Online Financial Simulation as A Supplementary Learning Tool

Financial Education – the Need

Despite the economic leadership of this country in the world, the US is plagued by financial illiteracy. Most Americans have received limited training in financial skills. For example, as reported by the American Savings Education Council, only 21 percent of those between ages 16-22 have taken a personal finance course at school (American Savings Education Council, 1999). The quality of existing financial education is also an issue. Most of the finance classes are limited to class discussions with limited real world practice.

“The cumulative effect of millions of financially illiterate Americans, unable to meet financial goals for themselves and their families, has large-scale national implications” (Education, 2002). Advocates of financial education believe that teaching of money matters should start as early as possible. Alan Greenspan (2003), Federal Reserve Board Chair, stated that financial education should be provided starting from the elementary and secondary school level.

Computer Technology and Games & Simulation

The exponential growth of the Internet in recent years has made new models of teaching and learning possible and affordable. Online educational simulation is one of these new approaches.

The educational simulation is an instructional strategy especially appropriate for learning goals that can be costly and dangerous to achieve. For example, the flight simulation gives the pilot an opportunity to acquire knowledge and skills without the loss of airplane and life. Simulation is also consistent with modern learning and instructional philosophy that meaningful learning occurs when students construct knowledge via concrete experience (Gredler, 1996).

As a type of educational simulations, financial simulation provides a computer-generated trading environment where students can acquire trading experience and apply financial knowledge and skills learned in the classroom. In this environment, trading experience is acquired without the danger of financial loss, which can be very costly in a live stock market.

STOCK-TRAK® Portfolio Simulations

STOCK-TRAK Portfolio Simulations (2003) is an online financial simulation tool developed for high school and college students.

STOCK-TRAK Portfolio Simulations provides an alternative and supplementary approach to financial literacy training. Coupled with the traditional learning that involves attending courses and taking notes, the Simulations provides each participant an opportunity to synthesize and construct trading knowledge through experience. A registered student is given a trading account during the semester(s) that he or she has signed up for the simulation. He or she will have a hypothetical amount to trade with on the STOCK-TRAK online trading interface which is similar to real-world trading environments such as E-Trade. The learner can monitor his or her trading performance. Reports of class performance and student transaction details are available to professors. The simulation offers a full set of complementary online tools to help students make investment choices. Quotes provide 15-minute delayed pricing from major American exchange markets. Learning Resources make available trading strategies from Websites, newspapers, and textbooks. The presentation will demonstrate the tool.
The Study

As a supplementing instructional tool, STOCK-TRAK Portfolio Simulations aims to enable meaningful learning by doing. How effective is the tool? What should we do to provide students with a better learning environment? Research has been conducted in an ongoing manner to iteratively improve the tool. This presentation reports a recent study conducted to evaluate the tool from the perspective of the learner.

We carried out a large scale survey research in April, 2003. Both open-ended and close-ended questions were used. About 3500 students participated in the study. The study asks students about their perception of the overall value of tool to their learning, the user interface, and the quality of the customer service. The presentation will discuss the research procedure, the results of the survey and recommendations for future improvement.

References