

**Who are young people?**

Young people today between the ages of 15 and 24 represent the largest group ever to enter the transition to adulthood (OECD, 2016). Millennials, born in the late 1980s through the 1990s, make up a subset of the youth population today.

**Youth and Technology**

Young people are often known for their ability to tackle problems using technology. Children are growing up with technology more thoroughly integrated into their lives today than any generation before. This is creating an entirely new type of people – referred to as ‘digital natives’.

A digital native is a youth with five or more years of experience using the internet. While 30% of the youth population worldwide is comprised of digital natives today, within the next five years, the digital native population in the developing world is expected to double (International Telecommunication Union, 2013).

**Financial Knowledge Among Youth**

Although financial knowledge is imperative for young people today, financial literacy rates are low, overall, among youth (OECD, 2017).

In a recent study of 15 countries and economies, just 12% of fifteen-year-olds demonstrated the highest level of proficiency with their personal finances, and 22% scored at the lowest proficiency levels (OECD, 2017).

Financial literacy is demonstrated by having knowledge and an understanding of fundamental elements of the financial world, including financial concepts, products, and risks, and having the ability to apply that knowledge to real-life

situations involving financial issues and decisions (OECD, 2017).

**Technology and Financial Knowledge**

For developing countries, improved access to the internet may help close knowledge gaps, increasing financial literacy. Financial literacy rates for people age 15-34 increase as the percentage of individuals who have used the internet in the last 12 months rises.

The internet is one resource where young people have an advantage in learning about financial information. Millennials in the U.S. are two and a half times more likely to be early adopters of technology than older generations are (Gualtieri & Seppanen, 2012).

**Financial Knowledge Around the World**

Young adults generally have less financial knowledge than middle-age adults in major advanced economies. In emerging economies, however, young adults actually have higher levels of financial literacy than older adults, as education and access to financial resources have become more widely available in these regions in recent years.

**Access to Financial Institutions**

In addition to access to technology, another thing that is associated with increased financial knowledge among youth is bank account ownership (OECD, 2017). Access to financial tools such as savings accounts can help young people with everything from education to entrepreneurship – things closely linked to developing agency and breaking the cycle of poverty (United Nations Youth, 2014).

## **Education**

Education is vital for the financial security of young adults today.

Education reduces poverty, boosts economic growth, and increases income (The Education Commission, 2016). Education can be a powerful tool in promoting the wellbeing of young people.

### **Post-Secondary Education**

Post-secondary education is considered to be any degree or certificate program beyond high school. By 2025, the OECD estimates that 260 million students will be enrolled in post-secondary education worldwide (OECD, 2011). Although college enrollment has risen, it is projected that by 2020 there will still be a shortfall of 38-40 million college-level educated workers in the world (Dobbs et al., 2012).

This is, in part, due to the remaining systematic barriers to education facing young people across the globe. Factors such as poverty and migration are keeping young people from attaining an education, which has a negative impact on the world today.

### **Migration & Educational Barriers**

Since the 1960's, net migration to OECD countries has increased, fluctuating sharply in response to the business cycle or geopolitical events in the world (OECD, 2014).

Violence and forced migration are large barriers to education. Just 1% of refugee youth attend post-secondary education (UNHCR, 2016). Even when migration is voluntary, the need to provide documentation can severely impact students' ability to enroll in school. In the United States, for example, the high cost of post-secondary education and the low availability of financial aid

has made it difficult for undocumented youth to achieve higher education (Núñez & Holthaus, 2017).

Consider that the average millennial in the U.S. has \$37,172 in student loan debt, and 81% of millennials who hold college degrees have at least one source of long-term debt (GFLEC/PWC, 2015). As post-secondary education has continued to rise in cost, it has left those without access to loan/aid programs at a disadvantage.

### **Employment**

Earnings are higher and unemployment rates are lower among those who attain higher education. In the U.S., bachelor's degree holders will make an estimated million dollars more over their lifetime than those with a high school diploma (Carnevale et al., 2014). Those with a high school diploma also have an unemployment rate that is nearly double that of bachelor's degree holders (US Bureau of Labor Statistics, 2016).

### **Planning for the Future**

Taking steps to plan for the future is particularly important for youth today, as advancements in technology and education can create rapid societal change with financial implications.

Advances in medicine have increased life expectancy relatively quickly over time, for example. From 1990 to 2013, life expectancy increased globally by five years (Lancet, 2015). This advancement means that young people today will need to be able to support themselves for much longer than previous generations did.

Having financial knowledge and creating financial security for oneself will be important in preparing for the unknown future that lies ahead.

## EXTENDED LEARNING

Have you thought about what you want to do after high school? Start a conversation with your parents about the financial preparations you will need to make to achieve your goals.

### Challenges

Young people today are facing a changing world. The need for higher education is greater than it has ever been, rapidly evolving technology has become a part of our daily lives, and there are many displaced people in the world. How young people tackle these challenges is going to be a determining factor in the way the future will look.

### Additional Resources

[Deloitte](#)

[GFLEC/PWC](#)

[Millennial Money](#)

[US Census Bureau](#)

[Goldman Sachs](#)

[Advocates for Youth](#)

[UN Youth Envoy](#)

### References

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## References Continued

[UNHCR \(2017\)](#). Figures at a Glance.

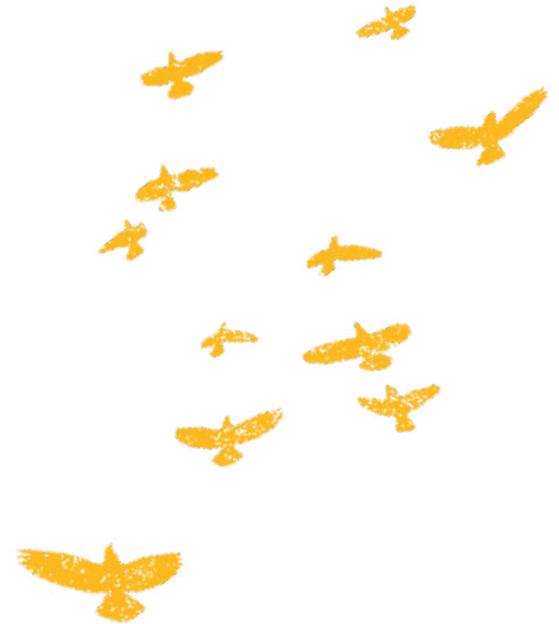
[United Nations Youth \(2014\)](#). Financial inclusion of youth.

[US Bureau of Labor Statistics \(2016\)](#). Education matters.

## Suggested Use

For younger students, instructors may choose statistics to highlight on the board, or assign groups to read sections and identify the main idea to share with the class.

For middle school or high school audiences, instructors may have students complete a writing activity about facts that surprised them the most, synthesizing the research presented.



### Issue Fact Sheet: **Youth & Money**

This lesson is a component of an educational module designed to enhance financial literacy and independence among young people.

Created for Girl Rising by the Global Financial Literacy Excellence Center at the George Washington University.

**In partnership with Citi.**

