

Executive Summary

Financial literacy is a fundamental skill that is essential to the well being of young people. Global leaders have recognised financial education for youth as a policy imperative. In Hong Kong, the Investor Education Center (IEC) spearheads and promotes financial education initiatives. Its *Hong Kong Financial Competency Framework (HKFCF)* identifies a set of knowledge, skills, attitudes, motivations and behaviour relevant to youth aged 15 to 18 as a reference point for different organizations interested in providing financial education, and, in turn, for young people in Hong Kong to attain financial literacy.

This study aims to supplement existing efforts in promoting and enhancing financial education through presenting the current level of financial literacy of youth aged 15 to 18 in Hong Kong. An understanding of our youth's financial competencies, especially any areas of weakness, will ensure that any resulting financial education policies and programmes are most relevant to their needs.

Research firm GfK was commissioned to conduct a survey among 500 young people in Hong Kong of the ages 15 to 18. Findings were made based on questionnaire answers regarding respondents' financial knowledge, behaviour, motivations, attitudes and financial education needs.

Key Findings

Key findings of this research are outlined below:

Knowledge

- 37.2% of the respondents have a high level of financial knowledge. 22.8% have a low level of financial knowledge.
- Respondents are the weakest in their knowledge on market fluctuation and risk diversification in relation to investments, and loan interest.
- A young person's financial knowledge is possibly correlated with his/her household income. More high-scorers come from families with high income, relative to mid- to low-income families.

Behaviour and Motivations

Saving

- 33% are regular savers. 12.4% do not save.
- Non-savers explain that they have too little income or allowance (49.55%); they cannot resist the temptation to spend (34.33%); and, remarkably, they do not see the point in saving (24.48%).
- While regular savers are mostly aware of the importance of cultivating saving habits (51.52%) and of being prepared for emergency (40%) and future education (27.27%), a fair number are motivated to save so that they can purchase consumer items (24.85%).

Money Management

- Overall, 40.6% have a budget but do not keep track of their monthly spending and breakdown.
- 8.4% do not know how much they spend each month.

Financial Planning

- Most respondents have a financial goal (67.8%). Traveling is the top priority for 23.6%, followed by buying consumer goods (18.4%) and further studies (14.2%).
- Nearly all of the respondents have taken action to achieve their financial goals (92.33%). The most popular course of action is to cut back on spending (69.91%).

Attitudes

- 62.4% of the respondents will carefully consider affordability before buying something.
- Generally, respondents understand the importance of financial management and planning. However, less than half set long-term financial goals and strive to achieve them.

Financial Education

- 34.4% of the respondents consider themselves financially literate.
- More than half (59.2%) agree that they can benefit from some personal finance education.
- 51.4% have had their parents discuss financial matters with them while growing up. Parents from a higher income family are more likely to play a bigger role in financial education.
- Respondents prefer schools and educational institutes for delivering financial literacy programmes (67%), followed by government entities (13.2%) and banks or other financial institutions (13.2%).

Implications and Recommendations

1. **There is a need for financial education for youth in Hong Kong, especially youth from low-income families.** More than 60% of the respondents have a low to medium level of financial knowledge, and young people from low-income families generally perform worse than their counterparts from mid- to high-income families.
2. **Financial education should start young.** It was found that younger teens are weaker in financial knowledge than their older counterparts. Based on international guidelines and practice, and IEC recommendations, financial education should start in primary school – for instance, with teaching about the value of money and cultivating good habits towards money.
3. **Financial education should take a holistic approach and go beyond conveying knowledge.** It should also address behaviour, motivations and attitudes. Research findings show that saving money and long-term financial planning are priority areas for youth in Hong Kong, though financial education practitioners are encouraged to design programmes according to the specific needs of their learners to best meet their needs.
4. **Schools should be the pioneer in promoting and strengthening financial education.** School leadership is critical in agenda setting and implementation in relation to financial education programmes. Schools should actively look for opportunities to teach money matters. Providing teachers with more training and resources can help them deliver financial education more effectively.
5. **Parents' role in encouraging good money habits since young is crucial too.** Parents should be aware of their roles in teaching their children positive financial attitudes, and the importance of being good role models for their children in money matters.
6. **Youth, parents and teachers alike are encouraged to use IEC's website, the "Chin Family".** The "Chin Family" (<https://www.thechinfamily.hk/web/en/>) is a centralized platform set up and managed by the IEC, consolidating all types of financial education resources and tools. The site explains financial concepts that are relevant to daily life using animations, making them easy to understand. It also provides tools such as budget planners and financial calculators. To young people, these tools can make managing personal finance less daunting; they can also create opportunities for parent-children and teacher-student interactions, so to encourage parents and teachers to start financial education.