Development of the Financial Capability Progressions

# Rationale

“Financial capability” is the skills, knowledge, and dispositions that enable a person to make “well-informed financial decisions throughout their lives” (Ministry of Education, 2007).

The Financial Capability Progressions inform effective school-based curriculum design and implementation of financial capability learning programmes. They are aligned with *The New Zealand Curriculum* (NZC, 2007) across the eight learning areas and curriculum levels 1–8. They provide a framework for teachers to strengthen the role of financial capability in the school curriculum and are supported by the [Financial Capability section](http://nzcurriculum.tki.org.nz/Curriculum-resources/Financial-capability) of NZC Online. The progressions, and supporting content, are a contributor to Government’s goal of stronger economic growth.

The Financial Capability Progressions were developed from an identified need to support schools and teachers with integrating financial capability across the school curriculum at all levels.

There is noticeable variation in how NZ schools view financial capability (literacy) as part of the national curriculum and school based curriculum; “low teacher capability” was found to be a barrier (NZEI, 2012).

There is an explicit connection between high quality pedagogical practices for 21st century learning; “when problem solving projects permeate the curriculum, we will be teaching entrepreneurialism…that to cultivate the habits of entrepreneurs (is) another key goal for the 21st century” (Fullan, 2013, p.34).

Financial capability education is connected with entrepreneurship and learners’ future economic contribution. Successful practices in NZ schools require authentic learning opportunities in contexts of interest to students, connectivity with financial community at local and regional levels; and teacher capability and school leadership are critical for effectiveness (ERO, 2011).

# Development process

The Financial Capability Progressions were first developed in 2005 for the Commission for Financial Literacy and Retirement Income NZ (now Commission for Financial Capability). They were trialled in schools, and revised as part of a year long series of case-studies spanning Years 0-10.

During 2013 the Ministry of Education engaged CORE Education to manage the revision and extension of the Financial Capability Progressions to include curriculum levels 6–8.

The review process began with identifying and reviewing relevant research, international publications, and models from overseas.

The research and key themes that underpinned the design of the new progressions:

* Financial literacy is increasingly considered to be an essential life skill (OECD, 2013, MYCEEDYA, 2011, NZEI, 2012).
* Young people are interacting with money and making consumer choices from an early age (OECD, 2013, MYCEEDYA, 2011). Financial education should start at school (OECD, 2005, OCED, 2013, MYCEEDYA, 2011, NZEI 2012).
* There is a growing range of choice and complexity in consumer and financial products, increasing use of online and digital environments for shopping and making financial transactions. Individuals carry a greater level of responsibility for the decisions they make in these contexts (OECD, 2013, MYCEEDYA, 2011).
* Financial literacy is globally acknowledged as an important element of economic and financial stability and development (OECD, 2013).
* Effective financial education empowers students. It contributes to students’ cognitive, personal, and social development. Students must have opportunities to learn:
* how to manage their finances and plan for needs and wants, now and into the future
* the language of money, how to navigate the ever-changing consumer and financial landscape, and where to go to for assistance
* about the rights and responsibilities of consumers in modern society and the wider impact of everyday consumer and financial decisions
* to develop a range of enterprising behaviours (OECD, 2013, MYCEEDYA, 2011).
* School leaders need to value enterprise (ERO, 2011) and financial capability and reflect this in the school’s curriculum planning, assessment, classroom resources, and professional development (OECD, 2013, MYCEEDYA, 2011, NZEI, 2012).

Financial capability is viewed as an expanding set of knowledge, skills and strategies, which individuals build on throughout life.

All New Zealand curriculum based resources and standards related to developing financial capability were collated and reviewed. Key documents included:

* *The New Zealand Curriculum* document to identify achievement objectives across all learning areas that relate to or include financial capability component
* [*PISA 2012 Financial Literacy Assessment Framework*](http://www.oecd.org/pisa/pisaproducts/46962580.pdf)toidentify content and expected outcomes internationally
* all current NZQA unit standards for Financial Capability, including the draft Personal Financial Management unit standards for Levels 1-3 (equivalent to NZC levels 6-8).
* all the current NCEA achievement standards that include or relate to financial capability.

The *PISA 2012 Financial Literacy Assessment Framework* was particularly relevant because it reflects the first step in constructing a financial literacy assessment of international scope. It provides a working definition for financial literacy, a common language for discussion of financial literacy, and organises content, processes, and contexts relevant for the assessment of 15-year-old students within a framework that includes money and transactions, planning and managing finances, risk and reward and financial landscape.

The Financial Capability Progressions were reviewed, extended to include curriculum levels 6–8, and developed to ensure they align with *The New Zealand Curriculum.* Theyinclude all expected outcomes from the *PISA 2012 Financial Literacy Assessment Framework*, and all relevant NCEA achievement standards and NZQA unit standards within the progressions.

The Young Enterprise Trust, Commission for Financial Literacy and Retirement Income NZ, and, Dr Pushpa Wood – Director Financial Education and Research Centre, Massey University were consulted and provided advice as part of a reference group throughout the development process.

Feedback on the revised progressions was sought from primary and secondary teachers. Four focus groups made of up teachers from a variety of schools, with teaching experience covering all curriculum levels (including senior secondary) and learning areas were convened for a series of half-day workshops. The focus groups reviewed and provided feedback on the Financial Capability Progressions to ensure they can be interpreted by classroom teachers, align with *The New Zealand Curriculum*, and include relevant learning outcomes at all levels – particularly senior secondary.

The Financial Capability Progressions learning objectives at each curriculum level are not specific to only one level. Because many students have differing learning needs and abilities the objectives may span more than one level. The diagram below gives a visual representation of this spread – showing the curriculum levels spread across the year levels.

References

This list references the main documents used to review relevant research, publications, and models from overseas informing the revised Financial Capability Progressions, and senior secondary curriculum publications.

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Fullan, M. (2013). *Stratosphere: Integrating technology, pedagogy, and change knowledge*. Ontario: Pearson.

[MCEETYA Consumer and Financial Literacy Working Party](http://www.mceecdya.edu.au/mceecdya/default.asp?id=14439)(revised 2011) *National Consumer and Financial Literacy Framework* Australia. Accessed from: <http://www.mceecdya.edu.au/verve/_resources/National_Consumer_Financial_Literacy_Framework_FINAL.pdf>

Ministry of Education (2007). The New Zealand Curriculum for English-medium teaching and learning in years 1-13. Wellington: Learning Media Ltd, p.39.

NZEI TE RIUROA New Zealand Educational Institute (June 2012). *Report on survey of financial literacy – Prepared for the Commission for Financial Literacy and Retirement Income*.

OECD (2013). *PISA 2012 Financial literacy framework.* OECD Publishing. Accessed from <http://www.oecd.org/finance/financial-education/PISA2012FrameworkLiteracy.pdf>

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Personal Finance Education Group (PFEG) *Financial Education Planning Framework: 3-11 years*. Accessed from <http://www.pfeg.org/resources/details/financial-education-planning-framework-3-11-years>.

Personal Finance Education Group (PFEG) *Financial Education Planning Framework: 11-19 years.* Accessed from <http://www.pfeg.org/resources/details/financial-education-planning-framework-11-19-years>

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| **New Zealand Curriculum** |
| **Social Studies** |
| · Understand how individuals, groups, and institutions work to promote social justice and human rights.· Understand how cultures adapt and change and that this has consequences for society. | · Understand how communities and nations meet their responsibilities and exercise their rights in local, national, and global contexts.· Understand how conflicts can arise from different cultural beliefs and ideas can be addressed in different ways with differing outcomes. | · Understand how policy changes are influenced by and impact on the rights, roles, and responsibilities of individuals and communities.· Understand how ideologies shape society and that individuals and groups respond differently to these beliefs. |
| **Economics** |
| · Understand how, as a result of scarcity, consumers, producers, and government make choices that affect New Zealand society.· Understand how the different sectors of the New Zealand economy are interdependent. | · Understand how economic concepts and models provide a means of analysing contemporary New Zealand issues.· Understand how government policies and contemporary issues interact. | · Understand that well-functioning markets are efficient but that governments may need to intervene where markets fail to deliver efficient or equitable outcomes.· Understand how the nature and size of the New Zealand economy is influenced by interacting internal and external factors. |
| **Mathematics and statistics** |
| **Number and algebra** | **Mathematics** | **Mathematics** |
| · Apply everyday compounding rates.· Find optimal solutions, using numerical approaches.· Generalise the properties of operations with rational numbers, including the properties of exponents.· Relate rate of change to the gradient of a graph. | · Display the graphs of linear and non-linear functions and connect the structure of the functions with their graphs.· Choose appropriate networks to find optimal solutions.· Manipulate rational, exponential, and logarithmic algebraic expressions.· Sketch the graphs of functions and their gradient functions and describe the relationship between these graphs. | · Display and interpret the graphs of functions with the graphs of their inverse and/or reciprocal functions.· Use permutations and combinations.· Manipulate complex numbers and present them graphically. |
| **Statistics** |
| · Plan and conduct investigations using the statistical inquiry cycle:- justifying the variables and measures used- managing sources of variation, including the use of random sampling- identifying and communicating features in context (trends, relationships between variables, and differences within and between distributions), using multiple displays- making informal inferences about populations from sample data- justifying findings, using displays and measures· Evaluate statistical reports in the media by relating the displays, statistics, processes, and probabilities used to the claims made· Investigate situations that involve elements of chance:- comparing discrete theoretical distributions and experimental distributions, appreciating the role of sample size- calculating probabilities in discrete situations  | · Carry out investigations of phenomena, using the statistical inquiry cycle:- conducting surveys that require random sampling techniques, conducting experiments, and using existing data sets- evaluating the choice of measures for variables and the sampling and data collection methods used- using relevant contextual knowledge, exploratory data analysis, and statistical inference· Make inferences from surveys and experiments:- making informal predictions, interpolations, and extrapolations- using sample statistics to make point estimates of population parameters- recognising the effect of sample size on the variability of an estimate· Evaluate statistically based reports:- interpreting risk and relative risk- identifying sampling and possible non-sampling errors in surveys, including polls· Investigate situations that involve elements of chance:- comparing theoretical continuous distributions, such as the normal distribution, with experimental distributions- calculating probabilities, using such tools as two-way tables, tree diagrams, simulations, and technology  | · Carry out investigations of phenomena, using the statistical inquiry cycle:- conducting experiments using experimental design principles, conducting surveys, and using existing data sets- finding, using, and assessing appropriate models (including linear regression for bivariate data and additive models for time-series data), seeking explanations, and making predictions- using informed contextual knowledge, exploratory data analysis, and statistical inference- communicating findings and evaluating all stages of the cycle· Make inferences from surveys and experiments:- determining estimates and confidence intervals for means, proportions, and differences, recognising the relevance of the central limit theorem- using methods such as re-sampling or randomisation to assess the strength of evidence· Evaluate a wide range of statistically based reports, including surveys and polls, experiments, and observational studies:- critiquing causal-relationship claims- interpreting margins of error· Investigate situations that involve elements of chance:- calculating probabilities of independent, combined, and conditional events- calculating and interpreting expected values and standard deviations of discrete random variables- applying distributions such as the Poisson, binomial, and normal |