

Financial Literacy



By **Clare Erasmus**

Financial literacy is an extremely significant concept, and educational institutions worldwide are realising the importance of introducing this sooner rather than later. They are rapidly seeking ways to adapt their programs to include the teaching of financial literacy. The momentum for instituting financial literacy is growing.

The key idea around financial literacy in children is about empowering children with the tools, skills and understanding around financial habits, and to set them up positively for their future. It seeks to secure their financial future by being able to understand how to manage finances. Essentially, financial literacy refers to education around understanding money and currency. It is concerned with how to generate money, as in earning it; how to spend it, save it, invest it, and how to budget. There is no doubt that educating children early on about their own personal financial literacy will enrich their financial lives as they go into adulthood.

In my article this month, I cover an interview with Micah Hocquard, who is one of the co-founders of Banqer, as well as the pedagogy lead. Micah is also the Deputy Principal of one of the

leading boys' schools in Australasia, Medbury School, and the winner of The Most Inspiring Teacher Award 2013.

Micah, you are one of the co-founders of Banqer. Can you tell me a little about how you and your partners came up with this concept?

I had been teaching financial literacy as part of my classroom programme for a number of years. I was using spreadsheets to keep track of transactions, calculate interest and to manage the class funds. One of my students at the time had gone home and was speaking to his older sister about what we were doing in class. He was quizzing her about how to set-up companies, pay tax and earn interest. It just so happened that she had completed a course in programming and was looking for a project to work on. I received a message from this student's sister, Kendall Flutey, who is now the CEO of Banqer. We had coffee and talked about financial literacy. A few days later more co-founders were added and the idea for Banqer was born. Over the next twelve months, we worked on developing the programme





Micah Hocquard

*Deputy Headmaster Medbury School
Co-founder of Banqer
BSc, Grad Dip Tchg*

and trialling it in classrooms across Christchurch. After five years Banqer has grown into a global company helping children around the World to learn about money. Banqer allows teachers and students to create an online banking experience and virtual classroom economy. It is fun, engaging, motivating and teaches the students about a vast range of financial concepts and skills.

Micah, in your opinion, why is financial literacy in children so lucrative?

Financial literacy is an incredibly important topic as it plays such a crucial role in all of our lives, especially as adults. With the way

that Banqer is designed, it makes learning about money engaging. It also gives the students an opportunity to learn by doing and for me that is the key. When students are able to actively get ‘hands-on’ they learn so much more. When they can see the impact of compounding interest on their savings, when they experience first hand the negatives surrounding bad debt, and when they are able to learn from their mistakes in a safe, virtual environment the learning is enhanced. By introducing financial concepts at school we are hoping that students will be able to carry this knowledge and ideas about money throughout their lives. This, in turn, can help families and communities to thrive.

How can financial literacy be implemented in schools for children? From what age can we start teaching children about financial literacy?

I have seen first hand the motivating factor that including financial literacy in a classroom programme can have. Teachers can integrate concepts about money into a range of curriculum areas to make learning more engaging, relevant and fun. Why not encourage students to improve their writing by making them all journalists and paying them a wage for their articles and stories? Why not enhance a student’s understanding of mathematics by getting them to calculate the income for a business they have created? Why not get students thinking about their community by getting them engaged in setting up a charitable event? Financial literacy can be as little or as big in the classroom as the teacher and students want. Some people think that ideas around money are too complex for children, but I believe that you can start teaching students about money from any age. Five year olds could be learning that money has value, that you can earn it by doing jobs, and that you can save it. At thirteen years old you can introduce





the concepts of compounding interest and tax, wants and needs, and Eftpos cards. When students are sixteen years old you can discuss the financial responsibilities of owning a car, looking at retirement schemes and borrowing money. When they are eighteen years old conversations around flatting, bills and student loans are incredibly valuable. Money conversations can be had at any age and the younger they start the more time children have to improve and develop their understanding of their financial capabilities.

Micah, what is happening in schools around New Zealand with regards to Financial Literacy?

There has been a large push globally to improve the understanding of financial literacy as the

implications can have a big impact on communities, economic growth and sustainability. In New Zealand, we have a number of agencies who are helping to establish programmes around financial literacy. The biggest would be the Commission for Financial Capability, which is a government agency that aims to build wealthy lives through education and information. They are also responsible for Sorted in Schools. This programme supports teachers and schools by providing a number of resources that can be used to teach financial literacy. There is also Banqer which is used by over 70,000 students across New Zealand and Australia. There are a small number of other independent programmes out there as well. I believe these companies and agencies are working to improve the lives of all New Zealanders through a better understanding of how money works, which is being adopted by a

larger number of schools throughout New Zealand.

What can be done at home to support financial literacy? What can parents do?

The simplest thing parents can do at home is to talk about money with their children. Show them that money is a topic that can be talked about. Share some of the basics about how money is used in the home. Parents can discuss the idea of a budget, explain that money is finite and that it has to be earned. Pocket money for chores and setting up a bank account can assist children with their financial journey. Getting them to pay for things out of their own money is a great way to show that money has worth.

Let's grow our financial leaders of tomorrow

It is clear that early financial literacy educates children on how to have a good relationship and understanding with money. This cultivation is an invaluable lifelong skill that will stand the test of time. As parents and educators, we have a responsibility to motivate, initiate and engage children in developing healthy financial habits. Empowering children with the financial 'know-how' early on will prepare our children and leaders of the future for the financial world, making sound decisions for themselves, our communities and our world. From my discussion with Micah, it is imperative that we start educating our children about finances early as it impacts on our lives, our societies and our world in more ways than one.

About the Author

Clare is an author and educator, living locally in Christchurch. She has written books for both educators and children. She has a Bachelor of Arts (Sociology and Legal Studies), Bachelor of Arts Honours (Sociology), Masters of Social Science, Bachelor of Education, Certificates in both TEFL and TESOL and is currently undertaking her PhD in Education



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