

Youth Survey 2009

Prof. Dr. Manfred Weber

Chief Executive, Association of German Banks

Statement

6 July 2009, Association of German Banks



Ladies and gentlemen,

Are teenagers interested in economics? How is the financial crisis affecting the young generation? What do young people think – in these times – about banks and bankers? These are important questions in my opinion. That is why I am pleased to be able to present to you today our 2009 Youth Survey, which delivers the answers. Following similar surveys in 2003 and 2006, the new one is the third of its kind. It is still the only survey in Germany which systematically examines both young people's attitude to economics and various aspects of their financial culture. The Mannheim-based ipos Institute collected the data for us at the beginning of April.

Ladies and gentlemen,

Only those who understand how the economy works can really organise their lives properly on their own. There is widespread agreement on this in Germany today. But this wasn't always the case. When the Association of German Banks took up the issue of "economic literacy" over 20 years ago, it was virtually alone in calling for "more economics" in schools. This has changed, and we are pleased that it has.

Yet we can't afford to lean back. While there is now much more political awareness of the issue, I regret to say that far too little real progress has been made to date.

Now to the results of our Youth Survey.

I would like to summarise these in seven conclusions.

Conclusion no. 1:

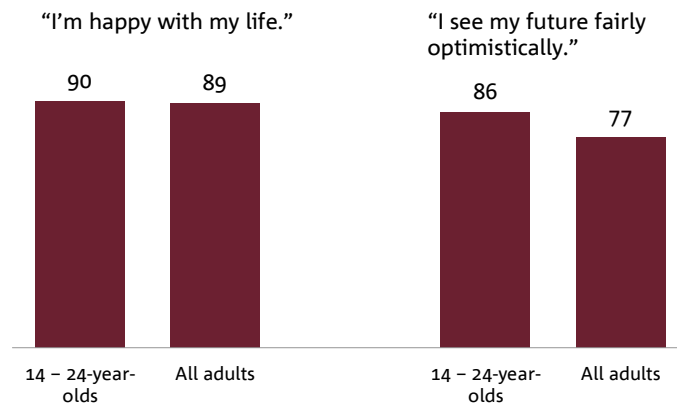
Teenagers and young adults are defying the crisis.

They are mostly happy with their personal circumstances and optimistic about the future.

They feel that the economic and financial crisis has had little or no impact on them so far.

Contrary to many prejudices, there is little evidence of pessimism or frustration among the young generation. Quite the opposite: nine out of ten teenagers and young adults say they are largely happy with their lives and almost as many take an optimistic view of the future.

1. Personal happiness and optimism about the future

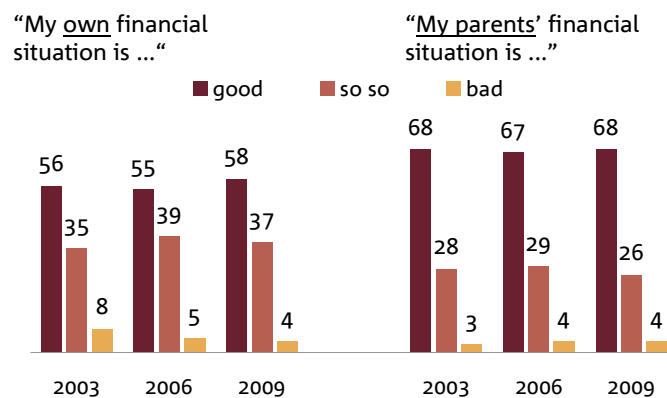


Source: Association of German Banks; 2009 Youth Survey; all figures in percent.

Respondents evidently aren't letting the economic and financial crisis dampen their optimism: despite the current sharp recession, six out of ten 14 – 24-year-olds rate their job prospects as "good" and a further three out of ten even as "very good".

Also surprising: young people see their financial situation and that of their parents virtually no differently than before the crisis.

2. Own financial situation and that of parents



Source: Association of German Banks; 2009 Youth Survey; all figures in percent.

But this doesn't mean they are ignoring the crisis. On the contrary: two-thirds of teenagers and young adults say the crisis is often an issue in their immediate environment, particularly at school or in job training (46 %) and in their own family (32 %).

Now to **conclusion no. 2:**

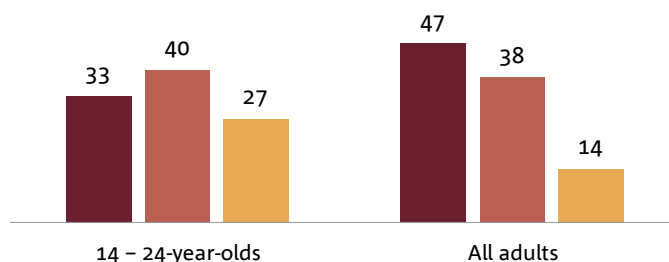
More and more young people want to learn how the economy works at school and they want economics to be a separate subject in the classroom.

Most teenagers and young adults are interested in economic issues and believe that economic information is important.

Even if, as expected, young people don't show quite as much interest as adults, three-quarters of respondents nevertheless say they are interested in economics: four out of ten (40 %) take at least "some" interest, while a further third take a "keen" interest (25 %) or "very keen" interest (8 %).

3. Interest in economics

■ (very) keen ■ some ■ little or none

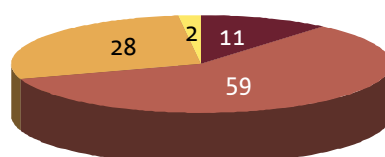


Source: Association of German Banks; 2009 Youth Survey; all figures in percent.

Teenagers and young adults believe that economic information is important. Seven out of ten 14 - 24-year-olds (70 %) feel that such information is "important" (59 %) or "very important" (11 %). Young people do in fact want to know how the economy works.

4. "To me, general economic information is ..."

■ very important ■ not so important
■ important ■ not important at all



14 - 24-year-olds

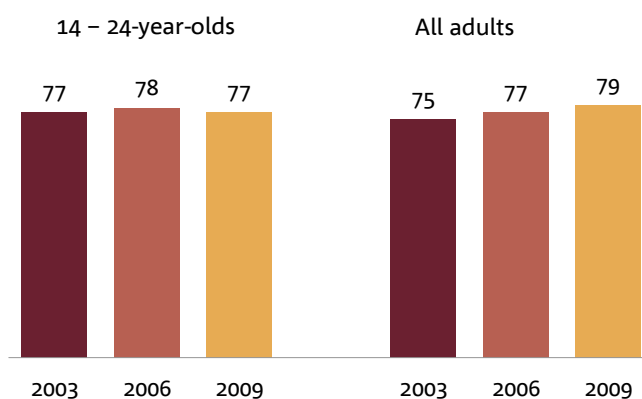
Source: Association of German Banks; 2009 Youth Survey; all figures in percent; deviations in totals due to rounding

But where should they get this information? More and more young people are saying: at school. After 55 % six years ago and 63 % three years ago, 70 % now expect to receive information on economic issues in the classroom.

Around eight out of ten respondents – both among the younger and the older ones – believe that more priority should be given in schools to providing an economic education.

Almost just as many young people would like to see economics made a classroom subject in its own right. As in the two previous surveys, close to eight out of ten respondents are in favour of this. I believe this is a highly convincing and – to be honest – remarkable result. It shows us that young people see economic literacy as one of the basic skills they need for their future.

5. “Economics’ should be introduced as a separate classroom subject.”



Source: Association of German Banks; Youth Survey 2009; all figures in percent.

The Association of German Banks has long been calling for economics to be made a separate subject in schools. The clear vote by respondents here encourages us to continue our efforts in this direction.

Though it is true that “economics in the classroom” has moved up the political agenda in recent years, economics is still not a subject in its own right at schools. Often it is taught as part of other subjects. But this is far too little. Economics has to be studied systematically, just like maths or English, and not only in passing. So there is no way around making it a separate subject.

A sound economic education requires binding curricula and a fixed number of periods on school timetables. Economics classes should begin as early as possible and run until students leave school. To allow this, we of course need qualified, committed teachers.

These have to have a degree in economics. You will now be asking yourselves: how can we manage all this? We also presented a proposal specifically on this point last year – you have been given a copy today of our “Economic literacy curriculum”.

Ladies and gentlemen,

Learning more about how the economy works is important, for, and this takes me to my **third conclusion:**

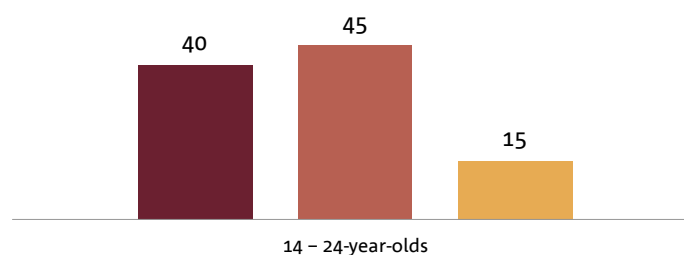
Young people know little about the basic principles of a market economy.

There are some big gaps in what teenagers and young adults know about economics. Many have great difficulty understanding even basic economic principles.

Four out of ten respondents don’t associate the term “social market economy” with “nothing in particular”. That is a whole lot, even though three years ago the figure was six percentage points higher. However, it is some comfort to know that most of those to whom the term “social market economy” means something associate it with something positive. Nevertheless, the fact that so many have no real idea of our economic system ought to give food for thought.

6. “I associate the term ‘social market economy’ with ...”

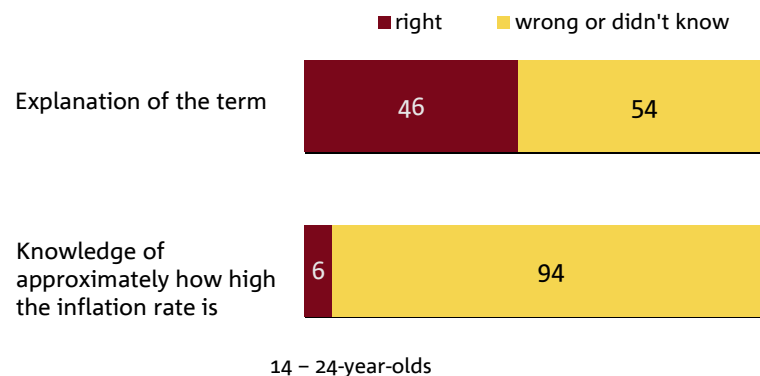
■ nothing in particular ■ something good ■ something bad



Source: Association of German Banks; 2009 Youth Survey; all figures in percent.

More than half of respondents (54 %) are also unable to explain what an “inflation rate” is. And how high is the inflation rate in Germany at the moment? – 94 % of respondents had to pass on this question.

7. Knowledge of the term 'inflation rate' and approximately how high it is.



Source: Association of German Banks; 2009 Youth Survey; all figures in percent.

Another example: only around half (53 %) of respondents are able to explain anything like correctly what the basic economic principle of “supply and demand” means. Yet, in 2006 the figure was a mere 35 %, so that a marked improvement is recognisable here all the same. Overall, however, the survey shows that the level of economic literacy still leaves much to be desired.

Ladies and gentlemen,

As with economic literacy in general, it is also very important particularly where financial literacy is concerned that young people are given the skills they need to be able to take part in our society as responsible citizens.

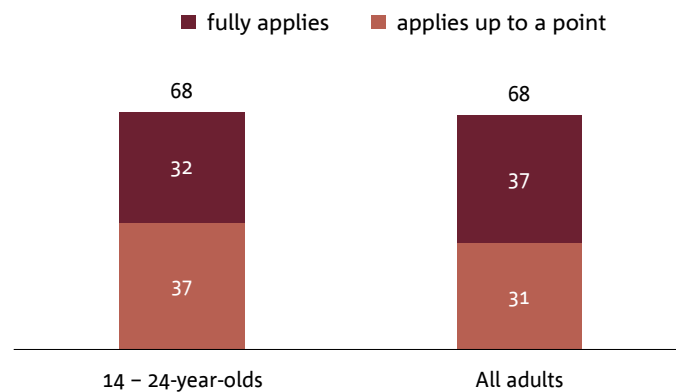
The private banks and the Association of German Banks have been committed to helping deliver these skills for many years now. We have provided you today with copies of our broad range of material on economics in the classroom for teachers and students, our so-called “Schul|Bank” programme. The results of our survey back these activities, as young people want to – and need to – know more about economics.

I come now to **conclusion no. 4:**

Young people like looking after their money but are not financially literate enough.

Teenagers and young adults like looking after their own money just as much as adults. Around two-thirds of respondents see managing financial matters more as fun than, for example, a nuisance.

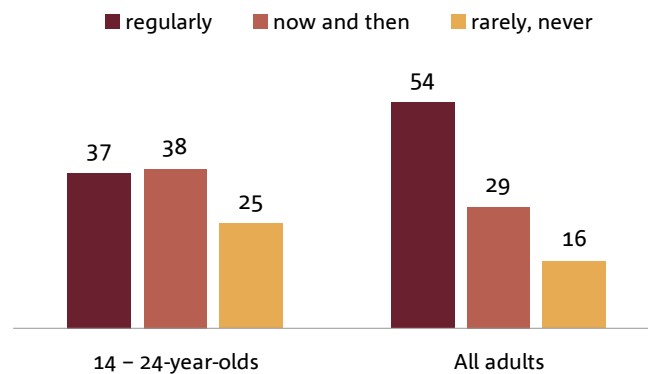
8. "I enjoy managing my financial matters."



Source: Association of German Banks; 2009 Youth Survey; all figures in percent; deviations in totals due to rounding.

Despite this, young people only plan their finances sporadically: fewer than four out of ten teenagers and young adults (37 %) actually sit down regularly and sort out their expenses and earnings or set savings targets.

9. "I manage my financial matters..."

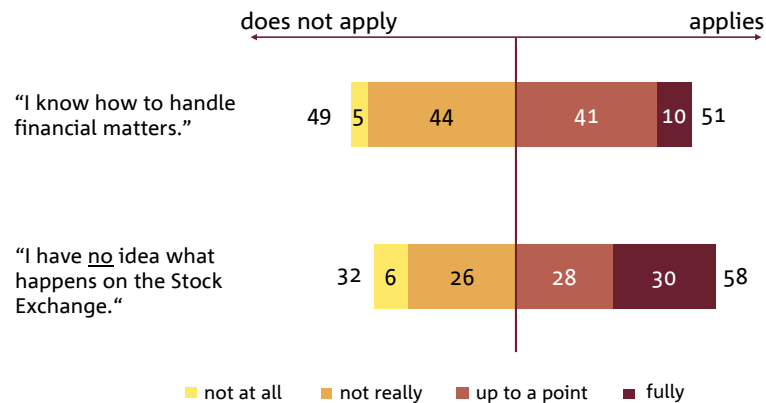


Source: Association of German Banks; 2009 Youth Survey; all figures in percent.

Financial literacy among the young generation is also poor: nearly one in two teenagers or young adults admit they know little or nothing about financial matters.

Six out of ten also say they have little or no idea of what happens on the Stock Exchange.

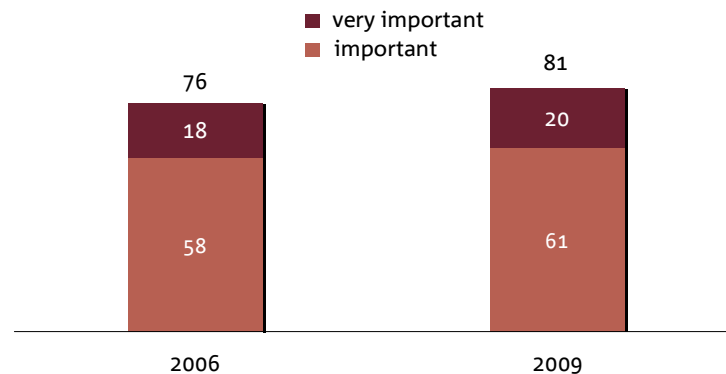
10. Financial literacy



Source: Association of German Banks; 2009 Youth Survey; all figures in percent; deviations in totals due to rounding.

It would, however, be wrong to attribute such knowledge deficits to a lack of interest. Despite – or precisely because of – their poor financial literacy, respondents want more information: eight out of ten teenagers and young adults rate such information as “important” (61 %) or “very important” (20 %). Overall, this is another five percentage points more than in 2006.

11. “To me, information on financial matters is ...”



Source: Association of German Banks; 2009 Youth Survey; all figures in percent; deviations in totals due to rounding.

Many young people evidently have no reason or opportunity to improve their financial literacy. Motivating young people to spend more time on financial matters therefore remains an important task – not least for banks. It is from them that the young generation still most often expect to receive information about how to handle money. But, above all – may I make this clear once again – establishing economics as a subject in its own right in schools would, and must, play an important role when it comes to equipping young people with basic financial skills.

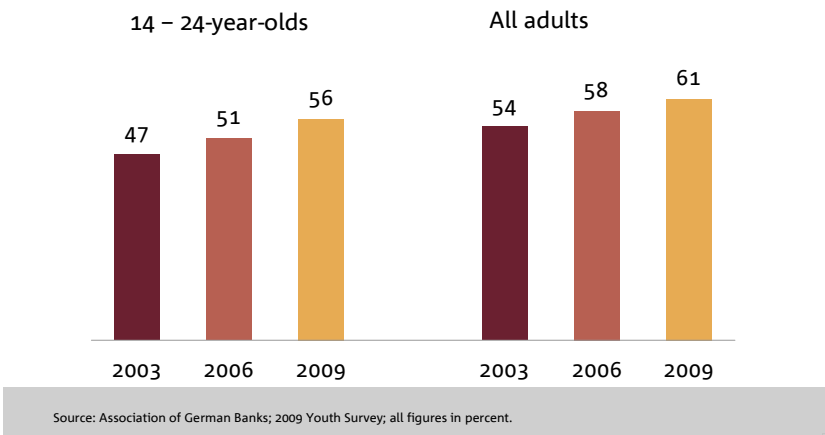
I come now to **conclusion no. 5:**

Young people are also keen savers.

In the ongoing economic crisis, Germans are continuing to live up to their reputation as the world's leading savers. That goes for young people, too; more and more are regular savers.

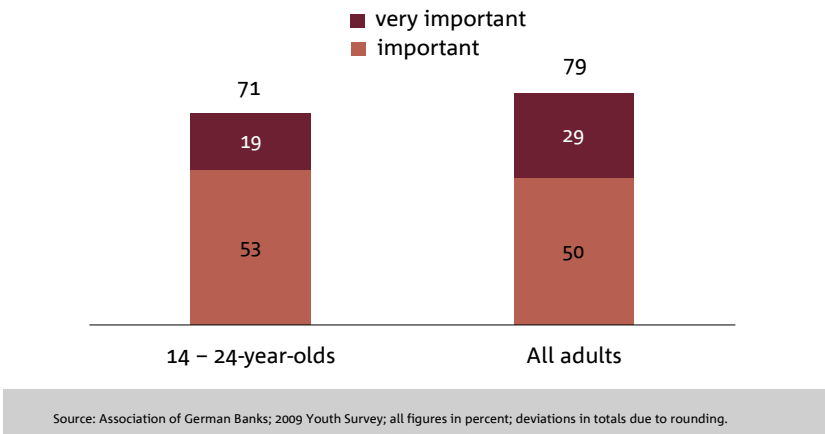
56 % of teenagers and young adults interviewed, and 61 % of all adults, regularly save a certain amount of money.

12. Savings propensity: "I save regularly."

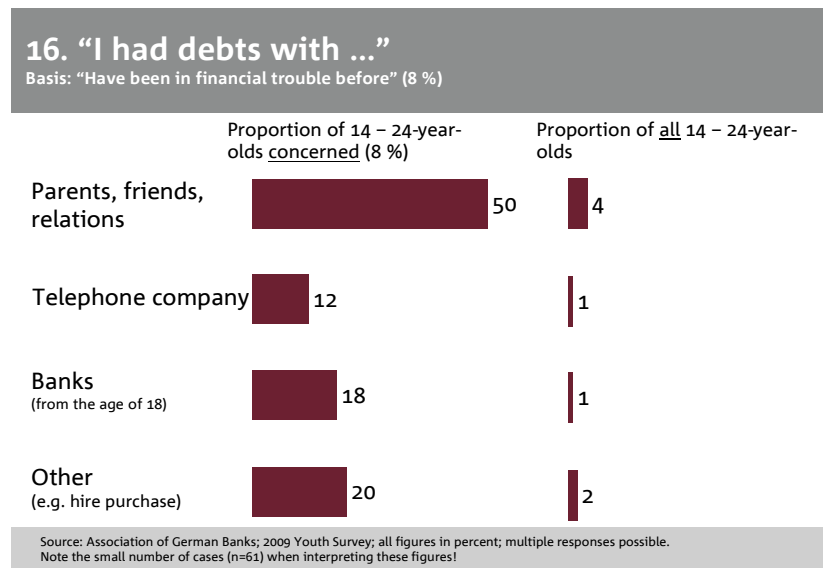


A look at the savings mentality also shows that the differences between the generations are no longer nearly as big as one might assume. While eight out of ten adults say that for them saving is "important" or "very important", the figure for the 14 – 24-year-olds is not much lower at seven out of ten. This means that there can be virtually no question of any big generation gap in savings culture.

13. "I believe saving is ..."



Moreover, most teenagers and young adults had their debts with parents, friends or acquaintances. Only in less than one-fifth of cases was a bank loan also responsible for what was seen as a difficult financial situation. However, that generally applies only to young adults (18 – 24 years), not to teenagers, as minors need the consent of their parents or a guardianship court to take out a bank loan.



Generally speaking, the situation as regards the number of 14 – 24-year-olds in debt has improved in recent years: in 2003, 14 % and, in 2006, 9 % said they had themselves been in financial trouble before; the figure today is, as I mentioned, 8 %.

Nevertheless, every single case is one too many. This is why everything that can be done to prevent such indebtedness must be done. The problem should be tackled particularly where it actually arises. And that means making sure that young people learn as early as possible how to handle money responsibly. Preparing children and teenagers already at home or in school for their role as mature and responsible consumers is indeed a major social challenge, one to which we are devoting our best efforts.

Ladies and gentlemen,

For us in particular, one other question is important. What do young people think of banks? This takes me to my **seventh and final conclusion**:

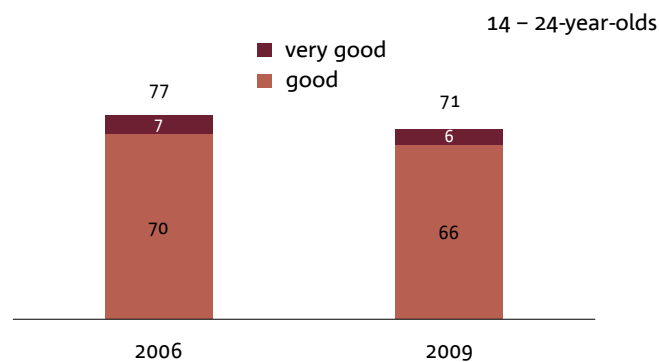
Bankers’ image is not as bad as one might expect.

While the financial crisis has also affected how the young generation see banks, young customers still have a good opinion of them.

Even if a slight downward trend is evident here (minus six percentage points compared with 2006): seven out of ten teenagers and young adults in Germany still have a “good” opinion (66 %) or “very good” opinion (6 %) of banks.

Despite the mistakes undeniably made by banks, which were also responsible for triggering the financial crisis, the great majority of young people still see banks positively.

17. “My opinion of banks is ...”

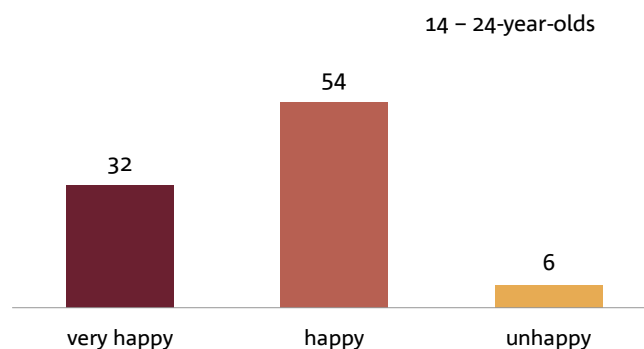


Source: Association of German Banks, 2009 Youth Survey; all figures in percent; deviations in totals due to rounding.

Of the many teenagers and young adults who already have a bank account, most are “happy” (54 %) or even “very happy” (32 %) with the services their bank provides.

18. “I am ... with my bank’s services.”

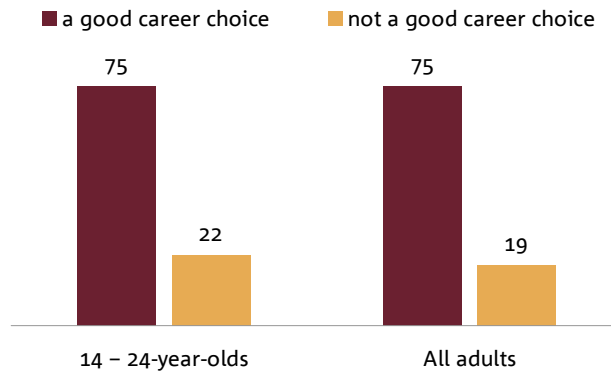
Basis: “Have a bank account”



Source: Association of German Banks; 2009 Youth Survey; all figures in percent; remainder all “don’t know”/no service.

But for anyone who needs more proof that banks have a good standing among young people, here it is: three-quarters of teenagers and young adults still see opting for a job in banking as a good career choice.

19. “Opting for a job in banking is ...”



Source: Association of German Banks; 2009 Youth Survey; all figures in percent.

Ladies and gentlemen,

Allow me to sum up very briefly:

1. Young people today are defying the economic and financial crisis. They are optimistic about the future. They feel that the crisis has had little or no impact on them so far.
2. Young people want to know how the economy works. More economic literacy is not only what respondents want, it is also urgently required: despite some improvements, economic and financial literacy are not yet satisfactory. We need to introduce economics as a separate subject in schools – all across Germany. Political action is called for here, in every federal state.
3. We see the positive picture that young people have of banks as both an obligation and motivation to fulfil the trust it reflects. Wherever banks have made mistakes in the past, they should – if they have not already done so – correct these.

Ladies and gentlemen,

Through long-term projects and cooperation, we at the Association of German Banks will of course continue to play our part in improving economic literacy in Germany.