CREDIT SUISSE

Swiss Pocket Money Study

How Children Learn to Manage Money

Publishing Information

Survey (opt-in), analyses and text
sotomo GmbH
Winterthurerstrasse 92, 8006 Zurich

Authors
Michael Hermann
Lorenz Bosshardt
Mario Nowak

Survey
amPuls Market Research AG
Hirschengraben 49, 6000 Lucerne 7

Commissioned by
CREDIT SUISSE (Switzerland) Ltd.
Research & Insights Switzerland, 8070 Zurich

With the kind assistance of
Stiftung Pro Juventute
Thurgauerstrasse 39, 8050 Zurich

Graphics
The graphics are for illustrative purposes only
source: Credit Suisse/sotomo

Design
LINE Communications AG

Further information
credit-suisse.com/pocket-money-study
finanzkompetenz.projuventute.ch

Swiss Pocket Money Study How Children Learn to Manage Money

Foreword

Credit Suisse

This survey seems to have caused a stir among the Swiss population. More than 14,000 people gave information to the pollsters from sotomo and amPuls. This probably makes it the largest study on financial education and pocket money ever carried out in Switzerland. And it is one of the few surveys ever conducted on the subject at all, because — incredibly — financial education has so far been a largely unexplored area. This is remarkable considering how many people are affected by issues relating to responsible treatment of children and their money. After all, seven out of ten women and almost two thirds of men between 25 and 80 years of age in Switzerland are parents.

Parents agree that responsible handling of finances is an important objective in education. This is borne out by the popularity of the advisory services offered by the Swiss charitable foundation Pro Juventute. But what are the underlying ideals and principles when teaching children about the subject of money? Do Swiss children receive any pocket money at all? If so, how much? Are they free to spend it as they choose or is it perhaps subject to certain conditions?

As a bank, Credit Suisse is keen to listen to people so that it can learn more about their wishes, motivations, and needs. The world is changing rapidly; while cash still plays the leading role in Switzerland, there is an increasing trend toward cashless payments. But one thing has not changed: It is still a core concern among parents to ensure their children have a healthy and responsible relationship with money. This study is intended to give you some interesting insights and inspire Credit Suisse to place a greater focus on the needs of its clients when developing products. I hope you enjoy reading it.

Florence Schnydrig Moser,
Head Products & Investment Services

Pro Juventute

Children come into contact with money and consumption at a very young age. They may receive pocket money or monetary gifts, but they are also a target group for advertisers. And this is confirmed by the results of this study.

For the past seven years, Pro Juventute has therefore supported children, young people, parents, and teachers in acquiring and imparting skills relating to finance. This means we make an important contribution toward effective debt prevention.

Pocket money provides an effective way to practice dealing with money and a person's own consumption desires. Children have the possibility to take responsibility and make their own decisions, provided they follow certain rules. Pocket money makes other experiences possible too, like the fact that not all desires can be fulfilled immediately; sometimes they may need to be postponed for a while.

The issues of money and consumption remain a concern for parents until their children reach adulthood. Financial independence is usually the last step in the process of flying the nest. Parents act as important role models and help to shape their children as they develop financial expertise. This is also confirmed by the study. But school makes a major contribution too: This is where children are given the opportunity to compare their own way of dealing with money and consumption — as well as their values — with other children.

This study on how children deal with money and consumption fills some gaps in our knowledge while giving encouragement for individual issues to be explored further. It also provides Pro Juventute with important information that will help it to develop its range of services for parents and schools in the area of financial skills.

Katja Wiesendanger,
Director Pro Juventute

In Brief
Pocket Money as Practical Financial Education

The vast majority of parents in Switzerland and the adult population as a whole considers financial education to be important. For most people, it is something that parents need to do themselves and cannot be delegated to the school. For this study on financial education in general and the specific role of money in bringing up children, over 14,000 adults were surveyed across Switzerland. The attitudes and actions of the 7,200 mothers and fathers that were surveyed who have at least one child aged between 5 and 14 years were of particular interest. From the point of view of this group, teaching their children how to manage money is even more important than, for example, encouraging children to focus on success or promoting humility or creativity.

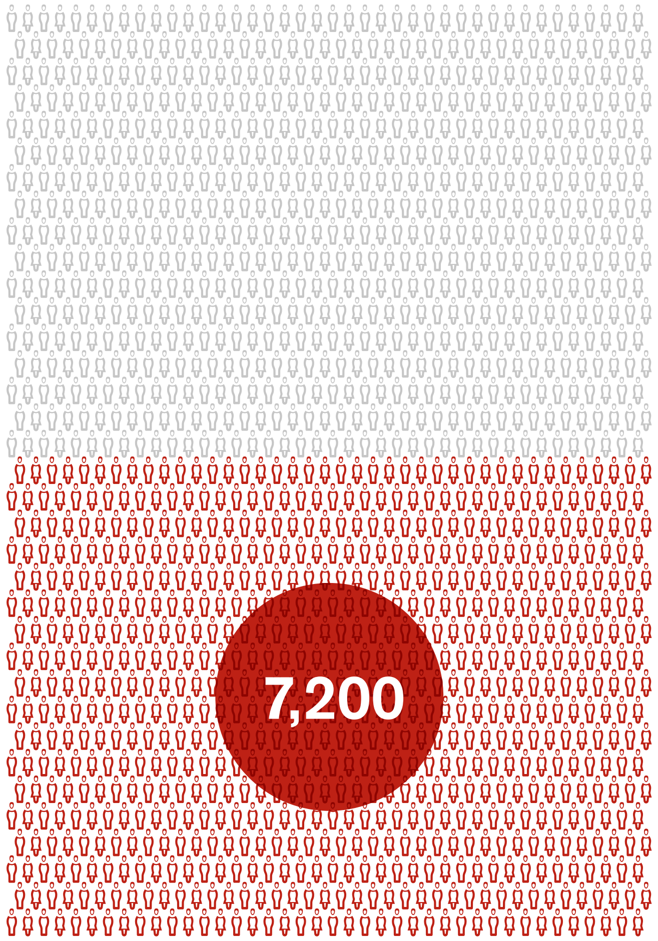
At just 6 years old, parents believe their children to be capable of understanding the function of money as a means of payment. From this age, it is then mainly about gradually giving the children more responsibility. For instance, the majority of parents believe that children are able to make small purchases themselves from the age of 7 and, at the age of 10, independently manage money given to them as a present. Pocket money plays a key role in the process of learning how to manage money. Most children are given pocket money for the first time when they are between 6 and 10 years old. Pocket money is a kind of practical exercise that allows children to learn how to manage their own money.

Children Save Pocket Money
On average, a 10-year-old child receives 14 Swiss francs in pocket money and a 12-year-old child 23 francs per month. Most children are free to manage their pocket money as they see fit and are not forced to save by their parents. Nevertheless, the vast majority of children do not simply spend the pocket money on their current materialistic desires, instead choosing to put at least part of it aside. Most children do this without a clear savings goal, while others save with the aim, in particular, of buying electronic devices or a bike. Even when parents give their children responsibility for managing money at an early age, it seems that, despite increasing digitalization, this does not yet include cashless payment transactions.

Pocket Money Is Often Not Linked to Achievements
What is striking is that, in Swiss households, although pocket money is a practical way of learning how to manage your own money, it is not used to teach the principle of remuneration. Almost two thirds of children who receive pocket money do not have to do anything in return. Although a large proportion of parents expect their children to help out around the home, only a little under 40% actually link pocket money to chores. It seems that the majority of parents do not wish to commercialize the parent-child relationship, instead seeing helping out around the home as contributing to the family and not as something for which children should receive or even request money. It is even less common for pocket money to be linked to good behavior. The same applies to bad behavior: Due to the lack of immediacy and the small amounts concerned, pocket money does not appear to work very well as a means of punishment. This is in contrast to, for example, limiting access to digital communication devices—a punishment that seems to be much more effective.

French-Speaking Swiss Give Pocket Money Later, Ticino Residents Are Most Generous
Although financial education is generally valued highly by parents in Switzerland, there are still significant differences within society. For example, learning how to manage money is considered more important by parents with a lower income and thus less financial freedom than it is by high earners. The latter tend to opt more for indirect access and focus more o n other educational goals, such as "motivation." Besides the parents' own financial means, their political views also influence attitudes toward financial education. As an example, politically left-leaning parents are less likely to make pocket money subject to conditions than those who class themselves as right of center.

Systematic differences were found between the language regions in particular. In French- and Italian-speaking Switzerland—and particularly in French-speaking Switzerland—financial education is considered slightly less important than in German-speaking Switzerland. Pocket money is given at an older age and is also slightly less common on the whole. In general, children in French- and Italian-speaking Switzerland are introduced to the concept of managing their money independently a little later. Instead, pocket money is more frequently made subject to conditions in these regions—if nothing else, to good behavior and good grades. However, the Italian-speaking region differs from the French-speaking region in this regard. Ticino parents are generally the most generous and least strict with their children. Although parents from German-speaking Switzerland are particularly keen to make sure that pocket money does not constitute payment for services or achievements, they do demand the most independence from their children when it comes to managing their money. These interesting and striking differences should not obscure the fact that, in all the areas of financial education examined, there were only differences in focus—and no fundamentally different points of view—between the groups surveyed. Overall, financial education is considered to be important and a matter that, above all, is the parents' responsibility.



14,000 persons surveyed

7,200 mothers and fathers with children aged from 5 to 14 years

Design of the Study

Data Base
The Swiss pocket money study is based on two surveys. One of the sources of data for the study is the results of a representative online panel survey that was conducted by AmPuls on behalf of Credit Suisse between March 3 and 14, 2017. This survey was directed at parents of children aged 5 to 14 years (target group). The sample consisted of 1,204 people.

The second data source is a representative weighted open (opt-in) online survey conducted by sotomo on behalf of Credit Suisse between April 12 and 23, 2017 on the websites of online news pages "Blick," "Le Matin," and "20 Minuti/Ticinonline." The survey was directed at the entire adult population of Switzerland. Overall, 13,607 people participated in this survey. Around 44% of the participants (6,038 people) are parents with children aged between 5 and 14 years and belong to the narrower target group.

The panel survey consisted of a more extensive questionnaire that related specifically to a selected child. Thanks to the wider range, the open online survey allows statements to be made regarding various subgroups.

Representative Weighting
In the case of the open online survey, the participants recruited themselves. Because this sample itself is not representative of the desired population, it has been weighted. It was weighted for the main target group (parents residing in Switzerland with children aged between 5 and 14 years) as well as for the permanent resident population of Switzerland from 18 years of age. The characteristics of both weightings include age, gender, level of education, and household size, as well as the occupational field of the participants. The panel survey was subsequently weighted with the same characteristics to enable a direct comparison. The weightings ensure a high degree of socio-demographic representativeness of the two samples.

1 Principles of Financial Education

For the vast majority of parents in Switzerland, teaching their children how to manage money is a key educational goal. Almost nine out of ten parents who have a child aged 5 to 14 years consider this to be important or very important. This means that for parents, financial education is more important than, for example, encouraging children to focus on success or promoting humility or creativity—educational goals that 50–70% of parents consider important. Right at the top of the list of educational goals that parents generally share are manners and independence, followed by a willingness to help, perseverance, and general knowledge. This is followed by money management.

Financial education is considered to be important by the majority of participants in all segments of society examined. Nevertheless, there are some interesting differences. For example, fathers do not place as much importance on financial education as mothers do. As the comparison of all evaluations shows, men are generally more reserved when it comes to highlighting the importance of educational goals.

1.1 Money Management as an Important Educational Goal

Parents with Little Money Place More Value on Financial Education

Household income has a huge influence on views of financial education. Although the vast majority of parents across all income groups consider learning how to manage money to be at least "important" for their children, the proportion of parents who consider financial education to be "very important" varies greatly (See figure 1). It is not those parents who have a lot of money who consider teaching money management to be particularly important. It's the opposite: The lower the household income, the more financial education is considered to be "very important." This is the highest priority for just over every fourth person who has a household income of over 200,000 francs per year. For people with a household income of less than 50,000 francs, on the other hand, this is the case for every second person.

For parents who have little room for maneuver financially, money is obviously more of a focus. This correlation is also evident in participants' assessment of their own financial situation. On average, those who said that they are "just making ends meet" financially place more importance on financial education than people whose financial situation is less fraught. People who frequently find themselves having to cope with limited financial resources have a greater need to manage these resources consistently.

The opposite seems to be true for participating parents with an annual household income of over 200,000 francs. Although the educational goal "learn to manage money" is definitely considered to be important on the whole for the top income group, it is less of a focus compared to the lower income groups. Rather, in comparison to other income classes, it is the two educational goals "success orientation" and "general knowledge" that are considered to be of central importance more often than on average among high earners. No post-materialistic disinterest in financial matters is expressed here. It is precisely the increased focus on "success orientation" and "general knowledge" among the upper income groups that is revealed in this survey that demonstrates certain career ideas that may indirectly lead to a higher income are at the fore here.

Political Views Also Play a Role

It is not only the financial situation, but also political views that influence people's opinions of financial education. If the parents surveyed are divided into three groups "left," "center," and "right" based on where they position themselves politically, the first thing that stands out is that financial education is considered to be at least important by the overwhelming majority across the entire political spectrum. But while almost half of the parents surveyed who consider themselves to be right of the center view learning how to manage money as a "very important" educational goal, only around 30% of parents left of the center share this opinion (See figure 2).

There are also differences for other educational goals. Besides "money management," parents to the right of the center also tend to place a little more importance on "perseverance" and, to a lesser extent, "manners" than parents to the left of the center. People who consider themselves to be left of the center, on the other hand, place a little more importance on "willingness to help and compassion," "creativity," and "pleasure and zest for life." These differences reflect the values associated with the political views. But the things that the different groups have in common are stronger than what divides them. Although there are differences, there are certainly no fundamental differences in opinion. This makes it clear, that regardless of political persuasion, there is a basic consensus when it comes to the educational concerns of parents.

French- and Italian-Speaking Regions of Switzerland Have Different Priorities

Over twice as many German-speaking Swiss respondents consider money management to be a "very important" educational goal as their French-speaking counterparts. Figure 3 shows a marked difference in the views of financial education between the language regions. Italian-speaking Switzerland occupies a midway position between the two larger language regions.

Sixty-two percent of parents in French-speaking Switzerland also consider learning to manage money to be an important educational goal. However, much less importance is placed on financial and monetary issues overall than in German-speaking Switzerland. As is shown in this study, this relates to various aspects of how parents deal with their children and money.

Which values and educational goals are considered more important outside of German-speaking Switzerland then? The comparison in figure 4 shows an almost clichéd image. Nowhere do the views between the language regions differ more strongly than when it comes to the subject of "pleasure and zest for life."

In French-speaking Switzerland and even more so in Italian-speaking Switzerland, the large majority of parents consider "pleasure and zest for life" to be a very important educational goal, while only around one third of parents in German-speaking Switzerland

Figure 1

Educational goal of "Learning to manage money"
by household income

Figure 3

Educational goal of "Learning to manage money"
by language region

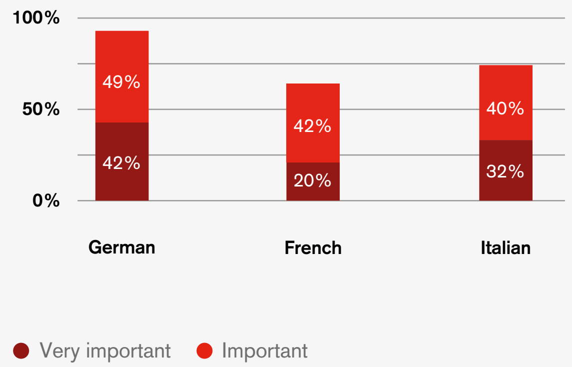


Figure 2

Proportion of respondents who consider the respective educational goal to be very important
by political self-positioning

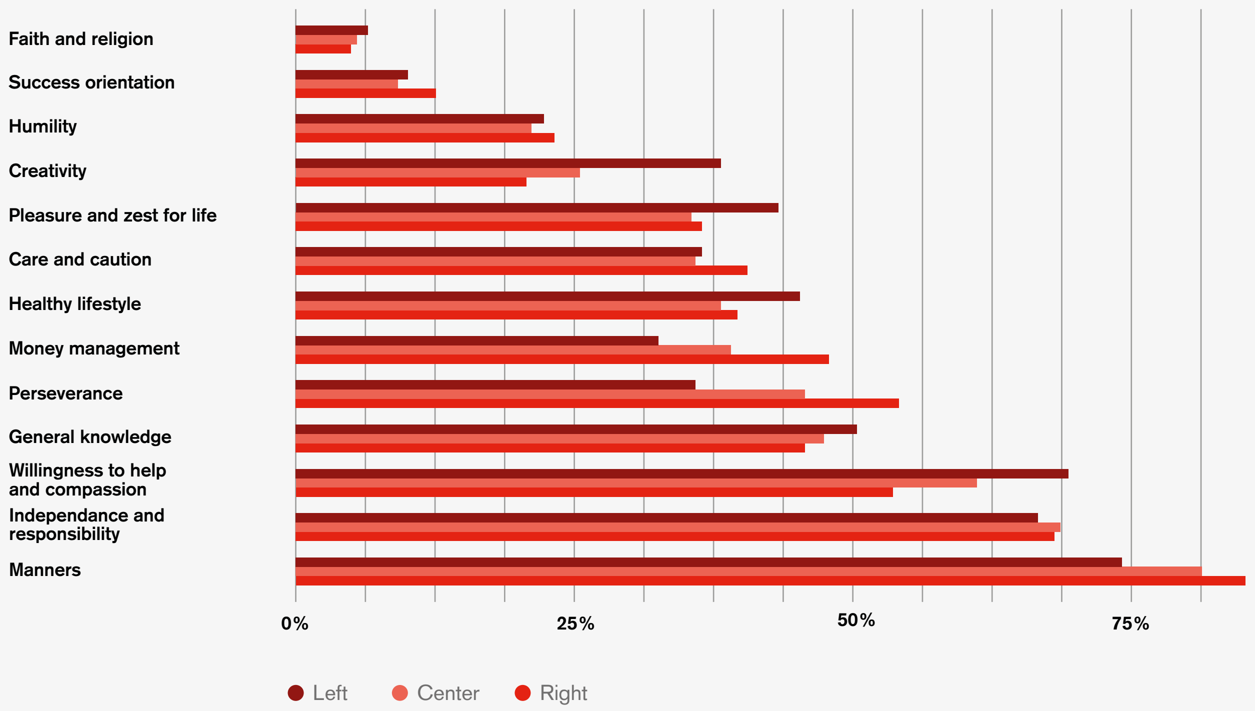


Figure 4

Proportion of respondents who consider the respective educational goal to be very important
by language region

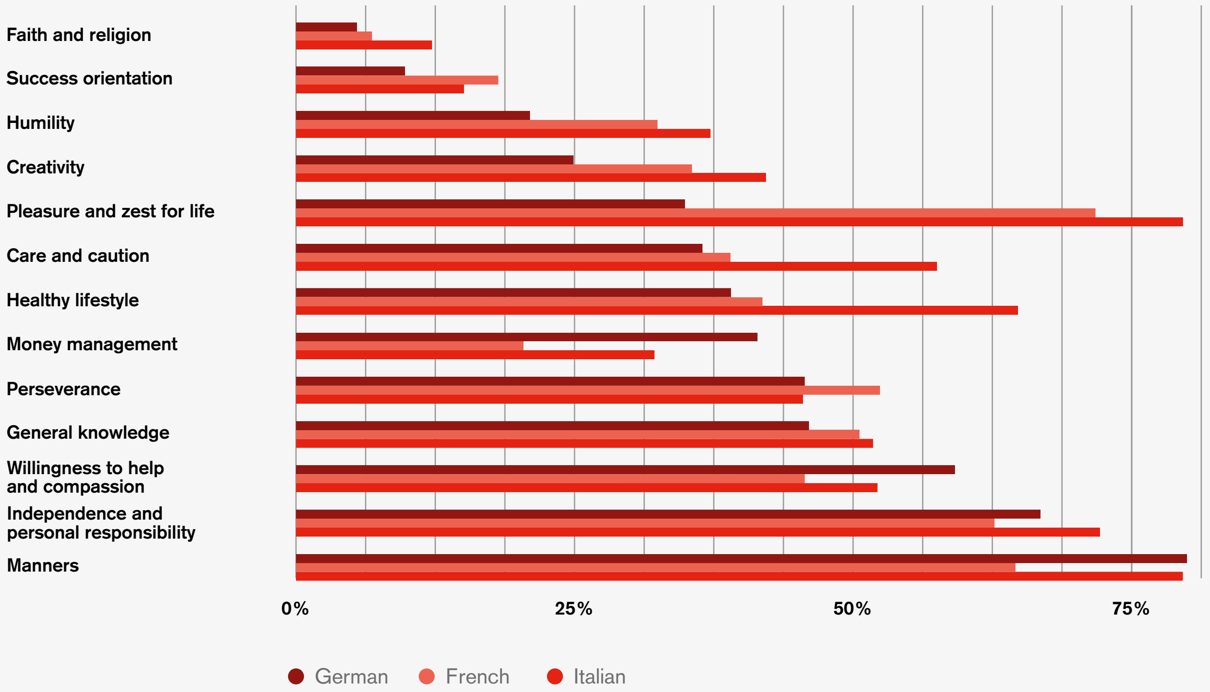


Figure 5

Agreement with statements
on the topic of children and money

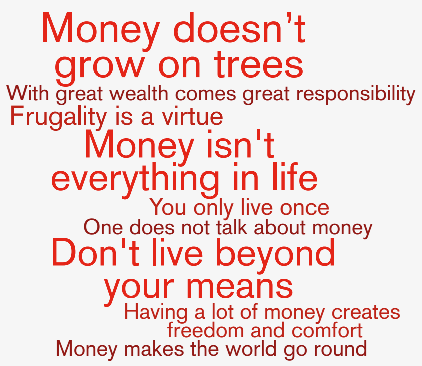
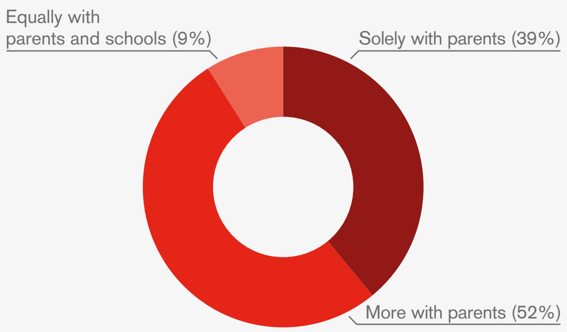


Figure 6

Responsibility for the financial education of children
School or parents?



agrees. In this respect, both sides live up to each other's stereotypes, specifically the French/Italian preconception of the hard-working German-speaking Swiss and the Swiss German preconception of the pleasure-loving French/Italian-speaking Swiss. However, the high level of importance placed on educational goals such as personal responsibility and perseverance across all language regions shows that while the stereotypes do have a basis in reality, they do not go very deep. In any case, the pursuit of pleasure does not mean that there is a lack of appreciation of personal responsibility and perseverance.

"Money Doesn't Grow on Trees," but It "Isn't Everything in Life"

What are the guiding principles that parents follow when it comes to teaching their children how to manage money and what do these guiding principles say about their attitude to financial education? The respondents were presented with nine statements and asked to select the ones that were most important to them. Three of them were selected particularly often: "Money doesn't grow on trees, you have to work for it" (77%), "Don't live beyond your means" (64%), and "Money isn't everything in life" (63%).

Behind the selected guiding principles are three key principles on which financial education in this country is based:

- Money is a value for a service provided.
- Money determines the limit of your own consumption.
- Money is not, however, the be all and end all.

This three-fold belief is generally true of all groups examined. While people who are on the left select the guiding principle of "Money doesn't grow on trees" a little less often and mothers and the French-speaking Swiss generally believe more that "Money isn't everything in life," these three guiding principles clearly took precedence over the other six guiding principles in all of the groups.

The Swiss are accredited with the favorable quality of showing discretion in financial matters. However, only 2% of respondents selected the statement "One does not talk about money" as one of their guiding principles for financial education. At 19%, the statement "Frugality is a virtue" is a more popular choice. This means that this guiding principle is evidently not a key focus when educating children for over 80% of respondents. Although children should learn not to spend more than they have and not to live beyond their means, saving for saving's sake is only taught by a relatively small number of parents as a core element of financial education.

A clear majority of the parents surveyed support the statement that money isn't everything. However, no further criticism of the capitalist market economy is expressed in the guiding principles of financial education. Only 5% believe that "Money makes the world go round," while only 2% view the phrase "With great wealth comes great responsibility" as an educational credo. The redistribution concept alluded to in this statement is possibly a little abstract when it comes to educating children. However, this also applies to the much more popular guiding educational principle: "Money doesn't grow on trees, you have to work for it." After all, the majority of parents—as will be shown later on—do not stipulate conditions for the provision of pocket money. For the adults themselves, however, the performance principle is obviously considered much more important than the need principle.

Financial Education Is the Parents' Responsibility

Parents play a key role in financial education. Ninety-one percent of respondents believe that they themselves should be primarily responsible for teaching money management. Only 9% believe that schools must play at least an equally important role.

Almost 4 in 10 parents think that teaching money management is solely the parents' responsibility. The others are of the opinion that while schools should not play a key role, they should at least play a minor role. However, 69% of respondents do not agree that schools are becoming more involved in financial education. From the parents' perspective, the responsibility for matters relating to how people manage their own money clearly lies with the parents. This opinion is also shared by people who have no children of their own. Over 80% of adults across the board agree with the statement that financial education is primarily the parents' responsibility.

1.2 What Parents Believe Their Children Are Capable Of

Financial education is not least a gradual transfer of responsibility from the parents to their children. As shown above, the financial education undertaken by the majority of parents is based on the notion that money must be earned and that only money that has been earned can be spent. These objectives are ultimately only met once the child is given financial independence.

However, the process of transferring responsibility does not start upon the child's transition into the world of work. Rather, it is a gradual development during which the freedom granted to the child is increased a little at a time. This process is reflected in various parts of this study. For some responsibilities, the parents were asked directly at what age they think a child is capable of handling them. The results are shown in figure 7. It shows the average age at which children are believed to be capable of handling the relevant responsibility. It also shows the frequency distribution of responses by age. This distribution shows how opinions vary. The average value by language region is also specified. These values are analyzed a little further on.

7-Year-Olds Should Make Small Purchases

The average child is introduced to the world of money from the age of 6 in Switzerland. It is the age at which most children in this country usually complete their first year at elementary school and learn their times tables. The majority of the parents surveyed believe it is sensible to talk to their children about money from this age. Parents also assume that at this age children are able to understand the function of money as a medium of exchange, and it is this that ultimately makes talking about money effective in the first place. The decisive factor when it comes to starting financial education seems for many parents to be the ability of the child to solve basic arithmetic problems. In this respect, schools play quite an important role in financial education — even if only indirectly.

A year later, in the parents' opinion, children have not only grasped the function of money theoretically but also seem competent enough to make smaller purchases independently. Another year later, at 8 years old, children should — according to the majority of respondents — be able to manage their pocket money as they see fit. There is relatively significant overlapping in the range of the starting ages for all these responsibilities (see figure 7). The next stage follows a little while after the acquisition of the other responsibilities at an average age of 10 years old. At this age, children can not only look after their pocket money themselves, but also any money received as a present. They are given more and more personal responsibility.

There is a relatively large jump in age to the next level of freedom, which sees the child being given access to their own bank card (debit card, Maestro). Therefore, although financial education begins at the start of elementary school, children only have the option of paying without cash from the end of their compulsory school education. As the frequency distribution shows, debit cards are also often only considered to be appropriate when children reach the age of 18. Less than a fifth of parents allow their children to have a debit card from the young age of 12. This shows that, in this country, debit cards are viewed as a payment instrument for young people transitioning into adulthood and not before.

Parents in French- and Italian-Speaking Switzerland Are More Cautious

The differences in opinions regarding financial education between language regions are also evident here. Responsibility for money-related matters is transferred to children significantly later in French- and Italian-speaking Switzerland than in German-speaking Switzerland in some cases (see figure 7). There are only minor differences between Ticino and French-speaking Switzerland. It is only in relation to the question of when children understand the role of money as a means of payment that Italian-speaking parents differ from the other two. They believe this to be from 8 years old, while German-speaking and French-speaking parents believe that children can do this from the age of 6. Figure 8 shows the proportion of children who are given the responsibilities shown at the relevant age. This shows that the proportions in French-speaking Switzerland increase one or two years later than in German-speaking Switzerland.

The greatest differences relate to the issue of the child having free access to their own money. In French- and Italian-speaking Switzerland, children must be 10 years old on average to be able to manage their pocket money as they see fit and are normally only allowed to access money given to them as a present from the age of 12. In German-speaking Switzerland, these two steps take place two years earlier on average: 8 years old for pocket money and 10 years old for money given as a present.

The fact that greater importance is placed on financial education and the associated management of money in German-speaking Switzerland is demonstrated by the fact that children are included in the responsibility of managing money from an earlier age. As the following in-depth analyses relating to pocket money show, this difference manifests itself in various ways.

Figure 7

Age at which parents entrust specific financial responsibilities to their children

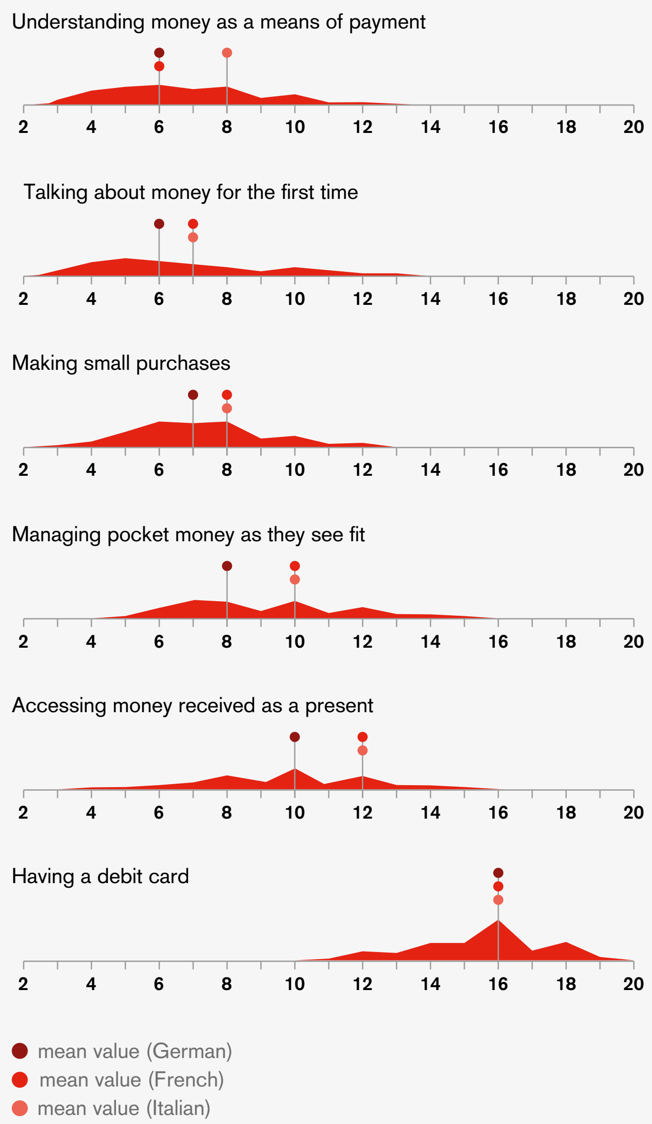
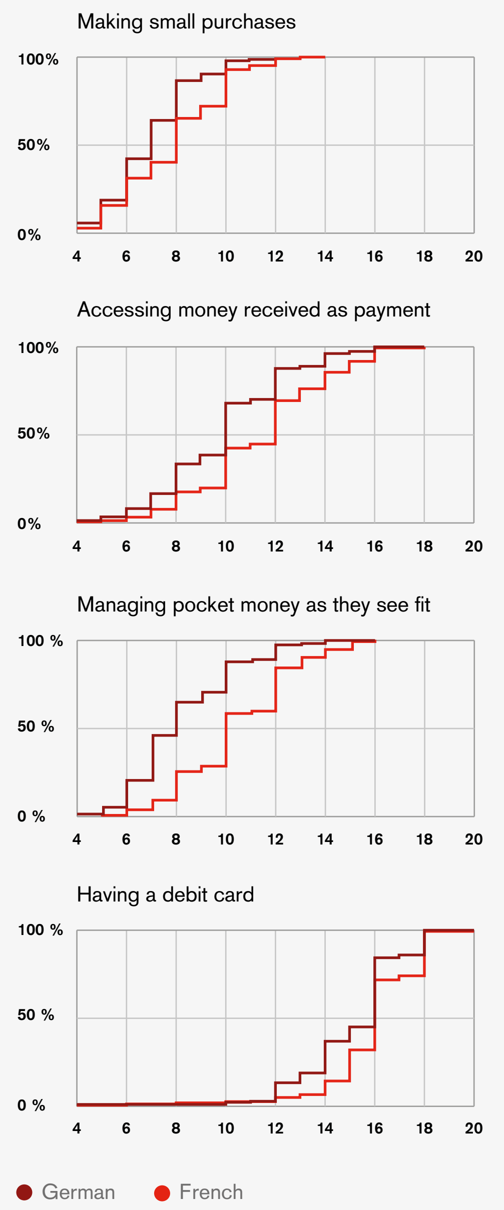


Figure 8

Age at which parents speak to their children about money
by language region



2 Pocket Money—When and How Much?

Pocket money is a key aspect of financial education. It usually involves smaller amounts, which constitute only the smallest part of children's material provisions. Pocket money is not a maintenance allowance, but rather more a kind of practical exercise that enables children to take their first, independent steps in money management without running the risk of getting into financial difficulties.

How do parents deal with the issue of pocket money? How much do children receive, at what age, and how much freedom are they given with regard to what they do with it? How much does the amount of pocket money differ depending on the parents' profile and where they come from? And what is ultimately the decisive factor when it comes to determining the amount of pocket money given?

2.1 Who Gets Pocket Money and How Much?

From What Age and How Often

Whether children even receive pocket money at all depends primarily on their age. Three quarters of 5- and 6-year-olds do not yet receive pocket money. The older children are, the higher the percentage of these children that will receive pocket money. From around the age of 7 years old, over half of children receive pocket money. The children who receive pocket money are given it on a regular basis in most cases. Only around one sixth receive pocket money on an irregular basis. The relationship between the regular and irregular provision of pocket money is about the same across all the age groups analyzed.

The importance of age is also reflected in the answers to the question as to why no pocket money is given. A clear majority of parents who do not give pocket money state that the reason for this is that the children are still too young for it. Another group believes that there is not yet any need for the child to have pocket money. Only a few respondents gave different reasons, such as the 39-year-old father who said "money is not free, you have to work for it!" or, with a completely different perspective, the 28-year-old mother of a son who said: "I buy him what he needs. He only needs to ask." Figure 10 shows how often those children who are given pocket money receive it, broken down by age. Two phases can be identified. In the first phase, there is a shift from various irregular frequencies and longer cycles to weekly provision. This phase lasts until 8 years old. After that, pocket money is increasingly given on a monthly basis.

In urban areas, it is more common for pocket money to be given on a monthly basis. There is also a difference between the gender of the parents: Mothers tend to give pocket money on a monthly basis, fathers on a weekly basis.

The Amount of Pocket Money

The amount of pocket money is also primarily dependent on the age of the children. Figure 11 shows the average amount of pocket money that those children who receive pocket money are given. Only a few children receive pocket money at the age of 5. Those who do receive pocket money receive around 5 francs per month on average. At 14 years old, children receive 48 francs per month on average.

These rather low amounts show that, in most cases, pocket money is an extra that only represents a small proportion of what parents give their children. The older the children are, the more the amount varies. This is shown in figure 12.

Figure 12 shows the frequency distribution of the amount of pocket money. The three areas represent the three age categories. The higher the values, the more frequently the relevant amount is given. For 5- to 7-year-olds, most children are given less than 5 francs in pocket money—the most common amount given is 4 francs per month. For 12- to 14-year-olds, the most common value is 20 francs, and for 8- to 11-year-olds it is around 10 francs.

The range of the three distribution curves varies greatly. In the case of the two younger age categories, there is a steeper drop. For 5- to 7-year-olds, this is around 12.50 francs, and for 8- to 11-year-olds it is around 25 francs. The distribution of pocket money for 12- to 14-year-olds is different. The range of amounts is much larger and the curve is flatter accordingly, particularly on the right-hand side. This shows that pocket money is interpreted more broadly as the age of the child increases and ideas of what constitutes an appropriate amount in particular vary more greatly.

Figure 9

Proportion of children who receive pocket money
by age

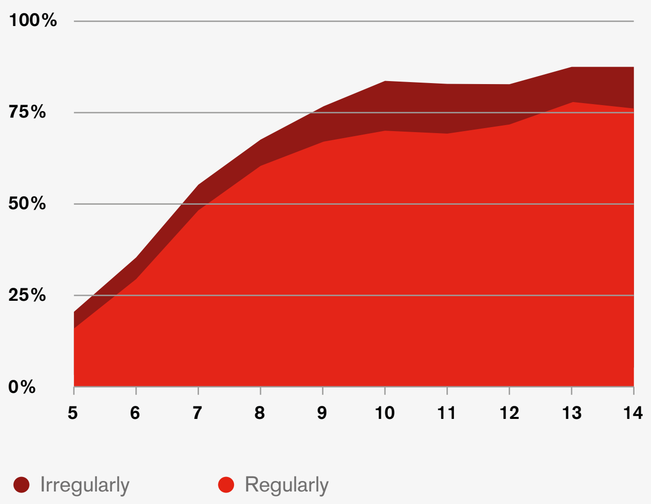


Figure 10

Regularity of parents giving pocket money to their children
by age of the child

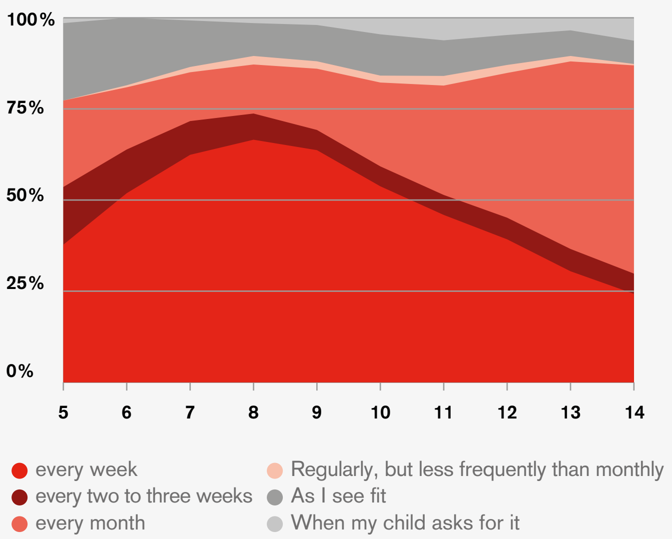


Figure 11

Average monthly pocket money
by age of the child

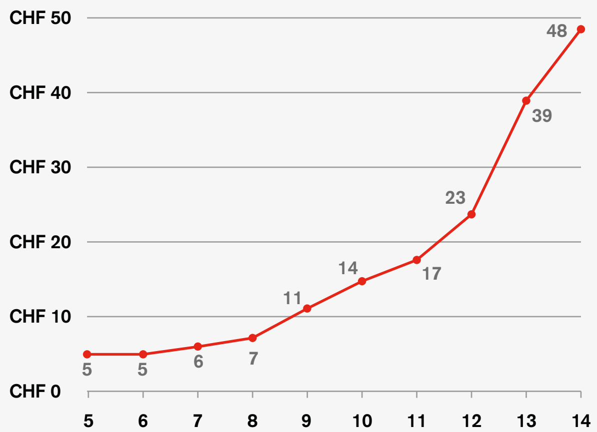
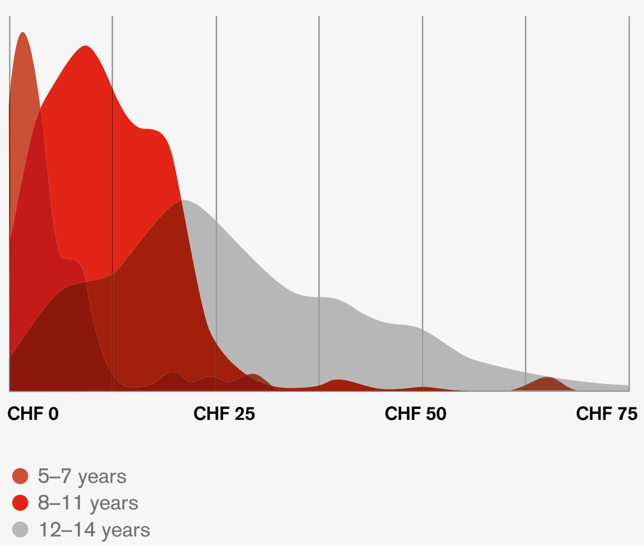


Figure 12

Frequency distribution of pocket money amounts
by three age categories



Girls Are Given Pocket Money Later
It is not surprising that the age of the child plays a key role in determining pocket money. What is less obvious and rather surprising, however, is that the gender of the child also plays a role—at least when it comes to the age at which children start receiving pocket money. Girls start receiving pocket money later than boys. This is shown in figure 13. Here, the proportion of children who receive pocket money is shown across three age categories according to gender. The difference in the case of 5- to 7-year-olds is striking. Forty-three percent of boys receive pocket money at this age, but only 28% of girls. Even in the 8- to 11-year old age category, there is still a gap, though it is considerably smaller. At this age, 81% of boys and 72% of girls receive pocket money. As age increases, the difference decreases, more or less disappearing by the time children reach 12 to 14 years old. With regard to the question concerning the age at which children first receive pocket money, we can conclude that the average girl receives pocket money for the first time at 8 years old. The average boy, on the other hand, receives pocket money for the first time at the age of 7.

This demonstrates a clear and notable gender difference. It is notable because it seems to be rather a special case. In many aspects relating to financial education, the parents surveyed do not differentiate between their female and male children. For example, parents speak to their sons and daughters about money for the first time at about the same age.

However, the analysis definitely allows conclusions to be drawn regarding the reasons for this anomaly. Specifically, it is striking that, for the eldest child, there is hardly any difference between genders in relation to the age at which parents start giving them pocket money. It is the boys that are born next who receive pocket money earlier, particularly if the older child is also a boy. One reason could be that younger brothers pester their parents for pocket money as soon as an older sibling gets it, while girls are more prepared to wait until they are the same age.

Although girls do start receiving pocket money a little later on average, they do not receive less. If they do receive pocket money, they are even given a little more. Figure 14 shows the amount of pocket money depending on the age and gender of the child. Between the ages of 9 and 13 in particular, girls receive a slightly larger amount—they are given around 2 francs more in pocket money per month.

Overall, the analysis shows that girls are not generally at a disadvantage when it comes to receiving pocket money, but it does indicate that parents tend to have a different idea of equal treatment when it comes to sons born after their firstborn. The following principle seems to apply for boys: If the older child receives pocket money, the younger child should not be left out. In the case of girls, on the other hand, parents are more likely to ensure equal treatment in relation to the age at which they start receiving pocket money.

Figure 13

Proportion of children who receive pocket money
by gender

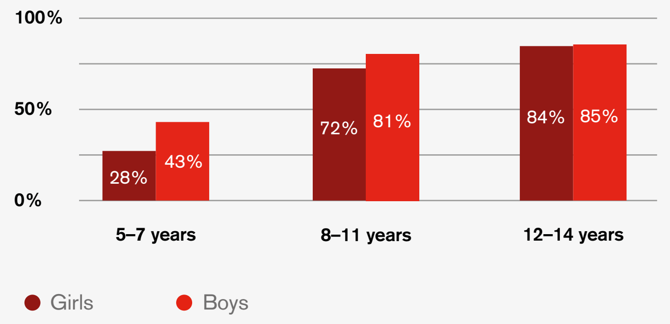
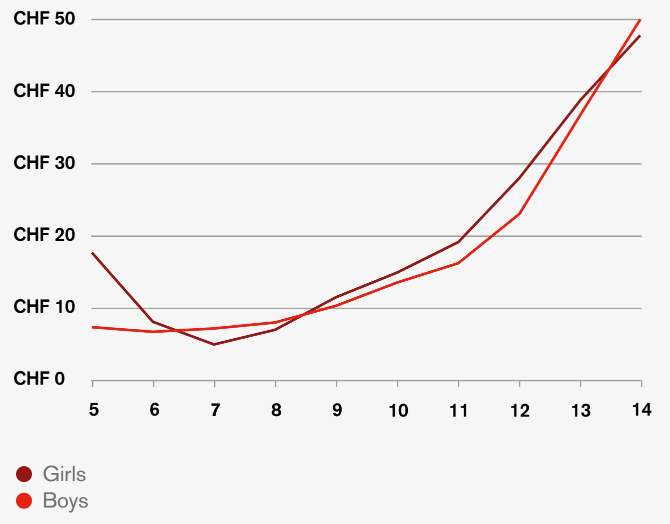


Figure 14

Smoothed average monthly pocket money
by age and gender of the child



2.2 Which Parents Give How Much and from What Age?

The provision of pocket money depends not only on the age and gender of the child, but also on the parents themselves. In the following sections, we examine which systematic differences exist between parents from different language regions and social groups.

The Great Pocket Money Divide
Even in attitudes toward financial education, there are significant differences between the language regions. In French/Italian-speaking Switzerland, and particularly in French-speaking Switzerland, for example, less importance is placed on financial education than in German-speaking Switzerland. The study also shows that Swiss German parents give their children responsibility for managing money at an earlier age than parents from the French and Italian-speaking regions. This pattern described above also applies to the age at which children receive pocket money for the first time.

There is a great divide between German-speaking Switzerland and French-speaking Switzerland here. However, the proportion of children who receive pocket money increases as the age of the child increases in both German- and French-speaking areas of Switzerland, as shown in figure 15. (The Italian-speaking region of Switzerland is not shown because the number of cases for this breakdown is too small). The figure for French-speaking Switzerland is 30 percentage points below the figure for German-speaking Switzerland for 5- to 7-year-olds and even 43 percentage points below for 8- to 11-year-olds. In French-speaking Switzerland, it is common for children not to receive pocket money until they start high school. The majority of children in this region do not receive any pocket money in elementary school, while in German-speaking Switzerland most children receive pocket money from the age of 8. The majority of French-speaking Swiss children only receive pocket money when they reach high school, but even then almost 30% continue to not receive pocket money, while in German-speaking Switzerland this figure is only a little over 10%. Pocket money is somewhat less of a universal concept in French-speaking Switzerland and, most notably, is associated with a higher age.

As figure 16 shows, the amount of pocket money given to younger children up to the age of 11 is largely identical in German-speaking Switzerland and French-speaking Switzerland, but then the gap opens up. In French-speaking Switzerland, the monthly amount increases by approximately the same amount with each year; in German-speaking Switzerland, on the other hand, the amount increases significantly when children reach high school, and so the curves begin to diverge. This shows first of all that the minority of French-speaking Swiss who receive pocket money at an early age are subject to similar yardsticks to the German-speaking Swiss in terms of opinions regarding the amount of pocket money given. The gap that opens up from the age of 12 reflects the fact that this is the age that many parents in French-speaking Switzerland start to give pocket money and they give smaller amounts. The number of cases in Ticino is too small to allow an analysis by age. However, the values tend to be higher than in German-speaking Switzerland.

Figure 15

Proportion of parents who give their children pocket money
by language region

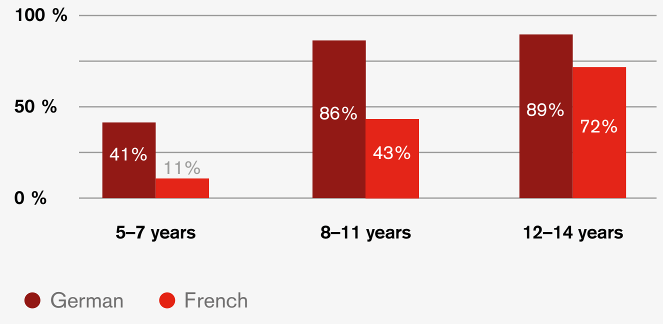
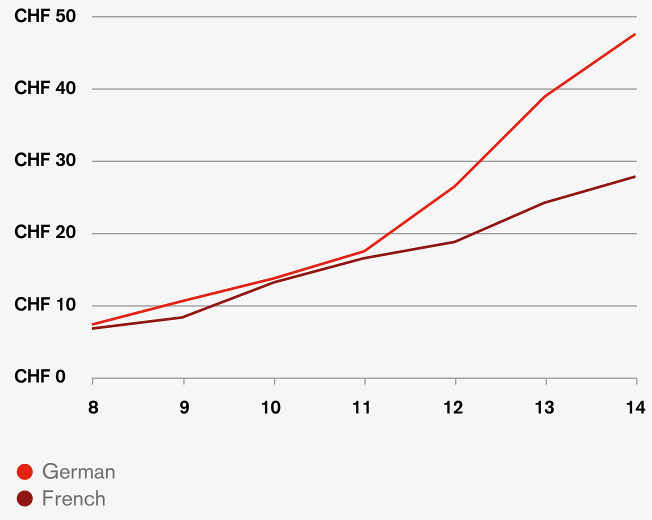


Figure 16

Average monthly pocket money
by age of the child and language region



Ticino Residents Consider Larger Amounts to Be Appropriate

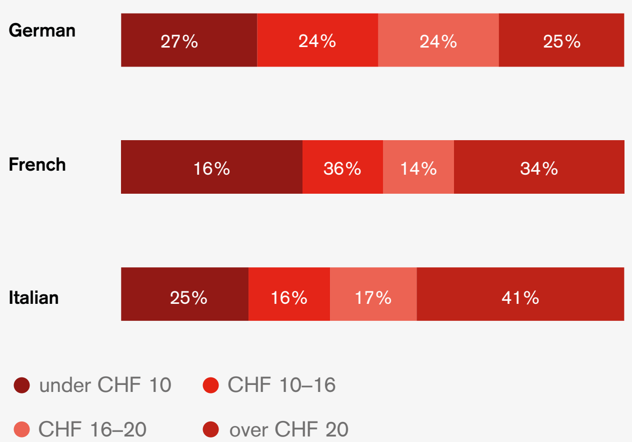
The amount of pocket money given very much depends on the age of the child. To enable the systematic comparison of different groups, the respondents were therefore asked what amount they considered to be appropriate for a 10-year-old child.

The average value (median) given was 16 francs per month. Half of the parents surveyed considered an amount of between 10 francs and 20 to be appropriate. One quarter consider a larger amount than this to be appropriate, and one quarter a lower amount.

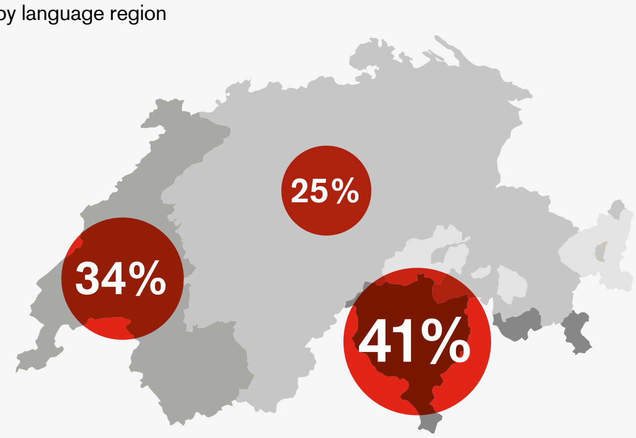
The differences between German-speaking Switzerland and Ticino are particularly striking at the upper end of the scale. While one quarter of parents in German-speaking Switzerland considers an amount of over 20 francs per month to be appropriate, 40% of parents in Ticino are of this opinion. Overall, Italian-speaking Switzerland is shown to be generous: Almost two thirds of parents consider an amount greater than the overall Swiss median of 16 francs to be appropriate. In the case of German and French-speaking Switzerland, around half of parents consider this larger amount to be appropriate. In comparison to German-speaking Switzerland, however, the attitudes of parents in French-speaking Switzerland are more polarized. In French-speaking Switzerland, both the proportion of parents who consider slightly larger amounts to be appropriate and the proportion of parents who consider slightly smaller amounts to be appropriate are greater than in German-speaking Switzerland. The large proportion of parents who consider low values to be appropriate fits with the amount of pocket money actually given as shown above. But how do we explain the large proportion of parents who consider larger amounts over 20 francs to be appropriate? First of all, the question refers to the appropriate amount of pocket money for a hypothetical 10-year-old child. At this age, a gap has not yet started to open up between the language regions with respect to the amount of pocket money. However, fewer French-speaking Swiss give any pocket money at all at this age. This means that the hypothetical question seems to elicit slightly different opinions to the specific question regarding the pocket money that is actually given to children.

Figure 17

Composition of appropriate amount of pocket money
by language region



Respondents agreeing with the statement "Pocket money of more than CHF 20 is appropriate for a 10-year-old."
by language region



The Influence of Household Income and Migration Status

In addition to the language region, there are several other factors that influence the amount of pocket money given. As soon as a household is made up of five or more people, for example, children receive less pocket money, while children in rural areas receive somewhat less pocket money.

Household income has a direct influence on the issue of the appropriate amount of pocket money. The higher the household income, the greater the proportion of parents who consider over 20 francs per month to be appropriate for a 10-year-old child. At first glance, the obvious explanation for this is the different financial means. But this alone is not sufficient as an explanation. The specified pocket money amounts should not exceed any rigid limits for most households and it is in the medium to higher income groups in particular where the amounts perceived as appropriate differ. If anything, the information therefore says more about the perception of an appropriate amount of money than about the differences in financial means.

There are also significant differences in the perception of what an appropriate amount of pocket money is in relation to the migration background of the parents. People with a Swiss passport who were born here are the least generous when it comes to what is considered an appropriate amount of pocket money for a 10-year-old child. More than a quarter consider less than 10 francs to be appropriate, while 24% consider over 20 francs to be appropriate. Foreign persons have a different view: 40% would give more than 20 francs and 60% overall would give more than the median value of 16 francs.

It is important to note that the foreign persons who participated in the survey have a similar income structure to that of the Swiss respondents. Foreign persons who do not have written proficiency in one of the national languages were not able to participate in the survey. Foreign persons with a low status are correspondingly underrepresented. The statements made about foreign persons here relate to the proportion of foreign persons who are integrated linguistically. There are also some striking differences here, though the differences are quite small in many areas.

Figure 18

Composition of appropriate amount of pocket money
by household income

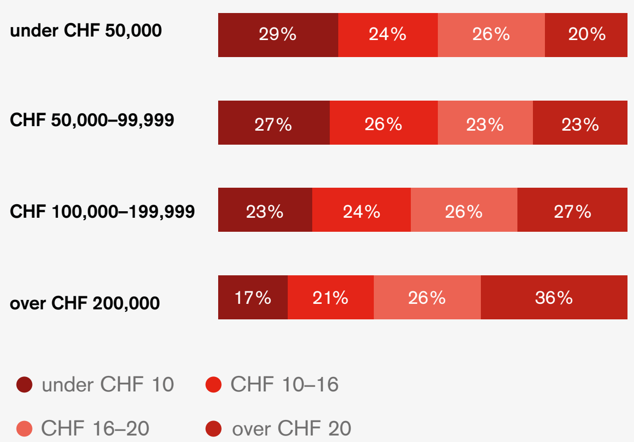
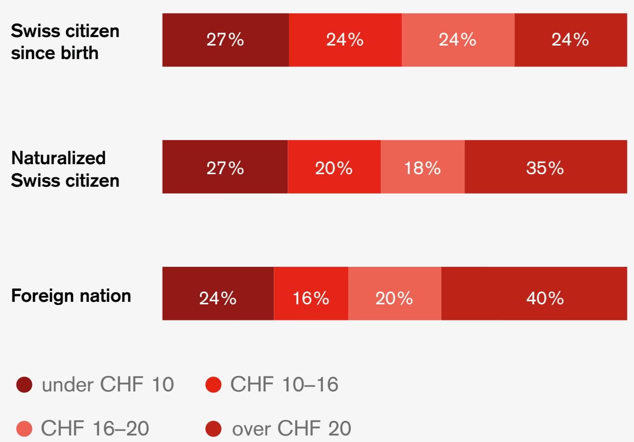


Figure 19

Composition of appropriate amount of pocket money
by migration background



2.3 Factors Determining Pocket Money

Factors that influence the amount of pocket money given have become evident—from the age of the child and the number of children in a family to the income and migration background of the parents. But which criteria do the parents themselves consider to be crucial when determining pocket money?

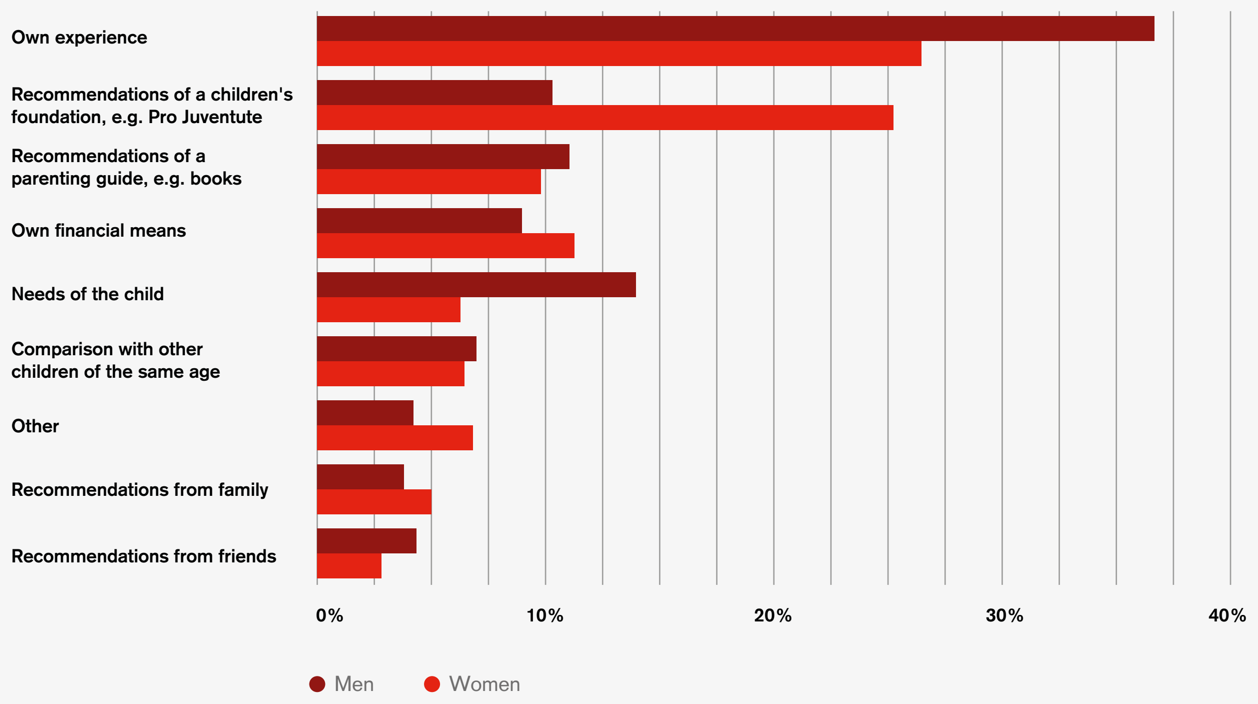
Fathers Act More as They See Fit
According to information provided by the parents themselves, the most common point of reference for determining pocket money is their own experience. The second most common is recommendations by children's foundations. Parenting guides are also used. All the same, every one in ten cites their own financial means or the needs of the child.

As figure 20 shows, there are striking differences between the genders of the parents. For mothers, recommendations by children's foundations are considered almost as important as their own experience. It is different for fathers: For them, their own experience is most important, while recommendations only take fourth place. The needs of the child come in second place for men. There are hardly any differences when it comes to other factors determining pocket money such as parenting guides, financial means, and comparisons with other children of the same age.

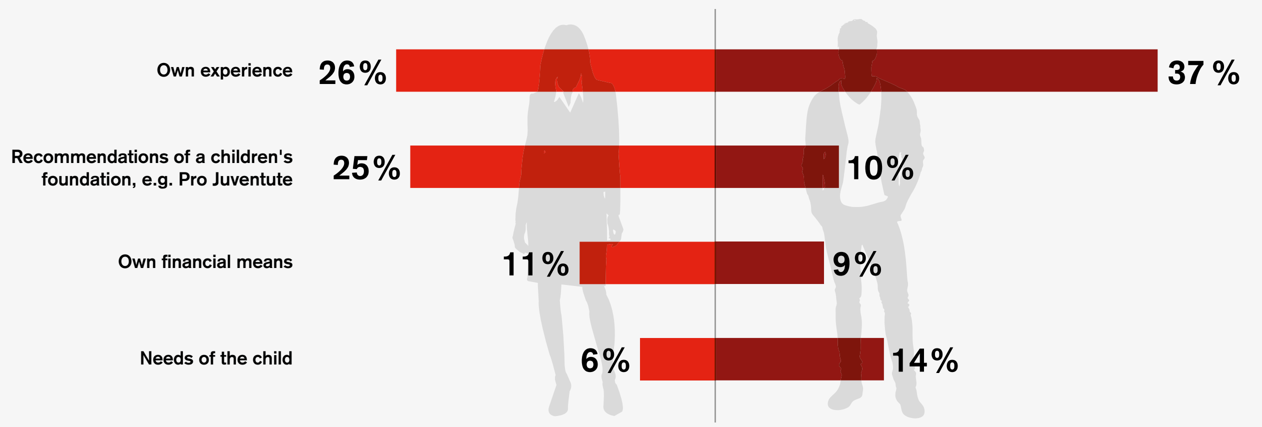
What is interesting is that men are much less scientific in their approach, focusing more on what they think is best and the perceived needs of the child. This also ties in with the fact that, as shown at the outset, they place slightly less importance on financial education than women do.

Figure 20

Factors in determining pocket money
by gender



Differences in the factors for determining pocket money
by gender of the parent



3 Reward and Punish

From the point of view of parents, financial education is primarily the parents' responsibility. Pocket money plays an important role as a kind of practical exercise in money management. Children learn how to manage money using smaller amounts and in this way create a small amount of freedom for themselves, because in most cases this money is not tied to a specific purpose.

Money does, however, potentially also play another role. It can be used directly as a means of education by asking the child to do something in return for the pocket money. Parents can reward or punish a child using role of money as a parenting tactic.

Reward and Punish

3.1 Pocket Money for Chores, Grades, and Other Achievements

"Money doesn't grow on trees, you have to work for it." For the vast majority of parents, this statement is one of the key guiding principles of financial education. But how do they follow this guiding principle in relation to their children and the pocket money that they give them? For 63%, pocket money is excluded from the concept that money is only given in return for performance. It is not subject to any conditions and thus, at least from the point of view of children, does grow on trees to a certain extent. Children do not have to do anything in return for the money. This shows that although pocket money is a practical exercise in money management, in the majority of cases it is not used to teach the concept of the reciprocity of money and performance.

However, the fact that only a minority make the awarding of pocket money subject to conditions does not mean that nothing is asked of the children. Two thirds of the parents surveyed completely agree with the statement "My child must help out around the home." Only 5% completely disagree with this statement. This shows that, in Switzerland, it is not market economy logic but the principle of public spirit that prevails within the family. Children are expected to be involved in household chores but this is not financially compensated. Pocket money is provided independently of this.

This principle of not attaching conditions to pocket money applies to the majority. However, a relatively significant minority of 37% of the parents surveyed try to involve the aspect of reciprocity. This minority makes the awarding of pocket money subject to conditions. In four out of five cases, children are required to complete chores in return for their pocket money. One example of the basic attitude that is associated with this approach is the statement made by a 40-year-old father of two children. He says: "The more they help out (doing the dishes, cleaning, etc.), the more they can earn. But only up to a certain maximum amount." Other conditions are linked to pocket money much less frequently. For example, good grades have an impact on pocket money in 31% of cases. However, the boundaries between the categories are not always clear. This is demonstrated by the statement made by a 37-year-old mother of a daughter. She says: "It is not grades, but working hard in school" that is the condition placed on pocket money. For every one in four parents surveyed, it is ultimately good behavior that is required in order for children to be awarded pocket money.

No Gender Divide for Chores

The awarding of pocket money depends mainly on the age and, in some cases, also the gender of the child. The same is not true for the conditions attached to pocket money. This is evident in figure 22

The gender of the child has no significant influence whatsoever. Boys and girls do not have work for their pocket money any more or less often. The age of the child does not have a significant impact either. There is, however, a slight trend toward fewer conditions as the age of the child increases, as figure 22 shows. As they get older, children get ever closer to the age at which their own money must be earned through work and the unconditional care within the context of the parent-child relationship is relativized. The concept of money in return for performance becomes more important, though pocket money appears to be excluded from this. For the majority of parents, pocket money has the nature of a gift at any age and is not linked to direct consideration. For the minority that takes a different view here, however, the age of the child plays virtually no role. Above all, what is therefore expressed here is parents' fundamental belief regarding what pocket money should be.

Left-Wing Parents Impose Fewer Conditions

Whether pocket money is made subject to conditions is mainly a question of attitude on the part of the parents. This is demonstrated not least by the analysis according to political views. Only one in four parents who class themselves as left of center politically make the awarding of pocket money subject to conditions. For respondents to the right of center, this figure is 42%. This ties in with the similar differences in educational goals. Left-wing parents are less likely to base their approach on the guiding principle of "Money doesn't grow on trees" and they challenge the monetary mindset. Right-wing parents are more likely than on average to require chores to be completed in return for pocket money—they therefore base their approach more on the performance principle. But even in this political milieu, the majority considers pocket money as something that is given to children unconditionally.

In comparison to the differences between the left and right, there is a rather surprisingly strong contrast between languages: Approximately 45% of parents from French-speaking Switzerland make pocket money subject to conditions, while in German-speaking Switzerland only 34% do. This is surprising because the previous analysis showed that French-speaking parents attach slightly less importance to the issue of money in education and to market economy logic than their German-speaking counterparts. Would it then not be expected that they would also be less likely to attach conditions to pocket money? As has been shown above, pocket money is generally less widespread in French-speaking Switzerland. Pocket money also seems to tend to have a slightly different nature. It is used more as a reward for good grades. Around 20% of all French-speaking Swiss parents link pocket money to academic performance, while only 6% of German-speaking Swiss parents do this.

Finally, people with a migration background are also shown to have a similar profile to people from French-speaking Switzerland. Thirteen percent of parents with a migration background link pocket money to academic performance and 11% to behavior.

Figure 21

Is pocket money subject to conditions?

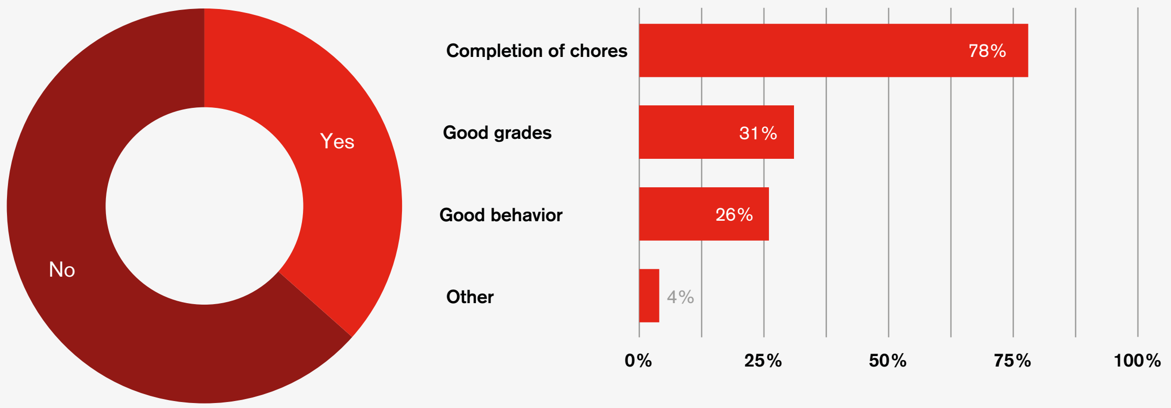
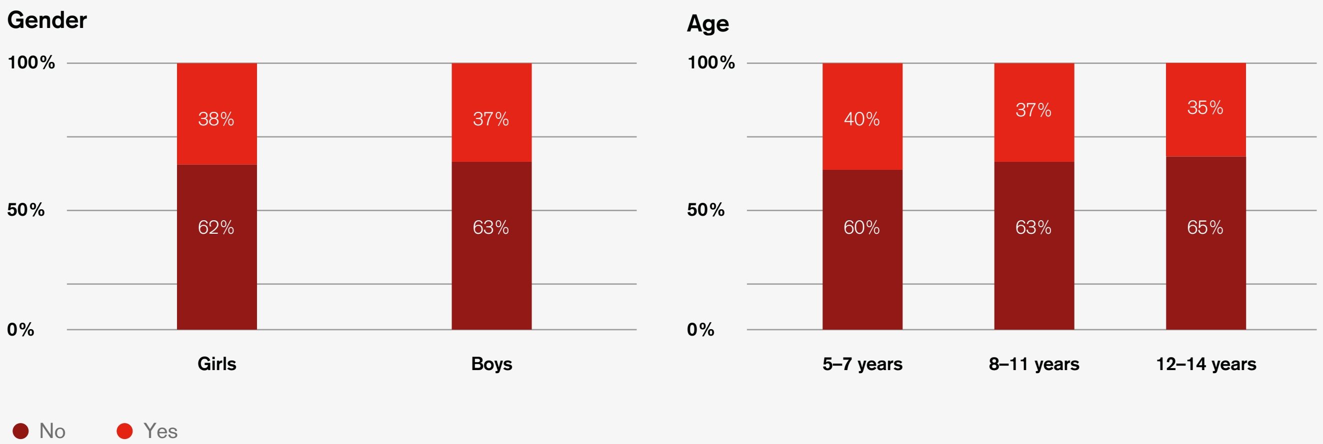


Figure 22

Conditions for pocket money
grouped by gender and age



Reward and Punish

Figure 23

Conditions for pocket money
grouped by language region, migration background, and political self-positioning

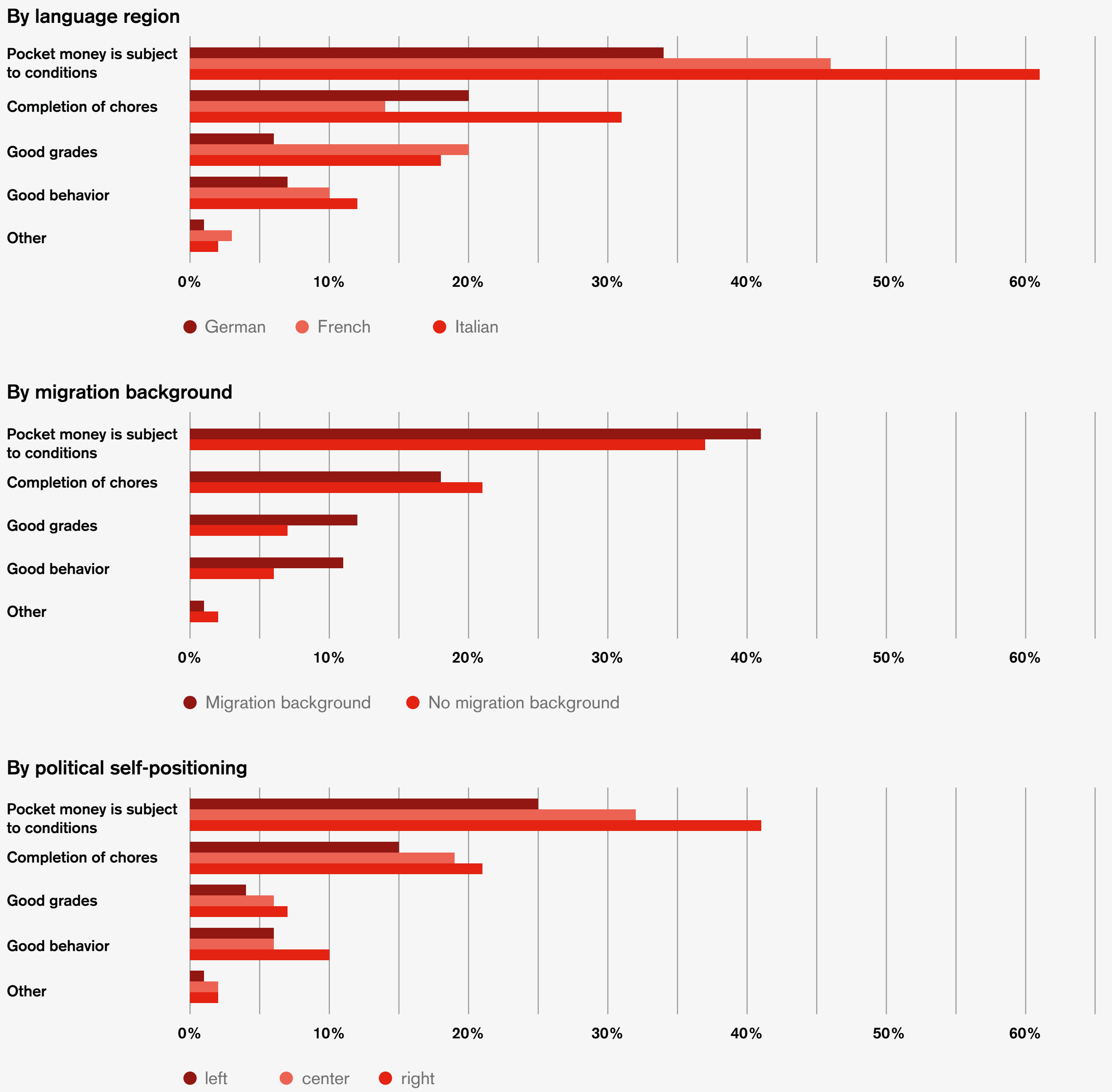


Figure 24

The chores that affect pocket money

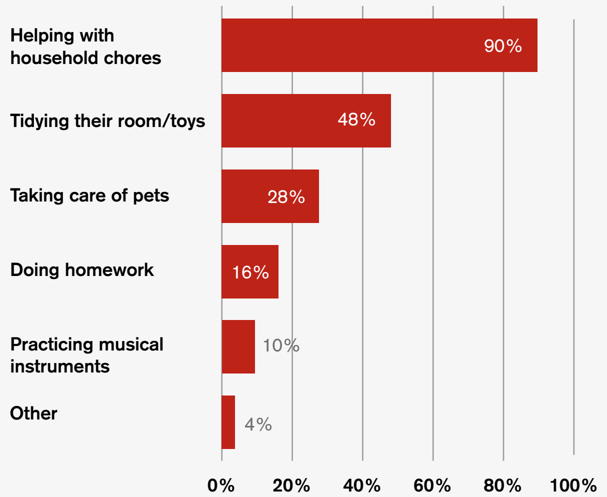
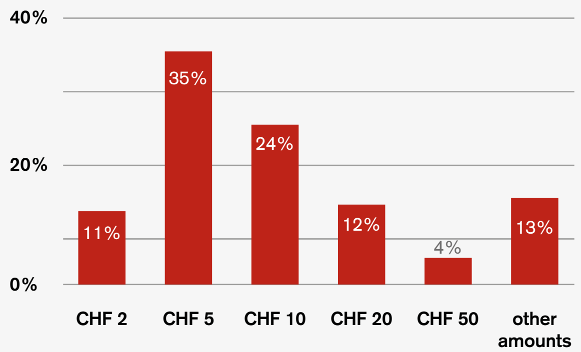


Figure 25

Frequency of the top six amounts of money for a top grade



Help with Household Chores Top of the List

Only a minority (37%) attach conditions to pocket money. Where conditions are set, in most cases (78%) these involve chores. Figure 24 shows which chores are meant here. By far the most common is helping out around the home (90%), followed by tidying the child's room/toys and looking after pets. This shows that parents who attach conditions generally base this on consideration in return for helping to manage the household rather than just duties that concern the children themselves, such as tidying their room or doing their homework.

How much does the minority that makes pocket money dependent on academic performance pay for a good grade? The 11% that do this were asked in the survey to indicate the specific amount that they would give a child for a 6/the top grade. 5 francs proved to be the most popular amount for this grade. Figure 25 shows the amounts most frequently given. Around one third give 5 francs for a top grade. The second most common amount given for excellent performance is 10 francs. Larger amounts than this are rarely given. When it comes to rewarding academic performance, the survey shows that even the small minority who reward academic achievements with money do so with symbolic rather than substantial amounts.

Reward and Punish

3.2 Punishments: Pocket Money in Comparison

Restricting Access to the Digital World More Effective Than Taking Away Pocket Money
As shown, only a few parents link pocket money to good behavior. This is not only to do with the understanding of pocket money, but may also say something about the (lack of) effectiveness of taking away pocket money as a parenting tactic. This assumption is confirmed by the direct question posed to parents about the punishments they use when bringing up their children. What do parents do when their children do not do as they are told?

Ninety-two percent of the parents surveyed use disciplinary measures when bringing up their children. The measures that are clearly used most often involve electronic media and communication devices. At the top of the list is the forced relinquishment of computers or smartphones. Almost two thirds of the parents surveyed use this tactic. Half of parents ban TV as a disciplinary measure. Almost 30% of parents ground their children, confining them to the house or their room, if the child does not want to obey. Taking away pocket money is only an option for 13%.

Parents were not only asked which punishments are used, but also which have proven to be effective in retrospect. Both are shown in figure 26.

Whether via a computer or smartphone, access to the digital world of WhatsApp, Snapchat, and YouTube seems to be the most valuable commodity for children today. In any case, controlling access to this world is the most powerful weapon in parents' arsenal of punishments. This is not only the option that is used most often, parents also clearly consider it to be the most effective. Nine in ten of the parents surveyed who use this measure consider it to be effective. The TV ban is also relatively effective, although it does not come close to the effectiveness of taking away the child's computer or smartphone. After all, these devices can also be used to watch TV and to do much more besides. The third most common punishment used is grounding—subjecting the child to room or house arrest. For parents today who are over 60 years old, this was still the punishment of choice. Parents with 5- to 14-year-old children not only use this punishment less often, they are also not as convinced of the effectiveness of these measures as the parents of the previous generation. This is understandable. After all, if the room provides access to the digital world, being imprisoned there does not mean being imprisoned from the world.

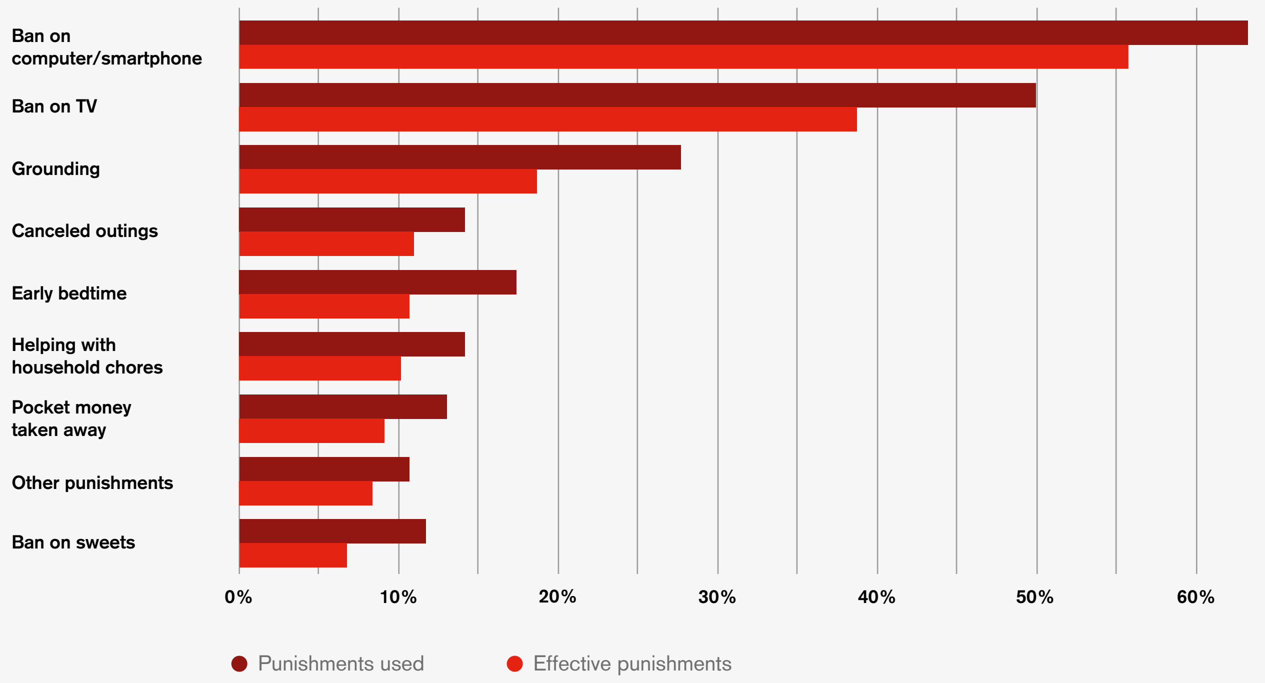
Taking away pocket money is even less popular as a form of punishment. For the issue of financial education focused on in this study, this is very important. There are three main possible explanations for this.

- Pocket money typically only represents the smallest part of what children are given. It is an extra that, as far as children are concerned, is not that big a deal to go without.
- Because pocket money is usually given on a weekly basis or less often, there is no immediacy. For the child, the taking away of pocket money is not felt immediately, only later.
- The punishment cannot be repeated an indefinite number of times. Parents can always ground their children or ban them from using media again. However, pocket money can only be taken away once per pocket money period.

It is precisely the rather insignificant role that pocket money plays as a disciplinary measure that enables its importance to be better assessed and contextualized. Pocket money is less of a fixed point than, for example, digital devices are for children, creating corresponding potential for conflict.

Figure 26

Punishments that are used and punishments that are effective when bringing up children



Reward and Punish

Influence of Gender and Age of Child

If children do not want to obey, then taking away pocket money is not the first punishment to which parents would turn. However, the importance tends to increase with age. For 5- to 6-year-olds, this measure is used by 12% of parents, for 13- to 14-year-olds by 18%. As has been demonstrated above, the proportion of children who receive pocket money and the amount of pocket money increase with age. Accordingly, the leverage provided by pocket money increases slightly. This is also reflected in the fact that parents who give a large amount of pocket money are more likely to use the taking away of pocket money as a disciplinary measure. However, even in this case the proportion is remarkably low and does not exceed 20% in any group.

As the age of the child increases, the importance of computers and smartphones in the punishment catalog (see figure 27) increases at a much faster rate than the importance of pocket money. In the case of 5- to 6-year-olds, the forced relinquishment of these electronic devices is still rated below a TV ban—the latter then markedly declines in favor of the former. Children appear to outgrow conventional TV watching at a very early age.

The biggest gender difference relates to computers and smartphones. For over two thirds of boys, parents use the digital devices as a pawn in the bringing up of their children, however they only do this for 55% of girls. The electronic devices appear to have an even greater value for boys. In any case, with the exception of "canceling outings," there are not really any typical punishments for girls. However, girls are generally not subjected to disciplinary measures as much as boys are.

Ticino Parents Are Least Strict

While only 8% of parents overall refrain from using disciplinary measures when bringing up children, in Italian-speaking Switzerland this is the case for almost one fifth of parents. In comparison to the other language regions, parents in Ticino and in Italian-speaking Graubünden ground their children less often and they hardly ever ban sweets.

Parents from French-speaking Switzerland refrain from imposing punishments altogether a little more often than parents in German-speaking Switzerland. When it comes to electronic media and confining children to the house or to their room, however, they are considerably stricter than the parents of the other two language regions.

Figure 27

Punishments used when bringing up children
by age of the child

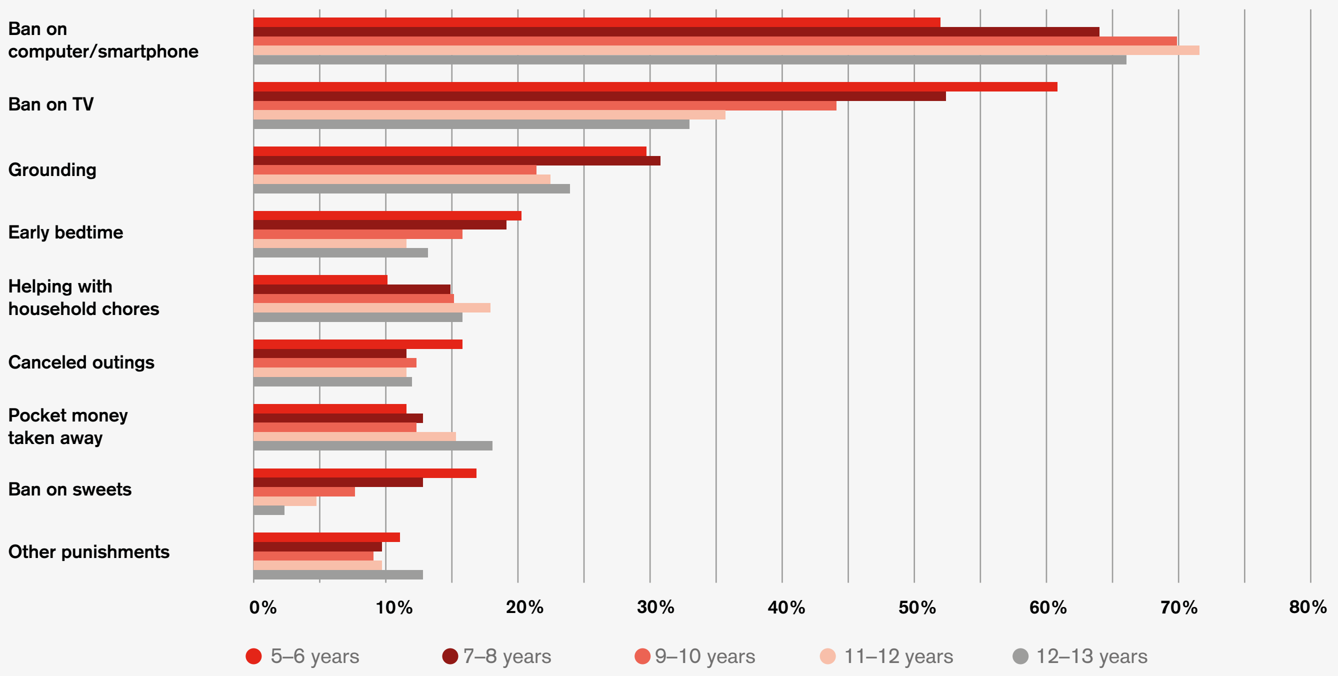
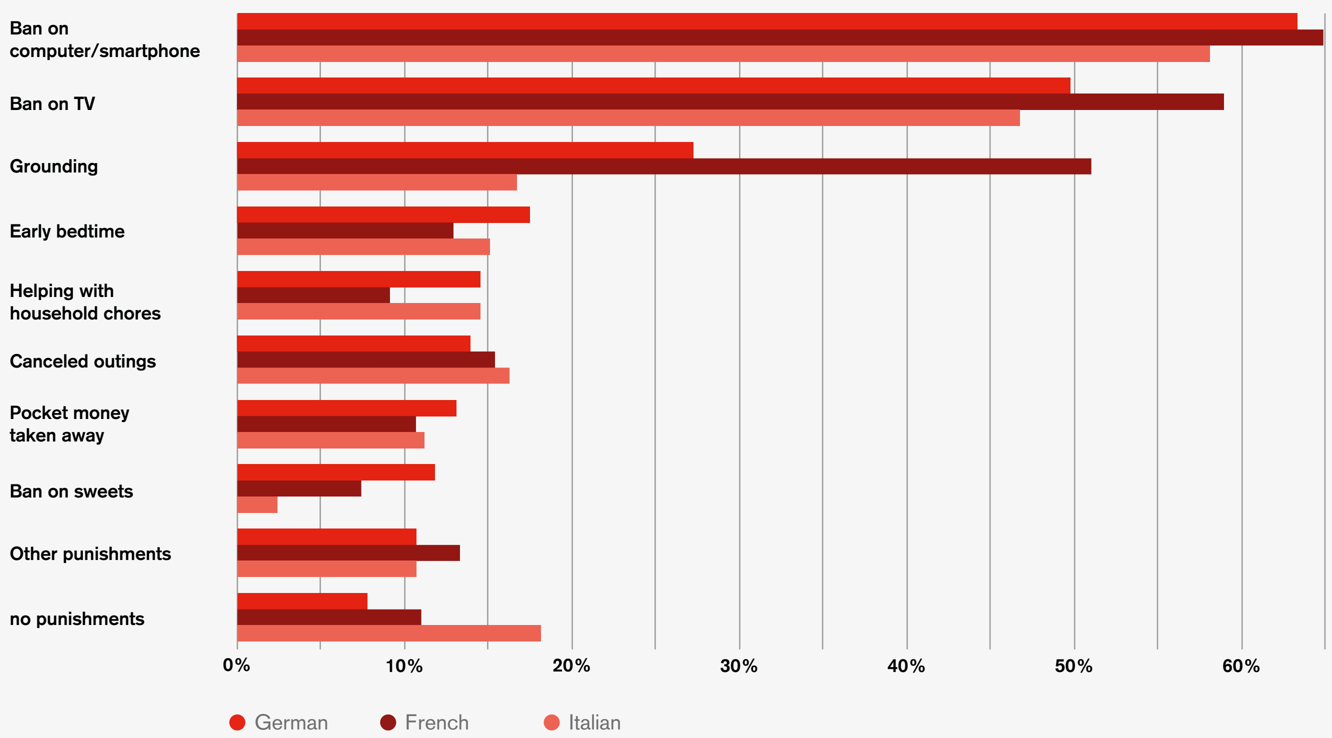


Figure 28

Punishments used when bringing up children
by language region



4 Saving and Spending

Whereas previously the focus was on pocket money arrangements and the conditions attached to it being awarded, we will now look at questions including what children spend the money on and how much of it they save. We will not only focus on pocket money in a narrower sense, but also generally on the conflict between spending and saving money in financial education.

As the evaluation in part one shows, most parents believe that saving is not an end in itself. Just a fifth of the parents surveyed consider the statement "Frugality is a virtue" an important guiding principle in financial education. What does this mean when it comes to actually managing money? To what extent do parents actually encourage their children to be frugal? What do they do when children have spent their pocket money too quickly? In this section, but also generally, the issue is how to deal with the challenges of the consumer society.

4.1 What Happens with Pocket Money

Mostly Freely Disposable
Pocket money is not a maintenance allowance. The amounts are relatively small and are an extra rather than a substantial financial support. Pocket money is a kind of practical exercise to teach children how to handle money. The approach is particularly important when deciding whether children can make their own decisions on managing and spending their pocket money or whether the pocket money must be used for a specific purpose. Two thirds of children are free to spend the pocket money they receive as they choose. They will learn to make independent investment decisions.

A minority of children must use at least some of their pocket money for specific purposes. For 11% of the children, less than half of their pocket money and for 22%, more than half of their pocket money is tied to a specific purpose. For the younger children, over a quarter of the money is earmarked. This then decreases to around 15% and remains relatively stable. When it comes to earmarking funds, there is also a slight gender difference. Sixty-nine percent of boys are free to spend their pocket money as they please, while for girls, the figure is 64%.

Of those children who are not able to spend their pocket money freely, 50% must set aside their pocket money for savings. However, taking into account all children who receive pocket money, the figure is just 15% as most children are free to spend their pocket money as they wish.

Children Save Voluntarily
Although most of the children are free to choose how they use their own pocket money, they do not spend it easily. Forty-three percent set the vast majority of the money aside and 40% set aside at least a smaller amount. Only 17% spend all of their pocket money. As figure 30 shows, it does not make much difference whether the child is free to spend their pocket money as they wish or at least some of the money is allocated for a specific purpose. In addition, of those children who are free to spend all of their pocket money as they wish, almost half save the largest share of the money. Less than 20% save nothing at all.

This shows that children do not simply use the financial freedom that they are given to satisfy their immediate consumer needs. Even without being forced to save by their parents, most of the children set aside at least some of their pocket money. The result is that children are building up their own savings. The average amounts saved typically increase with the age of the child. As figure 31 shows, 7- to 8-year-olds who have their own savings have on average saved up 650 francs. However, the amount they have saved themselves not only includes their pocket money, but also money given to them as a present that they do not spend. This money received as a present obviously accounts for the majority of the children's savings. Even if the children save consistently, the small amounts of pocket money received at this age would not amount to average savings of 650 francs. 13- to 14-year-olds have on average saved 1,410 francs themselves. At this age, however, the proportion of children who have saved money is also greater.

Figure 29

Pocket money: proportion tied to a specific purpose and list of purposes

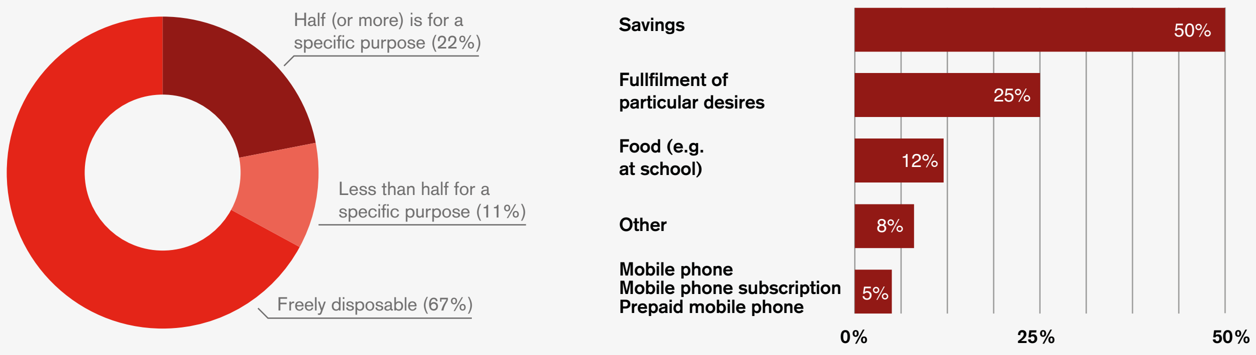


Figure 30

Children who save pocket money
grouped by earmarking of funds

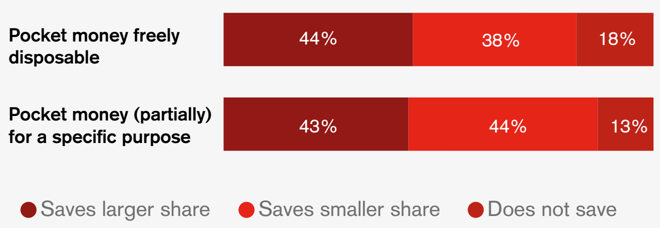


Figure 31

Average amount of money saved by children themselves
by age

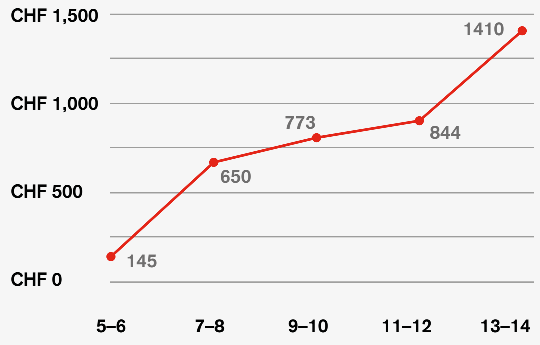
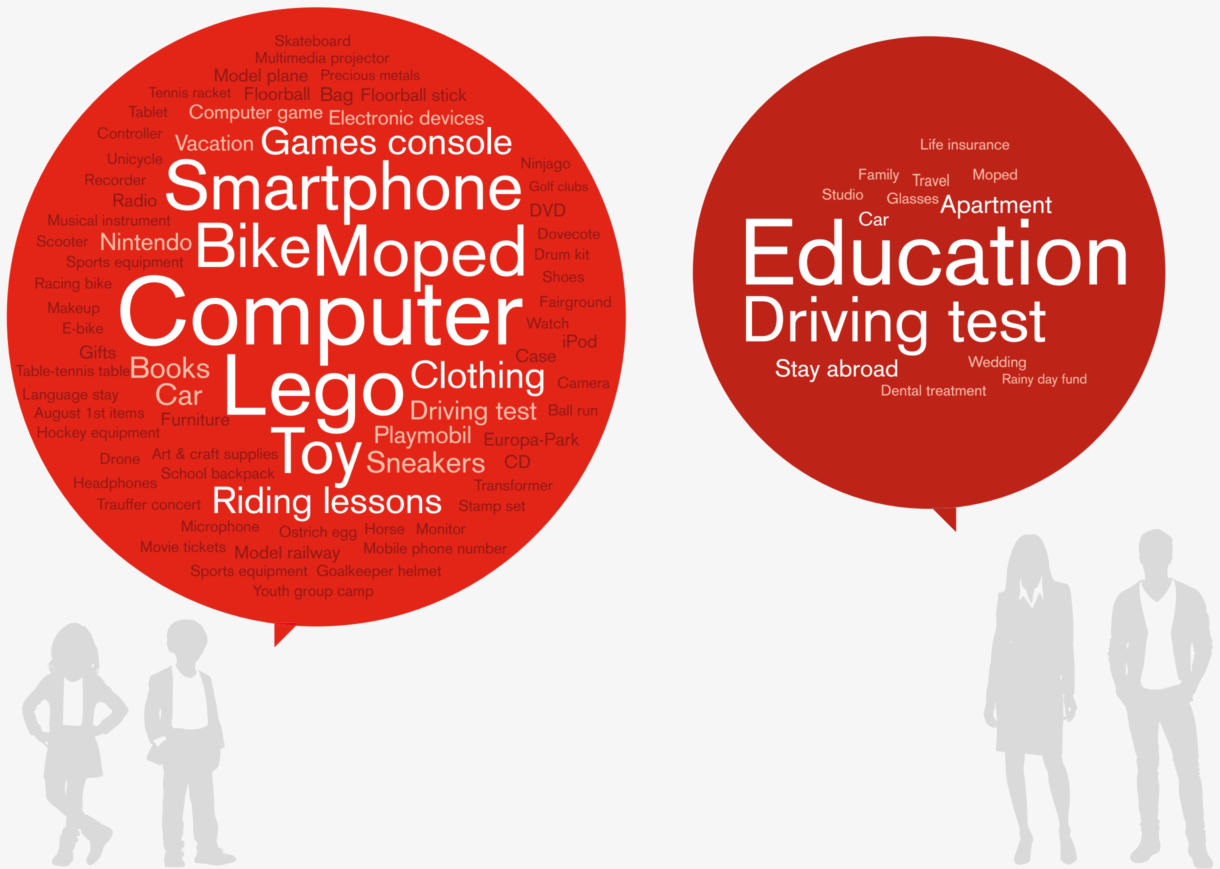


Figure 32

What children save for/What parents set money aside for



What Children Save For
Children understand from an early age that by not spending their pocket money immediately, they are able to fulfill greater desires in the future. By sacrificing instantaneous consumption in favor of a longer-term objective, the children grasp a key concept in dealing with money.

But why are the things that children save for? This question was put to the parents and, naturally, they do not always know what their children are saving for. Many parents state that the children are not saving for anything in particular, they are simply saving for the future. For those children who are saving for something specific, it is predominantly for a computer. The second most popular item is Lego and in third place a moped.

What Parents Set Money Aside For
Generally, pocket money is not a large sum. However, it is not the only money that parents make available for the benefit of their children. Almost 50% of the parents surveyed regularly set aside money for their children. A further 34% do so at least at irregular intervals. Just 17% of parents put no money aside for their children.

Even this money saved by the parents is usually made freely available to the children at a later date. About two thirds of the parents do not attach any conditions to the money. Among the rest of the parents, there were two predominant purposes. The word cloud in figure 32 illustrates this

If parents set aside money for a specific purpose for their children, then it is almost always to be used for training or a driving license. These goals eclipsed everything else.

4.2 Dealing with Shortfalls

"Don't live beyond your means" is one of the three core principles of financial education on which parents in Switzerland place particular emphasis. Part of learning how to manage money is recognizing that not all consumer desires can be met. This fundamental attitude is also reflected in the fact that the vast majority of parents agree with the statement that you should deliberately choose not to fulfill all of your child's wishes. Two thirds of parents surveyed completely agree. Another 30% agree to some extent. But what happens in reality? Do the children of the parents surveyed always abide by the guiding principles of the adults? And what happens if the money is not enough?

If the Pocket Money Is Not Enough

What do the parents do if the pocket money is not enough? Around half of the parents are consistent and do not provide any extra pocket money. This leads us to the conclusion that the other 50% of parents are not consistent and do not put their own principles of financial education into practice? However, this is not strictly true because the majority of the parents who provide extra money do not simply hand it over. Twenty-seven percent attach conditions to the extra money, for example completion of a chore. They adhere, at least in principle, to the idea that you cannot spend more than you earn. The emphasis is slightly different in the case of the 15% of parents who give their children extra money in the form of a loan. By granting their children a "small loan," the parents establish the principle of incurring debt at an early age. Whether or not interest was charged was not ascertained. The remaining 8% provide extra money unconditionally. This does not necessarily mean these parents are inconsistent. These are primarily people who do not regard managing money to be a high priority in education.

Figure 33 shows how pocket money running out is handled differently in the various language regions. The difference in basic attitudes toward financial education is also evident here. As shown at the start, parents from French and Italian-speaking regions of Switzerland attach less importance to learning to manage money. Therefore, a much larger proportion of these parents, particularly those in French-speaking Switzerland, would provide more money to their children without imposing conditions if the pocket money runs out. Conversely, it confirms that German-speaking Swiss parents generally adopt a stricter approach to money with their children.

Less Consistent with Older Children

In most cases, the younger children do not receive any additional money if they have used up their pocket money. As the children become older, however, more and more parents abandon this strict stance. In the case of 14-year-olds, well below half of the parents were not prepared to consider extra funds. While small children hardly ever receive a loan, this approach becomes more popular as the child gets older. At the age of 14, one in five children receives a loan if the money is not enough. However, the proportion of parents who provide extra money to their children without conditions also tends to increase.

Naturally, the growing consumer desires of the children put increasing pressure on parents to provide their children with more money. For some parents, this dynamic seems to outweigh their own proclaimed aim of encouraging independence and personal responsibility, an objective that figures highly in the hierarchy of educational goals.

Children Already Getting into "Debt"

Many parents have experienced the designated amount of pocket money being insufficient for the children. Generally, children only have small sums of money freely available to them, so it comes as no surprise that their consumer desires exceed the specified budget. Usually, this matter is dealt with between children and parents. Five percent of the parents with children aged between 5 and 14 years state that at least one child has already built up debt. What is actually meant by debt, i.e. what amounts are involved and to whom the debt is owed or was owed, was not determined by the survey. This means that it could be very small debts among peers. However, the results indicate that debt in the broader sense is not only an issue for teenagers and young adults, it also affects children.

A migration background is shown to have an effect on this. For foreign parents, the proportion of children who have incurred debt is nearly 9%. The proportion is also above average for parents who consider themselves left of center. This figure is 8%. Of the children whose parents attach less importance to managing money as an aspect of education, the proportion that has already accumulated debt is generally above average.

The 5% of parents who stated that their children have already got into debt were asked about the reasons. The well-known debt traps for young people nowadays are mobile phones and online activity. These are not key reasons for children getting into debt, mainly because the majority does not yet have access to these devices. Instead it was conventional shopping (38%) and other reasons (28%) that were most often cited.

Figure 33

If the pocket money is not enough
by language region

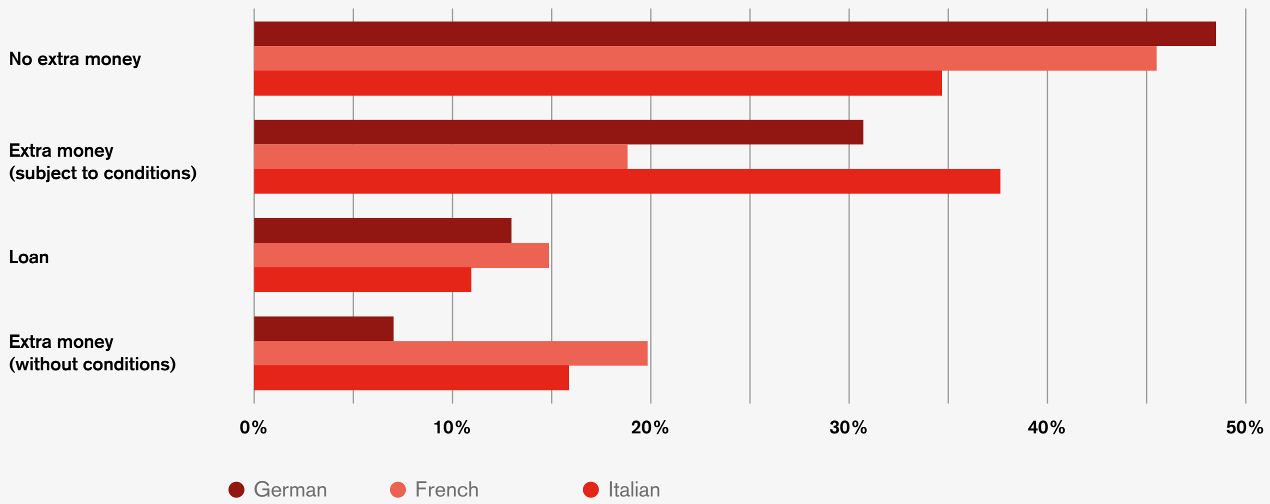


Figure 34

Action taken if the designated pocket money is not sufficient
by age of the child (smoothed proportions)

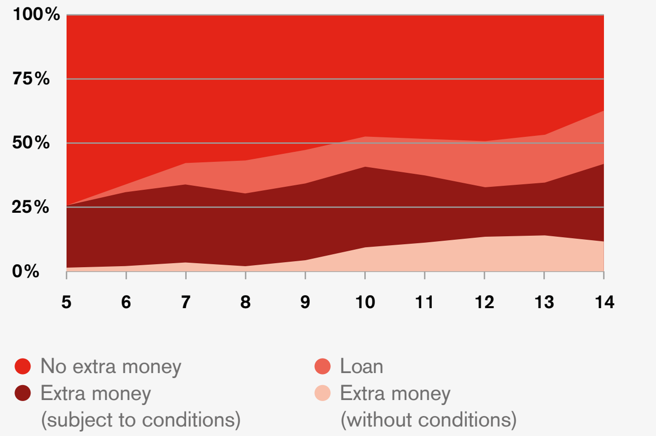
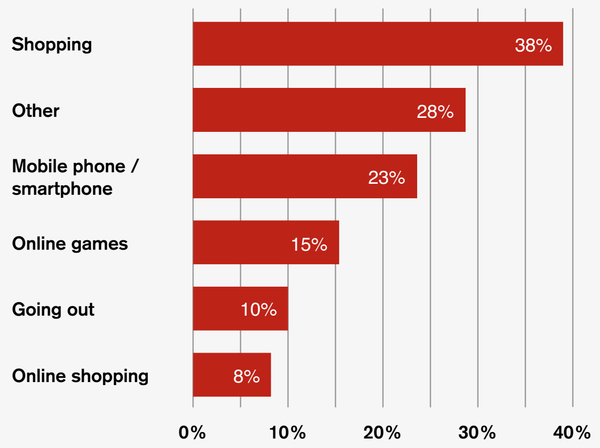


Figure 35

Reasons why a child has debt



Saving and Spending

4.3 Influences on Children and the Perception of Parents

Education in general and financial education in particular always takes place in a specific context. Children and adults alike are influenced by their environment: What other parents do and the experiences the children bring home from kindergarten or school. And, of course, the influence of advertising and their idols.

Stricter Than the Others

Only a few parents consider themselves less strict than other parents when it comes to financial education. Five percent state that they are a little less strict; none of the parents consider themselves a lot less strict than the other parents. Almost half of parents consider themselves average in terms of strictness. Forty-six percent strongly believe that they are slightly stricter or much stricter than other parents. Parents tend to perceive themselves as stricter and more consistent than those around them. At least some of the parents therefore consider themselves to be stricter than they actually are. This therefore leads us to the conclusion that parents see this as the ideal rather than something negative.

The same pattern is also reflected in how parents perceive the amount of pocket money given. Only 3% of the parents assume that their children receive more pocket money than other children. By contrast, almost one third of parents assume that other children receive more pocket money than their own.

Although there are indeed parents who tend to give more or less pocket money, and who judge this accordingly in their responses, the overall perception is slightly distorted. Parents who assume that they give less pocket money than the average, do actually give less than the average for the age of the child—7.40 francs less to be precise. Those who assume they give an average amount of pocket money, actually give slightly more than the average for the age of the child—2.80 francs more. The self-assessment is not too far removed from the reality, however there is a systematic tendency to underestimate the actual amounts.

Those who state that they cannot determine whether they give more or less pocket money than the average actually give slightly more (an extra 3.30 francs) than those who consider themselves average. Since barely anyone considers themselves to be above the average, the corresponding average value can only be quantified roughly—around 30 francs above the usual amount for this age range.

Who Leads Children into Temptation?

What gives parents the impression that they are stricter than other parents and give less pocket money? Clues for answering this question come, at least indirectly, from evaluating the people and institutions that parents believe have a positive or negative influence on their own children with regard to managing money.

When it comes to the people, initial thoughts are of those who are members of the family. As figure 37 shows, the vast majority of parents consider siblings, grandparents, godparents, and other relatives as having a positive influence on how their children deal with money. The influence of the parents of other children is judged more ambivalently, with just over 40% considering that these people have at least a rather negative influence. Of those within the family's personal environment, it is other children from outside the family who are judged most negatively. Two thirds of the parents surveyed consider the influence of these children to be at least rather negative. A reason for this may be that the other children cause the parents' own children to develop materialistic desires. Alternatively, when they are at home, the children may talk about money that is allegedly available in the homes of the other children, selecting specific examples that show the other children actually receive more than they do themselves. For this reason, parents therefore get the impression that, if anything, the other parents pay more money and are less consistent when it comes to financial education.

Parents believe that, among the people from the children's daily environment, it is the other children that have the most negative influence on dealing with money. However, the most negative influence of all comes from the media, from idols and in particular from advertising. In fact, around one third sees idols and advertising as having a very negative influence. Parents seem to see these in particular as spheres of temptation.

Opinion is divided in terms of the influence that banks exercise. The majority (56%) see banks as having a positive influence on managing money, while 31% see their influence as being rather negative, and 13% as very negative. Although the survey shows that banks do have a divisive reputation, they are in fact seen as significantly less tempting than advertising, for example. They are seen in a positive factor in financial education by just over half of respondents, with younger parents having much more favorable opinions of banks than older parents. Sixty-one percent of women say that the influence of banks is rather positive or very positive, while only 51% of men say the same.

Finally we come to schools and teaching staff. Of the parents surveyed, nine out of ten say that they consider these to have a positive influence on how their children manage money. After family members, these have the most positive values, which is remarkable. Schools were, after all, mentioned in the first part of this study, where the question was whether financial education is also the responsibility of the school and whether the school should play a greater role in this. Around three-quarters of parents disagreed with the latter statement, despite the vast majority of parents, as is now apparent, recognizing, at least implicitly, the positive influence of schools and teaching staff on financial education. However, for parents it is evidently crucial that the main responsibility very clearly lies with them.

Figure 36

Deviation from the average amount of pocket money
based on self-assessment

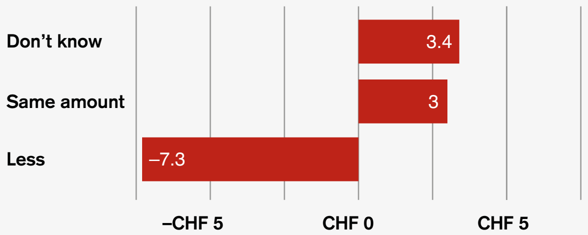
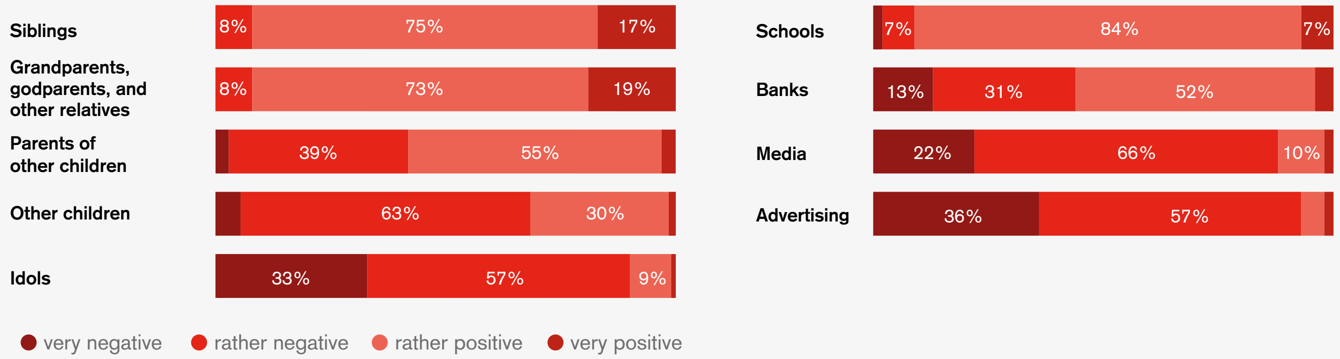


Figure 37

Influence of various individuals on how children manage money



CREDIT SUISSE (SWITZERLAND) LTD.
P.O. Box 100
CH-8070 Zurich
credit-suisse.com

07.2017