

JAFLE
DESK RESEARCH – GLOBAL REPORT



The Journey of Unemployed Adults from Financial Literacy to
Entrepreneurship
(JAFLE)

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1. Introduction

This report is part of the JAFLE project, a project within the Erasmus Plus programme, with code 2021-1-TR01-KA220-ADU-000033446

The objectives of the report are:

- To find out the state of the art on financial literacy in the countries participants in the consortium
- To find out the main reasons of the inadequacy of financial literacy education
- To find out which should be the scope of a good Financial Literacy Training Programme
- To get to know suggestions for improving financial education programmes in the consortium countries

Research has been carried out in each of the participating countries (Türkiye, Greece, Spain and Lithuania) and a global and country-by-country analysis is presented below.

2. International perspective

The following figures show the situation of the OECD countries in terms of financial literacy, and specifically that of the countries participating in the consortium.

Figure 1.1. **Snapshot of performance in literacy, numeracy and problem solving**

Mean proficiency scores of 16-65 year-olds in literacy and numeracy, and the percentage of 16-65 year-olds scoring at Level 2 or 3 in problem solving in technology-rich environments

	Literacy	Numeracy	Problem solving in technology-rich environments
	Mean score	Mean score	% at Level 2 or 3
<i>OECD countries and economies</i>			
Australia	280	268	38
Austria	269	275	32
Canada	273	265	37
Chile	220	206	15
Czech Republic	274	276	33
Denmark	271	278	39
England (UK)	273	262	35
Estonia	276	273	28
Finland	288	282	42
Flanders (Belgium)	275	280	35
France	262	254	m
Germany	270	272	36
Greece	254	252	14
Hungary	264	272	28
Ireland	267	256	25
Israel	255	251	27
Italy	250	247	m
Japan	296	288	35
Korea	273	263	30
Lithuania	267	267	18
Mexico	222	210	10
Netherlands	284	280	42
New Zealand	281	271	44
Northern Ireland (UK)	269	259	29
Norway	278	278	41
Poland	267	260	19
Slovak Republic	274	276	26
Slovenia	256	258	25
Spain	252	246	m
Sweden	279	279	44
Turkey	227	219	8
United States 2012/2014	272	257	29
United States 2017	271	255	31
OECD average	266	262	30

- Small gender difference in performance in favour of young women
- In terms of socio-economic characteristics: the more advantaged a student is from a socio-economic point of view, the higher their performance in financial literacy, although in Spain this difference is lower than the OECD average.
- According to the sources of info young people have and use to familiarise themselves the main sources are: school and family, followed by internet, friends and television.
- According to the terms that are most often explained at school, economic concepts win out over financial **concepts**, with the most frequently repeated being salary and budget, and the least frequently repeated being diversification and CDS.

Greece

- Financial crisis in Greece, caused by the over lending of banking institutions primarily for consumer reasons, left individuals unprepared for recurrent financial shocks.
- Complexity of the financial system and the tectonic upheavals occurring throughout the world provided populists with a platform from which they enticed voters with uncomplicated proposals.
- Detrimental effects of the current banking system have been felt forcefully.
- Fall of the Stock Exchange in 1999, the recent real estate bubble, over-borrowing, red loans, and the disastrous management of the assets of the insurance funds are just a few typical examples of Greek citizens' financial ignorance and "abuse" that have had long-lasting negative effects on their wealth and well-being.
- According to the poll conducted by Standard & Poor's, the level of financial literacy among Greek residents has reached 45 percent. Although it is a good score for worldwide standards, it should be noted, that serious doubts are raised as to whether the questions that are typically asked of citizens - primarily simple, primarily numerical questions - can accurately reflect the complexity of a household's decisions regarding savings, investments, and loans, as well as household quality. the standard of living during retirement.

Türkiye

- Financial Literacy Index of consumers is 60.8. This value was found to be low considering that the same data was 61.5 in 2018.
- Family members and close friends are the primary sources of borrowing.
- Financial Inclusion Index (2020) of Türkiye is 45.9. Considering the 2018 value of 47.0, it can be concluded that the rate of consumers' use of financial services has decreased within two years. Moreover, according to the value of 39.2 in 2014, it is clear that our country has made a significant attack on financial access.
- The propensity to save is higher in rural areas, whereas the propensity to spend is higher in urban areas.
- People with high financial literacy: male, single, 25-44 age group, have a high level of education, income and socio-economic status, and generally business owners, managers, working retirees
- Disadvantaged group in terms of financial literacy: women, married, over 55 years old, individuals with relatively low education, income and socio-economic status, and mostly the unemployed, housewives, students and farmers.
- Positive relationship between the number of credit cards used and financial literacy, that people who use more credit cards have higher financial literacy (Köylüoğlu & Doğan, 2020).

Positive relationship between the level of financial literacy and the behavior of saving. (Güler and Tunahan, 2015:89)

Lithuania

- PISA report: 12 position. Compared to 2015, the change in Lithuania is the largest - the average results increased statistically significantly, 50 points (from 448.6 to 498.3)
- Although the improvement in PISA report, studies shows that the knowledge of the Lithuanian population about finances and their management is still insufficient, and progress in the field of financial literacy is too slow.
- In 2021, the indicator was 45 out of 100 possible points and was only two points higher than in 2019, when

it reached 43 points. Lithuanian Banking Association (LBA)

- The average adult financial literacy out of a possible 21 points was 13.2 among OECD countries - 13.7 points, Lithuania - 13.5 points.

2. What types of institutions offer financial literacy education in your country? (Universities, public institutions, associations or non-governmental organizations etc. and the curriculum used by these institutions should be examined)

In the consortium countries

In all the countries analysed, there is a clear awareness of the need to promote financial literacy programmes at all levels of education and clear institutional support for such programmes, both from finance ministries and national central banks, as well as from other public and private institutions.

Spain

The main providers of financial education in adult sector are public adult educational centers and NGOs. Providing financial education based on a national curricula and other complementary trainings. The curricula is designed by the Ministry of Education.

Basic learning I and II (basic learning, preparation for high school).

- Area of communication and mathematical competence.
- Area of science, technology and society in today's world.
- Area of personal and work-related development and initiative

Higher level

- Communication (Spanish Language and Literature and First Foreign Language).
- Social area (Geography and History Visual and Audiovisual Education and Music).
- Scientific-technological area (Biology and Geology, Physics and Chemistry, Mathematics).
- Other area (Classical Culture, Economics, Initiation to Entrepreneurship and Business Activity, and Information and Communication Technologies).

In terms of institutional support to improve financial education in Spain,

- VET providers
- The Bank of Spain,
- The Spanish Securities and Exchange Commission (CNMV) and
- The Ministry of Economy and Vocational Training have proposed to increase financial education in the school curriculum.

Greece

- NGOs

"Lessons in Economics":

- non-profit organization Women On Top, with the cooperation of Atheneas and the support of Papastratos.
- 9-month programme seeks to educate women over 18
- monthly interactive lectures and intermediate group discussions
- Participants will learn:
 - how to better organize their finances, save sustainably, grow their income, and minimize their spending through
 - long-term financial planning and investing basics and how to communicate and negotiate on financial problems with others.

- Private Organisations

Hellenic Financial Literacy Institute (HFLI): Finance professor Nikolaos Philippas founded Greece's first civil non-profit in 2016 to combat financial illiteracy.

- The Institute's long-term goal is to create a new generation of well-informed and financially responsible citizens.

Türkiye

- Ministry of Family and Social Policies
- Central Bank of Türkiye
- Financial Education aXiyon Team, (founded 2012) consisting of volunteers, was formed within the body of the Turkish Capital Markets Association (Oğan, 2013: 7).
- Borsa İstanbul (Istanbul Stock Exchange-ISE)
- Financial Literacy and Access Association (FODER)
- In addition, organizations such as:
 - Futures and Options Exchange (VOB)
 - Central Registry Agency (MKK)
 - Istanbul Gold Exchange (IAB)
 - Takasbank
 - Turkish Institutional Investor Managers Association (TKYD)
 - Capital Markets Licensing Registry
 - Training Institution (SPL) cooperate with other institutions.
 - Some banks in Türkiye also support raising public awareness on financial literacy

Lithuania

- The Bank of Lithuania;
- Ministry of Finance;
- Ministry of Education, Science and Sports;
- State Tax Inspectorate;
- SoDra;
- Lithuanian Bank Association;
- Banks;
- Lithuanian Free Market Institute;
- Lietuvos Junior Achievement;
- Lithuanian Youth Council;
- Universities;
- Schools;
- National Agency for Education.

3. What are the strengths/weaknesses of Financial Literacy Education Programs in your country?

In the consortium countries

All the countries that have carried out the desk research consider the following:

- It is essential to incorporate financial literacy programmes into the school curriculum, from primary education onwards. In the case of Greece and Spain, it is already incorporated but they consider that its scope should be broadened.
- In relation to the weaknesses of financial education programmes, it was noted that in general they still make little use of ICT and other new methodologies.

They also refer to the need for more financial and entrepreneurship training for teachers.

Spain

- The following **strengths** can be identified:
 - Included in school curricula
- The following **weaknesses** can be identified:

- The degree of coherence and structure of economic and financial content in the Spanish curriculum can be improved
- Rote methods continue to be prioritised over the use of ICT and new educational methodologies
- There is a lack of training in economic-financial matters among the teachers

Greece

- The following **strengths** can be identified:
 - Financial Literacy Education Programs are innovative and forward-thinking classes that fill a void in the sector.
 - Financial programmes **can be adapted for all interested target groups**, such as school students of different ages, adults, elderly etc.
- The following **weaknesses** can be identified:
 - The abovementioned lessons in Financial Literacy **can not be taken online**.
 - There is severe **lack of variety** in not only lessons, but also, most importantly **in institutions organizing these lessons**.

It should be noted that all of the aforementioned organisations are located in Athens, the capital of Greece and therefore cannot cover other geographical areas and people that are interested in taking the lessons but live in the province of Greece. This is very important, as larger number of people with low literacy and skills and it is natural, lower financial literacy level, live in the province.

Türkiye

The following **weaknesses** can be identified:

- Financial literacy education not included into school curricula
- Low number of training institutions
- Not enough utilization of the technological developments for the benefit of the people
- Financial education activities are not planned to include all financial products and services
- Shortcomings in continuity, measurement and review.
- Lack of updating training programs and training conditions
- Lack of continuity in supervision

Lack of trust in the financial system

Lithuania

- The following **strengths** can be identified:
 - Adult financial education is more prominent active based on short-term activities: consultations, lectures, question and answer sessions, on open days.
 - There are potential institutions cooperation in the implementation of long-term financial education measures.
- The following **weaknesses** can be identified:
 - Lack of intermediate implementation of the “Plan for the Financial Education” of the Public evaluations
 - Delays in the implementation of financial education measures
 - Need of inter-institutional cooperation

4. **What are the reasons for the inadequacy of Financial Literacy education? (Examples: difficulty of adult education, inadequacy of the content of the training programs, problems arising from the trainers, etc.)**

In the consortium countries

- The subject of financial education is not integrated into the school curriculum or if it is, is still very scarce
- Lack of competence to teach financial subjects among the teachers
- Lack of information about technology and new methods

Spain

- The subject of financial education is not integrated into the school curriculum as it should be. In Spain, financial education in schools, both in primary and secondary education, is still very scarce.
- Historically, in the Spanish education system, economic lessons have not been taught by teachers specialised in economics.
- It was not until the 2015-2016 academic year that a subject related to finance, in this case business, was included in secondary education.
- The teaching of financial education is not a cross-cutting subject in our educational model and in fact they are optional subjects, not general to all students.
- As for adults, the level of ignorance extends to day-to-day: 6% of Spanish adult people say they are not familiar with household finances, a figure that triples for young people aged between 18 and 35. The reason could be due to the fact that young Spaniards are becoming independent from their family environment at a later age.

Greece

- The **economic crisis in Greece** about a decade ago, which left behind huge gaps in education, in human resources and in the implementation of new innovative teaching methods, as a huge percentage of young people fled to work abroad. In addition, for several years **the state was unable to invest in education** as other sectors, such as basic and elementary survival of some population groups.
- The **absence of relevant courses in general compulsory education**
- **Teacher-centered learning** as a basic model education at most levels of education
The absence of staff capable of teaching this subject

Türkiye

- **Reluctance of individuals to learn**
- Individuals **lack the ability to understand and evaluate financial information** and to benefit from financial information in order to make the right financial decisions (Temizel, 2010, p. 8).
- The **complexity of the training programs**, financial and technical inadequacies, lack of information about developing technology and new training methods prevent FOY trainings from being adequate.

Lithuania

- **Not included in the curriculum.** In most foreign countries, financial literacy education is not compulsory and it is not integrated to more subjects.
Teachers lack competence, outdated teaching materials and tools are used.

5. [What are the suggestions to improve Financial Literacy Education Programs in your country? \(Form financial literacy teachers, academicians, experts...\)](#)

In the consortium countries

- Compulsory financial literacy programme at all educational stages
- Developing clear strategies and methodologies, to integrate financial literacy in the curriculum, from pre-school to upper secondary
- Form Financial Literacy experts
- Promoting financial education within the companies
- Provide training to investors
- Involve Fintech, Insurtech and other entities to reach young audiences
- Free seminars
- fc Constantly monitor and evaluate the quality of literacy education in schools

6. **What should be the scope of a good Financial Literacy Training Program that also includes entrepreneurship and digital competence? What topics do you think it should include?**

- **Financial issues**, provide the ability to make appropriate financial decisions and financial planning with personal finance management.
- **Risks and remuneration:** variable value; risk identification; financial safety nets and insurance; risk management
- **Entrepreneurship;** It constitutes the basic dynamic of economic development and has a strategic importance for developing economies.
- **Digital competence** will be included in the content of the financial literacy training to be created within the scope of the project.
- **Creativity in Entrepreneurship**, the study of financial education and its connection to creative entrepreneurship is becoming an important area of research. Education for entrepreneurship teaches young people not just how to establish businesses, but also how to view obstacles as opportunities.

7. **What should be the achievements for students of this training program?**

- To be able to extrapolate the knowledge and skills acquired in a financial literacy course to their daily, personal and family life.
- The achievements of the entrepreneurship, digital competence and financial literacy education program should be determined by considering the age level of the student.

The achievements of financial literacy education:

- Evaluates the effects of the basic principles of economics on personal finance.
- Develop a budget plan for personal money management (earnings, spending, savings and investment).
- Evaluates the services of a financial institution.
- Knows how to open and manage accounts in a financial institution.
- Knows the concept of risk / insurance
- Analyzes debt management strategies, knows the credit utilization process and interest calculation.
- Becomes aware of credit card options.
- Makes effective and correct decisions in the shopping process.
- Understands consumer rights and responsibilities.
- Becomes aware of the consequences of simple contracts.
- Compares consumer preferences for savings and investment, determines the right investment tool.

The achievements of entrepreneurship education are as follows:

- Explain the basic concepts of entrepreneurship.
- Explain the advantages and disadvantages of entrepreneurship.
- It specifies the personality traits that an entrepreneur should have.
- Develops plans for starting own business and explains the concept of business idea.
- Evaluates business opportunities in entrepreneurship and knows the process of turning a business idea into a project.
- Becomes aware of the institutions and organizations that support entrepreneurs and the opportunities they offer.

The achievements of digital literacy education can be:

- Evaluates media texts.
- Uses information resources and social media effectively and questions its reliability.
- Uses digital government applications and other technological tools effectively.

It should be noted in relation to the achievements that experience shows that results can only be expected in the long term, as Financial Education cannot be considered a goal in itself, but a tool to change and improve citizens' behaviour and conduct.

Impact of their achievements

- Monetary Gain, being able to compete for higher-paying jobs by acquiring additional knowledge and skills. A person can also generate income through independent work, i.e. business activity.
- Consumption, improving their economic well-being by becoming more knowledgeable shoppers.
- Saving money, to deal with unexpected events, and to take advantage of investment and other opportunities, especially in crises.
- Insurance, being able to protect themselves against hazards that can have major financial and psychological effects for them and their families.
- Investing, to raise their future income and wealth by delaying some present expenditure.
- Borrowing, allowing people to buy and use products and services while they lack money, paying for them later at a higher cost (interest).
- Donate, to respond to temporary or permanent human shortcomings. This highlights solidarity and humanism.

8. Which methods and techniques should be used in a Financial Literacy Training Program, which also includes entrepreneurship and digital competences? (Examples: lectures, case studies, problem solving, role playing, small/large group discussions, observation etc. Blended education method is recommended here.. should be given.)

- **Problem solving Method**

Along the so-called problem-solving cycle, problem-solving theory includes a series of phases for developing solutions to specific challenges and accomplishing organizational objectives. This cycle begins with the identification and study of the problem's origins and concludes with monitoring, the accumulation of information for future circumstances, and the formulation of a solution strategy. In practice, because it is a cycle, we cannot say that it concludes with the evaluation phase, which should be viewed as the beginning of a new problem-solving cycle.

Along with Financial Literacy education, problem solving is a mandatory skill for future businesses.

- **Blended Education Method**

Blended Education Method exploits traditional learning methodology together with innovative learning environments in order to help foster knowledge and creativity. According to research, groups who have studied in blended learning environments are more successful academically than groups who have studied in traditional learning environments (Veysel Karani Ceylan, 2017).

To conclude, blended learning method constitutes an ideal methodology to teach financial literacy with the cultivation of digital competences and the promotion of entrepreneurship.

- **Practice: working in enterprises**

Enterprises, in which students achieve learning financial and entrepreneurship outcomes designed specifically for



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these programmes (KVK provides such study programmes)

Other methods and techniques:

- Expression
- Case Studies
- Role Playing
- Small / Large Group Discussions
- Observation

Suggested Tools:

Listed below are some **tools** an individual can use to increase financial literacy (source - <https://corporatefinanceinstitute.com/resources/knowledge/finance/financial-literacy/>):

- EconEdLink: Online financial lessons for K-12 students
- Money Smart: Free financial tools such as podcasts, lesson plans, and games to increase financial literacy
- MoneyWi\$e: In a partnership between Capital One and Consumer Action, MoneyWi\$e provides free multilingual financial education
- InCharge: Dedicated to empowering consumers through personal financial management, InCharge provides online eBooks for educational purposes
- Any of the options listed above provides beneficial financial knowledge that should be pursued if an individual wishes to grow their financial literacy.



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4. Conclusions

Financial literacy has become a **key competence in 21st century** society due to the constant presence of personal finance in our lives and the close relationship it has with personal and social well-being.

In all the countries analysed, there is a clear **awareness of the need to promote financial literacy programmes at all levels** of education and clear institutional support for such programmes.

Participants consider that is essential to **incorporate financial literacy programmes into the school curriculum**, from primary education onwards and they also refer to **the need for more financial and entrepreneurship training for teachers** since most of them are lacking training, both in relation to content and to new methodologies and technologies.

The research shows that a good Financial Literacy Training Program, including entrepreneurship and digital competence, should address the following **topics: Financial issues**, to provide the ability to make appropriate financial decisions; **Entrepreneurship**, because it constitutes the basic dynamic of economic development; **Digital competence** and **Creative Entrepreneurship**, to teach people not only how to establish a business, but also how to view obstacles as opportunities.

From the research, we can also conclude that **the main challenge** that should be pursued in this type of training is to **enable the students to extrapolate the knowledge and skills acquired in a financial literacy course to their daily, personal and family life**.

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