

# **Financial Health for the Next Generation**

## **Secondary School Students**

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**The Stock Exchange of Thailand**

November 8, 2006

# Thailand

- Why Financial Literacy ?
- Why the Stock Exchange of Thailand?
- Why Secondary Students?
- Content Development
- Partnership
- Public Relations / Communication
- Limitations

# Why Financial Literacy?

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- Why Financial Literacy ?

|                        | world             | Thailand | % of world            |
|------------------------|-------------------|----------|-----------------------|
| GDP –ppp<br>billion    | 60,710            | 560      | 0.9                   |
| GDP per<br>capita -ppp | Richest<br>69,900 | 8,300    | 11.87 %<br>Of richest |
| Population<br>billion  | 6.525             | 0.064    | 0.98                  |

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- Why Financial Literacy ?

|   | Thailand              |
|---|-----------------------|
| unemployment  | 1.8 %                 |
| Avg. household debt /<br>annual income<br>(US\$1=Baht 40) | 2,500 /4,375<br>(57%) |
| Decline in saving rate                                    | 5% of GDP             |
| Consumption expenditure                                   | 20-25% of GDP         |
| High NPL credit card<br>consumer loan                     | 5%<br>12%             |

# Thailand

- Why Financial Literacy ?

1. Financial understanding
2. Financial competence
3. Financial responsibility

# Why The Stock Exchange of Thailand?

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# Thailand

## Why the Stock Exchange of Thailand?

- 2001 partnership with Junior Achievement International
- No academic institutions offer any Personal Financial courses
- Corporate Social Responsibility (CSR): aim for long term financial health of Thai society
- Sustainable long term > piece meal

# Why Secondary School Students?

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## Why Secondary School Students?

- Older students e.g. university students or high school seems to be more relevant, but.....
  - Too many extra curricula activities for University students
  - deadly competition for University entrance exam with high school students → tutorial classes, no time for anything else in life!
  - Educate at the young age can have a life-long impact
  - Compulsory education end at grade 9, some will not have chance for continued higher education

# Content Development

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## Content Development

- **Target groups: grade 1-12 students**
- **Main themes:**
  - Earning
  - Saving
  - Wise spending
  - Wealth management
  - Live the ethical life

# Earning = income

- **Career planning**
  - Career options & job market
  - Assessing personal interests and skills
  - Design business card
- **Job hunting** :
  - Steps in getting job
  - Job opportunities & compensation package
  - Job application / resume
  - Interviews (role play)

GDP ppp US\$ 560.5 billion

GDP real exch US\$ 183.9 billion

Labor force 35.36 million

% of GDP

% of GDP

Agriculture 9.9 49

Industry 44.1 14

Service 46.0 37

Source : The World Factbook

Last update : October 17, 2006

# saving

- Compounded interest rate
- Time value of money
- Opportunity cost
- skip the small stuff for more meaningful things in life
- Save it for rainy days
  - retirement build up
  - extremely small social security allowance
  - Self employed / agricultural based society (82% of labor force)

# True Rate of Interest for Various Compounding Frequencies (5% stated rate of interest)

| compounding Frequency | True Rate of Interest |
|-----------------------|-----------------------|
| annually              | 5.000                 |
| semiannually          | 5.063                 |
| quarterly             | 5.094                 |
| monthly               | 5.120                 |
| weekly                | 5.125                 |
| continuously          | 5.127                 |

# Wise spending

- Family and personal budget  
(activity based)
  - Why
  - How
- Paying the bill : writing Cheque  
Credit card  
consumer credit

# Wise spending

- House and car
  - Rent or buy
  - Factors to consider
  - Take control of the total process
  - Insurance options

# Wealth management

- Investment options
  - Assets
  - Business
  - Security investment
    - Government bond
    - Corporate bond
    - equity
- Stock market game

## Comparative Return : 1976 - 2004

## Real Return : 1976 - 2004

| year | SET index | SET return | Fixed D1 y | Govt bond | Corbond | inflation | SET     | Fixed D1 y | Govt bond |
|------|-----------|------------|------------|-----------|---------|-----------|---------|------------|-----------|
| 1976 | 82.69     | -1.64      | 800        | na        | na      | 4.20      | (5.84)  | 3.80       |           |
| 1977 | 181.58    | 119.59     | 800        | na        | na      | 7.60      | 111.99  | 0.40       |           |
| 1978 | 257.73    | 41.94      | 800        | na        | na      | 7.90      | 34.04   | 0.10       |           |
| 1979 | 149.40    | -42.03     | 900        | na        | na      | 9.90      | (51.93) | (0.90)     |           |
| 1980 | 124.67    | -16.55     | 1200       | na        | na      | 19.70     | (36.25) | (7.70)     |           |
| 1981 | 106.62    | -14.48     | 1300       | na        | na      | 12.80     | (27.28) | 0.20       |           |
| 1982 | 123.50    | 15.83      | 1300       | na        | na      | 5.20      | 10.63   | 7.80       |           |
| 1983 | 134.47    | 8.88       | 1250       | na        | na      | 3.80      | 5.08    | 8.70       |           |
| 1984 | 142.29    | 5.82       | 1296       | na        | na      | 0.90      | 4.92    | 12.06      |           |
| 1985 | 134.95    | -5.16      | 1208       | na        | na      | 2.40      | (7.56)  | 9.68       |           |
| 1986 | 207.20    | 53.54      | 923        | na        | na      | 1.90      | 51.64   | 7.33       |           |
| 1987 | 284.94    | 37.52      | 725        | na        | na      | 2.50      | 35.02   | 4.75       |           |
| 1988 | 386.73    | 35.72      | 748        | na        | na      | 3.80      | 31.92   | 3.68       |           |
| 1989 | 879.19    | 127.34     | 950        | na        | na      | 5.40      | 121.94  | 4.10       |           |
| 1990 | 612.86    | -30.29     | 11.85      | na        | na      | 6.00      | (36.29) | 5.85       |           |

# Comparative Return : 1976 - 2004

# Real Return : 1976 - 2004

| year      | SET index | SET return | Fixed D1 y | Govt bond | Co bond | inflation      | SET           | Fixed D1 y   | Govt bond    |
|-----------|-----------|------------|------------|-----------|---------|----------------|---------------|--------------|--------------|
| 1991      | 711.36    | 16.07      | 12.25      | na        | na      | 5.70           | 10.37         | 6.55         |              |
| 1992      | 893.42    | 25.59      | 9.08       | na        | na      | 4.10           | 21.49         | 4.98         |              |
| 1993      | 1,682.85  | 88.36      | 8.25       | na        | na      | 3.30           | 85.06         | 4.95         |              |
| 1994      | 1,360.09  | -19.18     | 7.44       | na        | na      | 5.00           | (24.18)       | 2.44         |              |
| 1995      | 1,280.81  | -5.83      | 9.96       | na        | na      | 5.80           | (11.63)       | 4.16         |              |
| 1996      | 831.57    | -35.07     | 9.21       | na        | na      | 5.90           | (40.97)       | 3.31         |              |
| 1997      | 372.69    | 55.18      | 9.18       | na        | na      | 5.60           | 49.58         | 3.58         |              |
| 1998      | 355.81    | -4.53      | 8.90       | na        | na      | 8.10           | (12.63)       | 0.80         |              |
| 1999      | 481.92    | 35.44      | 4.50       | 4.87      | na      | 0.30           | 35.14         | 4.20         | 4.57         |
| 2000      | 269.19    | -44.14     | 4.00       | 14.49     | na      | 1.60           | (45.74)       | 2.40         | 12.89        |
| 2001      | 303.85    | 12.88      | 3.00       | 8.12      | na      | 1.60           | 11.28         | 1.40         | 6.52         |
| 2002      | 356.48    | 17.32      | 2.00       | 10.39     | 9.61    | 0.70           | 16.62         | 1.30         | 9.69         |
| 2003      | 722.15    | 116.6      | 1.00       |           |         | 1.80           | 114.80        | (0.80)       | (1.80)       |
| 12-Jul-04 | 662.77    | -14.17     | 1.00       |           |         | 2.50           | (16.67)       | (1.50)       | (2.50)       |
|           |           |            |            |           |         | <b>total</b>   | <b>434.55</b> | <b>97.62</b> | <b>29.37</b> |
|           |           |            |            |           |         | <b>average</b> | <b>14.93</b>  | <b>3.37</b>  | <b>4.90</b>  |

# Live the ethical life (role play)

- Business 's responsibility to its
  - Employees
  - Customers
  - Stockholders
  - Community
- Environment
- Taxation
- Social contribution / donation

# Partnership

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## Partnership with the Ministry of Education

- **Focus group**

to draw the attention and inputs-→  
expected outputs

academic guru, bankers, business leaders,  
educators, parents, students, press, etc.

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## Partnership with the Ministry of Education (MoE)

- **Working-editorial Committee**
  - To draw outline and editing
- **“product testing”**
  - Test the content / activities with sampling classes
  - Test targeted student whether they understand the text book content

# Thailand

## Partnership with the Ministry of Education (MoE)

- **Train the Educators & Teachers**
  - So they are well equipped to deploy the content to students **30,000 in 2 years**
- **Train the Trainers**
  - To speed up the teachers' training nationwide **50 / 1,000 volunteers**

# Thailand

## Partnership with the Ministry of Education (MoE)

- **Trainer / teachers' Aids**
  - Powerpoint presentation
  - Samples of teaching implementation (teachers and students' work)
  - CD and web-based activities, interactive lessons & games

# Public Relations / communication

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## Public Relations :

communication is the Key Success Factors

- **Media Coverage**

- Text book launched : invite the Minister of Education, educators, press, etc. to preside over the ceremony

# Thailand

## Public Relations :

communication is the Key Success Factors

- **Media Coverage**

- Financial Literacy Competition :

- nationwide secondary school students
- Money rewards, plaque, and certificate
- Top eight students win 2-week scholarship to study English / tour in Australia
- Full TV coverage – Newspaper and monthly newsletter

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## Public Relations :

communication is the Key Success Factors

- **Media Coverage**

- Personal Financial Camp :

- during school breaks
    - games and lots of fun-filled activities

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## Public Relations :

communication is the Key Success Factors

- **Media Coverage**

- “Head Start Schools” :

- top schools to have direct training from selected gurus
- entitled to more advance or new developed courses : e.g. critical thinking and problem solving

# Thailand

## Public Relations :

communication is the Key Success Factors

- **Media Coverage**

- volunteer training :

- to attract more talents / socially dedicated great hearted people who care to share.....  
“teach to learn”
- To build awareness on SET activities and social contribution

# Limitations

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# limitations

- Public awareness on Financial Literacy
  - don't know about their “itch”
  - Underestimate the impacts on their lives
  - Not enough concern and effort for their long-term life strategy

# limitations

- School time and support
  - Too many course contents to cover, no time for “un-authorized” topics
  - Most teachers find the content for secondary school students too difficult to deploy

# limitations

- Finding the right volunteers
  - Good heart
  - Good head  
(understanding, presentation skills, can handle difficult class, etc.)
  - Time  
(personal time vs. corporate social contribution)
  - Traffic jam

# Milestone : 2001- Sep 2006

|             |            |     |
|-------------|------------|-----|
| training    | : students | 300 |
|             | schools    | 400 |
| camps       | : students | 450 |
|             | schools    | 100 |
| competition | : students | 00  |

15,

# Multimedia Sample

Financial Health for  
the Next Generation

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