IFPHK's Response to Consultation Paper on Recommendations of Task Force on Review of School Curriculum

September 2019

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The IFPHK's Profile

<u>Background</u>

IFPHK was established in June 2000 as a non-profit organization for the fast-growing financial industry. It aims to be recognized in the region as the premier professional body representing those financial planners that uphold the highest standards for the benefit of the public.

The IFPHK is the sole licensing body in Hong Kong authorized by Financial Planning Standards Board Limited to grant the much-coveted and internationally-recognized CFP$^{\text{CM}}$ Certification and AFP$^{\text{TM}}$ Certification to qualified financial planning professionals in Hong Kong and Macau.

It represents more than 6,800 financial planning practitioners in Hong Kong from such diverse professional backgrounds as banking, insurance, independent financial advisory, stockbroking, accounting, and legal services.

Currently there are more than 147,000 CFP certificants in 25 countries/regions; the majority of these professionals are in the U.S., Canada, China, Australia and Japan, with more than 4,800 CFP certificants in Hong Kong.

CFP$^{\text{CM}}$, CERTIFIED FINANCIAL PLANNER$^{\text{CM}}$, CFP$^{\text{CM}}$, CERTIFIED FINANCIAL PLANNER$^{\text{TM}}$, AFP$^{\text{TM}}$, ASSOCIATE FINANCIAL PLANNER$^{\text{TM}}$, AFP® and ASSOCIATE FINANCIAL PLANNER® are certification marks and/or trademarks owned outside the U.S. by Financial Planning Standards Board Ltd. The Institute of Financial Planners of Hong Kong is the marks licensing authority for the CFP marks and AFP marks in Hong Kong and Macau, through agreement with FPSB.

<u>IFPHK's interest in this consultation</u>

Since its inception, the IFPHK has been striving to promote public awareness of the financial planning industry in Hong Kong and uphold the standard of CFP professionals by providing guidance notes and continuously improving the certification programme[1]. In view of the growing

[1] In 2006, with contributions from the patrons of leading industry practitioners and experts, the IFPHK published *The IFPHK Practice Guide for Financial Planners*. The Guide is the first set of guidance materials for financial planners to practice in Hong Kong. To supplement this effort, the IFPHK also launched the first *Guidance Notes, Suitability of Advice Obligations: Documenting your Financial Advice* for members. The IFPHK also participated in a global job analysis review and international studies on financial

importance of retirement planning, the IFPHK introduced the Qualified Retirement Advisor certification to uphold practitioners' knowledge in this area. The IFPHK has a long history of providing professional training to insurance practitioners. Since 2006, we have offered 1,836 courses for 4,981 hours, covering 186,518 participants. Last year, we conducted 209 CPD courses for 580 hours for 33,801 insurance practitioners.

It is also the IFPHK's view that improved financial literacy levels will not only allow consumers to make more informed investment decisions, but also result in greater consumer appreciation of planning for a long-term financial future – a concept the IFPHK continuously promotes. In response to the 2009-10 budget consultation, the IFPHK submitted a proposal urging the Hong Kong government to consider providing funding to create a comprehensive financial literacy programme. In May 2010, the IFPHK submitted a response to the government's public consultation on the proposed establishment of an Investor Education Centre (IEC) (now known as Investor and Financial Education Council (IFEC)). In October 2011, the institute also gave its opinion on the Securities and Futures (Amendment) Bill 2011 – the establishment of an Investor Education Council. The IFPHK has been a significant player in financial education as well as a supporter of the IFEC since its inception in 2012. In 2015, we provided our feedback to the Consultation Papers on "Hong Kong Strategy for Financial Strategy" and "Financial Competency Framework". The members of our Board of Directors have actively participated in the IFEC's management committee and volunteered in the IFEC's signature events.

The IFPHK has taken a strong interest in the Consultation Paper and wishes to express its views on the proposed changes.

IFPHK's representation

The IFPHK was founded by 30 members (the "Founding Members") to raise the standards of financial planners and highlight the importance of sound financial planning.

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planning job skills analysis. Through this process, the IFPHK gained professional insights into core characteristics and practices vis-à-vis Hong Kong's financial planning practitioners and international CFP professionals. Based on the results of the job analysis, the IFPHK has made considerable efforts in revamping the certification programmes. In June 2011, the IFPHK introduced its Associate Financial Planner ("AFP") certification to attract the broader population of the financial planning industry and thus raise the overall standard of the industry.

The IFPHK currently has 36 Corporate Members, including banks, financial advisors, insurance companies and securities brokerages. With our Corporate Members providing a full spectrum of client services and products, the IFPHK is well-positioned to understand the needs, concerns and aspirations of the financial planning community.

Executive Summary

The Task Force on Review of School Curriculum released its Consultation Paper on 28 June 2019 to solicit views from members of the public on its initial recommendations. The submission deadline is 16 September 2019.

The Task Force was set up by the Education Bureau (EDB) in November 2017 to holistically review the primary and secondary curricula to better prepare students for future challenges, cater for their diverse learning needs, provide ample space and opportunities for their whole-person development, and better articulate learning at the primary and secondary levels. The Task Force has widely engaged key stakeholders to gauge their views on optimising the school curriculum.

In considering the various proposals set out in the Consultation Paper, the IFPHK's views are based on its practical experience of developing a competency framework for financial planners.

The IFPHK's submission is mainly based on the following key principles that we advocate:

1. Enhancing consumer protection by promoting financial literacy

The IFPHK believes that well-informed and educated consumers are the core element for the formation of a healthy financial and regulatory system. It is the IFPHK's view that improved financial literacy levels will not only allow consumers to make more informed investment decisions, but also result in greater consumer appreciation of planning for a long-term financial future – a concept the IFPHK continuously promulgates. According to a survey conducted by the Investor and Financial Education Council (IFEC) (formerly called Investor Education Centre), Hong Kong people were found to have the least knowledge and capability in relation to financial planning. As such, there is a need to enhance financial literacy and gradually enhance financial capability. Financial education programmes shall promote the growing individual responsibility over demographic and social change that requires individuals to save more for their life goals and retirement needs.

2. Advocating the importance of financial planning

It is the IFPHK's mission to increase awareness of the importance of financial planning and advice from a financial planning professional. Since its inception, the IFPHK has been striving to promote public awareness of the financial planning industry in Hong Kong and uphold the standard of CFP professionals. The IFPHK believes that understanding the benefits of financial planning and having a current financial plan are crucial to the financial well-being of Hong Kong people. CFP certificants have proven themselves to have the skills and experience in providing quality advice on financial plans.

3. Aligning with international best practices

As part of the international movement in improving consumer protection, there is a growing momentum in the international community to raise the awareness of financial education by enhancing financial literacy and capability. Some countries consider financial education so important that they are developing national strategies to coordinate and direct their financial education programmes[2]. Hong Kong's financial strategy was launched on 25 November 2015. To enable the successful implementation of the financial strategy, the IFEC has launched a Hong Kong Financial Competency Framework to help establish behavioural standards for the public to emulate and for organisations to utilise when developing their initiatives.

The following are our comments on the proposals set out in the Consultation Paper:

- At present, elements of financial education have not been reflected in the current curricula for schoolchildren. The review is a good opportunity to incorporate financial education. As such, **the IFPHK is deeply disappointed that Financial Education or any measures to raise financial literacy have not been put forward in the proposals.**
- Despite the proposals having taken reference from the OECD's recommendations, the main subject advocated by the OECD, financial education, has been completely ignored in the current school curriculum, as well as the future changes, as have been proposed in this Consultation Paper.
- Both the FPSB and IFPHK consider financial literacy to be a core life skill for participating in modern society. Children are growing up in an increasingly complex world where they will eventually need to take charge of their own financial future.
- **We agree that financial education shall start early.** A possible approach to ensuring that financial education is made available from the earliest age possible is to teach financial literacy in schools, as proposed by the OECD.
- Adding financial education to school curricula is gaining momentum globally.

[2] OECD, Improving Financial Literacy, Analysis of Issues and Policies, 2005

- In April 2019, the Chinese Regulatory Securities Commission (CSRC) announced plans for primary and secondary schools across the nation to teach students financial literacy courses. China's Ministry of Education and the CSRC agreed to introduce a more comprehensive curriculum and to scale up the financial literacy pilot programme.
- Most Canadian provinces and territories embed financial literacy within their school curricula to some degree.
- In a survey conducted in the UK, 54% of the parents polled there agreed that schools should spend more time teaching personal finance, and 56% would cut time from the national curriculum to ensure their child received more lessons in budgeting and debt.
- Even for advanced economies like the United States, poor financial literacy raises the concerns of government and educators. Only five states received an A on their efforts in promoting financial literacy to schoolchildren.

We have a few recommendations for the Government, Task Force and EDB to consider:

1. Education curricula should teach students skills that equip them for society's future challenges

Education should equip students with the skills to face challenges of the future, not today. Education should help build a pool of talent for future society. Thus, we emphasize throughout this paper that financial education should be taught as early as possible. Life planning involves a lot of financial planning concepts and also financial considerations, so **it is basically logical and essential to incorporate financial education into Life Planning Education**. One of the goals of financial education is to achieve financial well-being and thereby personal well-being as well. Financial education is thus a great fit in whole-personal development and value education which the Task Force has completely neglected.

2. Direct engagement of the IFEC in formulating and revising the school curriculum would be beneficial

With the establishment of the IFEC (formerly, the Investor Education Centre (IEC)), efforts to promote financial literacy in Hong Kong have become more organized. The Hong Kong Strategy for Financial Literacy has been formed and implemented accordingly. Despite the success of the IFEC, however, the territory-wide spending on promoting financial literacy remains low. With reference to the policy in China and the role of the CSRC in promoting financial education, **the IFEC as a part of the SFC should be empowered to lead the EDB in introducing financial education into the school curriculum. With its expertise and experience, the IFEC should be directly involved in reviewing and formulating the new school curriculum.**

3. A Financial Literacy Foundation Fund should be set up

We would like to highlight that there are NGOs, professional organizations like the IFPHK and select financial institutions that have invested their resources in promoting financial literacy to consumers. **In order to collaborate the efforts of these organizations to provide financial education to consumers, the IFPHK suggests establishing a Financial Education Foundation Fund. The IFPHK suggests that funding of the foundation fund may come from levies collected by different financial regulators.** The IFEC can act as the secretariat of the Fund. It can also set up the Fund's criteria and approve applications. By setting up such a fund, the work of educating schoolchildren on financial education can be shared by those organizations that also have experience and expertise in financial education and/or teaching the concept of financial planning.

The statements given in the IFPHK's response to the centre's Consultation Paper are based on an objective and independent analysis of market and consumer needs. To ensure that the IFPHK understands the concerns and practical requirements of the issue, it sought comments from active industry practitioners who deal with financial planning issues on a regular basis.

The Task Force on Review of School Curriculum Consultation

The Task Force on Review of School Curriculum released its Consultation Paper on 28 June 2019 to solicit views from members of the public on its initial recommendations. The submission deadline is 16 September 2019.

The Task Force was set up by the Education Bureau (EDB) in November 2017 to holistically review the primary and secondary curricula to better prepare students for future challenges, cater for their diverse learning needs, provide ample space and opportunities for their whole-person development, and better articulate learning at the primary and secondary levels. The Task Force has widely engaged key stakeholders to gauge their views on optimising the school curriculum.

The Task Force has formulated initial recommendations on various key aspects under six directives. The recommendations include the following:

- Enhancing curriculum planning at the system and school levels to reinforce the importance of whole-person development and create space for a wider range of learning experiences conducive to students’ balanced development;

- According a higher priority to values education, strengthening life education in particular, and starting life planning education early in schools;

- Introducing a differentiated curriculum and assessment design for the four core subjects at the senior secondary level to create space for students and cater for learner diversity;

- Further promoting Applied Learning as a valued senior secondary elective subject, including enhancing parents' and schools' understanding of its importance from the perspective of vocational and professional education and training, and increasing students' incentive to take the subject;

- Encouraging universities to exercise greater flexibility, especially through a new School Principal's Nominations 2.0 Direct Admission Scheme, in admitting students who demonstrate talents and competencies in non-academic realms; and

- Strengthening STEM (science, technology, engineering and mathematics) education in primary and secondary schools so as to develop students' capacity to apply knowledge and skills acquired in different STEM-related subjects to solve daily problems in an integrated and creative manner, as well as stepping up territory-wide support for STEM education in schools.

The IFPHK's Submission

In considering the various proposals of the Consultation Paper, the IFPHK's comments are based upon the following principles and beliefs:

IFPHK's Principles

1. Enhancing consumer protection by promoting financial literacy

The IFPHK believes that well-informed and educated consumers are the core element for the formation of a healthy financial and regulatory system. It is the IFPHK's view that improved financial literacy levels will not only allow consumers to make more informed investment decisions, but also result in greater consumer appreciation of planning for a long-term financial future – a concept the IFPHK continuously promulgates. According to a survey conducted by the Investor and Financial Education Council (IFEC) (formerly called Investor Education Centre), Hong Kong people were found to have the least knowledge and capability in relation to financial planning. There are also misconceptions about the nature and benefits of financial planning. About half of the respondents believe that financial planning is only necessary for multi-millionaires. The majority of people believe that financial planning only involves investment and wealth management advice[3]. Thus, it is critical to include the words "financial planning" and/or "plan" in the vision and goals as found in some other countries. One of the goals of the Canadian government's strategy is to "plan and save for the future". Initiatives under this goal will focus Canadians' attention on setting objectives, making plans for major life events, and taking concrete steps to achieve them[4]. The vision of New Zealand's strategy is to help "everyone get ahead financially" and one of the distinctively identified activity streams is for "everyone to have a current financial plan and be prepared for the unexpected" [5].

As such, there is a need to enhance financial literacy and gradually enhance financial capability. Financial education programmes shall promote the growing individual responsibility over demographic and social change that requires individuals to save more for their life goals and retirement needs. Such education programmes help to maintain transparency and confidence in

[3] Also stated in the survey is that the top motivator to perform financial planning is for the preparation of retirement. Among those who seek advice from qualified professionals, investors and better-educated and high-income individuals talk to financial advisors more often.
[4] National Strategy for Financial Literacy – Count me in, Canada, Financial Consumer Agency of Canada
[5] National Strategy for Financial Capability, Commission for Financial Capability, June 2015

the economy and the regulatory system, and thereby encourage individuals to take more responsibility towards their own finance and retirement.

2. Advocating the importance of financial planning

It is the IFPHK's mission to increase awareness of the importance of financial planning and advice from a financial planning professional. Since its inception, the IFPHK has been striving to promote public awareness of the financial planning industry in Hong Kong and uphold the standard of CFP professionals. To the IFPHK, a financial planner is someone who uses the six-step financial planning process[6] to provide a client with integrated strategies to achieve financial and life goals. A financial planner typically reviews the relevant aspects of a client's situation across a large breadth of financial planning activities, which may include financial management, asset management, risk management, and tax planning, retirement planning and estate planning. The IFPHK believes that understanding the benefits of financial planning and having a current financial plan are crucial to the financial well-being of Hong Kong people. CFP certificants have proven themselves to have the skills and experience in providing quality advice on financial plans.

3. Aligning with international best practices

Globalization and financial market integration have increased rapidly in recent decades. As an international financial centre, Hong Kong is not immune from international financial market and regulatory development. As part of the international movement in improving consumer protection, there is a growing momentum in the international community to raise the awareness of financial education by enhancing financial literacy and capability. Some countries consider financial education so important that they are developing national strategies to coordinate and direct their financial education programmes[7]. In 2011, 26 countries were designing or implementing a strategy. In 2013, this number jumped to 45, and as of August 2014, 55 countries including China were reportedly following this process. Hong Kong's financial strategy was launched on 25 November 2015. To enable the successful implementation of the financial strategy, the IFEC has launched a Hong Kong Financial Competency Framework to help establish behavioural standards for the public to emulate and for organisations to utilise when developing their initiatives. A research grant is also in place to encourage high-quality research with the objective to stimulate

[6] The 6-step financial process is a holistic approach to assess a client's financial well-being, and includes: 1. Establishing client-planner relationships; 2. Gathering client data and determining goals and expectations; 3. Determining the client's financial status by analyzing and evaluating the client's information; 4. Developing and presenting the financial plan; 5. Implementing the financial plan; and 6. Monitoring the financial plan.

[7] OECD, Improving Financial Literacy, Analysis of Issues and Policies, 2005

new financial literacy research and promote robust partnerships between financial education practitioners and academics.

IFPHK's views on the proposals

At present, elements of financial education have not been reflected in the current curricula for schoolchildren. The review is a good opportunity to incorporate financial education. As such, **the IFPHK is deeply disappointed that Financial Education or any measures to raise financial literacy have not been put forward in the proposals.** The definition of financial education in Hong Kong is a process intended to increase the financial literacy level of people. With improved financial literacy, they can manage their money better, and thus financial education helps improve their financial well-being. Financial well-being can be defined as a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.[8]

It is stipulated in the Consultation Paper that the Task Force Secretariat has done desktop research on the knowledge, skills and attitudes that will enable young people to thrive in the 21st century as identified by different education authorities or international organizations. One of the agencies that the Secretariat referenced is the Organisation for Economic Co-operation and Development (OECD). The OECD is the major global organization that advocates financial literacy and financial education. A sub-branch called the Organisation for Economic Co-operation and Development International Network on Financial Education (OECD-INFE) has been formed to foster and collaborate international efforts in this area. However, **the main subject advocated by the OECD has been completely ignored in the current school curriculum, as well as the future changes, as have been proposed in the Consultation Paper.**

This year, the OECD-INFE issued **its Draft Recommendation of the OECD Council on Financial Literacy and Education. The** OECD-INFE's recommendations call for comprehensive national strategies to guide the development, implementation and evaluation of financial education programmes and policies, and to align efforts by governments, public authorities and relevant stakeholders to enhance consumer financial well-being and support financial stability. The recommendations also take into account the importance of developing financial literacy skills

[8] IFEC website

among **current and future generations of youth**, taking into account the challenges that they will face in the short and medium term, such as: access to a range of traditional and digital financial services from a young age; responsibility for taking financial decisions regarding the possible continuation of their studies and the transition to work; exposure to financial risks related to increased life expectancy, a decrease in welfare and occupational benefits, more 'individualised' pensions, and potentially uncertain job prospects. In this respect, the OECD recommends that financial education should be introduced early. (Please refer to Appendix A for an extract of the OECD-INFE's recommendations.)

The Financial Planning Standard Board (FPSB) responded to the OECD's Consultation Paper. The FPSB considers that the financial education issues prioritized in the OECD's recommendations—budgeting and managing finances in the short term; saving and investment; credit management; planning and saving for retirement and pensions—are consistent with the financial concerns that over 19,000 consumers reported to the FPSB during its 2015 global research[9].

The importance of incorporating financial education within the school curriculum

Both the FPSB and IFPHK consider that financial literacy is a core life skill for participating in modern society. Children are growing up in an increasingly complex world where they will eventually need to take charge of their own financial future. Since many people defer focusing on financial matters until later in life, the FPSB agrees with the OECD that those developing national financial education strategies should take into account the importance of developing financial literacy skills among the youth. **A possible approach to ensuring that financial education is made available from the earliest age possible is to teach financial literacy in schools**, as proposed by the OECD. However, it is also important to empower educators with sufficient knowledge and capability to confidently deliver financial literacy programmes to students by allowing them to access training with competent professionals. **The IFEC is the dedicated agency for helping the Government to successfully launch financial education in schools.**

[9] Six of the main concerns cited include: Being free of major financial debt (55 percent), Being free of common consumer debt (54 percent), Building savings or an emergency fund (51 percent), Retiring in the lifestyle that you want to (49 percent), Successfully managing your finances to achieve goals (47 percent), and Making sure your investments are profitable (43 percent).

As pointed out by the IFEC, financial independence, considered one of the building blocks of the government's youth development strategy, is correlated with home ownership. However, the escalating cost of housing has discouraged many young people from planning for their future. Research indicates that 58% of young adults feel that their social mobility has worsened when compared to their parents. Feeling frustrated over their future, they are disincentivised to plan ahead, with many adopting a "live for today and let tomorrow take care of itself" attitude. In addition, being propelled by easy credit and consumerism, many young people are increasingly turning to the support of parents/grandparents. Looming debt issues may be on the horizon. Financial education can help instil a more positive mindset among young people. With the appropriate financial attitudes and money management skills, young people can establish and work towards their life goals. Some simple changes in their habits can help them exercise control over unnecessary spending, increase their savings, build assets and achieve financial independence.[10] Financial education will help them do so much more than balance a checkbook. It will help them choose the right cell phone contract, determine the right time to buy a house, make wise investments, and prepare for their retirement.

The IFPHK also agrees that financial literacy and financial planning are essential life skills just like swimming and driving. Results from PISA have also proved that teaching financial capabilities in schools does have a significant and positive impact on financial decision-making by 15-year-olds.

Alignment to the global trend of financial education

Most countries including China have policies and measures to incorporate financial education in school curricula. Hong Kong is behind the curve in the trend of formally incorporate financial education in its school curriculum. Here are some examples for reference:

China

In April 2019, the Chinese Regulatory Securities Commission (CSRC) announced plans for primary and secondary schools across the nation to teach students financial literacy courses. China’s Ministry of Education and the CSRC agreed to introduce a more comprehensive curriculum and to scale up the financial literacy pilot programme.

Chinese officials also realised they had a much bigger problem at hand: Despite the rapid growth

[10] Extracted from the IFEC’s website (https://www.ifec.org.hk/en/fls/fls.html)

in wealth, a sense of the risks involved or the knowledge of costs of borrowing remain low among Chinese. These developments now place the onus of understanding these risks on Chinese schools. The hope is the programme incubates an awareness, self-discipline and understanding of what it will take to make sound financial decisions in a new Chinese generation. Schools and universities have also been encouraged to come up with their own courses, partner financial institutions and adopt new learning tools including the gamification of financial literacy and entrepreneurship workshops to create an immersive experience for the young. For the curriculum to succeed nationwide, teachers must be more familiar with the materials and have good investment knowledge. So it is fortunate that China's Ministry of Education, CSRC and the OECD (Organization for Economic Cooperation and Development) have plans to work together to ensure that teachers can obtain support for an enhanced financial literacy curriculum.

Having Chinese schools ingrain financial literacy as a core area of education will help Chinese families adapt to changing circumstances and rapidly shifting economic conditions.[11]

Canada

The 2010 recommendations of the Task Force on Financial Literacy, set up by the federal government, found that financial capability in Canada was no better than in other countries. A total of 31% of Canadians were struggling to meet their bills and payments. The Task Force also found that the country's diversity makes financial inclusion challenging. "Aboriginal Canadians," "young adults," "very recent immigrants" and "low-income and low-net-worth households" were the categories of people found to be struggling just to make ends meet. In writing about the importance of financial literacy, the task force wrote: "It is more than a nice-to-have skill. It is a necessity in today's world — and, moving forward, should be treated as such by policy-makers, educators, employers and other stakeholders across the country." Over the past seven years, efforts in Canada and elsewhere have focused on improving financial literacy and helping citizens make better financial decisions. The Financial Consumer Agency of Canada (FCAC) has led the charge in creating a culture of a financially literate Canada. Most Canadian provinces and territories embed financial literacy in their school curricula to some degree. The financial education children receive varies from one province to the next. British Columbia stands out: A

[11] *Tom McGregor* Channel News Asia (https://www.channelnewsasia.com/news/commentary/financial-literacy-china-schools-teaching-students-how-11384174)

new curriculum includes mandatory financial literacy instruction within math courses at every grade level, beginning in kindergarten.[12]

United Kingdom

Research conducted on behalf of MyBnk and global bank MUFG has found that parents in the UK do not believe that schools do enough to equip pupils with personal finance skills. Of the parents polled, 54% agreed that schools should spend more time teaching personal finance, and 56% would cut time from the national curriculum to ensure their child received more money lessons in things such as budgeting and how to avoid unnecessary debt. Just over a quarter (26%) think that schools should spend more time teaching advice about family and relationships, with almost two thirds (56%) believing that sex education should be taught mainly at home.[13]

The UK Financial Capability Board, the main body in promoting financial literacy for the nation, also considers that good financial education should start early. It even states on its website that one of the tips for good financial education is to start early. Evidence tells us that children's attitudes about money are well-developed by the age of seven. So it is a good idea to incorporate learning about the world of money into teaching from pre-school upwards. Other tips include putting learning into practice, making the most of everyday events and involving parents and carers.[14]

United States

Even for an advanced economy like the United States, poor financial literacy raises the concerns of the government and educators. The news is alarming. According to the Federal Reserve Board, 40% of US adults do not have enough savings to cover US$400 for emergency purposes. In 2017, the Center for Financial Literacy at Champlain College conducted research to rate the financial literacy levels of different states. The center gave 27 states a grade of C, D or F on their efforts to produce financially literate high school graduates. Only five states received an A: Alabama, Missouri, Tennessee, Utah and Virginia. Recently, several states have made financial literacy lessons a priority for students before they enter the job market. In November 2017, then-Wisconsin Governor Scott Walker signed a bill requiring school districts to incorporate personal

[12] Dilip Soman, Why financial lietracy should be taught in every school, The Conversation, 6 December 2017

[13] PSHE Study – Most UK parents want more personal finance & less sex education, https://www.mybnk.org/latestpshe-parents-more-financial-education-less-sex-ed/, 12 February 2018

[14] https://www.fincap.org.uk/en/articles/schools

finance into kindergarten through 12th grade instruction. Last year, Iowa and Kentucky made completion of a financial literacy class a graduation requirement.[15]

Recommendations by the IFPHK

For the past three years, the IFPHK has proposed the following during its Policy Address Consultation Session:

1. Education curricula should teach students skills that equip them for society's future challenges

Education should equip students with the skills to face challenges of the future, not today. Education should help build a pool of talent for future society. The concept of financial planning should be introduced early in order to make a paradigm shift from focusing on investment returns to meeting one's personal financial goals. Thus, we emphasize throughout this paper that financial education should be taught as early as possible. Financial education, financial planning and financial planning processes should be part of the regular school curriculum. Life Planning Education is one of the key proposals of the Consultation Paper. Life planning involves a lot of financial planning concepts and also financial considerations, so **it is basically logical and essential to incorporate financial education into Life Planning Education**. One of the goals of financial education is to achieve financial well-being and thereby personal well-being as well. Financial education is thus a great fit in whole-personal development and value education that the Task Force has completely neglected.

2. Direct engagement of the IFEC in formulating and revising the school curriculum would be beneficial

With the establishment of the IFEC (formerly, the Investor Education Centre (IEC)), efforts to promote financial literacy in Hong Kong have become more organized. The Hong Kong Strategy for Financial Literacy has been formed and implemented accordingly. Despite the success of the IFEC, however, the territory-wide spending on promoting financial literacy remains low. Spending on education programmes by the IEC, according to its 2019 annual report, was about HK$38 million. This amount is comparatively insignificant when compared to the GDP of Hong Kong, equivalent to about HK$2,842,883 million in 2018.[16] Despite the Hong Kong Financial Competency Framework was first set up at 2015, very few organizations or education bodies formulated their financial education programs. More resources shall be put to promote the framework. With reference to the policy in China, the Chinese Regulatory Securities Commission (CSRC) is the leading body for introducing financial education for primary and secondary schools. China's Ministry of Education and the CSRC have agreed to introduce a more comprehensive

[15] Candice Norwood | 23 January 2019, https://www.governing.com/topics/education/gov-financial-literacy-us-schools-k-12.html
[16] Figures extracted from Census and Statistics Department website

curriculum and to scale up the financial literacy pilot programme. **The IFEC as a branch of the SFC should be empowered to lead the EDB in introducing financial education for schoolchildren.**

Indeed, having financial education in schools is one of the targeted education programmes of the IFEC. Last year, the IFEC carried out its Chin Family Financially Literate Schools programme, which targeted primary schoolchildren. **With its expertise and experience, the IFEC should be directly involved in reviewing and formulating the new school curriculum.**

3. A Financial Literacy Foundation Fund should be set up

We would like to highlight that there are NGOs, professional organizations like the IFPHK and select financial institutions that have invested their resources in promoting financial literacy to consumers. **In order to collaborate the efforts of these organizations to provide financial education to consumers, the IFPHK suggests establishing a Financial Education Foundation Fund. The IFPHK suggests that funding of the foundation fund may come from levies collected by different financial regulators.** The foundation fund can be used to fund diversified financial education initiatives and ensure that they are consistent with the Hong Kong Strategy for Financial Literacy. The IFEC can act as the secretariat of the Fund. It can also set up the Fund's criteria and approve applications. By setting up such a fund, the work of educating schoolchildren on financial education can be shared by those organizations that also have experience and expertise in financial education and/or teaching the concept of financial planning.

Parents are the first teacher of their kids. However, most of the parents are poor at financial planning, and the necessary skill to mentor their children. Apart from teaching the kids financial literacy, curriculum shall also not neglect parental involvement in financial education by teaching the parents the skill and positioning on money education for their kids at their daily lives. NGOs and professional organizations are usually the most experienced organizations to deliver financial education to parents.

Appendix A

Details of the OECD's Recommendation

a) Make financial education available from the earliest possible age;

b) Develop financial education content for young people based on existing evidence, in line with sub-paragraph 2;

c) Base financial education for youth on well-defined core competencies, such as the OECD/INFE core competencies framework on financial literacy for youth, and a learning framework. Such competencies and frameworks should:
(i) be regularly reviewed and revised as necessary;
(ii) have their structure and content tailored to national, regional and possibly local circumstances, the extent to which financial education is available in schools, and the structure and requirements of the education system, as well as relevant cultural or religious considerations;
(iii) encompass knowledge and understanding, skills and behaviours, attitudes and values, and potentially also entrepreneurial skills;
(iv) be developed taking into account the extent of curriculum overload and, if relevant, include proposed solutions for integrating financial literacy content into existing learning areas or subjects;
(v) provide guidance to develop appropriate training on relevant topics and intended learning outcomes, based on the age or grade of the learner, and identify potential incentives to motivate educators and teachers to participate in such training; and
(vi) be complemented with appropriate pedagogical tools (including textbooks or digital tools), teaching material, and support for teachers' professional development, in order to ensure teaching effectiveness.

d) Consider the possibility of including financial education in the school curriculum in compulsory education, recognising that students may miss out on learning opportunities if they only learn about financial issues through their parents, families, peers or direct experience;

e) Provide parents, childcare providers, teachers and youth workers with information on how to discuss financial matters with children and young people, in order to shape positive behaviours and attitudes;

f) Ensure that the delivery of such education is based on relevant education principles and reviewed and/or endorsed by public educational authorities; and

g) Consider ways of delivering financial education through extra-curricular and out of school activities, including special events such as savings weeks, money museum visits, educational games, edutainment and the use of role models, in order to complement any school-based programmes and to reach young people who are not in formal education.

(Extract from *OECD Recommendation on Financial Literacy and Education*)