

# Financial Education: new takes, up-to-date solutions

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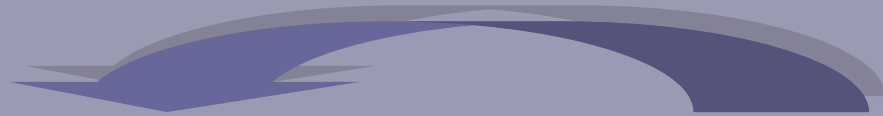
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# Our Mission

To create, support and implement financial literacy programs and projects in order to improve the level of Russians' , financial knowledge, taking into consideration the social and economic conditions of our country and the experience accumulated both in Russia and abroad.



# Foundations Projects



Arrangements

- ✓ *Club sittings*
- ✓ *Competition*
- ✓ *Club website creating*
- ✓ *Involving Financial Academy students*
- ✓ *Inviting financial market specialists*
- ✓ *Publishing a Club's newspaper*

**Financial smarts club**

**Financial literacy  
to the youth of Moscow**

**Life in Credit:  
sensible approach**

Projects

**Teaching the young people mainly**



Presentation of the Financial Smarts Club in Moscow gymnasium #1518



# Young People of Russia: Some Facts

There are 39.4 mln. citizens at the age of 14 -30

40 % of young people are studying

The number of people with higher education degree has increased 2 times as much as it was in 1992

Demographic factor influences on the young

41% of all the unemployed are people at the age of 16 – 29

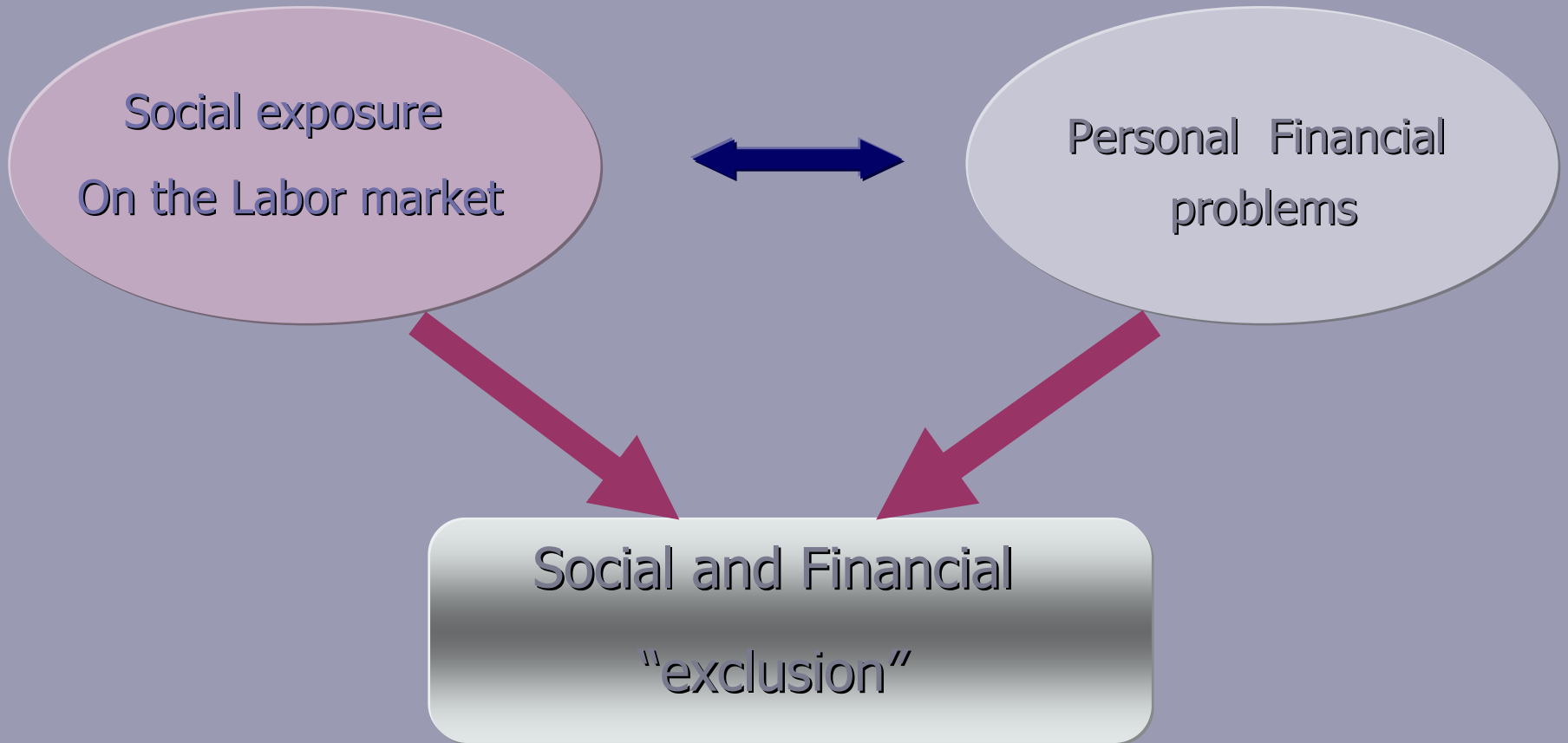
Begin working earlier

1/3 of the poor in Russia are young people

25% of the Internet users are teenagers under 18 years old

**Feel Like Being Adults? Have new Problems**

# Feel Like Being Adults? Have new Problems



# Financial Market Development ...

## Causes

- Sophistication of financial products
- Growth of the products differentiation
- Increasing complexity and the “price” of choice

## Shows up

- More competition
- More aggressive advertising
- More availability of the credit products

## Nevertheless

- Most contracts are of long duration
- More risks are transferred to individuals
- Personal responsibility for the financial future is growing

# And what we have in Russia?



- ❑ The level of financial literacy of the young people of Russia is low
- ❑ In fact, there is no address teaching of personal finance in the system of education
- ❑ Financial market experience of parents limited and mainly negative

# Financial Literacy



## Financial competence:

- ✓ understanding financial products
- ✓ experience in using products and tools



## Financial responsibility:

- ✓ risk realizing
- ✓ understanding of consumer's rights and commitments



## Financial planning:

- ✓ family budget planning
- ✓ skills and habits of following the budget

**The capability to express your own point of view and to take proper measures in managing personal money**

# Reasons to Worry

- ❑ The interest how to earn and spend money is far more than the one how to manage the earned money and to find information about it
- ❑ One values demonstrative spending money more than saving
- ❑ Ad's makers taking into account children's interests get parents to be more generous than they perhaps would like to
- ❑ Young people more often buy things due to ad (59% at the age of 18-24) (Romir monitoring)

# Secondary school students: some facts

- ❑ High self-appraisal

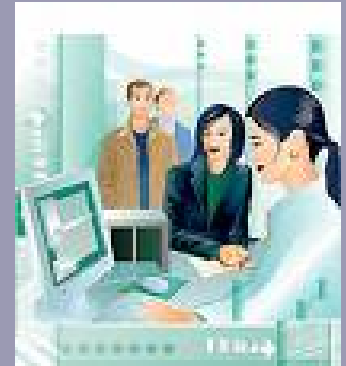
76,6% of the students estimate their ability to manage money as good enough

- ❑ Pocket money is not yet an element of teaching in most families

55% of the students are provided with pocket money by their parents whenever they ask irrespective of any motivation

- ❑ Financial skills are formed badly in the families

37,8% of the students never take part in the simplest financial operations (for instance, payment for public service)



# There is a reason for musing

- ❑ A mobile phone is not considered to be a financial product
- ✓ 50,7% of the students are indifferent to their mobile phones' tariff plans;
- ✓ only 20,2% of the students try not to exceed limits of payment for mobile calls, established by their parents
- ❑ Parents are thought to be the main source of information regarding financial questions



Only 1,7% of the students are taught to manage the money at the school lessons

# Consequences of the younger generation's low financial literacy

- ❑ Taking inefficient decisions at the beginning of working life
- ❑ Difficulties in setting up in business
- ❑ Debts accumulation
- ❑ «Exclusion» of the opportunities and advantages of the financial market
- ❑ Insufficient amount of savings for future life goals
- ❑ Accumulation of negative experience, social apathy



# Financial Literacy – a result

Financial education is a process, aimed at


- ✓ expanding the knowledge on the main financial products, instruments and institutions;
- ✓ developing practical skills in taking decisions in the sphere of personal finance and ability in estimating profits and risks ;
- ✓ forming personal responsibility for the financial well-being ;
- ✓ awareness of consumer's rights and commitments;
- ✓ forming positive financial behavior;
- ✓ forming responsible, self-confident, active citizens of the Russian society.

## Financial education – a process

# Up-to- date priorities

People's awareness of the importance of financial education for everybody

Most people are blissfully unaware of their incompetence ( David Danning, 2003)



International experience's study in the sphere of youth financial education.



Consolidation of the efforts of stakeholders.



Increase of the government's coordinating role; strategy or a concept development of the advance of the Russians' financial education

**A scale of development of financial education is an indicator of an extent of the financial market's development**

# Financial education: new tasks

Expansion of  
financial education

Selection of effective  
forms of introduction in  
the schooling

Development/adaptation  
of teaching materials

Training of teachers

Evaluation of educational  
programs' efficiency

Intensification  
of scientific researches

# Expansion of financial education

content



{ Professional financial education  
+ financial education "for everybody" }

scales



{ The youth inside the educational system,  
outside it (employed young people, other youth) }

«channels»  
of dissemination



{ The educational system, places of work, financial  
institutes, NGO's, public youth organizations and  
centers, Mass Media }

forms and  
methods



{ Training courses, seminars, individual counseling,  
exhibitions, carnivals, media-conferences, on-line  
education }

# Training

## teachers

- Teachers' confidence and competence in personal finance
- Opportunities for the current consultations
- The system of motivations for teachers
- Dissemination of the best practices
- Provision with qualitative teaching materials
- Supporting from and involvement of the the financial industry representatives

Selection of effective forms  
of introduction into the schooling

- Integration into disciplines in the form of a module
- Elective course
- The status of an independent and a compulsory discipline  
(working with educational standards and programs)

## Development/ adaptation of teaching materials

- ❑ Inviting of professionals of the financial education and financial industry for the development of qualitative teaching materials
- ❑ The unity of standards, the diversity of educational programs
- ❑ Content of educational computer- based programs
- ❑ A bank of educational materials: a free access of interested schools and teachers
- ❑ To consider needs and interests of the target groups of youth

Evaluation of educational  
programs' efficiency

- Monitoring of the financial literacy level
- Affection on the alteration of the attitude and financial behaviors of the young people (increasing of confidence in financial problems, inclination to savings, planning of personal budget, wisdom of investments, responsibility in credit obligations)
- Affection on the quality of life of the young people, on their inclusion in social and economic activity

## Deepening of scientific researches

- Investigation in the sphere of neurobiology, psychology, behavioral economics, pedagogy
- The aim: to intensify the motivation of the young people to the positive financial behavior, getting the long-run financial stability through the financial education

# The financial education of the youth: modern ways

- ❑ Objectiveness and impartial approach
- ❑ Continuous and systematic education
- ❑ “Just-in-time” and practical education
- ❑ Informational openness (making resource center’s)
- ❑ Availability

# Financial education: possible problems

- ❑ **Financial education doesn't always ensure the financial literacy**

(superficial and imperfect teaching, low motivation for learning)

- ❑ **The financial literacy doesn't always guarantees the positive financial behavior**

(investigations of the positive financial behavior in uncertainty: super flows, illusion of the control over the situation, over-estimation of the probability of desirable events, and under-estimation of undesirable ones, "a trap for deposits" )

- ❑ **Effectiveness of the financial education on the age of the students**

(teaching children financial problems at school and in the families is more effective if it was begun in the early age)



**NATIONAL FOUNDATION  
FOR FINANCIAL LITERACY**

**Thank you  
for attention**

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