

FINANCIAL CAPABILITY

Being able to effectively manage one's own finances requires a combination of skills, knowledge and understanding concerning both money and services that can offer assistance. The framework below offers a summary of some of the aspects of this capability, but it is not intended to be exhaustive or prescriptive. The table overleaf shows how providers may support learners' to develop their financial capability from 'consolidating', to 'developing' through to 'extended' level.¹

Key Themes in Financial Capability: Personal Skills, Application of Skills and Economic Engagement

Personal Skills

- Numeracy skills
- Income sources
- Managing personal budget
- Banking
- Pay and payslips
- Receipts and records
- Goods and services
- Income assistance & benefits
- Financial vocabulary

Community

- Locating local services
- Household budgeting
- Managing utility accounts
- Deals and offers
- Financial planning
- Family finances
- Digital money
- Understanding risk and reward
- Recognising debt problems

Engagement

- Consumer rights
- Understand credit and debt
- Advice and guidance
- Pensions and lifelong planning
- Business finance
- Problem-solving
- Credit products
- Evaluate financial options and make informed decisions

Please contact Learning and Work Institute for further details on Financial Capability
- www.learningandwork.org.uk/citizens-curriculum or email: citizenscurriculum@learningandwork.org.uk

Consolidating

- Recognise and perform calculations with money
- Recognise different ways of paying for things e.g. money, credit, coupons
- Identify sources of income
- Understand principles of banking
- Plan and manage a personal budget
- Understand the concept of ownership
- Identify local goods and services that can be purchased
- Understand the importance of keeping records
- Understand savings

Developing

- Identify local services offering financial assistance/advice
- Balance income and expenditure
- Compare deals and offers e.g. select 'best buys', understand equivalence
- Read and understand statements and bills
- Manage utility accounts, online and on paper
- Understand different methods of payment e.g. up-front, in arrears, on account
- Understand risk and reward
- Identify national services offering support and guidance

Extending

- Understand different forms of credit and credit agreement
 - know what interest is
 - recognise differences between credit deals
- Know the advantages and disadvantages of credit and debt
- Know what advice and guidance services are available
- Recognise and understand own rights as consumer
- Understand benefits of financial planning e.g. impacts of saving, debt and pensions
- Understand the relationship between public policy and personal finance e.g.
 - income tax and National Insurance Contributions
 - wages and the economy

USEFUL WEBSITES:

Moneyadvice.service.co.uk

Citizensadvice.org.uk

<https://edufinproject.eu>