Financial Literacy in the North
– Looking at roots and future focusing the young

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In each of Denmark, Germany, Sweden and the Netherlands, at least 65% adults are financially literate—the highest in the European Union.

Across Central and Eastern Europe, young adults are under-saving for the future, while old people are struggling with low financial skills in retirement.
Scoring high

• S&P Global FinLit Survey
• More than 150,000 randomly selected individuals in 140 countries
• Answered multiple-choice questions regarding:
  – investment diversification
  – the ability of income to stay on par with spending (or vice versa)
  – interest payments
  – compounding investment returns.
• If individuals could correctly answer three out of the five questions, they were deemed to be financially literate.
Financial Literacy in Northern Europe

- No Cash
- High Technology Readiness
- Government and Industry Educate
- Lifelong Learning
Looking for roots and reasons

• Cultural community in the Nordic region

• Long history of conflict and cooperation, also different political unions
  – Personal union of Kingdoms of Denmark, Norway and Sweden 1397-1523
  – Constitutional union of Denmark and Norway (and Greenland/Island/Faroe Islands) 1536-1814
  – Personal union of Sweden and Norway 1814-1905
  – And Sweden included Finland from 13th century to 1809

• Religious unity
  – Lutheran church identified as important for the development of the idea of welfare for all (the Nordic model) (Knudsen, 2000; 2000, Lindmark, 2015)

• Similar development of school system and school saving campaigns
  – Some differences: Denmark first; Sweden most intense; Norway scattered; Finland sceptical
"Feed the money box my friend, and it gives bigger coin again"

The school savings movement

• Idea of school saving organisations / "banks" ("skolsparkassa") came to Sweden from Germany and France

• French economist Augustin Chaurand de Malarce said he got the idea at the Vienna World Exhibition in 1873

• In 1882 there were about 30,000 school savings banks in Europé and de Malarce held a speech in Stockholm that made a huge difference for the development in Sweden.

• From 1842 Sweden had state Folkskola for all children (by law) and financial literacy (read: learning to save) was later introduced
School saving

• School money box  79%
• Home money box (should be 9,9% brought to school to be emptied)
• Savings marks  6,1%
• List of accounts  3,2%
• School saving club  1,7%
• School savings bank  0,1%

(Table source: Körberg, 1992)

A teacher in 1910 holding a school money box. Her students put the weeks savings in their individual compartments.
School saving movement

- In the 1920s and 1930s the movement spread and the savings from children expanded rapidly
- Four factors behind this development (Jönsson,):
  - A new law for savings banks in 1923
  - Instructions from authorities for teachers on how to teach personal finance and promote saving behaviour
  - More money boxes of different kinds were distributed to the schools
  - Swedish Savings Banks Association (founded in 1901) started a massive campaign to promote school savings and financial literacy

A teacher taking notes on the childrens’ savings (and taking the money). Picture from 1921.
• Swedish Savings Banks Association published the magazine "Lyckoslanten ("The Luck Coin") from 1926

• Spara och Slösa ("Save" and "Spend"), a cartoon that illustrated the idea

• The school children liked the saving
  – The younger more

• In the debate in 1945: "it is a right for children to have pocket money"

• In the 1950s – saving competitions among schools
  – Debate on how to handle those that could not afford to save

• Massive critique in 1960s and the movement quietly died out

• Lots of later attempts to reconstruct the school saving with no success. Yet.
Communication/propaganda

- Archives full of old material from different campaigns to promote children’s saving

- Changing ideals
  - From threats of what happens to those who do not save (early 1900), with pictures of poverty and despair, and information on the importance not to give in for temptations
  - To a focus on what to do with the savings (from the 1950s). There very good things to invest in and bad things to avoid.

"Teach them to go to the Savings Bank"
Financial Literacy in the North – moving on…

• We were looking for roots and reasons for a highly financially literate population

• We found the long and systematic work of Savings Banks in promoting financial knowledge within the school system (Lyckoslanten is still sent out as a paper magazine to schools)

• We will end this presentation by looking forward: a short glimpse of a present research and development project in collaboration with the Swedish Savings banks, Swedbank and the Swedish Savings Banks Foundations (sparbanksstiftelserna), the Swedish teacher training at two universities and two municipalities in the Stockholm area
Children and financial capability in our days

• Questions
  – How do children understand economic principles (in a digital world)?

• Answered by workshops with children in school classes (10-13)
  – As closely integrated with their real world (friends, time to play / run online games etc)
  – As resources, value and time
  – As husbandry (hushållning) "doing economy” / "economising”

• What is the taught and trained in (Swedish) schools today?
  – Concepts (words mainly from the financial sector; namns of things not done/used by children, ex: interest rate; credit)
  – Numeracy (in maths)
  – Lifecycle information on how to save for your pension; how to buy a house; how to marry and divorce
Present project: training teachers to help school children learn about personal finance

- Observations and testing classroom lessons constructed to let children practice the skills they already have in understanding resource, value and time.
- Starting the training in a child-close context
- Bridging the known with the unexperienced world of personal finances (concepts and life-events)

Teachers working with developing new lessons on personal finance.
Thank you for listening!

Picture from a school in Örebro, Sweden, 1940.
• Targeting the younger public is the quarterly publication Lyckoslanten ("The Lucky Coin"). Lyckoslanten has been published since 1926 and distributed by Swedbank and some independent Savings Banks, to children aged between 10 and 12. Each circulation comprises 340 000 copies. It is, most likely, the largest magazine for children in Sweden.

The aim of the magazine is to explain economic matters to children as well as adults, in a pedagogical and simplified manner. It is meant to be entertaining but at the same time educational for the children. Another aspect of the magazine is that it serves as a source of inspiration for teachers when they engage in educating children in matters related to economy and money.