# school Banking Programs and financial literacy Education in schools:

# faqs for Regions/School leaders

### What has been banned?

School Banking Programs (SPBs) have been banned in all Victorian government schools from the first day of Term 1, 2021.

Victorian government schools are also prohibited from:

* allowing an Authorised Deposit-taking Institution (ADI) to deliver any other form of financial literacy education to their students;
* using learning and teaching resources created by an ADI to provide financial literacy education to students.

Instead, schools will be required to teach financial literacy as part of their usual curriculum program, through the Economics and Business and Mathematics learning areas.

For further information, see the Department’s Sponsorship policy and new Financial Literacy policy.

### What is a School Banking Program?

A School Banking Program enables students to deposit money into bank accounts through their school, with bank accounts provided by ADIs such as banks, credit unions and building societies.

### Who does the ban apply to?

The ban applies to all Victorian government schools.

### When does the ban take effect?

The ban is effective from the first day of Term 1, 2021.

### What is an Authorised Deposit-taking Institution (ADI)?

An ADI is a financial institution licensed by the Australian Prudential Regulatory Authority (APRA) to carry on banking business, including accepting deposits from the public. ADIs include banks, building societies and credit unions.

### Why is there a ban on school banking and financial literacy education provided by ADIs?

The findings of the Royal Commission into the Banking and Financial Services Industry highlighted the importance of financial literacy education in schools. The economic impact of coronavirus (COVID-19) has further highlighted this need.

Concerns have repeatedly been raised about banks using inappropriate tactics such as attracting children with prizes and incentives to develop trust and loyalty in banks at an inappropriate age.

Additionally, interest rates offered through SBPs are very low, resulting in students missing out on compounding interest, one of the key benefits that comes with saving money and banking.

There is very little evidence to suggest SPBs teach students lasting habits to improve financial literacy.

The Australian Securities and Investment Commission (ASIC) review of SBPs recently confirmed such concerns.

### Will there be any exemptions from the ban?

No. The ban is effective from the first day of Term 1, 2021.

### Our students actively use their school banking accounts. How will they continue to deposit their money?

Parents/carers can make their own decisions about whether to keep or close the school banking accounts of their children. If needed, parents/carers should contact the relevant ADI directly.

### My school has already booked financial literacy sessions provided by an ADI for Term 1, 2021. Can these sessions go ahead?

No. Financial literacy programs delivered by ADIs will be banned in all Victorian government schools from the first day of Term 1, 2021.

### Why is there an increased focus on financial literacy?

While Australia still ranks well internationally, the 2018 (latest) Program for International Student Assessment (PISA) Financial Literacy National Report showed that the financial literacy performance of Australian students has declined since 2012.

Poor financial literacy is associated with being unable to budget appropriately and identify suitable financial products or services. It has also been associated with being unsure of where or when to seek independent financial advice.

### Is financial literacy part of the curriculum?

Financial literacy is part of the Victorian Curriculum and is taught through the learning areas of Economics and Business, and Mathematics.

In Economics and Business, it is covered through the strand of Consumer and Financial Literacy.

In Mathematics, financial literacy is covered through the sub-strand of Money and Financial Mathematics.

### What support is available to help schools provide a quality financial literacy education in my school?

Implementation collateral for school leaders for managing the change have been published on the Resources tab of the Department’s new Financial Literacy policy.

In addition, the Department is developing new financial literacy teaching and learning resources for teachers in consultation with financial experts and VicSRC. The new resources will be published on FUSE and available on the Resources tab of the Department’s new Financial Literacy policy.

### How do I disengage from a School Banking Program?

The Department’s template Sponsorship agreement allows schools to terminate sponsorship agreements like SBPs without penalty, by giving the sponsor notice in writing.

The amount of notice required is set out in the Sponsorship Agreement between the school council and the sponsor.

In response to the Minister’s announcement and the Australian Securities and Investments Commission’s recent Review of SBPs, many ADIs have chosen to discontinue their programs.

### How does this ban impact fundraising opportunities for schools?

Schools will no longer be able to receive commissions from ADIs for running SBPs. Such programs do not typically generate much income for schools, so the impact is anticipated to be small.

Conversely, the benefits of banning SBPs are expected to be substantial, reducing the potential for ADIs to take advantage of young children through marketing and other measures at an age when they are unable to critically analyse marketing or assess the quality of the financial services they were receiving. Schools will be better prepared to provide financial literacy programs free from commercial interests.

### What if I have additional questions about School Banking Programs and/or financial literacy education in schools?

Parent/carer questions about their local SPB should be directed to schools.

Schools who require additional support in disengaging from a School Banking Program can contact the Learning Design and Innovation Unit on 7022 2364 or learning.design.innovation@education.vic.gov.au.

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