



# Innovative Finance Inclusion

## Teaching Notes

### FGI - First Generation Investors

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**Authors:** Dr. Abbou Inbal, Ms. Orly Laniado

**Affiliation:** Kibbutzim College of Education,  
Technology and the Arts



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## Synopsis

First Generation Investors (FGI) is an American Nonprofit organization which teaches underprivileged high school students how to invest real money, hence contributing to their financial education and inclusion, while also empowering them on a social and educational level. FGI uses real money to introduce high school teens to investing in the stock market. For the first time in their life, participants learn about saving and investing, hence giving them a chance to accumulate wealth over time. Learning is done by investing real money, and by using learning materials and examples which are relevant and close to the teenagers' lives. The instructors are all volunteer college students, and the minimal age differences between the students and their instructors is a valuable aspect contributing to the program's success.

## Target Audience

This case study is intended for high-school pupils or university undergraduate students, learning about financial inclusion or social initiatives.

## Case Study Objectives

1. Reviewing and understanding main interest points in the FGI case-study
2. Encouraging pupils to think about similar financial inclusion initiatives which can be based on a model like that of FGI's
3. Discussion about pros and cons of stock-market investing at a young age - as a gateway to insight: Financial activity can sometimes be gamified, yet this should be done in a responsible manor

Commented [VH1]: Rephrase?



## Recommended Lesson Structure

(For a 45-minute lesson)

### Part 1 - Teacher's intro (15 Minutes)

Teacher will review the main aspects of the FGI case study, while emphasizing the following aspects:

- \* Using real money to teach highschoolers about investing
- \* Using college and university students as instructors to the highschoolers - small age gaps help create friendships, build credibility and trust, and inspire underprivileged teens regarding going to Collage.
- \*Benefits for underprivileged teens who learn about investing - benefits go beyond investing. They learn about business brands, savings, financial wellness and responsibility, future planning, and more.
- \* The relevance and the meaning of the slogan "Stocks over sneakers" - less impulse shopping and unnecessary spending over brands (or short-life social status), and more planning / investing for the long-run.

### Part 2 - Team brainstorming (15 Minutes)

The teacher will divide the class to teams of 2-4 students each and request each team to brainstorm and think about similar financial inclusion initiatives, which can be based on learning with real money / peer instruction / first exposure to the field of stock investing.

Guiding points:

- \* Who is the target audience?
- \* What is the operational model?
- \* What are the main financial inclusion benefits on the planned activity?

### Part 3 - Open class discussion: Guiding questions (15 Minutes)

**Q1. What are the positive and negative aspects of youngsters learning to invest in the stock market?**



Discussion participants are expected to identify positive aspects such as gaining knowledge regarding finance, gaining financial responsibility, learning about the business world and specific traded companies, and more. On the downside, investing while young may lead to addiction or cause inexperienced youth to lose valuable savings. Teens may view investing as a 'game' while not completely realizing potential risks in complex investing (derivatives etc.) or even addiction. Some youngsters may view investing as a 'shortcut' to a better life, while neglecting to invest proper time & effort in work, education, or relationships.

**Q2. The investing 'scene' for Gen Z - different aspects & considerations**

- Should investing be 'democratized' while being inclusive and open for all?

- Why are banks, fintech organizations and investment powerhouses interested to lure youngsters into investing? (Basic answer: to create a new generation of customers)

Class participants may be able to recall a few dedicated investing apps for Gen Z, which are now very popular - apps like Robinhood, Stash, Acorns, and more.

- The GameStop stock in the USA and the notion that teens may invest in trendy stocks without actually knowing what their business potential really is<sup>1</sup>.

**Discussion Insights**

Financial inclusion is welcomed and highly important, but it should be done responsibly. Sometimes, providing an un-banked or under-banked person with financial tools or platforms - especially in context of gamification of investing - can lead to negative side-effects which should be mitigated via proper supervision of a more experienced person, as done by the FGI in the USA: The participating high-school students are closely monitored by their instructors, and they gain full ownership to their investing account only after graduating high-school and graduating the FGI program. The money invested during the program is not 'big money' (only 100\$ per participant), and this also helps to keep hold of the activity and remind participants this is not just a 'game' for fun or for seeing who made the most profits.

<sup>1</sup> <https://www.latimes.com/business/story/2022-01-25/column-gamestop-meme-stocks>

