Analysis on the Necessity and Development Path of Education of Familial Finance

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Abstract: With the continuous developments of social economy, the financial management needs of our residents are becoming increasingly prominent. However, compared to the high-speed growth, our financial management education is evidently delaying. Strategies to cultivate students' financial management awareness and improve the financial intelligence of adolescents through school education is a rather considerable and urgent topic. By comparing and analyzing the current situation of household financial management education both domestically and abroad, this essay argues that: to carry out school financial management education, educators should clarify the educational goals, standardize the educational content, choose appropriate teaching methods, and exercise students' consumption behavior and cultivate financial management awareness in practice; in addition to carrying out in-school education, joint efforts from families, financial institutions, and the whole society is key to successful financial education.

Keywords: Family Finance; Financial Education; Financial Quotient; Teenagers; Development Path

1. Introduction

American scholar Robert Toru Kiyosaki introduced the concept of "Financial Quotient (FQ)" in the early 1980s. He argued that FQ is a person's financial intelligence, the wisdom of managing money, and a part of our overall intelligence. The FQ concept laid the foundation for the development of family financial education.

With the deepening development of the market economy, financial management skills have become a basic quality that every citizen must possess. Improving FQ can not only improve an individual's family economic life, but also bring significant positive effects to the overall economic of society. In 2003, the chairman of the National Council on Economic Education (NCEE) in the United States, Robert F. Duvall, mentioned in a survey report on the status of personal finance education in American public schools that "In a nation that seeks to develop far-sighted investors and savers, well-informed consumers, efficient workers, responsible citizens, and strong participants in the global economy, financial education is significantly important [1]."

2. The Necessity of Conducting Financial Education for Families

2.1 The Increasingly Prominent Demand for Financial Management

With the rapid growth of the macro-economy, the disposable income of Chinese residents is also increasing, leading to a growing need for personal management. The China Household Finance Survey and Research Center's "2019 China Household Finance Survey Report", the most recent household financial data survey, shows that the average household income in China is 39,218 yuan, and the average household financial assets are 63,800 yuan. Among financial assets, bank deposits account for as high as 60.91%. In terms of participation in the financial market, the participation rate of households in stock market is 8.84%, in the fund market is 4.24%, in financial products is only 1.10%, in bond market and in the derivatives market is 0.77% and 0.05% respectively. It can be seen that the means of household financial are still relatively unitary, and residents' attitude towards financial risks is relatively conservative. The public's understanding of the financial market is insufficient and their participation is poor, and their financial activities lack the appropriate guidance of scientific financial management concepts.

2.2 Irrational Consumption and Ineffective Utilization of Financial Tools Due to Lack of Financial Knowledge

Children's personal wealth in China is increasingly becoming polarized, said Hong Ming, a researcher at the China Youth and Children Research Center. Students rarely engage in essential economic activities in their daily lives, and some of the economic activities that should be completed by children themselves are instead done by their parents. As high as 82.8 percent of children have a high self-evaluation of their consumption behavior, but teachers have relatively displeasing comments on children's consumption behavior. Many children do understand some financial management concepts; however, does not follow scientific financial management ideas in practice. Some primary and middle school students have a biased understanding of the concept of money [2].

The consumption and financial management behaviors of college students are also not optimistic. Currently, college students show a high consumption level, unreasonable consumption structure, lack of planning in consumption, and pursuit of luxury and wasteful behaviors. According to the "2018 University Students' Consumption Insights Report", the university students' consumption market is as high as 300 billion, among which the ratio of necessary expenses to unnecessary expenses is about 6:4, leading to an imbalanced consumption structure with a high proportion of unnecessary consumptions. As college students are in the transitional stage of development towards maturity and begin to live independently and manage their living expenses, conspicuous consumption is more common among college students which has many negative effects on their lives [3]. In 2011, a survey conducted by Lei Cheng et al. 1200 undergraduate students from four universities in Xuzhou showed: About 57% of college students have a monthly consumption level of around 800 yuan. Online consumption among college students is excessive, with 82.3% of students having transacted virtual currencies and assets on online platforms. Among them, 49.8% of students have transaction amounts exceeding 300 yuan, 25.3% have transaction amounts exceeding 700 yuan, and 7.2% have transaction amounts as high as 1000 yuan. These phenomena indicate that college students lack adequate financial education and are deficient in financial awareness and skills. Therefore, it is urgent and imperative to strengthen financial education for college students and cultivate a scientific financial management concept [4]. In recent years, young adults' concept of financial management has undergone a profound transformation, gradually transitioning from immediate consumption to long-term financial planning, displaying a mature financial management conceptualization [5].

3. Current Situation of Family Financial Education

3.1 The Situation Abroad

Abroad, especially in economically developed countries and regions, such as the United States, the United Kingdom, Scotland, Japan, France, and Sweden, great importance is attached to family financial education. Financial education is mainly conducted through a combination of family education, school education, and social education. Children begin to receive financial education from the early childhood stage.

In the United States, since 1957, most state governments have incorporated economics and financial education courses into secondary schools. In the U.S., 34 states require schools to offer economics courses, and 14 states require students to complete an economics course as a basic for high school graduation; 31 states include personal finance in educational standards, 17 states require schools to offer personal finance courses, and among these, 4 states require students to complete a personal finance course to meet high school graduation requirements. The empirical study by U.S. scholars B. Douglas and Bermheim Daniel. Garrett on the long-term impact of secondary school financial education on students' saving behavior as they enter adulthood has confirmed that secondary school education has a significant, incremental positive effect on students' wealth accumulation as they enter adulthood [6]. In terms of social education, there are banks specifically designed for children in society. For example, in Denver, Colorado, there is a bank specifically for teenagers, with an average customer age of 9, the oldest being under 22, and currently, the bank has 17,000 customers.

In the UK, financial education for children is provided throughout their growth. In general, children aged 5 to 7 years old already know the different sources of money and know that money can meet various needs; children aged 7 to 11 can learn how to manage their own wealth and realize important functions of saving to meet future needs; adolescents aged 11 to 14 can understand the factors that influence people's spendings and savings, and are familiar with ways to improve their personal financial management skills; high school students aged 14 to 16 are usually taught to use certain financial tools and financial services. The UK also has some successful experiences in social financial education, for example, children under 16 can open their own special accounts in most banks, and 30% of British children deposit their pocket money and earnings from part-time jobs into banks or financial institutions with savings and lending functions.

Scotland takes the lead in financial education in schools. As early as July 1998, the Scottish Consultative Council on the (SCCC, now renamed Learning and Teaching Scotland, LTS) launched a financial education project in schools, with the sponsorship of the Royal Bank of Scotland, to fund financial education in schools and improve students' financial literacy. To this end, the Royal Bank has set up an advisory group on financial education. In Scotland, the goal of financial education is 4F, which is to cultivate students' financial understanding, financial competence, financial responsibility and financial enterprise [7].

Other European countries also have a lot of practices in financial education for children. In France, children usually start primary school at the age of 6, where they are introduced to some financially-oriented courses. Moreover, almost every primary school offers home economics classes related to finance, teaching essential financial knowledge needed in life. In Sweden, financial education is included in primary school textbooks, and both primary and secondary schools offer specialized courses on consumer knowledge. The content of these courses: what advertising is, what consumer rights are, what to pay attention to when purchasing items, and how to reasonably plan household expenses, etc. In Denmark, children are taught to be tax-conscious from an early age, and from middle school they have the obligation to report their personal income, indicating the source of their income.

In addition to developed countries in Europe and America, developing countries in Southeast Asia have also realized the necessity of financial education. The moral education teaching plan by the Thai Ministry of Education has already incorporated financial management content such as "saving and reducing unnecessary expenses" and "appropriate spending" into the important content of education.

3.2 Domestic Situation

3.2.1 The lack of emphasis on financial management in traditional Chinese culture

In the history of China, the earliest financial management thoughts can be traced back to the Spring and Autumn and Warring States periods. For, Fan Li's "18 Rules of Business Finance" in the Spring and Autumn period and Bai Gui's "Optimistic View of Change" in thearring States period were both leading in the world at that time. However, after Confucianism became the dominant ideology, China's financial management thoughts gradually declined. In the Han Dynasty, with the establishment of Confucianism as the official ideology, the Confucian idea of valuing righteousness and despising profit became the ruling ideology. People unilaterally pursued ethics and personal cultivation, and were ashamed to talk about profit. Traditional mainstream culture has always taken deprecating and contemptuous attitude towards money, wealth, and trade. The social order is ranked as "scholars, farmers, workers, and merchants", with merchants being placed at bottom of society and often being disparagingly referred to as "traitorous merchants".

Since the founding of New China, especially in the more than 47 years since the reform and opening up, new production methods have liberated the productive forces, and people's material lives have greatly improved. However, the traditional culture with a indifferent attitude towards wealth management has a long-standing and profound impact on people's spiritual level. With the development of the market economy, people increasingly need to arm their minds with scientific wealth management ideas.

3.2.2 The vague status of financial education in school education

There are no special courses on financial management education in the curricula of Chinese primary and middle schools, nor has financial management education been incorporated into moral education system. According to the results of a survey conducted by Juyan Ye in 2004 on the status of financial management education among students in Beijing, less than a quarter of students said they had learned about financial management in class, while more than 50 percent said they had learned about it from parents or the media [7]. In colleges and universities, although there are some courses on financial management, it is not common to offer financial management education to all students regardless of their major background.

3.2.3 Existing problems of financial education in family education

On the one hand, financial education is not given enough attention in family education. Parents worry that their children will be tainted by "the smell of money" if they come into contact with knowledge related to money, so they deliberately downplay the concept of money, do not actively pay attention to their children consumption behavior, lack guidance on financial management for children, do not teach children to keep accounts in time, and do not encourage children to earn money. Even some parents influenced by the traditional concept of "learning to excel in order to become an official", believe that intellectual education is the most important, while neglect the cultivation of their children's financial literacy [8].

On the other hand, some parents have some erroneous financial management concepts, which have a bad influence on their children. The "China Pingan National Financial Intelligence Index Report" shows that Chinese residents exhibit the characteristics of "high attitude, lack of knowledge, and low action". Parents themselves have not yet mastered scientific financial management concepts, and thus they are unable to positively influence their children. The white paper "2012 China Children's Intelligence Survey" further reveals that children's financial intelligence awareness is closely related to their parents. Most parents exhibit permissive or authoritarian behaviors, and their views on financial education are relatively traditional, overly relying on their own experience. Parents show a clear pattern of "high recognition, low cognition, weak execution, and poor result" in financial education.

3.2.4 Piloting financial education in some economically developed cities

It is gratifying that in some of China's rapidly developing cities, financial education courses are gradually being introduced into primary and secondary school. For example, in Shanghai, a financial hub, has taken the lead in financial education for young people. At present, nearly 100 primary and secondary schools in Shanghai have set up financial education courses, with content such as "savings and insurance", "living consumption", "national wealth and tax awareness" in textbooks. Some schools even carry out financial scenario education through extracurricular activities. Since 2001, the Department of Education of Guangzhou University collaborated with a private educational institution, Xinfu Education Group, to conduct experimental research on financial education in ordinary primary and secondary schools under the group. Financial education has achieved certain results through the infiltration of financial management education in subjects such as mathematics, ideological and moral education, and social studies, as well as development of financial management activities and home-school cooperation. In the local curriculum of compulsory education in Shandong Province, there is a special chapter on "Little Financial Expert" in the textbook "Happy Classroom - Mental Education for Primary School Students", which integrates financial education into psychological health activities.

However, in general, China's financial education is still lagging in time and far from enough in depth, compared with developed Western countries and China's growing economic situation. Although these sporadic and fragmented innovations in financial education cannot represent the overall situation of financial education in China, this article believes that a single can start a prairie fire.

4. How to Carry out Family Financial Education in Schools

4.1 Clarifying Objectives of Education

To carry out financial education in schools, it is necessary to clarify the educational objectives. These should be determined based on the students' physical and development and cognitive level, with different educational objectives and content being introduced gradually. Overall, through financial education, students should be able to establish correct financial values, the basic principles of household finance, master common techniques of financial management, and learn about the main ways of household consumption. Additionally, students should be encouraged to develop consumption and financial management habits, so that they can adapt to the development of the social economy in their daily lives and independently complete consumption and financial management activities that are for their age [9].

4.2 Constructing Contents of Education

Based on the educational goals of different age stages, people can build educational contents in the following four aspects. First, people should develop the correct financial values, which belong to the deeper level of values in personality composition. Students should have a proper attitude towards money and understand the essence of money and wealth; understand the principle of labor creating wealth and the role of people in the creation, distribution, and consumption of societal wealth. Second, teachers should impart scientific financial knowledge. Financial education involves fields such as economics, finance, accounting, taxation, and accounting, with very extensive content. These basic knowledge need to be organized and compiled into corresponding teachings and activity plans. For example, the principle of the time value of money and the principle of compound interest help students understand why money can accumulate like a snowball and how savings and investing habits can help us accumulate wealth. Third, train essential financial skills. Students should learn corresponding financial skills at different age stages. For example before school age, they can identify coins and paper money, accurately judge the value of each coin, understand that they can't buy all the goods and must make, and know the source of money; in primary school, they can count small amounts of money, know how to earn money by doing extra work and save it an account, be able to make a spending plan for a certain period, and understand the function of saving; in middle and high school, they can correctly use banking terms; try to engage in stock, bond investments, and business practices such as working part-time. Fourth, teachers guide students to develop good financial habits. If financial awareness is integrated into children's daily lives, they are more likely to establish good financial habits, such as keeping accounts and developing the habit of saving.

4.3 Exploring Methods of Education

According to the perspective of educational psychology, education should adapt to the psychological development levels of the educational subjects. To carry out financial education in schools, it should also be conducted in steps according to the psychological development levels of students of different age groups. For young children, forms such as games and storytellings can be used. Analyzing from the psychological characteristics and the level of acceptance, the formation and development of children's financial awareness generally go through four stages: the early enlightenment stage before the age of 6, the establishment stage between the ages of 6 and 12, the developmental stage between the ages of 12and 18, and the sublimation stage after the age of 18. Whether it is appropriate to conduct financial education in schools through courses is a question worth discussing. For college students, in addition to classroom lectures on financial courses, organizing targeted expert lectures, thematic social practice, and social internships are also necessary. Implementing financial education in extracricular activities is an effective way. Extracurricular financial practices are effctual pathways to implement financial education, bigger stages to showcase students' self-management, constructive methods to help students master financial knowledge and improve financial skills, and powerful channels for students' self-education, self-experience, and selfinternalization. Teachers can make full use of extracurricular activities to carry out a variety of student financial practice activities. By conducting a randomized controlled trial (RCT) involving 2220 students across four countries in a multi-country experimental setting, Marta Cannistà et al. demonstrated that a financial education tool in the form of an online game significantly improved students' financial literacy levels [10].

5. Carrying out Family Financial Education Requires the Joint Efforts of the Whole Society

Family is the most important and ideal place for financial education. Educating children about finance, enabling them to master financial knowledge at a young age and develop good financial habits, is a significant responsibility of parents; on the other hand, after children enter schools and the society, parents still need to cooperate with schools and the society to strengthen their financial education.

Financial institutions should be encouraged to play a bigger role in financial education. Schools could follow the US as an example by working with financial service providers to offer education to young people. For instance, they could cooperate with banks, savings and loan associations, and securities institutions to set up financial education bases for young people. Schools could also organize visits to banks and securities institutions to strengthen students' financial awareness. Schools with adequate resources could also guide students in trying some small-scale investment in stocks or bonds.

The government's promotion and the support of relevant social institutions play an important role in carrying out financial education. Since the 1990s, the United States has established many institutions and organizations dedicated to improve the financial capabilities of young people. There are similar institutions in the United Kingdom as well; "Personal Finance Education Group" established in 2000 has now become a leading organization in the implementation of personal finance education in British primary and secondary schools. It is an educational charity funded by the government, the UK Financial Services Authority (FSA), and the financial industry. Therefore, the government and relevant social institutions are forces that cannot be ignored in conducting household financial education.

6. Summary

In China, with the deepening development of the market economy, household consumption and family financial education have become inevitable. However, financial education has not yet been widely incorporated into the curriculum system of primary and secondary schools, and it is also imperfect in college education; there are also deficiencies in financial within families or cases where parents' financial concepts mislead students. Therefore, we need to design a financial education system in schools with clear goals, standardized content, appropriate methods. At the same time, families, governments, financial institutions, and social service organizations need to work together to strive for the goal of cultivating children into-rounded talents with certain financial literacy.

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