

**IMPERATIVES OF ALIGNING AND STREAMLINING  
FINANCIAL LITERACY EDUCATION IN THE TEACHING  
AND LEARNING PROCESS IN NIGERIA**

**By**

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**Abstract**

In the face of dwindling oil prices and revenue, serial job losses and crisis of unemployment ravaging the Nigerian economy, there is need for a virile financial literacy education at all levels of education in our society. Financial literacy entails the knowledge, skills and confidence to make responsible and rational financial decisions. This is required in the area of financial planning, money management and overall financial behaviour by individuals in the society. This paper presents an understanding of financial literacy, examines the various imperatives of financial literacy education and discusses the strategies of implementing it in the teaching and learning process for all levels of education in Nigeria. It concludes that for citizens in the country to be equipped, so as to face squarely and be able to withstand the present economic realities, financial literacy education is inevitable. Recommendations were made on how to align and streamline financial literacy education in the educational system of Nigeria at all levels.

**Keywords**

Financial Literacy, Education, Teaching and Learning, Nigeria

## **Introduction**

In various societies, there is constant production, demand and supply of goods and services as well as their consumption by the citizens and other inhabitants. Individuals in a society engage in different vocations, occupations and professions as means of livelihood, and for continued existence and sustenance of the same society. These various engagements are not carried out without financial transactions. In other words, whether as employer or employee, human beings associate their existence with money and finance. Employers take risk in their business ventures in order to make profits, and employees receive salaries of work they have done in order to earn a living. Thus, to some extent, it can be inferred that the existence of man on earth depends on money for addressing his basic needs and associated wants in life. Therefore, be it employers, employees, and even individuals that are yet to be engaged in any form of work, require knowledge and skills of managing money as well as taking rational decisions with respect to access to and use of money. This entails financial literacy.

In Nigeria today, the dwindling price of oil, which is the mainstay of the nation's economy, coupled with widespread corruption in all segments of the society appears to be affecting purchasing power, the existence and general ways of life of individuals in the country. Furthermore, there is high rate of unemployment ravaging the economy, and many organizations and establishments are relieving workers of their job. This results in placing the lives of individuals and their dependants in uncomfortable situations. Meanwhile, part of the key challenges people are having is their inability to properly plan and implement rational financial decisions, especially when there was constant flow of income and surplus in their lives, so as to prepare for unforeseen challenges. Thus, Mbazigwe (2013) posits that in-depth knowledge of financial literacy is required to understand how money works. In other words, to understand money and how it

works, it is important to understand common financial literacy principles such as financial goals, budgeting, investments, superannuation, contracts and employment models. Unfortunately, research studies across countries on financial literacy have shown that most individuals in the society don't understand the concept of compound interest, and some consumers don't actively seek out financial information before making financial decisions (Mbazigwe, 2013).

Kebede, Kaur and Kaur (2015) reviewed recent literature on financial literacy and management of personal finance across the universe. According to them, recent studies from emerging and developing countries, like African nations, confirmed low level of financial literacy, and its correlation with being female, young or old, unemployed, having low educational attainment, low income, and living in rural areas. The study suggested furtherance of financial literacy education to different cohorts of the population in the affected nations.

Furthermore, a nation-wide study carried out by National Deposit Insurance Corporation (NDIC) (2012), aimed at assessing the knowledge of Nigerians with respect to financial literacy, identified literacy gaps to be more prominent in the domains of money management, financial exposure and experience. That made the study to recommend for the promotion of financial literacy programmes in schools, for women, self-employed, and retired workers, with the involvement of all tiers of government and the private sector. Similarly, the submission by Faboyede, Ben-Caleb, Oyewo and Faboyede (2015) describe financial literacy education as key to poverty alleviation and national development in Nigeria.

In addition, the initiative of Consumer Advocacy Foundation of Nigeria (CAFON), a non-profit group dedicated to advocacy for consumer rights and protection, in sensitizing Nigerians to enforce "no banking day" on March 1, 2016, so as to protest series of charges on financial products and services by commercial banks (Yusuf, 2016) are indicators for financial literacy education in Nigeria.

Although the protest did not yield total compliance as reported in the media, the fact remains that Nigerians have sent a message to banks that they are not finding it funny with various charges associated with their financial products and services. Knowledge of financial literacy is required to enable citizens to choose from various financial products that are constantly released by banks across Nigeria, which are enticing and interesting, but needs carefulness to avoid leading people to financial crises.

Mbazigwe (2013) reports that most financial consumers lack the ability to choose and manage credit facilities efficiently; and their lack of financial literacy education is responsible for lack of money management skills and financial planning for business and retirement. Issa, Igwe and Ugwuogu (2014) add that the absence of financial literacy leads to making poor financial decisions that will result in having adverse effects on the financial health of individuals. These scholarly reports are justifications for virile financial literacy education at all levels of education in the Nigerian society. However, the strategies required for their implementation were not addressed by the referred publications.

In the context of this paper, aligning implies to put in place, position, situate and support financial literacy education, in our educational system at all levels. This requires support of all stakeholders in the society. On the other hand, streamlining is geared towards making financial literacy education more efficient and effective by employing faster and simplified methods in the teaching and learning process. It also looks at ensuring that financial literacy education is well-organised within systems that are smooth-running in order to achieve its objectives for the benefits of the society.

## Understanding Financial Literacy

There are various conceptualizations by scholars and authorities on financial literacy. According to Organisation for Economic Cooperation and Development (OECD)(cited in Central Bank of Nigeria, 2012), financial literacy is the process by which consumers and investors improve their understanding of financial products, concepts, risks, and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and take other effective actions to improve their financial well-being. The National Financial Educators Council (cited in Issa, Igwe & Ugwuogu, 2014) sees financial literacy as possessing the skills and knowledge of financial matters to confidently take effective action that best fulfils an individual's personal, family and global community goals. It includes the ability to understand financial choices, plan for the future, spend wisely, and manage the challenges associated with life events such as job loss, saving for retirement, paying for child's education, and the like.

Financial literacy also refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources (BICS Limited, 2015). To Mbazigwe (2013), it is the ability to understand how money works, i.e. how someone makes, manages and invests it, and also expends it. Financial Consumer Agency of Canada (FCAC)(2015) notes that financial literacy is critical to the prosperity and financial well-being of the citizens. The agency described financial literacy as having the knowledge, skills and confidence to make responsible financial decisions. To FCAC,

- *knowledge* refers to an understanding of personal and broader financial matters;
- *skills* refer to the ability to apply that financial knowledge in everyday life;
- *confidence* means having the self-assurance to make important decisions;

- *responsible financial decisions* refers to the ability of individuals to use the knowledge, skills and confidence they have gained to make choices appropriate to their own circumstances.

Furthermore, NDIC (2012) identified five domains of financial literacy to include money management, financial behaviour, financial planning, financial knowledge, and financial experience. Thus, armed with financial knowledge, skills and confidence, the citizens and other inhabitants in the society are better able to:

- make day-to-day choices about how to spend their money and stay on top of financial obligations;
- navigate the ever-changing financial marketplace and buy the products and services that make the most sense for their own needs;
- plan ahead about how to use their hard-earned money for life goals, such as buying a home or preparing for retirement;
- deal with local, provincial and national government programs and systems that are often complicated and confusing, even to experts;
- evaluate the financial information and advice they get, whether from friends, the media or professionals; and
- make the best use of the resources they have, including workplace benefits, private and public pensions, tax credits, public benefits, investments, home equity, access to credit and consumer spending power (FCAC, 2015).

It is a fact that developing good financial habits for financial freedom requires practice and discipline. Shipley (cited in Faboyede, Ben-Caleb, Oyewo & Faboyede, 2015) outlines certain steps to adopt, which include start saving for the future now, develop habit of budgeting, avoid debt accumulation, engage in smart banking operations, have an emergency fund, learn about investment opportunities and engage in investing, set financial goals, develop love for work, and protection of one's assets. Individual should also be familiar with operations in their finances

and statement of accounts, avoid bad debts and common money management mistakes, engage in continuous learning about financial issues, have unhindered access to reliable and up-to-date financial information, and participate in advantageous saving methods. These good financial habits and possession of financial literacy enable individuals to live satisfactory and fulfilled life, as well as lifetime of financial well-being.

### **Imperatives of Financial Literacy Education**

There are various arguments for financial literacy education in the Nigerian society. The Central Bank of Nigeria (2012) sees globalization/evolving market place, innovation in financial products and services, market sophistication, information asymmetry, market power imbalances, market indiscipline, unsophisticated consumers with low levels of knowledge and understanding, shift of financial management risks from governments to individuals, weak or non-existing consumer protection regimes, and the quest for financial inclusion as the rationale for financial literacy. Mbazigwe (2013) laments that most potential retirees lack information about saving and investing for retirement. Many people fail to plan ahead and they take on financial risks without realizing it. Problems of debt are severe for a large proportion of the population because of financial illiteracy. Youth on average are less financially capable than their elders.

Financial education can benefit consumers of all ages and income levels. For young adults just beginning their working lives, it can provide basic tools for budgeting and saving so that expenses and debt can be kept controlled. Financial education can help families acquire the discipline to save for their own home and/or for their children's education. It can help older workers ensure that they have enough savings for a comfortable retirement by providing them with the information and skills to make wise investment choices with their individual

pension and savings plans. Financial education can help low-income people make the most of what they are able to save and help them avoid the high cost charged for financial transactions by non-financial institutions (Mbazigwe, 2013).

The level of financial literacy affects individual's quality of life significantly. It affects the ability of one to provide for himself and family, his attitude to money and investment, as well as his contribution to the community. Financial literacy enables people to understand what is needed to achieve a lifestyle that is financially balanced, sustainable, ethical and responsible. It also helps entrepreneurs leverage other people's money for business to generate sales and profits (Mbazigwe, 2013). Thus, a financially literate individual would be beneficial to themselves, the financial institutions/providers and the larger economy in the following ways:

- better equipped to make optimal choices in the use of financial products;
- pose lower credit and default risk;
- constitute a market for sustainable financial services and products;
- reinforce competitive pressure on financial institutions for better products and services; and
- promote financial system stability by increasing market demand, and responsible use of financial services (Central Bank of Nigeria, 2012).

### ***Reflection Box***

*A young lady, probably within the age bracket of 23 – 27, was in a bus travelling from Afikpo to Abuja in Nigeria. She called some friends and relatives, and keeps on lamenting that her school will be starting examinations the upper week, and that she needed #24,500 (\$80) to pay her final year Higher National Diploma (HND) school fees in her polytechnic, so that she will be allowed to write exams. The phone she was using to make the calls is Samsung Galaxy S6 Gold Platinum, which is above #120,000 (\$400). Apart from that, she was with a gold necklace and expensive shoes, among others. Now, assuming she is financially literate and set her priorities right, she will know exactly what to do, and still live her life satisfactorily and fulfilled, to some extent; knowing that education is key to life. Lack of financial literacy!!!*

Source: Authors' experience.

## **Efforts towards Financial Literacy Education in Nigeria**

There are some efforts towards implementation of financial literacy education in Nigeria. As earlier noted, NDIC's (2012) study to assess financial literacy knowledge of Nigerians, recommended the promotion of financial literacy programmes in schools and for all other classes of individuals in the society. The apex bank in the country, i.e. Central Bank of Nigeria, has developed a financial literacy framework in Nigeria, to take care of various categories of the population such as children, youth and undergraduates; educated Nigerians outside the school system, the uneducated/illiterate population, financial services providers, policy makers, regulators and other key stakeholders. It contains the implementation timeline, roles and responsibilities of stakeholders, expected outcomes, and monitoring and evaluation (CBN, 2012). The overall goal of the framework is to assist the attainment of financial inclusion and financial stability through the empowerment of citizens with knowledge of various types of financial products and services available, how they work, their benefits and risks, and how to access them in order for individuals and business firms to make informed choices and decisions (CBN, 2012).

Some other banks and related financial institutions are equally making efforts in financial literacy education. The examples of First Bank of Nigeria Ltd, Heritage Bank Limited, and the Nigerian Stock Exchange were used for analysis here. The financial literacy programme of First Bank is aimed at empowering secondary school students to build fulfilling careers, and be equipped with the tools and knowledge for long-term financial independence. In addition, the programme provides experiential supplement to the business education of high school students, and empower them with financial knowledge through training on running a business and the basics of money to promote a savings culture (First Bank, 2015).

The bank's financial literacy programme is tied to its employee volunteering scheme, where staff volunteer their time and employ their skills in providing financial literacy training to secondary school students (First Bank, 2015).

On its part, Heritage Bank has a vision to create, preserve and transfer wealth across generations, with the belief that financial literacy is vital for individual's professional and personal growth. The goal of the bank's financial literacy programme is to empower the Nigerian child and youth to make informed decisions about finances and wealth creation so that they can take action to improve their present and long-term financial well-being (Heritage Bank, 2015).

On its part, the Nigerian Stock Exchange is committed to supporting efforts aimed at addressing financial literacy and empowerment. Not quite long ago, the organization has conducted over 250 programmes across Nigeria, including school outreach sessions, seminars and workshops to educate investors, market participants and the general public about responsible investing and sustainable capital formation (Nigerian Stock Exchange, 2016).

It is a fact that these programmes by financial institutions are commendable, but they are not carried out to cater exhaustively for all segments of the population. Moreover, most of them are implemented in city and urban centres like Abuja and Lagos, thereby neglecting other urban and rural centres. Meanwhile, what is actually required is a process that will make implementation of financial literacy programmes a continuous process, where students in both local communities and urban cities can absolutely benefit from.

### **Implementing Financial Literacy Education in the Teaching and Learning Process**

The strategic importance of financial literacy education requires that all levels of education should put it in proper perspective in Nigeria. Therefore, it may not be inappropriate to start such educational programme from primary schools to

tertiary institutions. It is unarguable that the curriculum of primary and secondary schools has contents that are related to the mission and components of financial literacy. But, this era appears as the actual time to call it the appropriate name and give it the due attention it deserves in our teaching and learning system.

The Nigerian Educational Research and Development Council (NERDC) (2014), reformed the curriculum of basic education (Primary 1 – 6 and JSS 1 – 3) and senior secondary education (SSS 1 – 3). At the basic education level, subject groups that will address consumer education, which are also expected to promote financial literacy education are religion and national values (like civic education and social studies), pre-vocational studies (like entrepreneurship and home economics), and business studies (junior). In the case of senior secondary education level, NERDC (2014) categorized fields of study or subject groups (branches of knowledge) into four major parts, namely science and mathematics, humanities, technology, and business studies, with their various subjects. In addition, four compulsory subjects, which are English language, mathematics, civic education and trade/entrepreneurship studies, are for students in all the specializations. Subjects like civic education, trade/entrepreneurship studies (like marketing, salesmanship, book keeping, store management), economics, financial accounting, commerce, and insurance are some of the subjects that are expected to impart elements of financial literacy in students. Therefore, teachers of these subjects should lead in the process, and be pro-active in delivering financial literacy education to students. Although issue of consumer education is part of majority of the afore-listed subjects, however, curriculum reforms and review is a continuous process, so as to integrate the various components of financial literacy.

At the tertiary level, the focus and direction of virtually all academic programmes are channeled towards entrepreneurship. In other words, training and production of graduates that would be entrepreneurial-minded, willing to start

small and earn a living, become job creators and employ others, than job seekers is now at the centre stage of all programmes offered in tertiary institutions. Students of tertiary institutions need knowledge of financial literacy, and have the ability to apply it in their future business ventures. Thus, financial literacy skills are essential for entrepreneurship. That is why Issa, Igwe and Ugwuogu (2014) describe knowledge of financial literacy as one of the core business information competence expected from successful entrepreneurs and also from would-be entrepreneurs in the society. In fact, would-be entrepreneurs should be financially literate so as to be able to make appropriate financial decisions, evaluate financial products before them, and then adopt cost-effective financial services.

It will not be out of context to enrich the content of entrepreneurship education courses in our universities, polytechnics and other tertiary institutions with financial literacy components. In addition, financial literacy education should be considered as a general studies course for all students in various tertiary institutions. Furthermore, schools/faculties/colleges of business, social and management sciences in tertiary institutions need to develop course on financial literacy, and integrate it in the curriculum for the benefits of students.

## **Conclusion and Recommendations**

There is no doubt that financial literacy education is a necessity at all levels of education in Nigeria. It is inevitable in that it will enable the citizens and other individuals in the nation to be equipped, so as to face squarely and be able to withstand the present economic realities.

It is a welcome development that consumer education was categorically mentioned in the NERDC reformed curriculum and subjects for basic education and senior secondary education. Financial literacy education is a core aspect of consumer education. There is need to retrain teachers of business and finance-

related subjects, such as religion and national values, pre-vocational studies (like home economics), civic education, trade/entrepreneurship studies, business studies (including economics, commerce, accounting, etc) on the appropriate methods of imparting financial literacy knowledge and skills in students.

Entrepreneurship education courses in our tertiary institutions needs to be reviewed so as to integrate components of financial literacy in them. Better still, a course on financial literacy education can be developed and made compulsory for all students in tertiary institutions.

There is also the need for the emergence of more non-governmental and non-profit organizations like CAFON that will be sensitizing the people on the essence and benefits of financial literacy, as well as imparting financial literacy knowledge and skills in the people. Furthermore, banks and other financial institutions should consider sustaining the implementation of financial literacy programmes to students and teachers in schools, market men and women, small and medium scale business outfits, and their customers for the benefit of the society. This could be planned and implemented as corporate social responsibility.

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