



The Analysis of the International Experience of Implementing Financial Literacy and Financial Education Programs

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Abstract

This article examines the important factors of the formation of financial literacy of the population, general factors affecting the level of financial literacy of the population of the country and an individual, as well as current factors and their importance in improving financial literacy of children and international experience in the field of improving financial literacy, the practice of financial literacy in the United States, Brazil, China and Australia.

Keywords: *Financial Literacy; Economic Policy; Moldovan Education; Financial Culture; Financial Services; Financial Education Programs; Human Well-Being and Quality of Life; Financial Knowledge; Skills and Values*

Introduction

Practical work on increasing the level of financial literacy among the population in developed countries began in the 70s of the last century. For example, in the Netherlands, the Family Finance Information Institute started providing advice on personal finance issues as early as 1979. This institution operates in narrow areas of the financial market, such as mortgages and insurance [1].

In the 1990s, financial literacy issues [2] began to be studied from a policy or practice perspective [3]. These studies showed the need to develop special programs for the development of financial literacy in terms of its characteristics. In 2003, the Organization for Economic Co-operation and Development (OECD) established the Financial Education Project in response to growing consumer interest in improving financial literacy across member countries.

The problem of financial literacy became more urgent in the context of the global financial and economic crisis of 2008–2009 and the Covid19 pandemic. As a result of not having enough financial knowledge, people in many countries make ill-considered financial decisions. Negative situations were initially manifested in the form of problematic debts of the population. In particular, financial institutions granted mortgage loans to borrowers with low solvency and unable to fulfill their financial obligations. Most of those who take a mortgage loan do not have complete information about the financial programs they use and their features, and do not have sufficient economic knowledge. In this regard, in 2011, at the

“G20” summit, the protection of consumer rights and expansion of access to financial services was recognized as an important condition for achieving financial stability at the macroeconomic level [4].

The “Principles of the National Strategy for Financial Education” developed at the 2012 summit in partnership with the Organization for Economic Co-operation and Development (OECD) and the International Agency for Financial Education was approved. In 2014, the International Agency for Financial Education of the Organization for Economic Co-operation and Development (OECD) developed “Guidelines for the Implementation of National Financial Education Strategy” and the development and implementation of national financial education strategies in selected countries began.

Literature Review

According to the Organization for Economic Co-operation and Development (OECD) report, in 2017–2021, the level of financial literacy of the elderly population in the CIS countries is lower than that of the Organization for Economic Co-operation and Development (OECD) member countries and the countries of Southeast Europe. This situation showed that there are serious problems in raising the level of financial literacy among the population in the CIS countries [5].

In 2021, the level of financial literacy in Belarus, Russia, Uzbekistan and Kazakhstan was higher than the average level of the CIS. Belarus and Kazakhstan scored above average on financial knowledge, an important component of financial literacy. This situation shows the need to improve educational programs and financial education system aimed at forming basic knowledge of financial literacy in other CIS countries.

Analysis of the level of financial literacy according to the education of the population shows that this indicator is low mainly among young people, that is, among people with no education and secondary education. This situation requires the development of a targeted national strategy for increasing the level of financial literacy among young people. In our opinion, it is appropriate to focus on the use of the methodology developed by the Organization for Economic Co-operation and Development (OECD) and recommended for practice in the formation of the national strategy for financial literacy.

Research Methodology

The theoretical and methodological basis of this article is the analysis of international programs that serve to increase financial literacy, the importance of their implementation, the advantages of financial literacy programs in developed and developing countries, various economic programs in our country, practical work and measures to combat poverty. based on scientific conclusions. Also, in the course of the research, expert evaluation, monitoring of processes, a systematic approach to economic events and processes, comparative analysis with the author’s experiences were used, allowing to draw relevant conclusions.

Analysis and Results

According to the analysis carried out during the research and the results obtained through them, a number of theoretical rules and practical suggestions can be put forward.

Increasing financial literacy is increasingly becoming a priority not only for countries with developing economies, but also for developed countries. The number of countries adopting and implementing financial literacy programs is increasing every year. In particular, as early as 2007, there were more than 180 programs to increase financial literacy of the population in Europe. National

programs recognized as successful in experience have been developed and are being implemented in the USA, Great Britain, Germany and Austria, and among countries with developing market economies—in Bulgaria, Slovenia and Poland. Many countries around the world have public and private financial education programs. About half of the member countries of the Organization for Economic Co-operation and Development (OECD) implement a national policy to promote financial literacy. It is worth mentioning that almost half of them offer this type of educational programs on the basis of public-private partnerships.

When studying the experience of foreign countries, it is appropriate to analyze financial literacy programs in Australia, Great Britain, the United States, Brazil and China.

Among the projects that can be considered as successful examples of financial literacy programs are: “Responsibility for the Future” (USA), “Finance and Pedagogy” (France), “Financial Driver’s License” (Austria), “Pension Savings” (Sweden), “Plan Your Future” (Poland), “Financial Literacy at Work: Earn Money” (Great Britain), “Money Negotiations!” (Hungary), “Financial Literacy. Programs such as “Understanding Money” (Australia) have taken place.

At the beginning of 2004, the Australian government developed a national program on financial literacy, within the framework of which a financial literacy fund was established in 2005. In addition, the Australian government has developed a number of programs to improve financial literacy, particularly among young people and people living in hard-to-reach areas.

As for the United States, there is the largest financial center in the world—New York, and it has a rich experience in improving the financial literacy of the population. The United States Treasury established the Bureau of Financial Institutions in 2002 as a government agency. The Commission on Financial Literacy and Education was established in cooperation with the US Congress. In 2006, the National Strategy of Financial Literacy was developed. Despite the fact that the direction of the implemented measures is the same, significant results have been achieved in this regard in the USA. The level of financial literacy is high in this country. In America, “financial literacy” has become a real national movement. The free model of this development allows to gather unique experience in financial literacy with different target groups living in different geographical and social conditions.

A pilot project started in Brazil in 2010, covering 30,000 students across the country and was successfully completed. In the following years, this project was implemented in 212 thousand schools across the country, and the number of its participants reached 58 million.

In China, as in Brazil, the state is the main actor in the process of increasing the financial culture of the population. At the same time, PRC currently does not have a single program aimed at increasing the financial literacy of the population. Only the efforts of some state bodies are noteworthy in this area. An example of this is the program to increase financial literacy of students. This program was developed in cooperation with the Ministry of Public Education and the Ministry of Finance of China.

As for the applicability of these measures in the conditions of Uzbekistan, some of them are very promising. This is explained by the similarity of Uzbekistan, China and Brazil in terms of financial literacy of the population.

In this regard, particularly noteworthy measures have been implemented in the experience of Uzbekistan. For the first time in Uzbekistan, “Temir daftar”, “Yoshlar daftari” and “Ayollar daftari” were created in the sections of the neighborhood, district, city and region. It was decided that registers, governors, heads of sectors, official organizations will serve as a very necessary resource for obtaining accurate information about the situation in each region and taking measures accordingly. Due to the pandemic, quarantine measures have been strengthened in the country, and the need for targeted support

of needy families has increased, and it served as a basis for maintaining social stability and directing state aid to citizens included in the “iron register”.

At this point, special attention should be paid to the social importance of financial literacy of the population. Because the financial knowledge and skills of an individual ultimately determine the success and stability of the economic life of the entire society.

R. Voskanyan said that the issue of increasing the financial literacy of the population cannot be solved without identifying the main factors affecting its level. Accordingly, he emphasizes that attention should be paid to the following factors:

- Level of economic education in the country;
- Level of development of financial infrastructure;
- The level of confidence of the population in the economy;
- Access to the financial services [6].

In our opinion, the concept of financial literacy of the population acquires a highly generalized content, and the above classification of factors affecting the level of financial literacy cannot fully represent it. Getting deeper into its content, in turn, requires the classification of different levels of this concept (for example, an individual, residents of a certain area, residents of a country).

One of the factors of increasing financial literacy is financial education. The world experience of implementing projects to improve financial literacy shows that all programs aimed at increasing financial literacy originate from state initiatives, and then public and private organizations are involved. In many countries, one of the most common options for financing programs is through national (central) banks, for example, Poland, Belgium, Czech Republic, Korea, Indonesia, Hungary, and Serbia. The second most common place is occupied by financial regulators, which are also present in the United States, as well as in the United Kingdom, Korea, Japan and Ireland. However, sponsorship can be done by ministries of education, foundations, educational organizations or employment organizations, etc.

Countries can be divided into the following groups according to the understanding, solution and scale of the problems of developing financial education and increasing the financial literacy of the population in the world:

1. Countries where the problems of financial education and increasing the financial literacy of the population have been studied for a long time and are being successfully solved (USA, Canada, Australia, Great Britain, Germany, France, Singapore and New Zealand);
2. Countries where the problems of financial education and the level of literacy of the population are on the agenda and in the process of implementing measures to solve this problem (Italy, the Netherlands, Austria, Poland, the Czech Republic, India, Russia);
3. The countries (other countries) where it is planned to put the study of the problem of financial education and increasing the level of financial literacy of the population on the agenda and some measures are being implemented in this regard.

World practice shows that paying attention to the issue of increasing financial literacy among the population and entrepreneurs is one of the important factors stimulating the development of the banking and finance market.

The Central Bank of the Republic of Uzbekistan developed the “Program for increasing the level of financial literacy of the population in Uzbekistan in 2019–2021” taking into account the advanced achievements of the international experience in increasing financial literacy.

Residents and entrepreneurs may not have the knowledge and skills to assess the content, terms, and financial risks of financial products and services provided to them. Therefore, it is important to conduct explanatory work among the population on the basic information about the financial services provided by the relevant organizations in order to ensure the effective communication of the ordinary consumer with the financial organizations.

Today's children are tomorrow's investors, millionaires, financiers, depositors, creditors and shareholders. Taking into account that youth and children make up 60% of the population in Uzbekistan [7], it is important to inculcate concepts such as financial literacy, money, finance, saving, thrift into the minds of young people from an early age.

To improve the financial literacy of young people, the following is necessary:

- It is permissible to plan the family budget with young people and children, that is, to show what the income in the family is spent on;
- To save money, it is recommended to learn to choose products cheaper;
- Organization of “financial” games, the board game “Monopoly” perfectly demonstrates the functions and possibilities of money;
- It is desirable to teach young people to use banking services and make digital payments.

There are projects by the Central Bank of the Republic of Uzbekistan aimed at increasing the financial literacy of children through cartoons. For example, in the “Jannatmakon Orol” episode of the “Financial Literacy Alphabet” educational cartoon posted on finlit.uz social networks and the official website of the regulator, the concept of investment is explained to children in a very simple way through Tikanvoy's idea of growing walnuts. Through favorite cartoon characters, children will learn closely about the proper preparation of a shopping list, planning of expenses, formation of savings and other qualities of a financially literate person [8].

The relevance of increasing financial literacy in banking activities is related to the expansion of the list of services provided by banks, the complexity of financial instruments, the globalization process, and the influence of blockchain technologies on the development of the financial sector. It is necessary to take into account the economic crisis, which increases the value of the rational use of finances, as well as the fact that the financial knowledge of the majority of the educated population does not correspond to the reality of the 21st century.

Considering these factors, finlit.uz [9] information and educational resource was launched by the Central Bank in order to increase the financial literacy of the population. The task of this project is to form knowledge and skills that help citizens choose and use financial services, make rational and responsible financial decisions, and correctly assess opportunities in the financial market. The information given in the materials is of a recommendatory nature and is aimed at forming the behavior and skills of a financially literate person.

Conclusion and Proposals

The main factors for the formation of financial literacy among the population in society are the following:

1. Education. Level of education is one of the main factors affecting financial literacy. The higher the quality and level of education is, the more likely a person will acquire knowledge and skills in the field of finance. William Danko and Thomas Stanley, who conducted research on creating and analyzing the image of people with a high level of financial literacy and millionaires, in the bestseller “My Neighbor is a Millionaire” reported that millionaires bet a lot of money on the education of their children and grandchildren;

2. Experience. The experience of managing personal finances plays an important role in the formation of financial literacy. People who have experience managing their money tend to make more responsible and informed financial decisions;
3. Environment. The environment in which a person lives and works does not affect his financial literacy. For example, if a person lives in a family where financial issues are discussed and resolved together, it helps to build financial literacy;
4. Culture and customs. 95% of what people do every day is the habits they have acquired during their life. Therefore, the habits and the culture formed as a result of them make a positive change not only in financial literacy, but also in the future life of a person. For example, you can make a habit of saving money by collecting \$5 a day and depositing it in the bank after reaching a certain amount;
5. Economic level of the country. The state's economic level can also affect financial literacy. People living in developed countries generally have more opportunities in terms of education and experience in finance. Because highly intelligent employees are paid more in developed countries;
6. Mass media. The mass media can have a significant impact on increasing the financial literacy of the population as it provides people with more information about financial tools and opportunities;
7. Faith and values. When evaluating the impact of personal beliefs and values on financial literacy, it is important to focus on the following aspects. For example, if a person needs a loan, but does not recognize and accept the loan as an interest-bearing debt and believes that it is unfair, he may avoid taking a loan and lack the necessary experience in managing his finances.

In conclusion, it should be noted that the formation of financial literacy of the population depends on many factors, including education, experience, environment, culture, personal qualities, information and financial literacy. The development of these factors can be achieved through training, increasing the availability of financial services and creating an environment conducive to the development of financial culture.

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