



Basic knowledge skills and competences for the 21st century (Basic Skills)

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We are facing a **Global Learning Crisis**¹. A growing body of recent research shows that children attending school - an endeavour costing billions for taxpayers/governments all over the world - are not learning, not acquiring knowledge, skills and competences they need for life. At the same time the role of families, communities and non-formal educational institutions is becoming more and more valuable in supporting real education and learning.

What we have failed to agree on so far is **what we mean by basic skills, knowledge and competences**. Parents, the people not only legally responsible for the education of their children, but also trying to provide the best out of love, are very often lost in making choices in the support they need in educating, especially since traditional schools seem not to have a solution for the Crisis.

Thus, Parents International decided to build a coalition of education experts, businesses, partner organisations and others to define what we mean by basic skills and competences to help parents in carrying out their duties. The goal is to define what really everybody needs to have as knowledge, skills and competences for life, for well-being, for labour opportunities and responsible citizenship.

Once we have defined what we agree can be meant by basic, the next step will be to see **what are the responsibilities for providing education on them**. What is the duty of parents here? How to empower them if they also lack certain skills and competences? What is the role of school? What kind of teacher training is necessary for that? What is the role of NGOs and business? How should this be regulated? As many adults (not only parents, but also eg. teachers) lack these skills and competences, we need to go beyond educating children, for sure.

This is a journey we have **started in 2019** and plan to finish in 5 years' time.

The **first set of knowledge, skills and competences** that we have agreed on with a group of expert is the one on **financial literacy**. Our main partners in producing this have been **expert from** all over the world coming from **financial institutions** thank to our partner **WSBI-ESBG** and experienced **parent leaders**, many of them **with degrees in economics and/or education**.

¹ <https://www.worldbank.org/en/news/immersive-story/2019/01/22/pass-or-fail-how-can-the-world-do-its-homework>

Basic financial competences, skills and concepts

Dealing with money, understanding how it works, what services and tools are available to safeguard your earnings and make provisions for rainy days are essential for a content adult life. Making informed financial decisions is also closely linked to responsible active citizenship. Children need to be introduced to financial literacy in a gradual way, giving them age-appropriate, not extremely high stakes opportunities and responsibilities from early on are of utmost importance. Basic financial literacy and the skills are essential life skills in any country, especially first and second world ones. Some of the skills and competence areas listed below may not (yet) be relevant in all countries.

Links to other skills and competences sets:

- Arithmetics
- Reading literacy
- Citizenship
- Digital

Basic financial competences:

- Having a budget, considering and forecasting income (net and gross), fixed expenses and variable expenses. Knowledge about basic balancing, aiming for and achieving financial independence.
- Paying the utility bills including phone, internet and other memberships.
- Conscious shopping, understanding a receipt, the concept of VAT, being aware of consumer rights and knowing where to turn to for protection. Safe online shopping. Being aware of one's purchasing power.
- Having a saving account, being familiar with the concept of compounding interest. Being aware of the concept of pension, and the different ways one can save up for retirement.
- Being aware of the possibility to invest, being familiar with the concept of stocks and bonds. Understanding of calculating risk, interest, profit and loss with the help of a financial institution.
- Having a bank account, communicating with a financial expert/banker, being able to use online banking, using an atm, making a deposit, writing a check and filling out a bank slip.
 - o Being aware of the difference between a debit card and a credit card.
 - o In case of owning a credit card, understanding the concept of interest and credit history. Understanding one's credit card statement.
- Understanding the concept of loan, debt, interest. Understanding the financial risk of taking a loan, the risk of foreign currency loans. Understanding the meaning of the annual percentage rate, being able to calculate it for a given sum. Understanding the concept and the risk of taking a mortgage loan.
- Understanding health insurance coverage and options, understanding the difference between the options offered with a help of an insurance broker, or financial institution.
- Traveling safely with money, being aware of foreign currencies, understanding the exchange rates, being aware of the difference between sell, buy and central rate. Taking out a travel insurance. Being aware of customs, the possibility of having to pay extra when buying products abroad.
- Understanding the need and concept of taxation, common good. Being aware of the meaning of national debt and budget deficit. Understanding the concept of inflation and how it affects everyday life.
- Being aware of the dangers of gambling, the low possibility of winning at a lottery.
- Being able to make a donation.

Skills to master

- Creating a budget for one's household and adjust it if necessary
- Paying rent, and utility, phone, internet, insurance and credit card bills on time
- Engaging in a contract with a service provider
- Comparing prices (per unit)
- Finding and following through the procedure in case of customer rights violation
- Safe online shopping
- Choosing between pension forms available
- Establishing and managing different kinds of bank accounts and other forms of investment
- Risk assessment before financial decisions
- Transferring money
- Taking out cash from an atm
- Writing a check
- Making a deposit
- Online banking
- Understanding a card statement
- Debt management
- Exchanging currency
- Filling out a tax declaration
- Purchasing an insurance
- Making a donation
- Understanding the dangers of gambling

Concepts to understand

- Net and gross salary
- Fixed expenses
- Variable expenses
- Balance
- VAT
- Purchasing power
- Compounding interest
- Investment
- Stock
- Bond
- Profit
- Loss
- Credit
- APR (Annual Percentage Rate)
- Mortgage loan
- Exchange rate
- Customs
- Tax
- Common good
- National debt and budget deficit
- Inflation
- Legal/full contractual capacity
- Overdraft
- Insurance

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