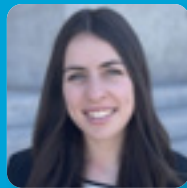




INFUSE DIGITAL ASSETS TO JUMPSTART FINANCIAL LITERACY IN AMERICA'S EDUCATION SYSTEM



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Regardless of socioeconomic status or race, most Americans struggle with financial literacy. Yet, financial education is the first line of defense against digital asset scams, and is key to empowering consumers to mitigate risk. Research shows instruction should begin in the K-12 public school system to ensure all young people are able to navigate the complexities of traditional and decentralized finance. It is counterintuitive to continue to prioritize traditional principles, such as balancing a checkbook, which most students will never even own. Currently, 23 states require high schools to offer financial literacy courses. However, only 17 states mandate a standalone personal finance class as a course requirement for high school graduation. And just one state includes cryptocurrency among curriculum topics. Schools can and must bridge the gaps. Data shows Generation Z is embracing decentralization and creating new metrics for wealth creation that include alternative financial instruments often labeled as risky. Thus, it is imperative to ensure future generations have access to educational resources from reputable sources in order to make informed choices as consumers, retail investors, and heads of households. Mayors and Governors should take the lead and advance legislation to require 21st century financial literacy education in public schools.

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INTRODUCTION

America's financial system is in crisis. Regardless of race or socioeconomic status, most Americans struggle with financial literacy. Yet, financial education is the first line of defense against digital asset scams, and is key to empowering individuals to mitigate risk. Recent trends in public schools across the nation to tackle this problem early have been promising. This shift points to a future where all students can have access to the training they need to make informed financial planning decisions by high school graduation.

Although K-12 schools have a long way to go, they are headed in the right direction. Currently, 23 states require high schools to offer financial literacy courses. However, only 17 states mandate that those standalone personal finance classes be a course requirement for graduation. This is an opportunity gap that must be addressed. Today's generation of students are digital-native consumers with significant disposal income and should have access to finance courses throughout their academic journey, prior to finishing high school.

The traditional financial structure is rapidly evolving as technological innovations are being adopted. According to the 2022 Junior Achievement Teens & Personal Finance Survey², "62 percent of teens say they use mobile or online applications to assist with money management, compared to 48 percent in 2019 (+ 14 percent)." Yet, the nation's educational system has not modernized to meet students where they are.

A new analysis by Blockchain Foundation, a 501c3 non-profit advancing educational initiatives, calls for the infusion of digital assets into the K-12 curriculum, and recommends that instruction should begin in the public school system to ensure that all young people are able to navigate the complexities of the intersection of traditional and decentralized finance. The report also highlights financial literacy as a risk assessment tool to help students recognize scams and better protect their finances.

Parents and students recognize the need for this kind of education. Data shows that Generation Z is embracing decentralization and creating new metrics for wealth creation, including fintechs and other financial instruments often labeled as risky. New research also indicates that parents believe in the value of teaching about digital assets in schools. A survey by Study.com showed that more than 60 percent of parents in the United States want their children to take cryptocurrency classes starting in high school.³

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FINANCIAL EDUCATION CAN'T IGNORE THE FUTURE OF MONEY

It is imperative that digital assets be a part of the curriculum to deliver 21st century financial literacy education to students across all 50 states. This level of instruction must encompass advancements in fintech and digital currencies in order to prepare Generation Z for the emerging innovation economy and the future of commerce. Financial literacy courses in schools should reflect students' needs and focus on essential building blocks of modern finance, such as a basic understanding of digital assets. A continued emphasis on primarily teaching long standing principles, such as balancing a checkbook, which most students will never even own, is counterintuitive.

2 <https://northflorida.ja.org/news/blog/2022-ja-teens-and-personal-finance-survey-financialliteracymonth>.

3 <https://cryptoslate.com/over-60-of-us-parents-want-schools-to-teach-about-cryptocurrency/#:~:text=Over%2060%25%20of%20parents%20in,who%20participated%20in%20a%20survey>.

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IT'S THE CURRICULUM, STUPID!

About 22.7 percent of high school students - nearly one in four - will receive the education they need to be financially capable by the time they graduate.⁴ But most states do not include digital assets, like cryptocurrencies, as part of the K-12 curriculum. Only a small fraction of U.S. private schools teach principles, such as the history of cryptography and applications of digital assets. Conversely, private and public universities are integrating financial literacy courses about cryptocurrencies, digital assets, and blockchain technology.

Accelerating this progress and expanding this education to public schools must become a national priority. A 2019 U.S. Department of the Treasury Financial Literacy and Education Commission report⁵ recommended mandatory financial literacy courses for college students. However, K-12 training is past due. According to a 2021 study by Greenlight Financial Technology, 74 percent of teens don't feel confident⁶ or knowledgeable about personal finance.⁷ The time is now to prepare students to graduate from high school with expanded knowledge to become financially astute and make sound financial decisions as adults.

States, such as Georgia and Nebraska, have already moved forward on this front. In April, the Governor of Georgia signed into law, SB 220⁸, requiring personal finance courses for 11th and 12th grade high school students, which will begin in the 2024-2025 school year. Cryptocurrency is listed among the topics. A Nebraska law, Bill 452, called for a full semester of personal finance for high school graduation last year.¹⁴ And Florida recently advanced legislation requiring students to take a personal finance course in order to graduate.¹⁴

Still, some states have not enacted legislation despite a groundswell of support. New York is home to the financial center of the world, but a researcher found that, "New York State has yet to codify a stand-alone personal finance requirement. The state legislature has introduced numerous bills seeking to require financial literacy courses in high school since 2009, but none has passed. The most recent version stalled in committee in 2022."

We need local municipalities to lead the way in order to deliver consistent, equitable, 21st century financial education in K-12 public schools.

“About 22.7 percent of high school students - nearly one in four - will receive the education they need to be financially capable by the time they graduate

4 State of Financial Education Report 2021-2022 (ngpf.org)

5 <https://www.cnbc.com/amp/2019/06/19/us-treasury-calls-for-mandatory-financial-education-for-students.html>.

6 <https://www.prnewswire.com/news-releases/survey-finds-gen-z-lacks-knowledge-and-confidence-in-personal-finance-and-investing-301260281.html>.

7 Personal Finance in Schools - Synchrony Bank.

8 <https://www.cnbc.com/amp/2022/04/28/georgia-is-now-the-latest-state-to-mandate-personal-finance-education.html>.

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LOCAL LEGISLATION IS PATHWAY

Growing access to financial literacy courses is a positive sign, but models, content, and requirements vary by school, which will lead to geographic inequities. Consistent policies across statewide requirements may help to level the playing field. According to the Financial Planning Association, over 100 financial literacy bills were introduced across 40 states between 2018-2020. The numbers have continued to rise. In the 2021-22 legislative sessions 34 states and the District of Columbia had bills addressing financial literacy. Of those, about 20 focus on high schools.⁹

Education advocate, Next Gen Personal Finance, pointed to an equity gap in their 2022 annual report. "While 1/10 students outside mandated states will take a standalone Personal Finance course prior to graduation, this number dips significantly among students in schools with higher percentages of Black or Brown students or students eligible for federal Free and Reduced Lunch programs. This inequity is also evident amongst schools by locale. Students across the country are not getting equitable access to Personal Finance education."¹⁰ Financial literacy mandates through legislation can help combat this disparity.

Teaching students to set financial goals in high school, or even in middle school, will help to create positive habits early on. Financial education can also lead to such benefits as improved credit scores, reduced default rates and debt, and more conservative student loan decisions.



Growing access to financial literacy courses is a positive sign, but models, content, and requirements vary by school, which will lead to geographic inequities

⁹ <https://www.financialplanningassociation.org/advocacy/policy-center>.

¹⁰ <https://www.ngpf.org/state-of-fin-ed-report-2021-2022/>.

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POLICY RECOMMENDATIONS

Action from mayors now could create momentum for governors and state legislators moving forward. Blockchain Foundation's report encourages local officials to jumpstart this conversation and proposes the following policy recommendations:

- **STANDARDIZE:** Financial literacy course requirements must be uniform so that all students can receive comparable financial education, regardless of income or school district. Educators, advocates, industry leaders, and legislators must work together to create appropriate curriculum and educational standards.
- **INFUSE:** Digital assets are transforming money and commerce and must be infused into the K-12 curriculum. This will prepare the next generation to mitigate risk and make informed choices as future consumers of financial instruments and retail investors. Such knowledge is essential to wealth and wellness.
- **TRAIN:** Educators must be prepared to teach financial literacy concepts to students. Comprehensive training should be a prerequisite for all teachers providing financial literacy classes. Public schools can partner with local universities and community colleges.

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CONCLUSION

It is often said that technology alone does not solve problems, but neither does government on its own. Policy and innovation must be tools that empower individuals. Technological innovations are transforming society – how we live, work, communicate and thrive in an increasingly connected brave new world. Experts call this period the Fourth Industrial Revolution¹¹, which is “marked by a fusion of technologies that blur the lines between our digital, physical, and biological worlds.”¹²

Digital assets like cryptocurrencies, are already redefining money. So, we must equip the next generation with knowledge and training to compete in the evolving and emerging economy and also thrive as savvy consumers, smart and vigilant investors, and fiscally responsible heads of households. And that should begin now with Generation Z. ■

“*It is often said that technology alone does not solve problems, but neither does government on its own*”

11 <https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/>.

12 <https://www.weforum.org/agenda/2022/05/attracting-and-developing-talent-to-techs-highest-calling/>.

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