

1. Read the Financial Times article 'What do children spend their pocket money on?'
2. Underline reasons why young people should have pocket money

### What do children spend their pocket money on?

**In our increasingly cashless society, parents are turning to apps and payment cards designed for youngsters**

*Claer Barrett in London January 14 2020*

Some things about pocket money haven't really changed in 30 years. The most popular day for receiving it is on Saturday, according to a survey of more than 25,000 UK parents and children.

Tidying your room is the most common chore demanded by parents before any money changes hands. And incredibly, children are most eager to spend their money on books, magazines and sweets.

This study of the financial habits of four to 14-year-olds in 2019 is not based on cash transactions, as no notes or coins are actually being put into pockets. Instead, the data has been gleaned from parents who use apps and preloaded contactless card to teach children as young as four how to navigate our increasingly cashless society. You might find this shocking, but closer examination of the top items bought by children using their pocket money helps explain the rise of digital payment cards aimed at a younger age group. While books and magazines were ranked in first place, six of the top 10 purchases that children made in 2019 were gaming-related.

According to an Ofcom study in 2016, just over one-third (34 per cent) of pre-schoolers aged between three and four have their own device such as a tablet or games console, and one in three tweens (eight to 11s) and eight in 10 older children (12-15s) have their own smartphone. Other studies have shown children's financial habits are formed by the age of seven.

Some people believes that by giving children the opportunity of spending money on their own card, they will better understand its value (crucially, they cannot spend more than they have available).

Some parents might think their children are too young to be given the means to make online payments, but I like the ability of these apps to expose young people to the virtual world with a parent looking over their shoulder. If they make a mistake, lessons can be learned. And it does encourage conversations about money, which will prove useful as their financial education continues. However, this learning experience also costs parents money; typically £25 to £30 a year, depending on the app, plus some charge extra for loading money above a certain limit or spending money overseas. As well as making it easier for children to spend money, pocket money apps can also encourage them to earn it and save it.

Most of these apps allow parents to attach conditions such as completing specific tasks before this allowance is credited. Alternatively, children can earn extra credit for chores such as mowing the lawn (the top earner at an average £2.86) or washing the car (£2.62) — assuming they stop playing Fortnite for long enough to do so.

If we want our children to navigate the online world of virtual money with confidence, innovation in the pocket money space should be more widely encouraged. The ease of contactless spending, the practice of "buy now pay later" and the rise in online fraud will be waiting there to trip them up, so they need all the digital financial education they can get their hands on.

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