a long-standing physical disability such as vision (e.g. blindness or partial sight), hearing (e.g. deafness or partial hearing) or mobility issues often have similar financial capability outcomes as children in the UK as a whole.

Active saving behaviour

Those children with a long-standing SEMH condition are less likely to be active savers compared to children in the UK as a whole.

Only 37% always or mostly save some money when they are given it. In comparison, 51% of those with physical disabilities do so, higher than the proportion of children in the UK as a whole.

Chart 1: Proportion always or mostly saving some money when they are given it amongst those with a long-standing illness



Source(s): When you get money, how often do you save at least some of it, say by putting it in a piggy bank or cash box or into your bank account? Base: Children with each of the conditions (S5).

Day-to-day money management

Children with a long-standing SEMH condition or learning difficulty also tend to show less responsibility for day-to-day money management.

Whilst they are as involved in deciding how to spend or save their money as children in the UK as a whole, they are much less likely to make a plan of how to spend their money that they stick to, or know how much money they have.

Amongst children aged seven to 17 with a long-standing SEMH condition:

- 31% if given £5 for a trip would plan how to spend it and then stick to that plan (42% UK). (Chart 2)
- 22% say they often shop around to compare prices (36% UK). Amongst children aged 11-17.
- 6% know exactly how much money they have (11% UK).

Amongst children aged seven to 17 with a long-standing learning difficulty:

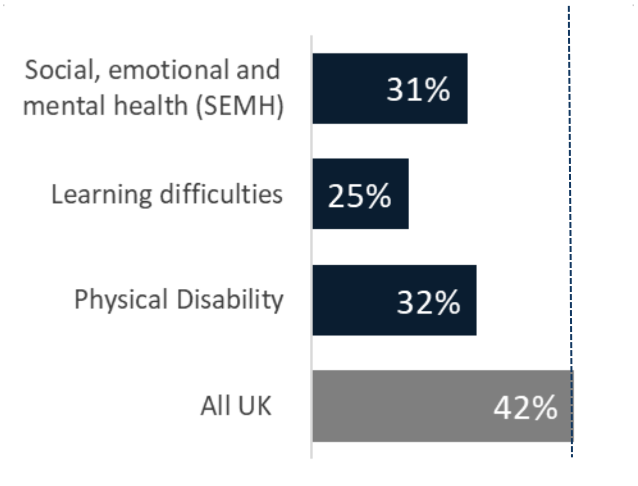
- 25% if given £5 for a trip would plan how to spend it and then stick to that plan (42% UK). (Chart 2)
- 4% know exactly how much money they have (11% UK).

In general, children with physical disabilities tend to perform as well as children in the UK as a whole for day-to-day money management, for example keeping track of their money using a tool, knowing how much money they have and shopping around.

However, similar to those children who have a long-standing SEMH condition or learning difficulties, children with physical disabilities are much less likely to make a plan of how to spend their money that they stick to compared to children in the UK as a whole (Chart 2).

[6]: "R3b. Does <child> have any physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more?" See appendix 2 for further detail on the classification of each group.

Chart 2: Proportion who, if given £5 to spend on a school trip, would plan how to spend the money and then stick to that plan amongst those with a long-standing illness



Source(s): Imagine you were given £5 to spend on a school trip. Would you plan how to spend the money and then stick to that plan?
Base: Children with each of the conditions (S5).

Financial education

The findings show that children with physical disabilities are more likely to recall learning about managing money in school (47%) compared to children in the UK as a whole (38%).

Children with a long standing SEMH condition or learning difficulties have similar levels of recalling learning about managing money at school compared to children in the UK.

Alongside this, percentages receiving key elements of financial education at home[7] for all three groups is similar to children in the UK.

For many though there is a lack of confidence in managing their money, particularly for those with long-standing SEMH issues or learning difficulties. Amongst children aged 11 to 17 with a long-standing illness:

- Only 30% of children with SEMH condition and 32% of children with learning difficulties were confident managing their money (44% UK).

Differences by age of the children with long-standing illnesses

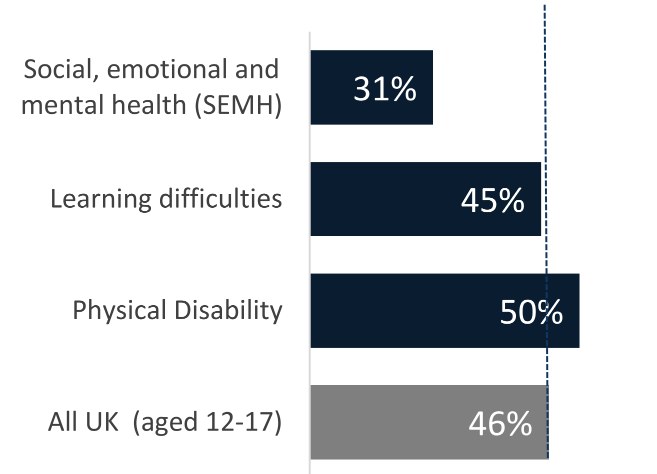
The findings suggest that poor financial capability amongst this group continues as the children become older, particularly for those with SEMH issues.

Active saving behaviour

Whilst older children aged 12 to 17 with physical disabilities perform as well, if not better, than children of the same age group in the UK, children with a long-standing SEMH need are less likely to be active savers.

Only 31% of children aged 12-17 in this group always or mostly save some money when they are given it. In comparison, 50% of those with physical disabilities do so, higher than the proportion of children aged 12-17 in the UK as a whole (Chart 3).

Chart 3: Proportion always or mostly saving some money when they are given it amongst those with a long-standing illness (aged 12-17)



Source(s): When you get money, how often do you save at least some of it, say by putting it in a piggy bank or cash box or into your bank account?
Base: Children aged 12-17 with each of the conditions (S5).

Day-to-day money management amongst 12 to 17 year olds with a long standing illness

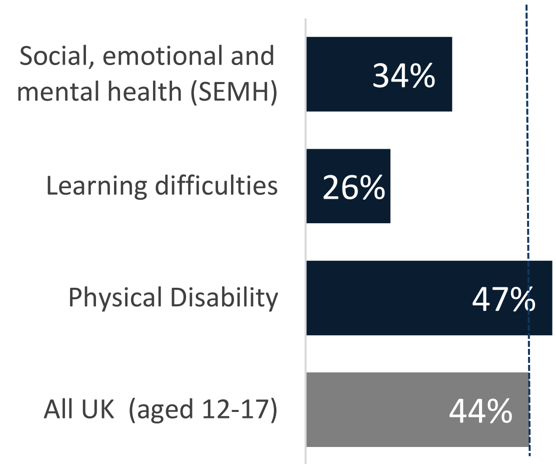
Older children with long-standing SEMH needs or learning difficulties also tend to show less responsibility for day-to-day money management.

Whilst they are as involved in deciding how to spend or save their money as children in the UK as a whole,

[7] Receiving a meaningful financial education at home is a key measure of the MaPS Financial Foundations National Strategy and it is made up of whether the carer sets rules about money, whether children receive money regularly and whether they have responsibility for spending decisions

they are again much less likely to make a plan of how to spend their money that they stick to (Chart 4). Reflecting previous findings, outcomes for those with a physical disability are as good, if not better, than children in the UK as a whole.

Chart 4: Proportion who, if given £5 to spend on a school trip, would plan how to spend the money and then stick to that plan amongst those with a long-standing illness (aged 12-17)



Source(s): Imagine you were given £5 to spend on a school trip. Would you plan how to spend the money and then stick to that plan? Base: Children aged 12-17 with each of the conditions (S5).

Financial education

All three groups of children aged 12 to 17 with a long standing illness have similar levels of recall when it comes to learning about managing money at school compared to children aged 12 to 17 in the UK as a whole.

They are also as likely as children aged 12-17 in the UK a whole to receive a meaningful financial education at home[8].

Child has a parent from BAME group

Active saving behaviour

- Children with a parent from a black or other minority ethnic background tend to have slightly better active saving behaviour. They are more likely to save at least monthly than children in the UK as a whole (42% compared to 37%).

They are though also less likely to receive regular money, either as pocket money or through work. 63% receive regular money compared to 69% of the UK as a whole.

Day-to-day money management

Children with a parent from a black or other minority ethnic group are less involved in making day-to-day money management decisions. For example, deciding how to spend and or the save the money they are given.

- 81% are involved in the decision about what to spend their money on (91% UK).
- 74% are involved in the decision to save a proportion of the money they have (84% UK).

But they are more likely to make a plan for how they spend their money.

- 50% if given £5 for a trip would plan how to spend it and then stick to that plan (42% UK).

In terms of access to and use of financial products, fewer (45%) have a bank account that they use compared to children in the UK as a whole (50%).

Financial education

Compared to children in the UK as a whole, children with a parent from a black or another minority ethnic group have similar levels of both receiving a meaningful financial education at home and recall of learning about managing money in school.

Individual skills and behaviour

In addition to children who have been diagnosed with a long-standing illness, this report also looks at poor behavior and perseverance as previous MaPS research[9] suggests children with such behaviour tend to have lower financial capability outcomes.

For the purposes of this analysis, poor behaviour is defined as those children aged 11 to 17[10] who disagree with the statement *"I am generally willing to*

[8] See previous footnotes for definition of receiving a meaningful financial education at home.
[9] 2018 Children and Young People Deep Dive report on Vulnerability, Money Advice Service: https://www.moneyadviceservice.org.uk/en/corporate/children-young-people-and-financial-capability-commissioning-plan--contributing-analysis-reports
[10] Question only asked to children aged 11-17

do what is asked of me (for example - by teachers or parents)". Poor perseverance is defined as children aged seven to 17 whose parents say their child is unable *"to finish a task they have been asked or decided to do."*

Child aged 11-17 has poor behaviour

Active saving behaviour

Children with poor behaviour are much less likely to be active savers:

- 35% always or mostly save some money when they are given it (47% UK).
- 27% save at least monthly (37% UK); and
- 20% of parents say their child will often save up their own money to buy a specific item (30% UK).

Day-to-day money management

Children with poor behaviour show similar levels as children in the UK as a whole for day-to-day money management, for example, for keeping track of their money and knowing how much money they have.

They are, though, much less likely to make a plan of how to spend their money that they can stick to.

- 26% if given £5 for a trip would plan how to spend it and then stick to that plan (42% UK).

Many of these children also lack confidence in managing their money. Of those aged 11 to 17 only 33% feel confident in managing their money compared to 44% of children of the same age group in the UK.

Child aged 7-17 has poor perseverance

As in 2016, children with poor perseverance demonstrated lower levels of financial capability. They are much less likely to be active savers, and have less responsibility for their day-to-day money management.

Active saving behaviour

Children with poor perseverance are much less likely to be active savers:

- 30% always or mostly save some money when they are given it (47% UK).
- 24% save at least monthly (37% UK); and
- 14% of parents say their child will often save up their own money to buy a specific item (30% UK).

Day-to-day money management

- 23% if given £5 for a trip would plan how to spend it and then stick to that plan (42% UK).
- 70% are involved in the decision to save a proportion of the money they have (84% UK).
- 78% are involved in the decision about what to spend their money on (91% UK).
- 23% say they often shop around to compare prices (36% UK). Amongst children aged 11-17
- 7% know exactly how much money they have (11% UK).

Cognitive vulnerabilities

As in 2016, our findings suggest cognitive vulnerabilities are negatively linked with financial capability, particularly amongst children who are, according to the parents, performing below age expectations in maths or English.

These negative links with financial capability remain as children become older, especially for active saving and being able to plan how to spend their money.

Maths/numeracy below age expectations

Children whose maths or numeracy is below age expectations seem to have particularly low financial capability, both in terms of active savings and day-to-day money management skills.

Active saving behaviour

Children aged seven to 17 with maths or numeracy below age expectations are less likely to be active savers:

- 35% always or mostly save some money when they are given it (47% UK).
- 27% save at least monthly (37% UK); and
- 24% of parents say their child will often save up their own money to buy a specific item (30% UK).

Day-to-day money management

While they have a similar level of involvement in deciding how they spend and save their money as children in the UK as a whole, they are much less likely to make a plan of how to spend their money or shop around to compare prices.

- 25% if given £5 for a trip would plan how to spend it and then stick to that plan (42% UK).
- 27% say they often shop around to compare prices (36% UK).

These children are also less likely to be confident in managing their money, with 35% saying they were confident in managing their money compared to 44% of children in the UK as a whole.

Financial education

In addition to having less confidence in managing their money, children aged seven to 17 whose maths or numeracy is below age expectations are also less likely to recall learning about managing money in school or receive key elements of financial education at home compared to children in the UK as a whole.

- 30% recall learning about managing money in school (38%); and
- 19% receive key elements of financial education at home (25% UK).

Differences by age of the children with Maths/numeracy below age expectations

Analysis of older children aged 12-17 with maths/numeracy below age expectations shows that many of these poorer financial capability outcomes remain as children become older.

Compared to children aged 12-17 years in the UK as a whole, they are less likely to be active savers, use financial products and services themselves or make plans for their money that they can stick to.

Active saving behaviour amongst children aged 12 to 17 with maths/numeracy below age expectations

- 35% always or mostly save some money when they are given it (46% UK aged 12-17); and
- 30% save at least monthly (39% UK aged 12-17).

Day-to-day money management amongst children aged 12 to 17 with maths/numeracy below age expectations

Whilst children aged 12 to 17 whose maths/numeracy is below expectations are as involved in deciding how to spend and save their money, they are much less likely to do the following:

- 27% if given £5 for a trip would plan how to spend it and then stick to that plan (44% UK aged 12-17).
- 29% say they often shop around to compare prices (37% UK aged 12-17).
- 54% have a bank account they use (65% UK aged 12-17).

Financial education

This age group of children are also slightly less likely to recall learning about managing money in school or receive meaningful financial education at home.

- 35% recall learning about managing money at school (42% UK aged 12-17).
- 21% receive key elements of financial education in home (28% UK aged 12-17).

Environmental factors

Child has caring responsibility

Children who have a caring responsibility such as a regular, ongoing role looking after or caring for themselves, or any relatives who are ill, disabled or elderly show very high financial capability.

They are much more likely to be active savers and have better day-to-day money management compared to children in the UK as a whole.

Active saving behaviour

Amongst children aged seven to 17 with a caring responsibility:

- 58% always or mostly save some money when they are given it (47% UK);
- 46% save at least monthly (37% UK); and
- 39% of parents say their child will often save up their own money to buy a specific item (30% UK).

Day-to-day money management

Whilst they have slightly lower levels of responsibility in making day-to-day money management decisions compared to children in the UK as a whole, they are much more likely to make a plan of how to spend it, and then stick to that plan; and know how much money they have:

- 52% if given £5 for a trip would plan how to spend it and then stick to that plan (42% UK).
- 19% know exactly how much money they have (11% UK).

Financial education

Alongside their higher levels of financial capability, children with a caring responsibility are also much more likely to recall learning about managing money in school (53% compared to 38% of children in the UK as a whole).

A similar proportion (26%) receive a meaningful financial education at home compared to children in the UK as a whole (25%).

Fallen behind on or missed payments in the last 6 months

In general, children living in households where the family has fallen behind on or missed payments in the last 6 months have similar levels of financial capability to children in the UK as a whole. They are though much less likely to receive key elements of financial education at home.

This may in part be due to a lack of confidence of the parent or carer in managing their own money. Only 32% of parents or carers living in this type of households are confident in managing their money compared to 55% of parents or carers in the UK as a whole.

That said, the children themselves have similar levels of confidence in managing their money to those in the UK as a whole.

Active saving behaviour

Children aged seven to 17 living in households where the family has fallen behind on or missed payments in the last 6 months have similar levels of active saving to children in the UK as a whole, for example saving some money when they are given it or choosing to save up money for a specific item[11].

Day-to-day money management

Their day-to-day money management is also very similar to children in the UK as a whole, for example knowing how much money they have, or making a plan for how to spend their money[12].

Financial education

They are though sometimes missing out on learning about how to manage money at home. Amongst children living in households who have fallen behind on or missed payments in the last 6 months:

- 16% receive key elements of financial education in home (25% UK).

In comparison to fewer learning about managing money at home, slightly more (43%) seem to recall learning about money in school than children in the UK as a whole (38% UK). This suggests that some of these children living in households that have fallen behind on or missed payments may be gaining important financial education in school that they would not otherwise get at home.

Low family income

In general, children living in low income households have lower levels of active saving behaviour compared to children in the UK as a whole.

Active saving behaviour

Children aged seven to 17 living in households with an annual household income of under £17,500 are less likely to save at least monthly compared to UK average (30% compared to 37% of children in the UK as a whole).

This slightly lower level of active saving may, in part, be due to the fact that they are slightly less likely to receive regular money either through work or pocket money (63% compared to 69% of children in the UK as a whole). They are also much less likely to have a bank account that they use (39% compared to 50% UK).

Day-to-day money management

Children living in low income households do though have similar levels of responsibility for their finances as children in the UK as a whole, for example for planning how to spend their money and keeping track of their money.

Financial education

Whilst children living in low income households are slightly less likely to receive key elements of financial education at home, they have similar levels of recalling learning about managing money in school.

- 20% receive key elements of financial education in home (25% UK); and
- 36% recall learning about managing money in school (38% UK).

[11] Please see Appendix for more detailed results.

[12] Please see Appendix for more detailed results.

Main income earner is unemployed

In households where the main income earner is unemployed, children often have lower levels of financial capability particularly in terms of active saving. They are also less likely to receive key elements of financial education at home or recall learning about money in school compared to children in the UK as a whole.

Many children living in these households are also less likely to receive regular money either through work they do themselves or pocket money (58% compared to 69% of children in the UK as a whole).

Active saving behaviour

Amongst children aged seven to 17 where the main income earner is unemployed, 25% save at least monthly compared to 37% of children in the UK as a whole.

Day-to-day money management

Overall, these children are as involved in deciding how much of their money to spend or save as children in the UK as a whole.

Those aged 14-17 years old, however, are much less likely to keep track of their money with a tool (48% compared to 69% UK).

Financial education

There is potentially a gap in these children's financial education, and lack of opportunities to learn about managing money.

Although not statistically significant, fewer children living in these households seem to receive key elements of financial education at home or recall learning about managing money in school.

- 19%[13] receive key elements of financial education in home (25% UK); and
- 31%[14] recall learning about managing money at school (38% UK).

MAPS Financial Wellbeing Segmentation: Struggling and Squeezed segments

Looking at the MaPS Financial Wellbeing Segmentation, children growing up in households from the Struggling or Squeezed segments tend to have similar levels of financial capability to children in the UK as a whole.

However, the Struggling are less likely to actively use financial products and services (e.g. having a bank account that they use) and are less likely to save money when they are given it while the Squeezed are as likely as children in the UK as a whole to do either of these.

It is worth noting families from the Struggling segment tend to be younger, more often living in socially rented accommodation.

- 37% are under the age of 35 (23% All UK); and
- 41% live in social housing (19% All UK).

Active saving behaviour

Children aged seven to 17 growing up in a Struggling or a Squeezed segment household are as likely to save at least monthly but the Struggling are slightly less likely to save some money when they are given it:

- 41% of the Struggling always or mostly save some money when they are given it (47% UK).

Day-to-day money management

Children from the Struggling and the Squeezed segments are as involved with deciding how to spend and save their money as children in the UK as a whole.

When it comes to use of financial products, however, the Struggling are less likely to have a bank account compared to children in the UK as a whole:

- 43% have a bank account that they use (50% UK); and
- 42% of those aged 16 to 17 do not have a current account (32% UK)[15].

Children in both segments are also as likely to receive regular money as children in the UK as a whole (66% of the Struggling and 66% of the Squeezed compared to 69% UK).

Financial education

Children living in both the Struggling and the Squeezed households are as likely to receive key elements of

[13] This difference is not statistically significant at 95% CI and should be interpreted as indicative only.
[14] This difference is not statistically significant at 95% CI and should be interpreted as indicative only.
[15] For the Squeezed segment, almost half (48%) have a bank account they use, similar to children in the UK as a whole (50%).

financial education at home or recall learning about managing money in school as children in the UK.

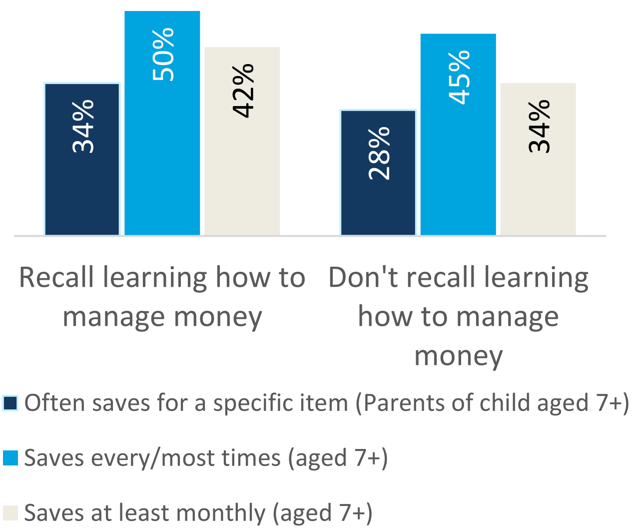
Financial Education

Analysis of financial education in schools demonstrates some positive links to financial capability in terms of both active-saving and day to day money management.

Links to active saving

Children aged seven to 17 who recall learning about managing money in school are more likely to be active savers, by saving some of their money when they are given it and saving up when there is something that they want to buy (see Chart 5).

Chart 5: Influence of financial education on active saving

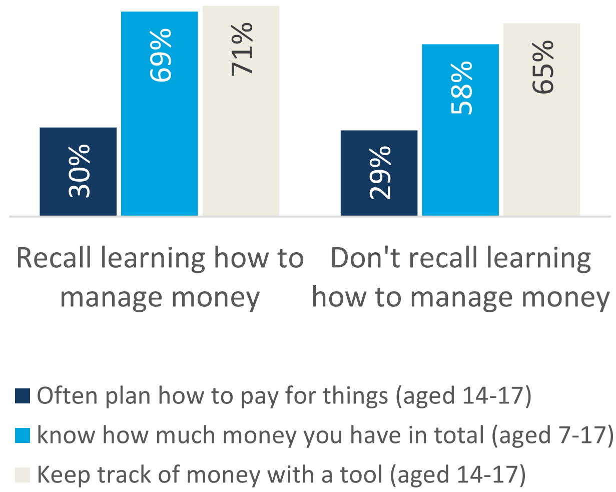


Source(s): How often does the child save up their own money to buy a specific item? When you get money, how often do you save at least some of it? How often do you put money aside into your savings?

Links to day-to-day money management

Children learning about money in school also have better day-to-day money management skills (see Chart 6).

Chart 6: Influence of financial education on day-to-day money management



Source(s): How often do you plan how you are going to pay for things you need? Do you know how much money you have in total? How do you keep track of the money you get and the money you spend?

Children who are not in mainstream education

In the 2019 research, we interviewed a small number of children who were home-schooled. Due to the low number of children interviewed from this group, it is not possible to say anything definitive about these children.

Qualitatively, however, they seem to have similar levels of financial capability compared to children in the UK as a whole. In general, many of the outcomes for active saving and day-today money management are similar to children in the UK as a whole.

APPENDIX 1[16]

		Individual characteristics		Individual skills and behaviour			Environmental factors				MAPS Segments	
ACTIVE SAVING	All UK (Children aged 7-17) *	Child has a long-standing illness[17]	Parent from a BAME group	Child has poor behaviour (aged 11-17)	Child has poor perseverance	Maths or numeracy below expectations	Child has a caring responsibility	Fallen behind on or missed payments in last 6 months	Low income family [18]	Main income earner is unemployed	Struggling	Squeezed
YP3C. Save at least monthly	**37%**	32%*	42%	27%	24%	27%	46%	36%*	30%	25%	38%*	34%*
YP3. Always or mostly save some money when they are given it	**47%**	42%*	50%*	35%	30%	35%	58%	45%*	43%*	40%*	41%	49%*
PP17. Parents say their child will often save up money for a specific item	**30%**	26%*	27%*	20%	14%	24%	39%	31%*	30%*	29%*	28%*	31%*

[16] Please note that, for all Appendix tables, if results for that particular subgroup are not statistically significant at 95% CI when compared to the children in the UK as a whole, this is indicated with an Asterix.

[17] Definition of long-standing illness: *"R3b. Does <child> have any physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more?"* See appendix two for further breakdown

[18] Definition of Low family income: Children aged seven to 17 living in households with an annual household income of under £17,500

		Individual characteristics		Individual skills and behaviour			Environmental factors				MAPS Segments	
DAY TO DAY MONEY MANAGEMENT	**All UK** (Children aged 7-17)	**Child has a long-standing illness**[19]	**Parent from a BAME group**	**Child has poor behaviour** (aged 11-17)	**Child has poor perseverance**	**Maths or numeracy below expectations**	**Child has a caring responsibility**	**Fallen behind on or missed payments in last 6 months**	**Low income family**[20]	**Main income earner is unemployed**	**Struggling**	**Squeezed**
CYP8a. Involved in the decision to save a proportion of money they have	**84%**	84%*	74%	86%*	70%	85%*	75%	82%*	84%*	81%*	84%*	84%*
CYP8b. Involved in the decision about what to spend their money on	**91%**	90%*	81%	96%	78%	92%*	82%	87%	92%*	93%*	91%*	90%*
YP8a. Keep track of money using a tool (aged 14-17)	**69%**	65%*	63%*	68%*	61%*	61%*	80%*	67%*	63%*	48%	66%*	70%*
CYP5. Know exactly how much money they have	**11%**	6%	11%*	12%*	7%	8%	19%	13%*	12%*	10%*	12%*	11%*
NCYP10. If given £5 for a trip, would make a plan of how to spend it, and stick to it	**42%**	27%	50%	26%	23%	25%	52%	41%*	39%*	38%*	42%*	40%*
YP99. Often shop around to compare prices (aged 11-17)	**36%**	26%	31%*	34%*	23%	27%	32%*	36%*	33%*	37%*	33%*	39%*

[19] Definition of long-standing illness: *"R3b. Does <child> have any physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more?"*

[20] Definition of low family income: Children aged seven to 17 living in households with an annual household income of under £17,500

		Individual characteristics		Individual skills and behaviour			Environmental factors				MAPS Segments	
FINANCIAL EDUCATION AT HOME	**All UK (Children aged 7-17)**	**Child has a long-standing illness[21]**	**Parent from a BAME group**	**Child has poor behaviour** (aged 11-17)	**Child has poor perseverance**	**Maths or numeracy below expectations**	**Child has a caring responsibility**	**Fallen behind on or missed payments in last 6 months**	**Low income family [22]**	**Main income earner is unemployed**	**Struggling**	**Squeezed**
CYP18. Recall learning about managing money in school	**38%**	39%*	38%*	26%	26%	30%	53%	43%	36%*	31%*	35%*	38%*
Receive key elements of financial education at home	**25%**	22%*	23%*	20%*	13%	19%	26%*	16%	20%	19%*	22%*	24%*

[21] Definition of long-standing illness: *"R3b. Does <child> have any physical or mental health condition(s) or illness(es) lasting or expected to last for 12 months or more?"*

[22] Definition of low family income: Children aged seven to 17 living in households with an annual household income of under £17,500

APPENDIX 2. Long-standing illnesses[23]

To support the findings in the Long Standing Illnesses section of this report, further grouping of these children was undertaken. The long-standing illnesses were separated into three groups; those with a physical disability, those with social, emotional and mental health (SEMH) difficulties and those with learning difficulties. Please see the footnote for further details of how these three groups were classified.

		Long standing illnesses lasting 12 months or longer		
ACTIVE SAVING	**All UK (Children aged 7-17)**	**Physical disability[24]**	**Social, emotional and mental health (SEMH) difficulties[25]**	**Learning difficulties**
YP3C. Save at least monthly	**37%**	40%*	33%*	36%*
YP3. Always or mostly save some money when they are given it	**47%**	51%*	37%	43%*
PP17. Parents say their child will often save up money for a specific item	**30%**	27%*	24%*	29%*

[23] Question asked: S5. "S5 - Do any of these condition(s) or illness(es) affect <child> in any of the following ways?

[24] Children with Physical disabilities includes the following: Vision, e.g. blindness or partial sight; Hearing, e.g. deafness or partial hearing; mobility, e.g. walking short distances or climbing stairs; dexterity, e.g. lifting and carrying objects, or using a keyboard

[25] Children with social, emotional and mental health difficulties includes the following: Memory, mental health, social or behavioural difficulties (associated with a mental health condition, or with a developmental disorder like autism or attention deficit hyperactivity disorder) (Children with learning difficulties includes only those who reported learning difficulties in their answer.)

		Long term disabilities lasting 12 months or longer		
DAY TO DAY MONEY MANAGEMENT	**All UK (Children aged 7-17)**	**Physical disability**	**Social, emotional and mental health (SEMH) difficulties**	**Learning difficulties**
CYP8a. Involved in the decision to save a proportion of money they have	**84%**	83%*	86%*	78%*
CYP8b. Involved in the decision about what to spend their money on	**91%**	85%*	92%*	91%*
YP8a. Keep track of money using a tool (aged 14-17) Low base size	**69%**	80%*	59%*	70%*
CYP5. Know exactly how much money they have	**11%**	9%*	6%	4%
NCYP10. If given £5 for a trip, would make a plan of how to spend it, and stick to it	**42%**	32%	31%	25%
YP99. Often shop around to compare prices (aged 11-17)	**36%**	30%*	22%	28%*

		Long term disabilities lasting 12 months or longer		
FINANCIAL EDUCATION AT HOME OR IN SCHOOL	**All UK (Children aged 7-17)**	**Physical disability**	**Social, emotional and mental health (SEMH) difficulties**	**Learning difficulties**
CYP18. Recall learning about managing money in school	**38%**	47%	35%*	36%*
Receive key elements of financial education at home	**25%**	20%*	25%*	28%*