March 30, 2014 8:09 am

Fund houses to teach schoolchildren finance

By Kalpana Fitzpatrick and Chris Newlands

In the UK, financial education will be introduced into the national curriculum from September

BlackRock, Henderson Global Investors, Aberdeen Asset Management and Axa Wealth have teamed up with an investment consulting firm to help provide financial education to young people.

The contentious move comes as a report from the European Fund and Asset Management Association (Efama) suggests Europe faces a "crisis of financial literacy", with consumers having little knowledge about the basics of savings and investments.

Paul Cribb, a director at BlackRock, said that, as part of a UK agreement with consultancy Redington, the asset manager provides office space, food and makes its staff available to help teach schoolchildren on topics such as saving, borrowing, pensions, debt, and the workings of equities and bonds.

In the UK, financial education will be introduced into the national curriculum from September for children aged from 11. Robert Gardner, co-chief executive of Redington, which has launched an education initiative called Redstart, said: "The UK government does not have the resources or collateral to deliver financial education, but asset managers do.

"Only 1 per cent of the world's population has had financial education, so the problem is massive. This is an opportunity for investment companies to make a difference." He said Redington was in talks with fund managers in Australia about a similar scheme.

Mr Cribb added: "These children are, in a few years, going to be auto-enrolled in a pension scheme, so it is vital they understand the importance of saving early."

Teaching unions and campaigners, however, said schools would need to make sure companies did not treat their time in the classroom as a marketing exercise. Christine Blower, general secretary of the NUT, the UK's largest teachers' union, told the FT: "Children and young people should not be exposed at an impressionable age to companies seeking to gain a foothold in their school." Teachers should always be cautious about developing links with commercial organisations, she added.

Ian Colquhoun, a director at Axa Wealth, said: "To date, we have been involved in one day with a school in London, where myself and colleagues covered a wide range of financial matters. Based on this experience we have agreed to deliver more days."

Henderson added that it has already been involved in one pilot event for a group of 10-year-olds, providing a venue, facilities and teaching staff.

Efama's report, "Building Blocks for Industry Driven Investor Education Initiatives", found that a large number of individuals were unable to grasp what it believed to be simple concepts such as applying 2 per cent to €100. Peter De Proft, director-general of Efama, said the worrying lack of knowledge meant individuals were unable to manage savings or adequately prepare and save for retirement.

Guillaume Prache, managing director of EuroFinuse, the investor lobby group, suggested plans to improve financial literacy must include reinstating basic financial mathematics in European curriculums, as early as primary school age. "A French elementary school book from the 1880s shows that more than a century ago young children were taught interest, interest rates, compounding interest and even annuities."

RELATED TOPICS United Kingdom