

Strategic Plan

for financial Education for
low-skilled adults in Europe

Euroinvestment
European Financial
Literacy Game for Adult Citizens

www.euroinvestment-project.eu



Co-funded by the
Erasmus+ Programme
of the European Union



The Project

Financial literacy is a core life skill that must be nurtured to encourage responsible financial behaviour and to give people the confidence to take control of their finances. Financial education has a vital role in ensuring that European citizens are equipped with the knowledge, confidence and skills necessary to improve their understanding of financial products and concepts.

The Euroinvestment project aims to enhance competences on financial literacy for low-skilled adults between 18 and 55 years through a fun and interactive online game. During a period of two years (2018-2020), the partnership will:

- Design and develop a set of tools and materials to explore financial literacy in low-skilled adults;
- Design a mechanism to enable independent use of the online game for all target-groups;
- Deliver a workshop for adult training providers so that they can use the project's outputs in their own training;
- Increase competences of low-skilled adults to enhance the possibility to achieve better jobs and future;
- Develop a strategic plan for financial experts who are related to the development of programmes on financial literacy for adults' citizens;
- Increase basic digital skills on low-skilled adults and training providers using the Euroinvestment game and platform.

Euroinvestment main results:

Strategic Plan for financial Education for low-skilled adults in Europe

Online game and platform

Handbook with guidelines for independent use

Target groups:

- Low-skilled adults,
- Adult Education Providers and
- Financial Experts.

The Methodology

The Strategic Plan presented here is a summary of the identified gaps and needs among low-skilled adults in the consortium countries in financial literacy through the analysis of data from the national and European frameworks, desk research, questionnaires and focus groups. This plan will also include the existing games in this thematic area, with a focus on the educational priorities that haven't been answered by those games. Finally, a set of needs and priorities will be defined, which will be the basis for the development of the Euroinvestment online game.



The Findings

Financial literacy in the EU

Concepts usually measured in financial literacy studies:

- knowledge of fundamental financial concepts;
- awareness of products and services offered by different financial service providers and an understanding of the risks associated with using these products and services;
- understanding how to manage personal finances or use financial services.

Some of the most acknowledged studies are the following:

OECD/INFE International Survey of Adult Financial Literacy Competencies (2016)

- On average, only 60% of adults reported having a household budget (57% OECD), and only about 50% set long-term goals and tried to achieve them (51% OECD)
- Only 19% used independent information (20% OECD) when choose a financial product

Inability to make ends meet (EU-SILC, 2017)

- In most countries, the highest proportions of people said they either had 'some difficulties' or it was 'fairly easy' for them to make ends meet
- Greece, Bulgaria, Croatia, Hungary, Cyprus and Latvia were the countries with the highest proportions of people who had 'difficulties' or 'great difficulties' in making ends meet
- The highest proportion of people who could make ends meet 'easily' or 'fairly easily' were in Norway, followed by the Netherlands, Denmark, Germany and Finland

S&P Global FinLit Survey (2015)

- Only 33% of adults worldwide are financially literate
- Numeracy and inflation are the most understood concepts
- Risk diversification is the least understood concept

The Survey of Adult Skills PIAAC (2012)

- One in five European adults has only basic skills in literacy, one in four for numeracy
- Prevalence of low skills among unemployed: around one in four unemployed adult has low skills
- More than one in four adults can only solve very simple tasks in ICT environments (14%) or only have very basic to no computer experience (13%)

Digital financial literacy in EU



www.todoscontam.pt/
Portugal



www.finanzasparatodos.es/gepeese
Spain



www.oenb.at
Austria



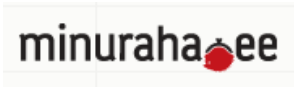
www.cnbprovsechny.cnb.cz
Czech Republic



www.raadtilpenge.dk
Denmark



www.lafinancepourtous.com
France



www.minuraha.ee
Estonia



www.consumerhelp.ie
Ireland



www.klientuskola.lv
Latvia



www.pinigubite.lt
Lithuania



www.wijzeringeldzaken.nl
The Netherlands



www.tvojnovac.nbs.rs
Serbia



www.fininfo.sk
Slovakia



www.iconomix.ch
Switzerland



www.moneyadvice.service.org.uk
United Kingdom

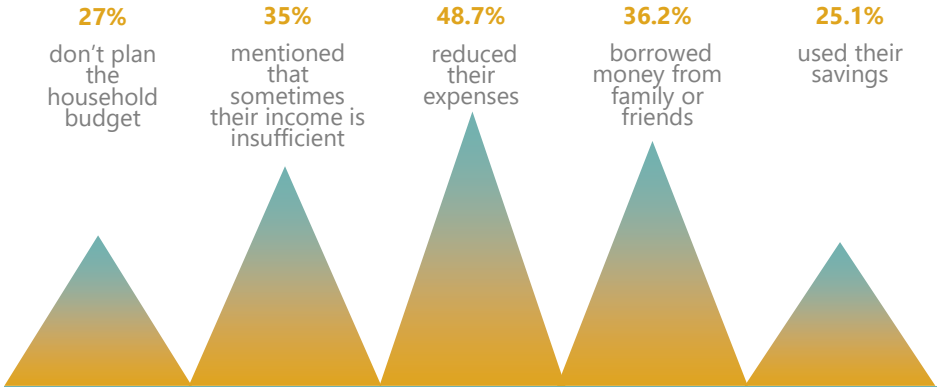


www.wikifin.be
Belgium



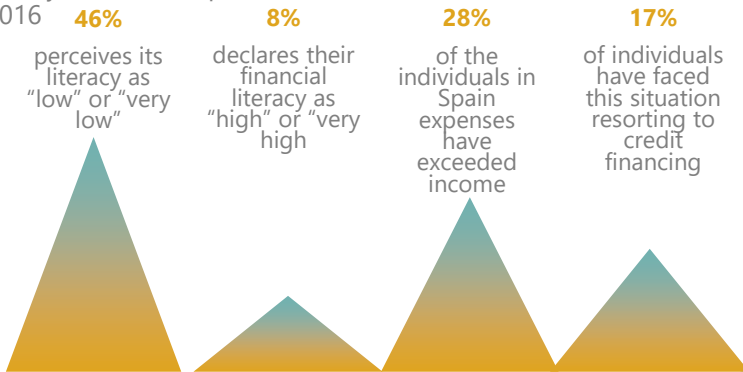
National competencies frameworks on financial literacy

Portugal: Survey lead by Banco de Portugal in 2015



Aiming to enhance the financial competences and knowledge, as well as to shape the values, attitudes and behaviors of the Portuguese population, a National Plan for Financial Education, a strategic document with well-defined goals, priorities and metrics, carried out step by step. More, Kindergarten, Basic Education, Secondary Education and Adult Learning and Training is guided by the Core Competencies for Financial Education document, which presents the guidelines for the implementation of financial education in an educational and training context.

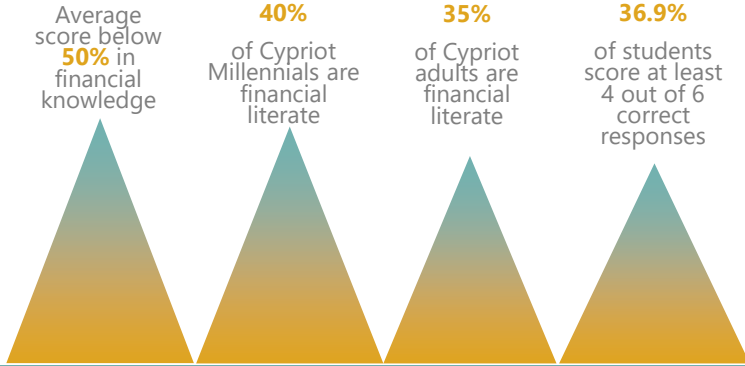
Spain: Survey lead by Banco de España and National Securities Market Commission in 2016



The two entities that were responsible for the survey also developed the Spanish National Plan for Financial Education, framework for the development of initiatives in financial education at national level and defines the lines of action for carrying them out, assuring that an effective coordination among the different agents is promoted to avoid duplication of efforts and resources, guaranteeing the coherence of the initiatives developed and improving the efficiency and scope of the same. Among the actions proposed, there is the Financial Education aimed remember and raise awareness among citizens of the importance of having an adequate level of financial culture to face the challenges they will face throughout the different stages of life.



Cyprus: several studies



A survey from the Technological University of Cyprus (2018) showed that there is a need to tackle the phenomenon of financial illiteracy to Cypriot students, which is in line with the vision defined by the Central Bank of Cyprus which, since 2017 is conducting a survey that will support the design of a national strategy in tackling financial illiteracy. To add, some initiatives on financial literacy have already started to take place, for example the Cyprus Securities and Exchange Commission (CySEC) maintains a section on its website enriched with training material, as well as the publishing of news, and organization of informative presentations open to the public. In 2016, it contributed to the revision of the Chapter "General Commercial Information on the Capital Market" in Lyceum.

Euroinvestment Survey

Euroinvestment Survey measured knowledge as well as the behaviour of low-skilled adults, aged between 18 and 55, in terms of financial literacy across three countries: Cyprus, Portugal and Spain. The purpose was to understand whether factors associated with financial literacy in one country can be generalized to other countries as well, or whether unique national characteristics make it necessary to examine financial literacy in each country individually. Results suggest that there are no significant differences among countries indicating that there are some similitudes in what households know and need to know about their personal finances.

Main conclusions:

PORTUGAL

- Finances as being a significant source of worry for the majority of the respondents, and the budget as the most interesting issue
- Great awareness about the indebtedness, through the avoidance of the use of credit cards
- Lack of knowledge regarding the topics of risk diversification, arithmetic and compound interest

SPAIN

- Finances is considered as a factor of worry for the respondents
- Credit cards are considered safe and without risk, which reflects a lack of knowledge on this financing option
- The topic that most interests the respondents is savings and investment, despite not developing budgets and track spending

CYPRUS

- Finances were once again defined as a source of worry for the respondents
- The budget was considered the topic that most interests them
- The use of credit cards is low which demonstrates a high knowledge about indebtedness, although a considerable percentage believe that this instruments is free of risks and safe

GENERAL

- In the three countries respondents showed inconsistency in their financial behavior, since they feel in control of their financial situation but finances are at the same time a source of worry for them
- A consensus response about the indebtedness conscious was reflected, since most of the respondents affirm that they don't have much debt and don't use credit cards that they can't pay in order to make purchase the
- Portugal was the country where respondents showed more difficulties in understanding the practical aspects of financial literacy, especially when it concerns to numeracy and compound interests
- Most respondents have internet at home and feel more comfortable using the computer as a digital device



Euroinvestment Focus Group

The focus group was targeted to adult training providers, with experience with low-skilled adults and financial literacy preferable, aiming to:

- Explore participants' interest in using ICT tools in their teaching approach and if they use them how they include them in their trainings/ classes;
- Explore participants' knowledge about the existing digital games used as an adults' learning tool;
- Explore participants' point of view in regards to the existing gaps on financial literacy of low-skilled adults.

Main conclusions:

	Needs, Competences and Gaps on Financial Literacy	Bridges for Adults' Digital Learning
Portugal	Low knowledge on basic financial concepts and diminish capacity to develop and plan an annual budget	The game should be available in an app to be used on a smartphone and on an offline mode, and it should be divided in levels with badges
Spain	The game should include activities related to all basic financial literacy skills	A funny, cooperative and challenging, as well as intuitive game should be developed following a learning curve
Cyprus	Low knowledge on financial literacy skills	The game should include small descriptions of the process of the player and based on practical exercises

Identifying needs and setting priorities

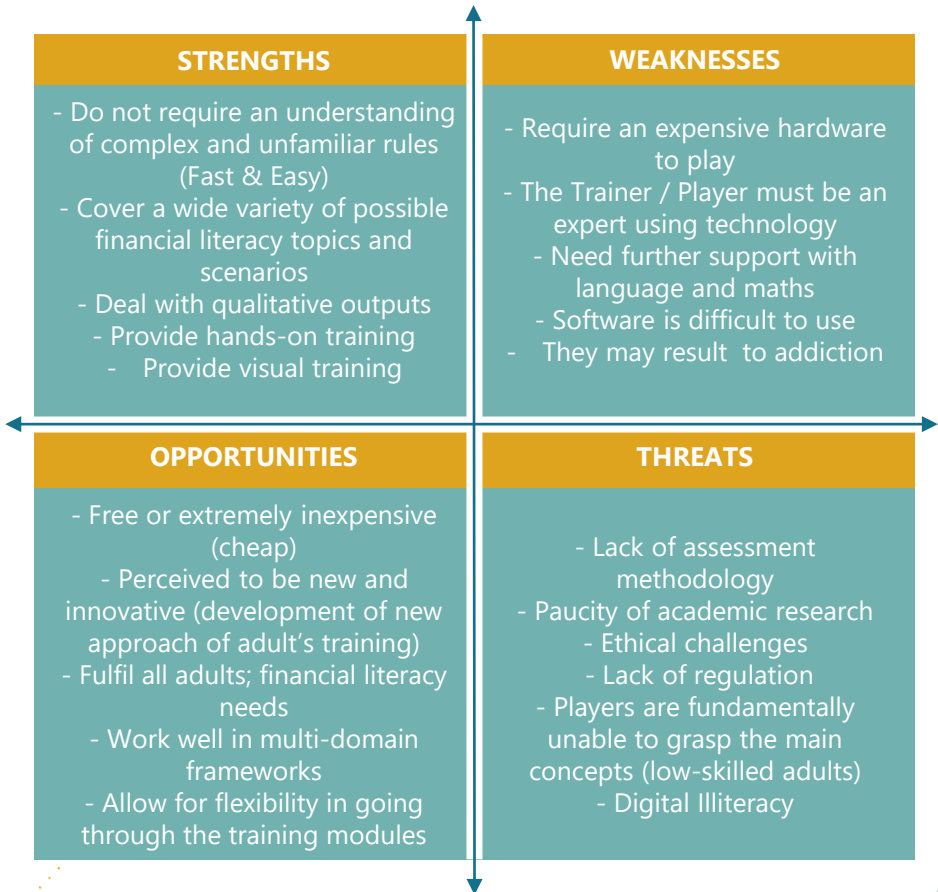
Research has shown that as people become more financially literate, they make better saving and borrowing decisions; are more likely to plan for retirement and hold more diverse assets in their balance sheet. As more and more households are asked to make their own decisions about such issues, financial illiteracy can become a serious threat to their life-time welfare.

The presented studies on financial literacy show that even basic financial concepts such as interest rates, inflation and risk diversification are not clearly understood by many people. This lack of knowledge makes people vulnerable, and can ultimately lead to problems of over-indebtedness and financial exclusion.

Based on some results, sourced from studies and researches, the following key topics were identified in regards to their contribution on the improvement of financial literacy between low-skilled adults for helping them to control their daily money management:

- **Emergency fund:** Saving up is important in getting over unforeseen challenges. Without it, you can get in debt as your only option is to get a loan;
- **Sustainable spending habits:** Making good use of the money you earn is a good sign of sound financial literacy;
- **Borrowing rate:** This is a great gauge on the risk profile of the state. The lower the number, the lesser the chances of default and the better the credit score.

Through the project desk and field research, we could define the most important items to take into consideration when developing the Euroinvestment game, presented in a SWOT analysis:





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