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STRATEGIES *for* IMPROVING INDIGENOUS FINANCIAL LITERACY *in* SCHOOLS

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■ Abstract

The Indigenous Australian population is not only considerably younger than the non-Indigenous population but is also on the rise. The challenge for many is to provide the kind of education that equips young Indigenous Australians with the necessary skills for managing their money. This challenge is further compounded, as the adult Indigenous population is not well versed in money management. This paper examines some of the strategies that are needed to improve Indigenous financial literacy in schools.

■ Introduction

A number of studies including Coombs et al. (1983), Aboriginal and Torres Strait Islander Studies Commission (1988) and Hunter (1999) allude to a perception that most Indigenous students come from backgrounds where there is no tradition of managing money, managing debt, investing and achieving other financial security such as saving for retirement. Part of the explanation for such a perception is that most Indigenous people come from either a background of living from pay-to-pay or welfare payment to welfare payment resulting from inadequate employment opportunities and "a natural and increasing dependence on social welfare". "[R]elatively low level(s) of educational attainment" (Fuller & Parker, 2002, p. 2) and high dependence on Community Development Employment Programs (CDEP) in many communities further reinforce this perception. That indigenous people as a group exhibit low levels of socio-economic status is well documented in the literature according to Fuller and Parker. While this scenario dominates the economic landscape as a group, there are signs that a number of Indigenous people have started to earn good to reasonable incomes. This number is on the rise and it raises a fundamental question that this paper is addressing. No matter what their source and amount of income is, the majority of Indigenous people do not understand the concept of money management, let alone be involved in investing for financial security. It would be appropriate to say that as a group most Indigenous Australians are financially illiterate. Prior to examining strategies to improve Indigenous financial literacy in schools, we need to examine: (i) the nature of the significance of money, (ii) the effect of not understanding its significance and a lack of managerial skills, (iii) the impact of current educational programs on acquiring financial skills, and (iv) the appropriateness of the curriculum and delivery of programs for Indigenous Australians.

■ Significance of money

Money is an essential commodity in today's society. It allows for extension of consumption choices on what, how, who, when and where, one can consume. To this effect money performs a number of tasks. First and foremost, money is used as a medium of exchange, whereby goods and services can be acquired for money. Current consumption therefore depends on how much

money one has. Second, it is a store of value where an individual's worth, which has a bearing on their perception of social standing, is often measured in society by the amount of money people have or have potential to access it. Third, it serves a precautionary role. It acts as a source of comfort when individuals are not working, such as in retirement. So money is also about future consumptions. Often an individual's satisfaction as well as society's welfare is measured in terms of money. While money is not everything, people lament at not being rich, as they cannot extend their choice sets, which in turn can lead to low levels of self-esteem.

■ Effects of not having money management skills

A report by the Australian Securities and Investment Commission (ASIC) (2003, p. 11) noted that some of the repercussions of individuals being financially illiterate are that they are: (a) unable to budget appropriately; (b) unable to identify financial products or services that meet their needs; (c) are unsure about how to get and assess independent financial advice; and, (d) are more likely to fall victim to abusive practices and scams, let alone understanding their consumer rights. Therefore there is a need for devising strategies to improve individual's ability to become financially secure. There are two fundamental aspects of money that individuals need to be concerned with - how to make and manage money legally. According to a report on financial literacy, making and managing money is a trait that needs to be taught at early childhood level (Consumer and Financial Literacy Taskforce, 2004). There is thus a need to examine how Australian educational systems have approached the transfer of skills concerning making and managing money at elementary and secondary school levels (ASIC, 2003).

■ Impact of current educational programs

There is very little doubt that current educational curriculum and delivery has had very minimal impact in this area. A recent report on consumer and financial education in Australian schools (Consumer and Financial Literacy Taskforce, 2004, p. 23) recommends "the establishment of a clearinghouse for curriculum resources and materials" where the purpose, development, content, design/format and distribution issues be addressed in a culturally appropriate and professional manner. ASIC (2003, p. 7) presents a view that it is important to recognise that for all people "learning about money management begins at an early age, so that every school leaver has the necessary basic financial skills to become confident and informed consumers in their work and professional life". The skills referred to in the report include not only money management skills but also moneymaking abilities for improving financial literacy. Financial literacy "is a relative concept. It is relative to the complexity of the financial system and products in a society and an individual's needs and circumstances" (ASIC, 2003, p. 11).

While there is recognition that "improving financial education during primary and secondary school years can provide a foundation for financial literacy, helping younger people avoid poor financial decisions that can take years to overcome" (ASIC, 2003, p. 13), many a writer laments about the current curriculum in schools concerning financial literacy; for example, "It's a shame that we don't learn about financial management while we are at school" (Lampe, 2000, p. 22). Most students, at best, learn skills that equip them with the ability to make money but very little about how to effectively manage it. Managing finances is a skill that few people have. They mostly learn from their environment, such as family, friends, workmates and others. In the case of Indigenous Australians the scenario is far more complicated.

■ Indigenous populations

Much has been written about the low self-esteem of Indigenous Australians and indeed Indigenous students. Craven et al. (2003, p. i) note "the inadequacies of current programs and the educational system and its ancillary services" and further suggest that this "cycle of educational - employment nexus fails to increase the number of Indigenous professionals". While there has been an increase in Indigenous youth participation in the vocational education training (VET) sector over the years 1996-2000 (Australian Bureau of Statistics, 2002), they are not engaging in further education, and capitalising on supposed opportunities to the same level as their non-Indigenous counterparts. This is despite the provision of a number of innovative programs and resources in recent years specifically aimed at increasing postschooling opportunities for them. Apart from the failure of the educational system, there are several other socio-cultural reasons why Indigenous youth are underrepresented in the labour force. There is also a loud message from the Indigenous community that tells how family violence and drug abuse is having a very demoralising affect on Indigenous youth. This is also contributing to underachievement relating to their self-perceptions, goals and aspirations.

There is also evidence that teachers have low expectations of Indigenous students as opposed to non-Indigenous students. This again is contributing in a detrimental manner on young Indigenous Australians. There has been a long-lasting tradition of teachers having low expectations of Indigenous youth in educational systems. This is despite the availability of ample research such as that conducted by Harslett et al. (n.d., p. 3), which clearly shows that children only reach the educational standards that are expected of them by their teachers. While there is overwhelming evidence to suggest that Indigenous Australians have the same intellectual capability as their non-Indigenous counterparts, low expectations by teachers is producing low aspiration levels resulting in low achievements. However, teachers having the same levels of

expectations for all students can easily rectify this situation (Harris & Malin, 1994).

On a somewhat brighter note there is a very positive message for potential employers as well as the wider Australian community. The message is that although Indigenous students consider attending school, getting good grades, and contributing to society and community, as more important goals as opposed to their non-Indigenous counterparts the racism potential employers, and the wider community subject them to hampers realising their full potential. This in turn contributes to Indigenous students' low self-assessment and self-esteem (Craven et al., 2003, p. ii). Most Indigenous students are caught in a cycle that has been perpetuated through the current systems of education and employment that are triggered by low expectations. In their working lives they are caught in a poverty trap that is hard for them to escape. They become the majority of those school leavers who are unable to escape the poverty trap that the society has unwittingly created in some instances. One of the major findings of the Craven et al. (2003) report was that Indigenous youth do value schooling and are committed to making a valid contribution to Australian society. It alludes to an urgent need for developing programs and strategies to enable Indigenous students to believe in their own potential and not fall prey to low expectations. By developing culturally appropriate financial curriculum, there is every chance that Indigenous young Australians can have better economic opportunities to make money for becoming self-reliant. Further, by educating them about money management this self-reliance can move them a step closer to becoming self-sufficient.

There is an urgent need for educators and policy makers to understand that Indigenous students prefer to rely on information and career guidance from their families. However, these families do not always have the necessary backgrounds to provide these students with sound advice for postsecondary success, and sound money management. Therefore, in the context of this paper, strategic thinking is needed on two fronts. First, there is a need to "educate" young Indigenous Australians so that they can become financially independent in their own right. Second, there is a need to "up skill" Indigenous Australians so that they can be better at making and managing their money. This warrants an examination of educational methodologies for achieving both of these tasks. The most successful learning methodology for Indigenous students in this instance would be through informal means of what Adams (2002, p. 5) would call a planned "natural learning" approach to allow Aboriginal ways and contexts of real-life learning to be maintained with appropriate organisation. Learning would be primarily through the informal means of observation, imitation, listening, personal trial and error, participation, repetition of real "wholes" (such as being exposed to entire stories rather than to parts of them), successive approximations to the efficient end product, and

responding to significant relationships (Harris, 1990, p. 139). Termed by Rose et al. (2003) as "scaffolding", in a recent paper discussing their success using this model in literacy teaching with Indigenous students they note that:

Scaffolding support enables learners to successfully practise complex skills and as they become independently competent, scaffolding is gradually withdrawn. An example is the guidance that a skilled artisan provides to an apprentice as they learn to complete a specialised task. In this process, the teacher models and explains each activity in a task. The learner watches and listens, and then practices the activity as the teacher guides them to do it accurately. In each step the learner takes over more control of the task until they are independent. This mode of teaching and learning is common to all cultures, including Indigenous Australian communities. By these means we learn most of the tasks that are part of every day life, as well as many of the specialised tasks for making a living (Rose et al., 2003, p. 42).

There is need for more such scholarly research that incorporates informal forms of education and use of scaffolding techniques in the development of educational programs. Such a call for an increase in research was made over a decade ago on the grounds that it can make an important difference by identifying much needed fresh insights on how to address critical educational issues of our time. As the authors (Bin-Sallik et al., 1994) emphasise, there is a dire need to establish a concerted national programme of Indigenous education research to develop a body of scholarly literature that can really put to the test presumed successful strategies, identify causal mechanisms that make a difference, and generate new solutions that are demonstrated by research to result in tangible outcomes. It is of particular concern that this situation still persists a decade later. This absence of quality research is severely impeding progress in improving Indigenous education. Clearly, there is an urgent need for governments to foster concerted programmes of rigorous Aboriginal education research as a national priority.

Research must take into consideration how the majority of Indigenous students experience multiple barriers on a daily basis. This was exemplified by the prevalence "of racism, at school or in the wider community [that] would hamper them from attaining their life's goals" (Craven et al., 2003, p. xxiii). The other barriers the students themselves identified included substance abuse, domestic violence, family obligations, poor grades, internal conflict within their own communities, racism, pregnancy, lack of support, peer pressure and dysfunctional communities. So their barriers to achieving goals continue well after school hours (Craven et al., 2003, p. xxiii). Research is also needed to examine strategies so that Indigenous

Australians are no longer marginalised from economic participation and development. So given this as an achievable outcome, as educators we need to seriously look at where and how we are contributing to the economic marginalisation of the first Australians, and set about looking at new ways of teaching and especially innovative methodologies and curricula.

■ Need for targeted programs

Aboriginal and Torres Strait Islander consumers are far more likely to have low financial literacy and experience financial exclusion relative to the rest of the population. Their vulnerable position is often exacerbated by poor health, low socio-economic circumstances, geographical isolation and limited Standard Australian English. Given that Indigenous people face particular disadvantages, it is recognised that targeted programs are necessary to improve financial literacy and raise living standards. Although circumstances and issues differ significantly across jurisdictions, there are also many common problems that can be addressed through coordination. The uniqueness of Aboriginal and Torres Strait Islander cultures must be appreciated in any attempt to improve financial literacy. For example, many Indigenous communities place emphasis on community and extended family rather than the individual, which can result in the practice of the individual sharing access to money within the community. Another money management practice unique to Indigenous communities is the "book up" system where consumers tend to place all their expenditure with a certain business.

The recent Cape York Family Income Management Project also found that most Indigenous consumers prefer face-to-face assistance when seeking advice on money management. They found that when this advice was offered in a culturally sensitive way, there was an increase in motivation by the consumer to properly plan for their future through budgeting, saving, workforce participation and increasing their awareness of exploitative practices (Consumer and Financial Literacy Taskforce, 2004, p. 24). In an encouraging move, state, territory and commonwealth consumer agencies have all agreed to develop a five-year National Indigenous Consumer Strategy to respond to the particular issues facing Indigenous consumers in Australia. The strategy will consider education policy, legislation and enforcement in the areas of financial literacy, financial and banking services, motor vehicles, trading practices in remote communities, tenancy issues and consumer issues associated with intellectual property and the arts (Consumer and Financial Literacy Taskforce, 2004, pp. 52-53).

At present there are many strategies in place to provide for economic betterment among Indigenous Australians. One such strategy should be to provide financial literacy in the school. Kiyosaki (1998) who coined the phrase "financial literacy", asserts that two of its fundamental aspects are:

- being able to read and understand the numbers and words on financial statements; and,
- knowing the difference between an "asset" and a "liability".

Kiyosaki contends that financial literacy is the foundation for financial intelligence, and by equipping individuals with basic tools potential can be created for "having more options to creatively solve their financial problems and improve their financial situation" (Kiyosaki, 1998, p. 54). In developing financial literacy and intelligence, Kiyosaki suggests that the "single most powerful asset we all have is our mind. An untrained mind can create extreme poverty that lasts lifetimes because it is perpetuated by teaching it to our families" (Kiyosaki, 1998, p. 54).

What does financial literacy then actually entail? Clitheroe (2004, p. viii) notes that:

Fortunately, financial competence does not require knowledge of complex investment concepts involving alpha and beta factors, standard deviations and how to calculate your Reasonable Benefit Limit in superannuation, which is fortunate indeed, as a complete understanding of superannuation legislation could take a lifetime in itself.

He asserts that the foundations of finance have remained the same for thousands of years and include:

- spending less than you earn;
- managing cash flow;
- protecting yourself from risks; and,
- understanding how debt can be good – or bad (Clitheroe, 2004, p. ix).

■ Learning in an Indigenous context

Learning in an Indigenous context should be based on a "two-way curriculum" whereby:

a curriculum includes the content or facts and the control of those processes which may be an integral part of the knowledge where the medium is the message, or those procedures which must be controlled in order for the knowledge to be applied in real life outside school (Harris, 1990, p. 137).

The fundamental philosophy underlying learning in an Indigenous context is to enable the learner to practice experiential learning that promotes effective transfer of knowledge and skills from experiences. It is very much similar to the "problem-posing education" that Paolo Freire (1972) was advocating in *Pedagogy of the oppressed* or John Dewey (1964) in *Democracy and education*. The fundamental belief is that the

“development within the young of attitudes and dispositions necessary to the continuous and progressive life of a society cannot take place by direct conveyance of beliefs, emotions, and knowledge. It takes place through the intermediary of the environment” (Dewey, 1964, p. 22). As noted earlier, Indigenous students are not exposed to an environment that is conducive for financial learning to occur. Therefore there is a need for simulating an environment that the young can relate to and at the same time for learning to occur. Learning can occur through such simulated environments when young Indigenous Australians play financial games. There is a need to recognise the use of games as learning tools especially in the context of a persistent problem related to attitudes.

■ Games and learning

A game is “like a mathematical model – an artificial but often powerful representation of reality” (Bruner, 1971, p. 93). It is important to recognise that playing games is an extremely effective form of learning and has tremendous scope for its applicability in improving financial literacy in a school environment. There are several reasons for this.

First, playing games, especially financial games, reduces the “seriousness of the consequences of errors and setbacks” (Bruner, 1986, p. 77). Although when one is playing a game involving money and related matters, the consequences of making wrong decisions are limited to the activity itself rather than have to deal with repercussions on others. This translates to games becoming a “superb medium for exploration” (Bruner, 1986, p. 77). This is particularly useful in the context of this paper, as it was established earlier that many young Indigenous Australians have not had the opportunity to be exposed to the financial world of today.

Second, participation in the activity of playing also enables the participants to actively seek and even test alternative pathways to achieve their goals and aspirations. They provide room for experimentation and error without having to recompense in any substantial manner. This is largely because of the inherent nature of the activity of playing whereby players of the game can change their game plan by mixing and matching means and goals to suit their needs.

Third, games provide a medium by which imaginary scenarios can potentially evolve that players at a subliminal level can repeatedly relate to and even aspire to achieve. Games provide ample opportunities for enabling learners to scope visions of success and grandeur that are essential for growth and development to occur.

Fourth, the process of learning that occurs in play is quite distinct to that which takes place in conventional forms of learning. Bruner notes that in “play we transform the world according to our desires, while in learning we transform ourselves better to conform to the structure of

the world” (1986, p. 78). It is this essential feature that one needs to tap into for making an effective difference in improving financial literacy in schools. While play has something of a valuable inherent quality, it is also necessary to recognise that the potential experiences of playing games must be converted into useful learning experiences, which requires proper guidance and supervision.

■ Conclusions and recommendations

This paper suggests that improving Indigenous financial literacy is crucial for unleashing the potentials of Indigenous peoples. This paper also recommends that intervention is needed at the primary and secondary school levels for improving financial literacy. The paper also suggests that strategies be put in place for school curriculum to be combined with playing games for improving Indigenous financial literacy. Such a strategy is supported by Stevens (in Brittan, 2003, p. 7) who investigates whether computer games can turn children into better learners. Stevens notes, “Everyone knows how engaging and addictive computer games can be” (in Brittan, 2003, p. 7). By marrying “those qualities with principles of cognitive science and then get kids addicted to working hard and thinking hard and thinking complexly” (Stevens, in Brittan, 2003, p. 7) we could achieve strategically the change we wish to see. If the report is right the students from age eight through adulthood, with or without identifiable learning difficulties, will be able to work their way to better grades. So in essence it is new research that is still in process that is trying to capitalise on the addiction qualities of children’s computer games by developing software that can get students addicted to working hard and think hard and complexly. It needs strategy of conviction to make it work!

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