Pocket Money Programme

Imparting financial education to school students

A Proposal for Schools

Young people - not only in India but also around the world - face a new economic environment with complex financial markets. They will have more individual responsibility in planning for their own financial security during their working lives and after retirement. For this they must be equipped with the right tools and skills. Financial literacy is an important life skill for the holistic development of each student. We need to impart it early to make our future generations financially savvy to meet their goals.
“Financial Literacy is a combination of awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing”.

OECD - International Network on Financial Education

Introduction

Although we know that youth are making more and more financial decisions at younger ages and will also need financial skills and knowledge to be successful as adults, available information suggests that youth financial literacy is poor. These youths just out of school and young adults beginning their careers are less financially knowledgeable than the general population. When we focus on high school students, the findings are even more sobering. For example, scores of the first NCFE-National Financial Literacy Assessment Test (NCFE-NFLAT) showed that students were generally weak in matters relating to managing money and setting up financial goals. This is not a good scenario because when these students become adults they are less likely to participate in financial markets or invest wisely. They are less likely to save and plan for the future. At the same time, they are more likely to rely on high-cost methods of borrowing. This can be rectified by imparting financial education to schools students.

Reasons why we should impart financial education in schools

Despite a need for additional research, many academics agree on the following reasons why financial education should be imparted to school students.

a) The first reason stems from the fact that financial illiteracy is widespread. That means young people with poor financial knowledge are unlikely to learn from their parents, other adults, or peers. Only a small fraction of students currently have access to adults and peers who are financially literate.

b) The second reason is that this is an important life skill for navigating today’s complex world. A financially literate person will be better equipped to handle various challenges in his life for his well being.
c) A recent study by OECD under its Programme for International Student Assessment (PISA) to gauge whether students are prepared for future challenges throughout their lives highlighted that financial literacy is essential for full participation in society.

d) Another reason why school is a powerful place to teach financial knowledge is a simple one: Young people need to understand how to make wise financial decisions before—not after—they are faced with life-changing decisions.

Young people—not only in India but also around the world—face a new economic environment with more complex financial markets. They will have more individual responsibility in planning for their own financial security during their working lives and after retirement. And they will be doing this, among other things, on a global scale. If they are going to do this well, they must be equipped with the right tools and skills. Just as it was not possible to contribute and thrive in an industrialized society without basic literacy—the ability to read and write—so it is not possible to successfully navigate today’s world without being financially literate. Realizing this many countries such as USA, UK, Australia and New Zealand, etc have recently added financial literacy in their school curriculum.

**Imparting financial education in our schools**

Introduction of financial education in school curriculum is recognized as one of the major activities to be undertaken as part of implementing National Strategy for Financial Education (NSFE). National Centre for Financial Education (NCFE), the organization set up as part of National Institute of Securities Markets (NISM) with support from all financial sector regulators i.e RBI, SEBI, IRDA, PFRDA and FMC, to implement NSFE is working with all the concerned authorities such as various school boards to make this happen. Till such time as financial education becomes a part of school curriculum, NISM proposes to impart financial education to school students through its Pocket Money programme.

**Pocket Money Programme**

Pocket Money programme is an initiative of National Institute of Securities Markets (NISM) to impart basic financial skills to school students of Class VIII and IX. This programme is conducted over 16 sessions spread over a year with each session being 45 minutes of duration. At the end of it a test is administered among the participating students following which certificates are
As of date NISM has conducted the Pocket Money programme in 700+ schools across India in multiple languages.

**Key learnings**

After completing the Pocket Money programme students will be able to understand:

a) Money management: Savings and Expenditure  
b) Budgeting: Balancing the Means and the Ends  
c) Basics of banking: Products and Services  
d) Investments: Introduction to Stocks and Bonds  
e) Risk and return: Basics of Insurance  
f) Retirement planning  
g) Investments: The wider spectrum  
h) Borrowings: The good and bad, etc.

**Implementation of the Pocket Money programme**

**Stage One: Approaching schools**

As the very first step NISM approaches schools who are interested in conducting this programme. Upon the school’s approval, NISM requests the school authorities to nominate teachers who are interested in teaching financial literacy.

Interested schools are requested to contact NISM for further details.

**Stage Two: Training of Teachers**

NISM conducts a two days Training of Teachers (ToT) programme for all nominated teachers at one of the schools. This two day programme provides the teachers with necessary skills and knowledge to conduct the programme in their respective schools. All the teachers are given a Teacher’s Manual for Pocket Money which has easy and clear instructions on how to conduct each of the 16 sessions. On successful completion of the training, NISM issues a certificate to each teacher indicating their eligibility to conduct the Pocket Money programme. The size of the ToT programme is normally between 25 to 50 teachers and the place is selected based on convenience.

The two days training of teachers is provided free of cost by NISM.
Stage Three: Student enrollment and Teaching sessions

The school is required to send to NISM the list of students enrolling for the programme with few basic details such as class, gender, etc. After the enrollment process is completed the school can start conducting the classroom sessions by the trained teachers. NISM proposes the schools to complete this programme in 16 sessions with each session being 45 minutes of duration within a period of one year. However, the timing, duration and frequency of the sessions are at the sole discretion of the school. But NISM would strictly follow that the programme is completed within a year.

NISM has developed the Pocket Money book for students. A copy (soft) of this book is available on our website for free download. NISM provides a few free copies (hard) of the book to each school to be kept in the library as reference or for the purpose of giving it to underprivileged students. NISM can also make arrangements with a publisher who can make this book directly available to students at a reasonable cost.

Stage Four: Evaluation and Issue of certificates for students

All the students who have attended the Pocket Money programme will have to appear for an examination (Multiple Choice Questions) at the end of the programme at their respective schools. NISM will make available the question paper and the schools will have to conduct this examination at their own convenience. NISM would also share an evaluation toolkit based on which the school will do evaluation of its students. After completing the evaluation, the school will send a detailed evaluation report, a spreadsheet containing the names of the students, their class (VIII or IX), marks obtained in the examination, etc to the NISM. Based on this report certificates will be issued to each participating student and send to the school which in turn will distribute it among the students.

No fee will be charged by NISM either to the school or to the students.

Benefits of the Pocket Money programme

- This programme as and when conducted by NISM will be the best preparatory guide for the schools and students appearing for the National Financial Literacy Assessment Test (NFLAT) to measure the level of financial literacy among school students, conducted by NCFE.
Pocket Money Programme: Imparting financial education to school students

- This programme is designed to provide a firsthand knowledge about financial concepts to both students as well as the participating teachers.
- Pocket Money programme will impart real life financial skills to the students helping them to take responsible financial decisions in their adult life.
- All the teachers and students participating will receive a certificate from NISM.
- The school, its teachers and the students will not incur any financial cost as the entire cost of conducting the Pocket Money programme will be borne by NISM.

About NISM

National Institute of Securities Markets (NISM) is a public trust and educational institute, established by the Securities and Exchange Board of India (SEBI), the regulator for securities market in India. The institute through its educational initiatives strives to increase financial literacy through a wide demographic and geographies across India. NISM also offers various continuing education and certification programs for professionals in the financial sector. For details visit www.nism.ac.in

About NCFE

The National Centre for Financial Education is setup as part of NISM, with support from all financial sector regulators i.e. RBI, SEBI, IRDA, PFRDA and FMC for implementation of the National Strategy for Financial Education (NSFE). The main role of NCFE is to create financial education materials and conduct financial education campaigns across the country for all sections of the population along with awareness campaigns at different levels for existing and potential customers so as to improve their knowledge, understanding, skills and competence. For details visit www.ncfeindia.org