



THE EDMONTON FINANCIAL LITERACY SOCIETY

Because money does **not** come with a manual.™

RE: Alberta Competitiveness Initiative

The staff and directors of the **Edmonton Financial Literacy Society (EFLS)** are appreciative of this unique opportunity to share its expertise, experience and to provide feedback and recommendations with respect to the **Alberta Economic Development Authority's (AEDA)** report entitled; *Building Alberta's Financial Services Industry*.

About EFLS

As a **leading pioneer** in delivering financial literacy education in Canada for the past seven years, EFLS is in a very unique position as it offers its insight, thoughts and recommendations with respect to the current state of Alberta's Financial Services industry, its future outlook and the important role that *financial literacy* has in the future growth and competitiveness of the industry.

EFLS is a registered non-profit charitable organization that has to date, delivered *impartial* financial literacy education to over **1,500** people, predominantly focusing on low income clients, including Aboriginals, Recent Immigrants, Youth and other low income segments via partnerships with over **45** different organizations.

EFLS is the only non-profit organization in Edmonton specializing in financial literacy and was among the first organizations in Canada to deliver financial literacy education with a matched savings component. Furthermore, EFLS **dedicates 100% of its resources to developing and teaching financial literacy** and its success is largely the result of it having developed and utilizing its own unique learning materials and approach to education.

Unlike other money management approaches, EFLS utilizes a comprehensive **holistic approach** as its financial literacy courses do not just teach budgeting skills and tracking one's expenses; the curriculum looks in depth at the human emotions that drive spending and money management and help people to have a healthier relationship with their personal finances. Furthermore, EFLS' courses emphasize the use of interactive learning materials to ensure greater knowledge retention.

EFLS takes a unique approach in development and delivery with its partnership model, which builds on the strengths of other local agencies to provide its services. **Flexibility and adaptability** are key strengths of EFLS as it is open to custom tailoring learning materials to more effectively suit the different needs of the groups it delivers to and draws from a pool of specialized contract facilitators with different skill sets to effectively deliver its courses or provide "train the trainer" courses to other agencies they have partnered with.

EFLS recognizes that **simply possessing knowledge does not necessarily induce a positive change in a person**. To address this issue, EFLS accesses and utilizes resources from the field of **Behavioural Economics** in its programming. EFLS strives to ensure that individuals who receive its programming not only enhance their level of financial knowledge but will also **apply** that new found knowledge in their daily lives on a long term basis. **EFLS courses are designed not just to educate, but to positively change behaviours** and thus increases the success of each project it manages.

EFLS' response to the AEDA report

In reviewing the AEDA report entitled; *Building Alberta's Financial Services Industry*, EFLS offers its feedback with respect to the following concerns specifically pertaining to financial literacy as identified in the report.

Growth of Alberta's financial services industry requires a financially literate population to draw from for Human Resources purposes.

While there are a number of areas where Canadians in general, would benefit from improved financial literacy education, EFLS recognizes that some of those areas fall under the jurisdiction of the Federal Government. Thus, EFLS' feedback in this document is directed towards Alberta's current education system as this is an issue that Alberta's provincial government is in a position to deal with.

Education is very academically focused, as it has been for many years. The education system (and concurrently teachers, students, parents, post-secondary institutions, and employers) places a very high focus on an academic education with minimal focus on a life skills education. For years, employers have looked to see that job candidates have adequate completion levels in Math and English as well as required employment qualifications. In school, students focus on classes which can generate the best grades for them, and have little consideration for what they are actually learning, and whether they will use this knowledge in 10 to 20 years time.

Based on the current education system in Alberta, typically the first and only opportunity where personal money management is taught on a consistent or broad basis is when the student is enrolled in CALM 20. As far as EFLS is aware, no schools employ specialist CALM teachers, but assign teachers from other areas (i.e. Phys. Ed, Social Studies) to teach these classes. The Alberta education system needs to address this, and ensure that teachers are not teaching subjects that they are not suitably trained to teach. Accordingly, EFLS recommends:

All teachers providing financial literacy education to students should be trained and certified to teach the required materials.

One of the greatest challenges in teaching youth a valuable life skill such as personal money management; is that the students may have difficulty relating to the subject matter *in the present*. Most high school students' financial concerns are usually addressed by their parents and the students' mindset is not focused towards skills and knowledge they think they may need in the future. Furthermore, scientific research indicates that a person's brain is still in the developmental stage during one's adolescent years and thus there is greater tendency towards poor decision-making, recklessness, and emotional outbursts*. As such EFLS recommends:

All aspects of financial literacy should be taught in a manner that is engaging, meaningful and applicable to the age group and lifestyles of the students.

EFLS believes that there is no right way to manage money, just as there is no right way to practice religion, dress, or decide what music to listen to. Accordingly:

Materials need to allow students to identify processes and choices that suit individuals, while fully understanding the consequences of choices that are available to them.

Most subjects taught in schools have specific, measurable and pre-determined outcomes as there is no behavioural focus (i.e. 1+1 always equals 2, but when it comes to money management there may be no right or appropriate universal answer). Thus, EFLS suggests that:

Financial literacy needs to become a subject in its own right, following both a philosophical and mathematical approach, and needs to be recognized as a core subject of academic education.

The school system is set up to teach important skills like Math and English at an early age, but little thought is given to life skills until students are more mature, and are facing the stresses of trying to obtain suitable school qualifications to move on to employment or further education. In order to better embed life skills into education, there needs to be:

A broad education approach needs to be developed for all age groups to ensure parenting, relationships and financial literacy, are covered and developed as children move through the education system from kindergarten to High School completion and beyond.

EFLS believes that teaching youth about personal money management should not solely be the responsibility of the school system but responsibility should be encouraged and shared with others in a typical youth's circle of influences; parents, church, community leagues, clubs, the internet and other media sources. Therefore,

Alberta education needs to develop better tools to encourage parents that life skills education in schools can be enhanced by community and parental education.

Enhanced public financial literacy can contribute to the province's attractiveness as a location for financial services growth.

In Alberta and all across Canada, personal bankruptcy rates and household debt to income ratios are reaching historical highs. This type of precarious financial climate does not inspire confidence from those outside of Alberta contemplating investing in or conducting business in the province. As such, EFLS endorses:

A financial literacy education approach must emphasize the importance of using credit wisely and responsibly.

More funding is required from the Government of Alberta to leverage existing financial literacy resources and to create new financial literacy education opportunities for ALL Albertans.

Edmonton area High Schools continue to approach EFLS requesting "expertise" support for the personal money management component within their respective Career & Life Management (C.A.L.M.) curriculums.

EFLS is eager to meet the increasing demand in this regard; however its capabilities are restricted due to a lack of funding. This is echoed by the fact that funders have different perspectives on trends. So far, EFLS has been able to get funding for differing aspects of its work, but not for any school work, which it feels is so vital.

For those no longer attending school and engaged in the labor force, employer supported financial literacy programs should be encouraged and funded so that adult citizens will be able to acquire and hone their respective financial knowledge and skills. EFLS recommends that:

Because EFLS is a specialist in the field of financial literacy education and provides much needed support to Alberta Education's CALM program; the Government of Alberta should consider providing ongoing funding to EFLS to expand its work in the school system.

EFLS would also encourage the Alberta Government to fund EFLS programs to reach other population segments in the community who are in need of financial literacy education.

EFLS Executive Director Nigel Kidd can be contacted via email at nigelkidd@efls.ca to discuss any aspects of this document in greater detail.

*Source: "Adolescent Brain Development" [Act for youth.net](http://Actfor.youth.net), May 2002. Nov.1, 2010