

The Australian Association of Mathematics Teachers Inc.

Position paper on

Consumer and Financial Literacy in Schools



“Financial literacy is the ability to make informed judgements and to take effective decisions regarding the use and management of money.”

Australian Securities and Investments Commission

This definition captures the essence of a capability that is clearly important in the personal and civic lives of all Australians. The key elements of the definition inform the position taken by the Australian Association of Mathematics Teachers Inc. in relation to consumer and financial literacy in Australian schools.

“make informed judgements”

- demands some knowledge, often from different areas
- demands the use of research skills
- expects a commitment to being both ethical and practical

“take effective decisions”

- depends on the context
- requires personal confidence to act on knowledge

Consumer and financial literacy is strongly connected to numeracy. In financial settings, “making informed judgements” and “taking effective decisions” requires people to draw on both their numeracy and their literacy to achieve the best outcome for their own personal or community context.

Consumer and financial literacy in schools draws on contributions from multiple learning areas and perspectives

The forms of knowledge and skills required to “make informed judgements” and “take effective decisions” include such things as:

- knowledge of what money is for and how it is used (Humanities and Social Sciences);
- written, mental, calculator and computer skills in calculating with money (Mathematics; Information and Communication Technology);
- understanding the “fine print” (English);
- managing oneself and ensuring personal well-being (Health and Physical Education);
- understanding sustainability issues and the “costs” associated with resource use (Sciences; Environmental Sustainability);
- sense of ethical behaviour (Civics and Citizenship).

Consumer and financial literacy is more than just knowing about money and financial matters, and more than having the skills to work with this knowledge. It also requires the confidence and capacity to successfully apply the necessary knowledge and skills in a range of contexts and for a range of purposes. Development of this confidence and capacity is an essential component of financial literacy education in schools that needs to be given explicit attention across the learning areas.

The AAMT believes that students’ consumer and financial literacy should be built through integrating knowledge and skills from a wide range of learning areas, with an appropriate emphasis on developing students’ confidence and capacity to use their knowledge and skills in consumer and financial contexts.

Whole school approaches are required to ensure a coherent approach

The need for coordination of learning in different learning areas and across year levels (whether this involves separate teachers, as in most secondary schools, or the same teacher, as in most primary schools and some “middle years” school structures) means that the *school* needs to take responsibility for consumer and financial literacy. Whole school attention to consumer and financial literacy will be coherent with the school’s overall approach to numeracy development. This requires effective leadership by the principal: delegation of responsibility for a whole school effort in consumer and financial literacy to a leader in a particular area (such as Humanities and Social Sciences, or Mathematics, or Information and Communication Technology) should not result in that learning area assuming sole responsibility (or being seen to be solely responsible) for consumer and financial literacy.

The AAMT believes that consumer and financial literacy development should be an inter-disciplinary whole-of-school team effort that involves parents and taps into community resources.

Particular considerations in planning for consumer and financial literacy education

There is a multiplicity of views about money, about how much an individual may need or want, about how he or she might choose to use it, and about the roles of governments and other institutions. Education for consumer and financial literacy must enable the development of capacity to make informed decisions, but must also recognise that different people and communities will view financial decisions through different lenses.

Decisions about financial matters have the potential for significant life impact. Consumer and financial literacy requires awareness of opportunities for saving and the potential for debt in an era of consumerism, and acknowledgement of the risks and responsibilities inherent in financial contexts.

While consumer and financial literacy is important for enabling people to make informed decisions at the personal level, it is also essential in allowing citizens to properly analyse and make judgements about broader issues such as government policy, the influence of the media, and activities of the finance industry.

The AAMT believes that education for consumer and financial literacy must include respect for individual financial circumstances and beliefs and must support students to develop their own views and recognise their social responsibility for making decisions about financial matters that affect themselves and their communities.

The teaching and learning of mathematics makes important contributions to the development of students' consumer and financial literacy

School mathematics is one of the learning areas which have a significant role in supporting young people to become financially literate. This role is played out across the spectrum of the types of mathematical activity that happen in schools: from accurately making computations and checking results, through interpreting numerical, graphical and other information, to constructing and using financial (i.e., mathematical) models to help make financial decisions such as “best buy,” budgeting, monetary risk and the potential for debt.

Development of underpinning mathematical skills and understandings is necessary but not sufficient for development of financial literacy. The cross-curricular nature of learning in consumer and financial literacy requires that teachers of mathematics address the broader concepts and understandings that are necessary, as well as those which are specifically part of the discipline of mathematics.

The AAMT believes that teachers of mathematics should assist their students' development of consumer and financial literacy through purposeful attention to a range of knowledge, skills, and ways of thinking and doing that are part of the mathematics curriculum.

Teachers of mathematics find that addressing consumer and financial literacy can provide them with classroom contexts for teaching and learning mathematics that are real and engaging for students. There is a great deal of research evidence to suggest that connecting what students do in mathematics lessons to what they are doing with their lives outside the classroom can really assist students' learning of mathematics. This already happens, of course, but there is further potential for an emphasis on consumer and financial literacy to be a vehicle through which students can better appreciate the relevance and usefulness of mathematics.

The AAMT believes that teachers of mathematics need easy access to relevant, contemporary resources that they can adopt and adapt in ways that improve both students' mathematical learning and their development of consumer and financial literacy.
