

Children struggle to learn about money as parents hold on to purse strings

More than a quarter of children under 12 have no experience with money.

New research from the Financial Services Compensation Scheme (FSCS) reveals that more than one in four (27%) parents of children under 12 years old do not give their children pocket money or financial rewards for carrying out household chores.

Only half (50%) pay their child regular pocket money, although close to two thirds (65%) offer financial incentives as a reward for helping around the home. Two in five (43%) do both.

Even if they do offer their child a small income, parents appear reluctant to give their children full financial freedom. A significant proportion of those who give pocket money are concerned that if left to their own devices, their child would simply spend the sum on chocolate and sweets (54%) or on something they don't need (37%).

This explains why close to a third (31%) of parents admit they tend to influence what their child buys with their pocket money and 24% encourage them to save for a larger purchase.

The majority of parents interviewed (79%) agree that if children engage with money from a young age, this helps them to learn and appreciate its value – with 48% suggesting this experience will mean their children will be better with money in future.

Mark Oakes, Head of Communications at FSCS, comments: “Being good with money is a skill that needs to be learned and practiced. It is a parent’s choice how they want to get their child thinking about money, but giving them a little sum of their own to manage is a great way to start. They aren’t going to get it right every time, but children need to be given the opportunity to make their own mistakes and learn for themselves.”

Kalpna Fitzpatrick, financial journalist, adds: “It’s important that we teach our children about money from a young age so they have the right skills and confidence for the future. Giving your children the same amount of pocket money each week is a great way to teach them how to budget, as they know how much they’re going to get and when — and how long this is likely to last.”

In addition to the research, FSCS has also produced videos and features containing top tips for parents on how to engage children with money. For more information, visit <https://protected.fscs.org.uk/>

Notes to editors:

Unless stated otherwise all research referenced was conducted by Censuswide in October 2016. Qualitative research was conducted among 1,000 parents aged between 25 and 34 who have children under the age of 12. The findings are nationally representative.

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Table 1: The top five chores parents offer their children financial incentives for

Ranking	Chore	Percentage of parents with children under 12 who offer financial rewards for doing this chore
1	Cleaning their room	46%
2	Setting/clearing the table	26%
3=	Washing the dishes	22%
3=	Hoovering	22%
3=	Wiping the surfaces	22%

What is Money Means?

Money Means is a news and information series written by independent financial and consumer journalists and experts. FSCS launched Money Means in May 2016 to help give people clear and useful information about personal finance, to increase their understanding and confidence when dealing with money. Sign up to Money Means at <https://protected.fscs.org.uk>

What is FSCS?

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