



# How education can help to build trust and understanding

A case study of our education programme



# How education can help to build trust and understanding — a case study of our education programme

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- Without public trust, central banks lose their ability to instil confidence in their policies and garner support for their independence.
- This article looks at one of the initiatives used by the Bank of England to boost public understanding and build public trust: developing an education programme for school-age children to help equip them with the knowledge and tools they need to engage with the economy and the Bank of England.
- Building trust takes time. We must continue to monitor the gaps in public understanding, particularly for young people, and respond with appropriate tools and interventions to fill those gaps.

## Overview

Trust is crucial for central banks, underpinning their credibility and legitimacy. However, in 2016 and 2017, a number of studies pointed to a fall in the level of public trust in public institutions. This growing scepticism represents a challenge to economic policymaking institutions, such as the Bank of England.

A number of studies have highlighted familiarity as a necessary precondition for trust. In other words, information and transparency build understanding, which in turn helps to build trust.

In our 2014 Strategic Plan, the Bank made a commitment to be more 'Open and Accountable', in a bid to increase public understanding of our work. As part of this commitment, we developed a new website, called KnowledgeBank. It contains simple, bite-sized guides, designed to explain the role of the Bank and make economics more accessible.

Our work on KnowledgeBank put into sharp focus an area that had been previously overlooked: the supply of accessible economics education with a wide reach. To bridge this gap, we have developed educational resources to equip young people with the knowledge and tools they need to engage with the economy, understand the personal relevance of economics and understand the role of the Bank of England.

Our first resource, econoME, provides an introduction to the economy for students aged 11–16. It focuses on financial decision-making and teaches students how to develop the skills needed to make informed decisions.

The success of our econoME resource demonstrates the appetite for better economic and financial literacy. We aim to expand our education offering, and plan to launch resources for primary schools.

## Introduction

Trust underpins both the credibility and legitimacy of central banks. Without it, central banks lose their ability to instil confidence in their policies and garner support for their independence. A number of studies have highlighted familiarity as a necessary precondition for trust.<sup>(1)</sup> Indeed, for public institutions, studies have found that the key to building trust is building a relationship with individuals through regular communication.

For example, a group of academics from the University of Nebraska carried out a study to examine the development of trust in institutions.<sup>(2)</sup> Their study found that the more people learn about what is really going on inside an organisation, the more favourably that organisation is judged. In other words, information and transparency build understanding, which in turn helps to build trust.

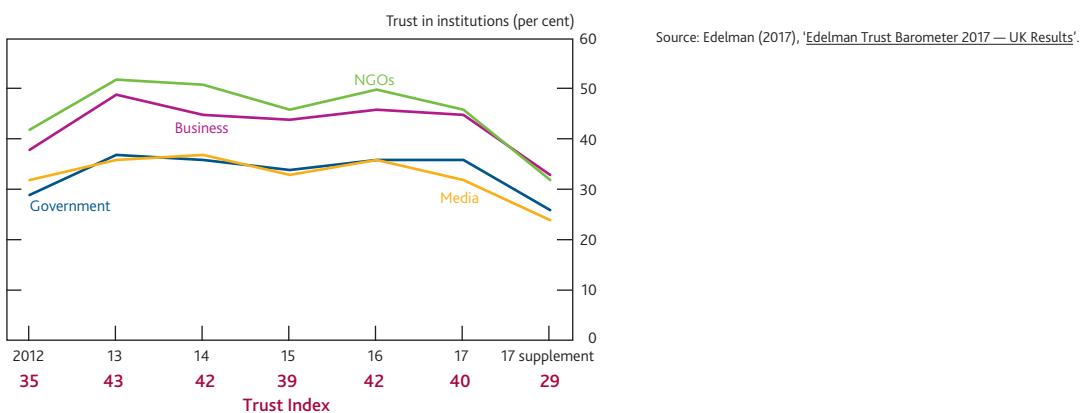
This article looks at one of the initiatives used by the Bank of England to boost public understanding and build public trust: developing an education programme for young people. Our goal is to help equip school-age children with the knowledge and tools they need to engage with the economy and the Bank of England. To work towards achieving this aim, we have developed resources that demonstrate the personal relevance of economics — and the economy — to young people.

By making economics more accessible to young people, we also hope to support a secondary objective: to build a more diverse workforce by encouraging more pupils to consider economics as a career. As a public institution, it is important for the Bank of England to reflect the diversity of the people it serves. Moreover, diverse decision-making bodies typically have greater political support and enjoy greater public trust.<sup>(3)</sup> Diversity promotes more perspectives in policy-forming and ultimately leads to better outcomes.

## Building trust through understanding

The start of our journey was set against a background of declining trust. Indeed, in its 2017 Trust Barometer, Edelman, the global communications marketing firm, revealed the largest ever drop in trust across the institutions of government, business, media and non-governmental organisations (NGOs) (**Chart 1**). The report revealed a widening gap between trust levels of the 'informed public',<sup>(4)</sup> representing 15% of the population, and the rest of the population. This mounting trust inequality was leading to an 'inversion of influence', where the 'mass population' — the most influential segment of the population — was also the least trusting. Moreover, this group also tended to have lower expectations of their future economic prospects than the 'informed public'.

**Chart 1** Edelman Trust Barometer, 2017



(1) See, for example, Luhmann, N (1979), *Trust and Power*, Wiley & Sons.

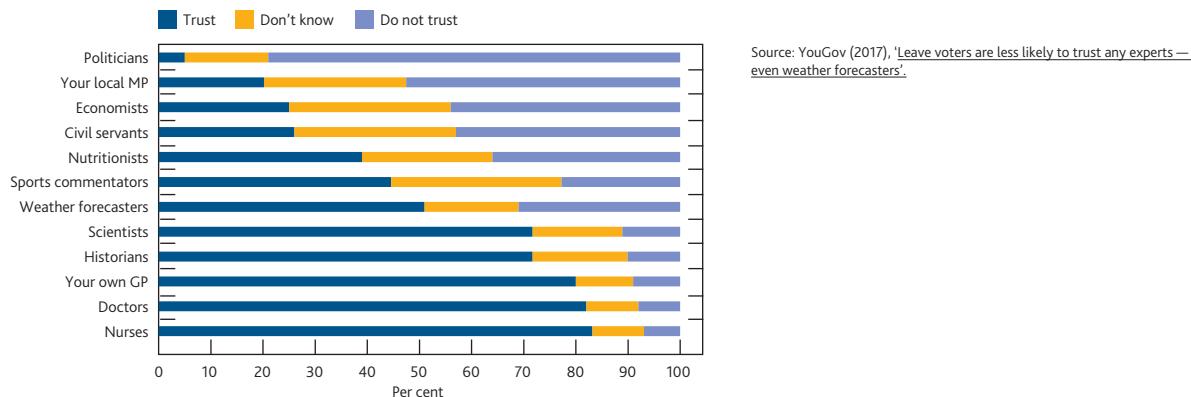
(2) PytlikZillig, L M, Kimbrough, C D, Shockley, E, Neal, T M S, Herian, M N, Hamm, J A, Bornstein, B H, Tomkins, A J (2017), ['A longitudinal and experimental study of the impact of knowledge on the bases of institutional trust'](#).

(3) OECD (2009), ['Fostering diversity in the public service'](#).

(4) Defined as meeting four criteria: aged 25–64, college educated, in top 25% of household income per age group in each country, reported significant media consumption and engagement in business news and public policy.

This growing scepticism represents a challenge to economic policymaking institutions, such as the Bank of England, whose legitimacy and credibility both hinge critically on trust. Indeed, distrust in economists was evidenced in a number of surveys. The Veracity Index,<sup>(5)</sup> conducted by Ipsos MORI in 2016, revealed that 48% of respondents trusted economists to tell the truth.<sup>(6)</sup> This figure suggests that economists are more trusted than bankers, but less trusted than television news readers, hairdressers and teachers. A February 2017 poll conducted by YouGov found that economists were the second least-trusted profession among the UK public (Chart 2).

**Chart 2** Public trust in experts



The philosopher, Baroness Onora O'Neill, argued that institutions should focus on building their *trustworthiness*. She noted that transparency and accountability are insufficient if information is inaccessible and un-assessable. Rather, institutions need to focus on providing information that empowers individuals to assess trustworthiness for themselves.<sup>(7)</sup>

The Bank of England took up the challenge to increase public understanding with a commitment to be more 'Open and Accountable', which was embedded in our [2014 Strategic Plan](#). As part of this, we developed a new website, called [KnowledgeBank](#). The website contains simple, bite-sized guides and economic jargon-busters, designed to explain the role of the Bank and make economics more accessible to the general public. Guides cover topics such as '[What is GDP?](#)', '[What is deflation?](#)', '[What is legal tender?](#)' and '[How is money created?](#)'.

While KnowledgeBank was in many ways a pioneering initiative, its reach was not wide enough to produce a significant shift in public understanding. This begged the question, did we need to focus our efforts in other areas? To gain an *understanding* of economics, people would need to be *interested* in economics — or at least display an appetite to know more. A 2017 survey conducted by ING and the Economics Network on the public understanding of economics provided us with some hope. The survey found that while nearly two thirds (64%) of respondents had not studied economics formally, three quarters thought that economics should form part of the school curriculum, either as a specific course (21%) or embedded in general education (55%).<sup>(8)</sup> In other words, while understanding of economics was low, there was an appetite to know more.

This highlighted to us an area which had been previously overlooked: the supply of accessible economics education with a wide reach.

## Back to basics: developing an education programme

In the UK, economics is not part of the core curriculum at any stage of education. From age 14, students can opt to study economics at GCSE level. But only around a third of schools offer this option, leading to just under 1% of the students across the UK studying economics formally at GCSE level (Chart 3).

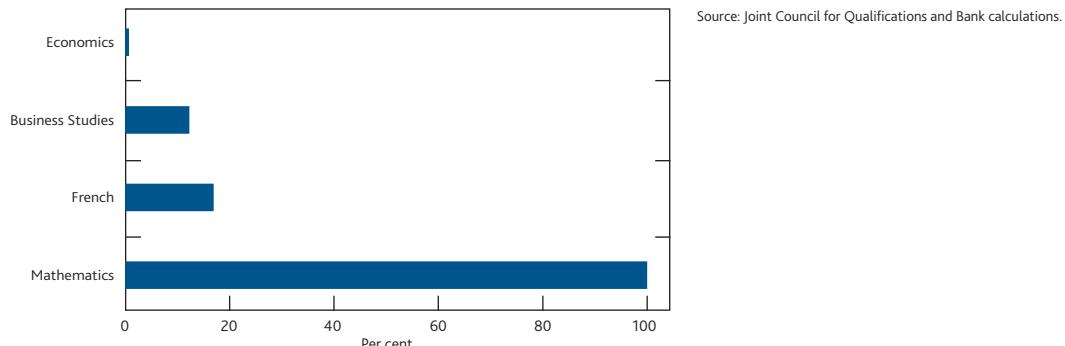
Up to the age of 16, economics can be covered under the personal, social, health and economic education (PSHE) curriculum but it is not mandatory to teach. In its report on the state of PSHE education in schools, the All Party

(5) An annual survey that assesses which roles are most trusted by the public.

(6) [Ipsos MORI Veracity Index 2016, Figure 11, page 4](#).

(7) O'Neill, O (2017), *Questioning Trust*, Routledge Handbook (mimeograph).

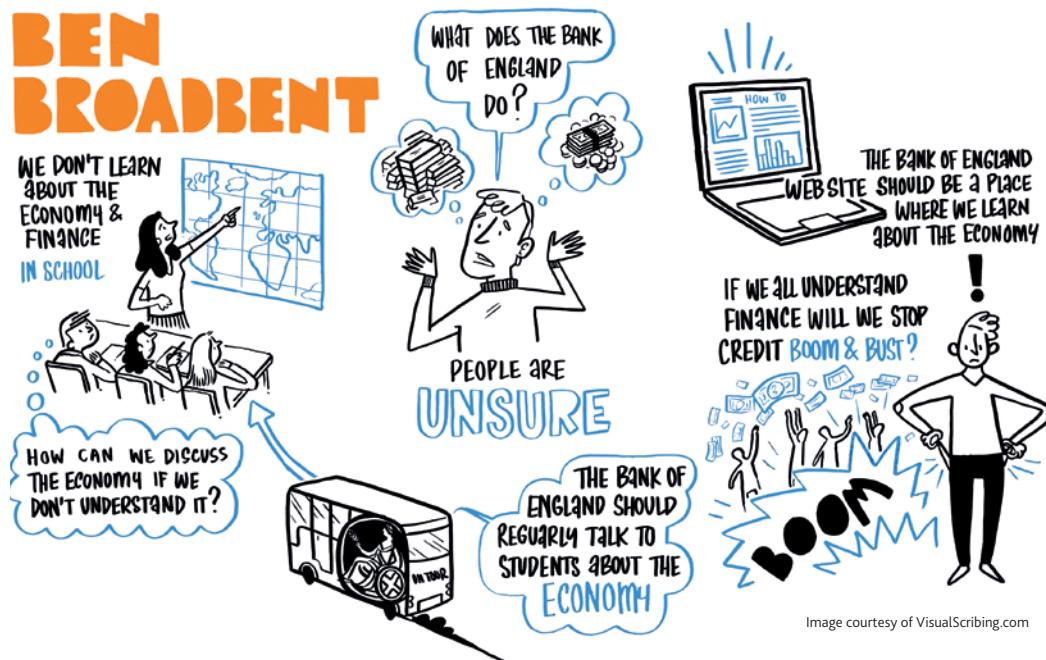
(8) ING (2017), '[ING-Economics Network Survey of Public Understanding of Economics](#)'.

**Chart 3** Percentage of GCSE students who took each subject in 2018

Parliamentary Group (APPG) on Financial Education for Young People found that PSHE provision was patchy, inconsistent and varying in effectiveness.<sup>(9)</sup> Meanwhile, the Office for Standards in Education, Children's Services and Skills, the national schools regulator, found that economic education was the topic most frequently cited by students as the subject they wanted to learn more about.<sup>(10)</sup>

Against this background, the Bank of England has also conducted its own fieldwork. Asking members of the public questions around economic education formed a core part of our inaugural Future Forum event with the results of those discussions overwhelmingly in support of the Bank of England playing a role in economics education (Figure 1).

**Figure 1** Future Forum 2016 — visual summary of discussions with Deputy Governor Ben Broadbent  
How can the Bank of England help students better understand its role in, and impact on, the economy?



Armed with the insights from our Future Forum event, we set out to help equip young people with the knowledge and tools they need to engage with the economy and the Bank of England. In order to demonstrate the personal relevance of economics — and the economy — to young people, we aimed to use relatable, real-world scenarios that linked the lives of individual young people with the Bank's role within the economy.

To reach the broadest cohort of students, we targeted our first resource — econoME — at students aged 11–16. At this stage subject teaching is relatively standard across all schools, as it is prior to the point at which students can self-select onto more specialist courses.

(9) APPG on Financial Education for Young People (2016), '[Financial education in schools: two years on — job done?](#)'.

(10) Ofsted (2013), '[Not yet good enough: personal, social, health and economic education in schools](#)', page 16.

In order to obtain teacher engagement, particularly in state schools, we wanted to ensure our resources linked beyond the non-statutory PSHE curriculum. With the help of an education consultant,<sup>(11)</sup> we identified the topic of decision-making as a core curriculum link. Decision-making is taught under the PSHE, Citizenship<sup>(12)</sup> and key employability skills modules in England. It also spans the Scottish, Welsh and Northern Irish curricula.

EconoME provides an introduction to the economy — what it is and why it matters. It focuses on financial decision-making and teaches students how to develop the skills needed to make informed decisions, as well as the implications of these decisions for themselves and others. The resource draws on real-world examples, provided by the Bank of England, which shows how the Bank makes decisions and the practical skills we employ to understand the likely outcomes of those decisions. These examples include the impact of interest rate rises on different agents (such as a bank manager, car manufacturer and consumer) and analysing the cost of a basket of goods to explain how inflation is measured. EconoME covers topics such as: how to distinguish fact from fiction; how to source information; and the implications of poor financial choices. As part of the resource, econoME features interactive videos, in which Bank of England staff explain how they deal with these issues in the course of our everyday work.

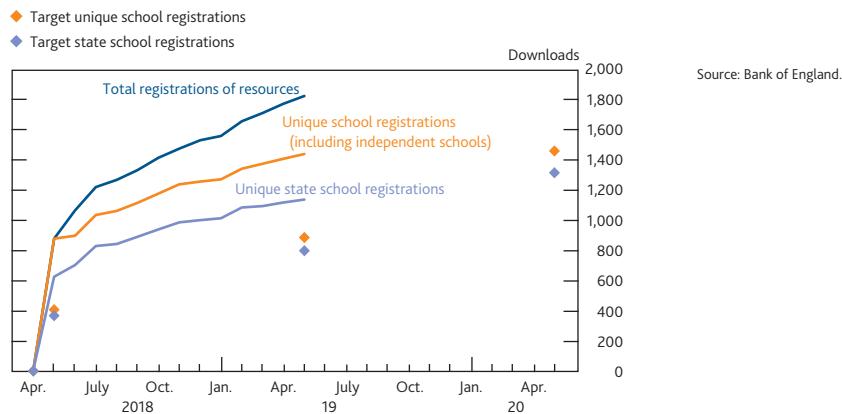
Recognising the importance of ensuring a high quality of delivery in schools, we also dedicated time to ensuring teachers were confident teaching our resource. EconoME was developed as a ready-to-use product. During the development of the resource, we instigated a three-month trial period and garnered insights and feedback from teachers, which helped us develop a resource that could be used in the classroom by non-specialist teachers.<sup>(13)</sup> To supplement this, we launched a programme of school visits, through which staff volunteers from the Bank of England visit schools. As part of this offer, staff can serve as 'experts in the room' during the teaching of econoME. The Bank also offers continuous professional development sessions for teachers to support the delivery of the resource.

## The impact so far

The market for education resources in the UK is very crowded, with new resource providers rarely making much progress in the first year. Nonetheless, we set some ambitious targets, aiming to reach approximately one in ten schools in the first year (2018), with a target of 400 registrations. We also set a target of a 20% increase in each of the following years and hoped to reach 1,456 schools (equivalent to approximately 35% of UK schools) by end-2020.

In fact, econoME achieved its 2018 target within the first month of launch and was within striking distance of its three-year target by the end of year one, with close to 1,500 schools registered for our resource (**Chart 4**). At end-2018, 80% of registrations were state schools and the resources had achieved broad geographical penetration across the UK.

**Chart 4** econoME downloads



(11) The Bank of England engaged the services of We are Futures.

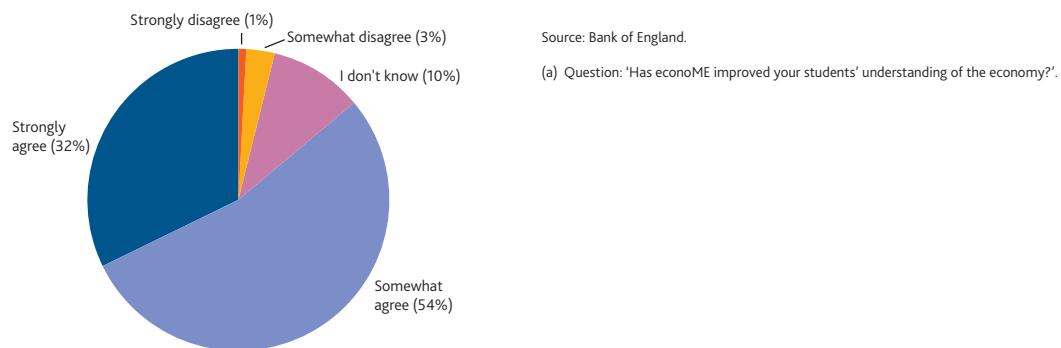
(12) Citizenship is a statutory part of the UK curriculum.

(13) The APPG on Financial Education for Young People highlighted the lack of specialist PSHE teachers, noting that the subject was frequently taught by teachers with no economic background.

Registration figures demonstrate the high level of awareness of our resources. Actual usage is being tracked by monitoring the number of video views and downloads. To date, 1,030 unique teachers have downloaded the resource,<sup>(14)</sup> while the videos linked to the resources have been viewed an average of 1,834 times.

In terms of impact, results from a teacher survey conducted in March 2019 showed that 86% of respondents felt that the econoME resource had improved their students' understanding of the economy (**Chart 5**). A similar proportion of respondents felt that the resource had increased their students' understanding of the Bank of England's responsibilities.

**Chart 5** econoME teacher survey, March 2019<sup>(a)</sup>



Nevertheless, changing perceptions and attitudes is a long-run task and needs to be measured over years, not months. The APPG on Financial Education for Young People recommended a long-term study on the effectiveness of financial education interventions to better understand the impact on young people's financial capability. We are currently developing our own evidence-based evaluation, which we plan to undertake during the latter half of 2019 to assess the early impact of our education programme. We will use the findings of this evaluation to inform the next phase of our education programme.

## What next?

The success of our econoME resource demonstrates the appetite for better economic and financial literacy. There is still more to do. We aim to expand our education offering into primary schools and the more specialist post-16 A-level economics curriculum to help embed a greater learning of the economy throughout all parts of the UK national curriculum.

Research suggests that adult money habits are set by the age of seven,<sup>(15)</sup> underpinning the importance of providing primary school-aged children with access to financial literacy education at an early stage. A report by the OECD and Education and Employers highlighted the negative impact that gender stereotyping and socioeconomic background had on young people's career aspirations, with both having an impact from an early age.<sup>(16)</sup> The report emphasised the importance of early intervention, providing all children, regardless of gender and social background, the opportunity to meet professionals in order to widen their perceptions of the world of work and increase aspirations. The Bank of England is, therefore, developing resources aimed at primary school children. The resources will cover the evolution of money; as well as saving and borrowing; supply and demand; and interest and inflation.

Recent changes to the A-level economics curriculum, to include topics such as quantitative easing and financial stability, also present an opportunity for the Bank to expand its resources further, providing real-world examples of the practical importance of central banks. By doing this, and by participating in initiatives to encourage female and ethnic minority students, the Bank of England hopes to build a more diverse pipeline of students studying economics at undergraduate level. Diversity in the workforce is important as it generates different perspectives,

(14) The resource has been downloaded a total of 2,035 times.

(15) Whitehead, D and Bingham, S (2013), '[Habit formation and learning in young children](#)'.

(16) Education and Employers and OECD (2019), '[Envisioning the future of education and jobs: trends, data and drawings](#)'.

which aid better decision-making and more effective dialogue with the wider population. In turn, this will help to build the trust the Bank of England needs to deliver our remit.

Nevertheless, while we are taking numerous steps to build better economic and financial literacy, it takes years to build trust. And once we have built up high levels of public trust, it will be important for us to maintain it. In other words, there is no effective end-date for our efforts. We must continue to monitor the gaps in public understanding, particularly for young people, and respond with appropriate tools and interventions to fill those gaps.