

Chapter 7

Financial education in the Slovak Republic

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Financial literacy skills are used daily by individuals. However, despite the importance of financial literacy skills, we observe a strong heterogeneity in the financial literacy levels across countries (see also Chapter 2). This chapter focusses on the Slovak Republic, where we observe a decreasing trend in the level of financial literacy over the last few years. The trend is especially observed among older consumers, who already have a family and manage a household budget, and among secondary school pupils and students who are being trained in this area. This chapter starts with a review of a number of financial literacy surveys that were carried out in the Slovak Republic. Next, we discuss the current and future state of financial literacy in Slovak Republic.

7.1 Financial literacy to date

7.1.1 Evolution in the levels of financial literacy and overview of past policy attention

Slovak Banking Association Survey

Between 4 September and 10 October 2007, the company MVK s.r.o. carried out a survey on the level of financial literacy in Slovakia. The survey was commissioned by the Slovak Banking Association (2007), whose aim was to determine the level of financial literacy, to solicit respondents' opinion on the current level of information on financial (banking) products and to solicit the respondents' opinion on financial education. The research was carried out by the association because of strong developments in retail banking, which created new products and services. A significant target audience was active clients of at least one bank between the age of 18 and 75. Using personalized interviews, the total number of the respondents involved in the survey was 2007.

The first survey observed that the Financial Literacy Index (I-FiG) reached the level of 0.56, which means that respondents have average knowledge of personal finance issues. More than half of the respondents were unable to choose the most advantageous term deposit, and 84% of respondents could not choose a more advantageous loan when presented with two bids. Moreover, it was observed that only 19% of the total number of respondents understood the term 'Annual Percentage Rate'. Figure 1 shows the percentage of respondents' answers to the question: "Which indicator tells you the most about the total loan costs?". About 17.9% of the respondents answered that this is an indicator of the amount of the repayment, while 44% of the total respondents pointed to the

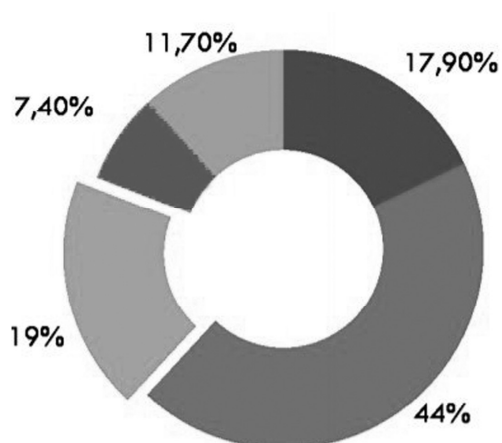


Figure 1. Results of Annual percentage rate abbreviations explained by respondents

interest rate, 7,40% said that none of the above, and 11,7% marked the answer 'I do not know'.

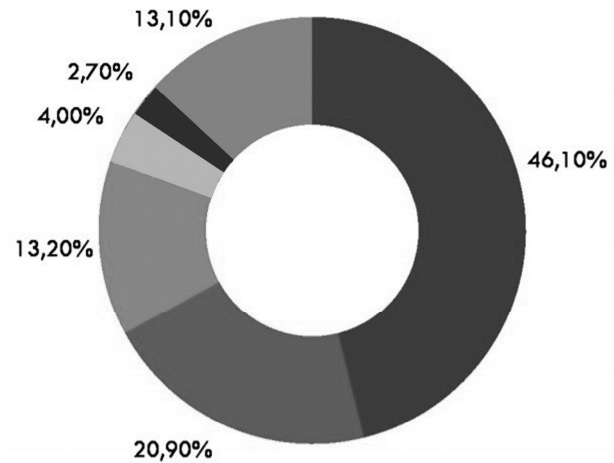
Another finding was that the annual percentage rate is not known even by the clients who have a mortgage. Another surprising result of the survey was that respondents discard and confuse the concepts of credit and debit card. About 43.5% of respondents do not understand how the debit card works and only 15.9% understand the functioning of the credit card. Despite the higher costs, up to 40.3% of respondents withdraw ATM money by credit card, with only 10.7% using a debit card. Lastly, up to a third of respondents did not understand the functioning of the mortgage.

The survey also questioned respondents on the information provided by banks. More than half of the respondents (56.7%) argued in the survey that the information provided by banks was sufficient and 69.8% said that banks gave their clients all the necessary information, but 77.3% of respondents considered the financial language to be complicated and difficult. The clarity of the information provided by banks was also analyzed. About 75.4% of respondents considered the most intelligible information to come from bank employees, 58.8% considered the intelligibility of information to come from independent financial advisors, 43.6% from leaflets and brochures, 39.4% from websites and 26.8% from call center staff.

Interestingly, more than half of the respondents received all the necessary information from banks, however, respondents still do not feel well informed. This can be attributed to the poor ability of clients to process the information they are given, which in turn flows from a lack of understanding of the underlying financial concepts. On that scale, respondents said they considered the financial language to be complicated.

Based on the importance and ability to understand information, the impact of the source on their final financial decision was assessed (See also Figure 2). For 46.10% of respondents, the most important influence on financial decision-making is the information obtained at the bank's branch. For 20.90% of respondents, information obtained from relatives and friends is most influences; for 13.20% it was information from people working in the financial sector and for 4.00% of it was information obtained on the Internet. 2.70% of respondents consider television advertising the largest source of information. Lastly, 13.10% of respondents use 'other' sources.

Figure 2. Assessing source intensity in obtaining information



The last phase of the survey was focused on financial education. 63% of respondents stated that financial education in the Slovak Republic is necessary; 72% said it should be available for all age categories and should be included in the curriculum. Respondents positively assessed the attitude to financial education and were aware of the importance of financial education for all age categories.

The final outcome of the survey is that the level of financial literacy is lower than expected.

OECD PISA 2012–2015 Survey

The first international survey (OECD PISA) involving the Slovak Republic was carried out by the National Institute of Certified Measurements (NUCEM) from 16 to 27 April 2012. The aim of the research was to analyze and assess the level of knowledge and literacy skills of 15-year-olds. Subsequently, the institute also found the level of financial decision-making and the ability to take effective financial decisions through the creation and implementation of financial plans in order to meet individual needs to be at different levels. As part of the NUCEM research, respondents also looked at the ability to use a payment card, plan a family budget, understand the financial risks of various banking products (such as insurance, credit, investing ...) and the like. The research included assessing the skills and abilities of respondents in practice. Research was conducted through a paper form in which respondents addressed various financial problems and situations. The test duration was 120 minutes. Finally, the respondents also replied to a short questionnaire to assess their acquired experience and financial skills. This research was also compared with OECD countries, and the Slovak Republic returned a lower average: respondents in the financial literacy test reached 470 points, compared to an OECD average of 500 points. The Slovak Republic thus landed below the average level of financial literacy. Research also found that there are more pupils in Slovakia who have not reached the basic level of knowledge and knowledge of financial literacy, accounting for up to 22.8% of pupils. Within the OECD countries, the average is 15.3%, representing an average increase of 7.5% compared to the Slovak Republic. This study also defined the so-called “risk group”.

Within the framework of financial literacy testing, 22.9% of Slovak pupils were included in the risk group (Webnoviny, 2014).

The secondary segment of the survey targeted headmasters, whose role in the questionnaire was to fill out questions on the form and the level of provision of financial education in the school environment. Survey results have shown that education in financial literacy is relatively affordable at Slovak schools.

In 2015, the second round of OECD PISA 2015 international measurement was carried out, in which the Slovak Republic was also actively involved. In that year, financial literacy testing was carried out by electronic measurement, with a total of 15 countries (Australia, Belgium, Flanders, Chile, Holland, Canada, Poland, the Slovak Republic, Spain, United States of America, Italy and five partner countries: Brazil, Beijing-Shanghai, Jiangsu – Guangdong, Lithuania, Peru and the Russian Federation). The target group was 15-year-old pupils, with a total of 53,000 respondents from around the world.

In the Slovak Republic, 292 schools were surveyed with a total of 1540 respondents. Testing of financial literacy in this survey was carried out by the National Institute of Certified Measurements (NUCEM) and the research took place from 20 to 30 April 2015. As in the first period, the research objective was to assess the level of skills and competencies achieved in the field of financial literacy and skills, and to apply them appropriately to design and implement financial decisions and plans. Research also focused on assessing pupils' ability to demonstrate and appropriately apply their knowledge and skills in real life.

In the second round of financial literacy testing in the PISA 2015, the Slovak Republic achieved 455 points. In 2012, the pupils' score reached 470, which can be interpreted on average over three years as a significant drop in financial literacy by 15 points. Similarly, to 2012 and 2015, it can be argued that in the Slovak Republic, financial literacy lies below the OECD average. Research has found that comparable results have also been achieved by students from Lithuania, but only students from Chile noted a significantly lower performance than the Slovak Republic. The respective scores and achieved level of international measurement are indicated in the following chart.

Table 1. Comparison of achieved OECD PISA international measurement performance 2012, 2015

International research OECD PISA		
	2012	2015
Performance achieved at point level	470	455
Risk group of Slovak pupils	22,9 %	34,7 %
Risk group compared to OECD countries	7,5 %	12,4 %
Level of financial literacy compared to OECD countries	Below average	Below average

Results showed that, compared to the previous cycle, male students in the Slovak Republic experienced a significant decrease in performance, namely by 36 points. On the other hand, the performance of Slovak girls remained comparable to the previous survey period (research showed a statistically comparable drop by 14 points). A study in this cycle found that more than a third of Slovak pupils belong to the risk group, which is an average of

34.7%. In 2012, only 22.9% of respondents were included in the risk group. Compared to both periods, it can be argued that over the 3-year period there was an increase of 11.8% in the number of pupils placed in the risk group. The Ministry of Education, Science, Research and Sports of the Slovak Republic maintains that 34.7% of pupils in Slovak schools are unable to solve and effectively apply questions and problems in the area of financial literacy in basic contexts. Overall, according to research, the proportion of pupils in the risk group is higher than the average of OECD countries by 12.4%, which is an increase of 4.9% compared to 2012 (7.5%). The Ministry further states that the performance of pupils in financial literacy in the Slovak Republic is comparable to that of the OECD countries.

Research has also looked at the impact of other factors on the behavior and performance of respondents. When analyzing other factors and assessing their performance compared to OECD countries, it was found that six out of ten pupils have a student account with a bank, have a payment card, or earn money by working. Current account ownership has boosted the achievement of a higher score on financial literacy in each country; performance in financial literacy and bank account management are significantly linked with the pupil's socio-economic background. In the Slovak Republic, pupils who own a bank account scored 14 points higher than those with a similar socio-economic status who do not have a student account. From each country involved, only respondents in Spain, the Netherlands and the Slovak Republic (average 42 points) who hold a credit card score lower scores than those with a similar socio-economic status who do not own a payment card.

Similarly, to the first round of testing in 2015, respondents completed the Financial Literacy Test, which also contained a number of questions about practical experience in the financial field. The test time interval was 65 minutes and, unlike in 2012, testing was done exclusively in electronic form. The individual tasks in the tests were primarily focused on money and finances (e.g. ability to use credit card or electronic banking), financial planning and management (e.g., ability to schedule budget and spending over a certain period of time), the financial environment (e.g. the level of knowledge of consumer rights, the understanding of the impact of social change on finance, including inflation) and the area of risk and return (e.g. understanding the investment system and the financial risks arising from it, understanding the financial risks of individual banking or insurance products, risks associated with credit or insurance). Testing also focused on the development of cognitive processes to solve problems. This area included tasks to identify financial information, analyze information in a financial context, evaluate financial issues and problems, and understand and apply knowledge about finance. By assigning the role to a context, priority was given to the education and work, household and family, individuals and society (Ministerstvo, 2017a; NUCEM, 2010).

National research by Partners Group foundation and Focus agency

Another survey at the national level was carried out by the Partners Group in cooperation with the Focus agency. The survey was conducted by both companies in August 2012.

The purpose of the survey was to determine the level of financial literacy in terms of investment and banking products. The target group was people aged 18 years and over. The secondary target group was pupils and students of Slovak schools. The survey was conducted electronically and consisted of 21 questions, some of which were aimed at identifying demographic data. The individual questions were focused on basic knowledge as well as an understanding of finance and economics that every consumer encounters in everyday life. The results of the study showed that more than a third of Slovaks have a low level of financial literacy, more than half of respondents (56%) cannot appreciate in practice the convenience of loans. Research has found that most respondents assess the loans only according to the interest rate level rather than the RPMN (annual percentage rate of charge), which takes into account the total cost of the loan. Research has shown that up to 64% of respondents think they can manage their households efficiently and without any problems. It was further noted that the survey proved problematic to respondents who did not understand basic banking terms (for example overdraft, credit consolidation, etc.).

The biggest problem with the study was in the area of investment and the differentiation of the level of risk for each type of investment, where 74% of the respondents did not demonstrate understanding and where 54% of respondents said they did not know the basic investment rule.

Among other things, the survey also focused on the issue of saving. The results showed that nearly half of the households (43%) live from paycheck to paycheck and cannot save at all; another 42% save less than 10% of their monthly pay. Revenues earned by a household primarily go to immediate consumption and cannot be set aside to create a reserve budget. Subsequently to the question "How do you handle unexpected spending" respondents replied with loans and credits. This merits a pause, as there is a very close link between assessing the convenience of credit and the loan, and the solution to unexpected financial situations. Even though the results have shown that respondents do not know and cannot effectively assess their credit scores, they take out loans for unexpected spending. These loans can be secured quickly, but can get them into financial problems. The Agency claims that the average level of financial literacy of Slovaks is 62.5%. Companies were also focused on finding the current level and situation of financial education at Slovak schools. They argue that the poor level of financial literacy is due to the significant and alarming absence of financial education in the primary and secondary school environment. If the school has a financial education, there is no practical area, which respondents have described as "learning by heart". (Partners Group & Focus Agency, 2012) The above-mentioned facts are also confirmed by the surveys of demographic statistics, which show that young people at the age of 24 are below the Slovak average of the level of financial literacy. More than half of all respondents were able to admit that they cannot focus on financial literacy issues. The aforementioned survey by Focus and the Partners Foundation has also produced reports on the financial behavior of the Slovaks, which mirrors the financial awareness findings.

GfK survey

Another survey was conducted by GfK (2017), which primarily focused on high school students who graduated in June 2017, or joined the penultimate or final year of secondary school in September 2017. The survey was attended by students from various secondary schools (grammar schools, business academies, as well as other secondary schools with a school-leaving examination). The survey was attended by 500 students and was conducted online.

The survey showed that secondary school students have only average knowledge of financial literacy. The study also found that students only superficially understand individual financial products (e.g. only those that explain advertising or the internet). Products that do not target students with advertising are unknown to them, and their knowledge has greatly worsened in this area. A positive result of the survey was the finding that 80% of respondents are aware of the purpose and significance of a mortgage, but less than half of respondents understand the meaning and purpose of consumer credit. In addition, it was found that 48% of respondents considered the convenience of loans at the interest rate. Similarly, such a result could be seen in the survey conducted in 2012 by Focus with the Partners Group Foundation. In this survey, respondents also noted that the convenience of the loan is assessed on an interest-only basis. On the basis of the time horizon shift (2012–2017), it is possible to claim that the Slovaks are constantly assessing the loan only on the basis of the interest rate, which is a very negative phenomenon because the interest rate does not take into account the total cost of the loan. The GfK survey revealed that only 18% of the 500 respondents indicated that they considered the credit advantage even on the basis of the annual percentage rate of charge (RPMN). Negative status was also noted when assessing the purchase in installments where every third student (of 500 respondents) is convinced that the installment purchase is not a loan.

The survey results support the recommendation that students must continue to be educated on finances, and that there is still scope for improving and strengthening the level of education. Partial to excellent knowledge was provided by 78% of students who attended an education-oriented program. Students who did not enjoy a financial education program got 75% of the answers wrong and their knowledge was below the long-term average.

Among other things, the GfK survey also identified the difference between the debit card and the credit card. 73% of respondents use the payment card set up for the current account. The concept of a debit card was explained by the respondents as the authority to withdraw funds from an account. The credit card respondents believed that these cards would offer them credit on their own account.

The research also returned positive results: more than 90% of students indicated they have their own money, and most of them are setting aside part of their money for other periods. This indicates a positive shift over time. In a survey conducted by Partners and Focus in 2012, 43% of respondents were unable to save money from their monthly income, and 42% was able to save less than 10%. The GfK results in 2017 show that students are already able to save some of their funds. A less positive response

was that only 50% of respondents could assess the impact of inflation on savings. The study further revealed that the most common source of information for young people is the internet, with as many as 65% of respondents going online for answers to various financial questions. The following table summarizes the most critical findings of the survey conducted by GfK.

Table 2. Significant findings from the GfK survey in 2017

Detection area	Percentage of respondents
I know the purpose of the mortgage loan.	80 %
I can assess the total cost of the loan according to the RPMN.	18 %
I know the purpose of the overdraft.	40 %
I know the difference between the debit card and the credit card.	50 %
I can assess the impact of inflation on savings.	50 %
Interested in saving and investing information.	25 %
Difference between II. and III. pillar of pension saving.	40 %

7.1.2 Discussions on the levels and necessity of improving financial literacy

Numerous surveys were carried out in the Slovak Republic. On the basis of data and results from studies, it can be argued that the level of financial literacy, as well as the level of achievement of knowledge and skills, significantly decreased across respondents (households, pupils and students) over time. These results can be interpreted as a negative trend arising from a lack of training in financial literacy. On the one hand, it is important to focus on understanding basic concepts, but on the other hand, it is also important to consider practical experience and skills. This negative trend and drop in literacy levels need to be seriously addressed in the coming period, and financial literacy needs to be implemented in the school environment.

7.2 Current state of education in financial literacy in the Slovak Republic

The previous chapter outlined the objectives and results of individual surveys conducted by independent institutions on selected samples of respondents. Individual research has shown that the level of financial literacy in Slovakia is below the international average; therefore, it is necessary to intensively deal with this issue. The most negative results were considered to be the following: poor assessment of the discrepancies between the debit and the credit card, the inability to understand the importance of the annual percentage rate of charge, and the appreciation of credit scores.

7.2.1 Financial literacy according to the Ministry of Education, Science, Research and Sports of the Slovak Republic (implementation in the education curriculum and level of attention of the government)

Based on these findings, the Government of the Slovak Republic approved resolution no.477 dated 2 July 2008 entitled: Proposal for a strategy of financial education and personal finance management. Subsequently, the National Standard of Financial Literacy, which primarily integrates not only various financial themes, but also consumer and anti-corruption education and entrepreneurship education, as well as education against fraud in the use of public resources, was issued in 2008. Since 2008, the Ministry submitted three specific types of this Proposal starting with version 1.0, which was released on September 1, 2009, then it was version 1.1, which was effective from 1 September 2014. Following the implementation of further research in the area of financial literacy and in view of the current situation, the Ministry of Education, Science, Research and Sports of the Slovak Republic approved the National Standard of Financial Literacy version 1.2 under number 2017-1053/10961: 12-10E0 on 21 March 2017. It went into effect on 1 September 2017, beginning with year one.

The National Financial Literacy Standard defines the scope of knowledge, skills and experience in the area of financial education and personal finance management, which demonstrates that a graduate of a secondary school (upper secondary education) should be able to:

- find, evaluate and use financial information;
- know the basic rules of financial management;
- recognize risks in financial management;
- set financial goals and plan to achieve them;
- develop the potential for self-reliance and the ability to enhance;
- effectively use financial services;
- fulfill its financial obligations;
- enhance and protect both property and assets;
- understand and be able to contribute to the basic human and economic needs of the individual and the family, the enterprise;
- focus on the financial market (National Bank of Slovakia, commercial banks, insurance companies, financial intermediaries and other financial institutions);
- focus on the issue of consumer rights protection, and be able to apply these rights,
- manage the rights, duties, pros and cons of a person acting as an entrepreneur;
- build and present their own business, think strategically, employ problem-solving analysis.

In addition to these areas, the National Standard also defines financial literacy as a separate concept. According to the current version (1.2) of the National Standard, financial literacy means “the ability to use the knowledge, skills and experience to effectively manage their own financial resources to ensure life-long financial security for themselves and their household”. The National Financial Literacy Standard further specifies that financial

literacy graduates of secondary schools should at least generally understand all key aspects of personal finances. According to the National Financial Literacy Standard, graduates will be able to independently find and use the information needed to address specific financial challenges in which they can find themselves in different time periods.

The National Standard of Financial Literacy indicates what knowledge, skills and experience pedagogical staff and pupils have to dispose of so that they can continuously expand their knowledge of personal finances as their responsibilities and opportunities change. An important fact is that the National Financial Literacy Standard does not implement financial literacy as a separate subject in school education programs; rather, it provides schools with information on what topics are needed to educate pupils or students. In this context, it is important to emphasize that under the National Standard, a school subject can implement financial literacy in already existing subjects. Most often, financial literacy in school facilities implemented at elementary schools is in the subject such as Mathematics, Civil and Physical Sciences, at secondary schools, individual topics should be part of a subject such as Economics, National Economy, Macroeconomics or Banking. All the listed subjects contain cross-cutting topics within the framework of the topics covered by the National Financial Literacy Standard. In this case, however, it is possible to perceive mainly on elementary school pupils that the subject is taught by unqualified teacher who does not have sufficient knowledge of the financial field.

The Ministry of Education, Science, Research and Sports of the Slovak Republic describes the minimal requirements for the financial, economic and legal education of pupils in the National Financial Literacy Standard through acquired competencies. Individual competencies gradually focus from the lowest level upward, to the time of graduation. The National Standard further puts great emphasis on the practical use of knowledge and the link to daily life. The National Standard is organized into six basic subjects that should be followed by pupils according to defined competencies. They are: Financial responsibility for consumers; Planning, Reception and Work; Consumer decision-making and management; Credit and debt; Saving and investing; Risk management and insurance. The order of the individual topics is determined by the school, depending on the implementation in the school education program. National Standard details individual subjects in the sub-competencies described at individual levels, which include the ability to demonstrate the pupil's acquired experience and skills.

Table 3 summarizes individual subjects and sub-competencies that are included in the National Financial Literacy Standard, version 1.2.

Table 3. Overview of subjects, total and partial competencies according to the National Standard of financial Literacy (Ministerstvo, 2017b).

Subjects	Overall Competence	Sub-competencies
Financial responsibility of consumers	Using of reliable information and applying decision-making processes in personal finance	S-C 1 Determine different ways of communicating financial matters.
		S-C 2 Briefly summarize the main consumer protection tools.
		S-C 3 Explain the regulation and supervision of financial markets.
		S-C 4 Assess the importance of fighting corruption, fraud, anti-money laundering.
Planning, income and work	Assessing the relationship between work and personal income. Organizing personal finances and using the budget to manage money flow	S-C 1 Identify the sources of personal income.
		S-C 2 Elaborate a financial plan.
		S-C 3 Explain the tax and levy system.
		S-C 4 Summarize legal forms of business and basic business regulations.
Decision-making and management of consumers	Understanding and orientation in securing the needs of the individual and the family	S-C 1 Know and reconcile personal, family and social needs.
		S-C 2 Take financial decisions by considering alternatives and their consequences.
		S-C 3 Apply consumer skills in responsible purchasing decision.
		S-C 4 Describe the use of different payment methods.
Credit and debt	Maintaining benefits, borrowing under favorable conditions and managing the debt.	S-C 1 Identify the risks, benefits and costs of each type of credit.
		S-C 2 Have basic information about individual types of consumer lending.
		S-C 3 Evaluate ways to avoid debt management problems (overdraft) or how to manage them.

Subjects	Overall Competence		Sub-competencies
Saving and investment	Application of various investment strategies that are in accordance with personal goals	S-C 1	Explain how saving contributes to financial prosperity.
		S-C 2	Evaluate investment alternatives.
Risk management and insurance	Use of adequate risk management strategies.	S-C 1	Explain the concepts of risk and insurance.
		S-C 2	Define public insurance and explain the difference between public and private (commercial) insurance.
		S-C 3	Define commercial insurance.

The National Financial Literacy Standard also touches on the harmonization of individual levels, specifically according to the achieved level of education. Harmonization of individual levels is shown in Table 4:

Table 4. Overview of level harmonization according to achieved level of education (Ministerstvo, 2017c).

Standard of financial literacy	Degree of education achieved
Level 1	Primary – first grade elementary school (1st – 4th year of elementary schools)
Level 2	Lower Secondary Education – Secondary Primary School, 1st – 4th grammar school with eight years of study, 1st year of bilingual grammar school Lower Secondary vocational education – lower secondary Secondary vocational education – secondary.
Level 3	Full secondary general education. Full secondary vocational education.

In the context of the National Standard of Financial Literacy, the Ministry of Education, Science, Research and Sports of the Slovak Republic elaborated and updated the Methodology for the Inclusion and Application of Financial Literacy Topics in School Education Programs of Primary and Secondary Schools under number 2018/4154: 7–10E0 on 10 July 2018. This methodology should primarily serve as a tool whose main objective is to make teachers work more efficiently in the implementation and application of financial literacy topics to the teaching process. The methodology further states that if financial literacy is to be effectively integrated into the education process, teachers need to acquire basic knowledge of the financial literacy – only if the teacher understands what financial literacy means, will he or she be able to decide more effectively how to implement financial education in the school environment, what subjects to incorporate and what methods to use.

The methodology further states that for the implementation of financial education the teamwork of teachers is very important. One of the possible approaches is to analyze teaching and to find elements of financial literacy for each teacher who is already using

them in their other classes. However, it is also possible to take another path and decide on a specific approach during the general work meeting, after which parts of the curriculum will be assigned to individual subjects, followed by processing and incorporation into a particular subject by a specific teacher.

The methodology outlines how the individual topics of financial literacy should be implemented into individual subjects (Slovak language, Ethics, Citizenship and so on). However, it does not show how financial literacy should be implemented as a separate subject. Based on the evaluation and analysis of the National Financial Literacy Standard, it can be argued that the individual topics are based on theoretical backgrounds and do not offer opportunities to develop the practical abilities, knowledge and skills of pupils of elementary and secondary schools. In many cases, individual topics are incorporated into subjects where teachers do not have enough knowledge of the field of financial literacy and, despite the proposed methodology, are required to explain this issue to pupils. Of course, it is also necessary to see that teachers do not lack only theoretical knowledge but also practical experience teaching financial literacy. As this is a well-known problem, there are currently a number of publications, organizations and institutions in Slovakia that provide various workshops and activities to enhance the level of financial literacy among pupils in primary and secondary schools in different areas. The current status of the financial education offer is described in the following sub-chapter.

7.2.2 Financial literacy according to the teaching materials and other institutions providing education in the given area (attention in teacher training, initiatives for students and general population and evidence on tools to promote financial literacy)

As mentioned previously, on the one hand it is important to provide education according to the National Financial Literacy Standard and the relevant methodology issued and approved by the Ministry of Education. On the other hand, it is necessary to see how the quality and level of education in financial literacy is provided in the environment of primary and secondary schools in the Slovak Republic for students and teachers. Nowadays some institutions offer financial literacy education and provide help for primary and secondary schools, alongside tools and organizations that assist schools (teachers and students). These are described in the next section.

Education Young Entrepreneur CA (2018)

The first organization that provides education in the field of financial literacy at Slovak primary and secondary schools is the Young Entrepreneur Civic Association. This association provides practical workshops and lectures for pupils of primary and secondary schools in the field of financial literacy. The organization offers five basic topics, whereby pupils work on a variety of case studies, play social games, and perform activities where they are required to make effective financial decisions to secure funds for their own gaming team (possibly a fictional household). The first topic provided for primary schools is

Introduction to financial literacy, primarily focused on household management and the adoption of effective financial decisions at home. The second topic is Loans and Risks, which elaborates on basic problems of financial decision-making for individual types of loans. The third topic is saving, investing and insurance, which by game activities teaches students to make financial decisions in these three areas. The fourth topic deals with the general issues of financial decision making in the individual previous topics and also approaches the definition of financial decision-making in different phases of life. The last topic is a cross-section of selected topics of financial literacy, to be chosen by the school.

Besides providing workshops, activities, events and lectures, CA has published two publications to support training in financial literacy. The first publication is Financial and Economic Literacy for Students of the 8th Year of Elementary Schools and 3rd Year of the Grammar School by Bc. Dávid Vrtaňa and Bc. Oliver Bubelíny, published in Žilina in 2016. The publication consists of two parts. The first part is devoted to economic literacy, which includes the following topics:

1. **Ownership as part of the everyday life of people** – The chapter focuses primarily on understanding the connection between the tangible and intangible objects we use in everyday life.
2. **Man in the Money Sector** – The chapter deals in depth with needs and goods, which serve to satisfy consumers.
3. **Economy as a Part of the National Economy** – The chapter concerns the turnover of goods and services in the economy.
4. **Work as the main source of income** – The chapter focuses primarily on the work that needs to be done to ensure the basic income of the household. Further, the chapter contains issues related to the division of labor.
5. **Market and Market System** – The chapter contains topics related to pricing, advertising, discounts and consumer protection.

The second part focuses on the area of financial literacy. It includes the following topics:

6. **Money in Everyday Life** – This thematic unit is primarily focused on the history of money, the definition of basic concepts related to money. Furthermore, the subject of the European Monetary Union is included as a whole. This thematic unit is the introductory chapter on financial literacy for pupils.
7. **Household Economy** – This chapter discusses in detail the issue of income and expenditure and the development of the family budget as the basis for effective household management.
8. **Financial Markets and Financial Products** – This chapter provides pupils with basic information about existing financial institutions and their products, as used in today's society. Among other things, the chapter deals with issues related to foreign currency trading and their transfer to the domestic menu and so on.

The second publication is Financial and Economic Literacy for Primary and Secondary Grammar School Students 2nd part, by Ing. Dávid Vrtaňa and Ing. Karin Mikulášová,

published in Žilina in 2018. The publication consists of two parts. The first part is devoted to economic literacy, and the publication is categorized into six chapters dealing with different aspects of the financial world. The first three chapters are categorized into the first half of the timeframe:

- 1. Financial responsibility of consumers** – This chapter describes the importance of financial decisions that we take at every stage of life. It emphasizes that we take different decisions at a different age. In the chapter, pupils will learn how to should set goals in life in order to reach them. Finally, the chapter focuses on the protection of personal data.
- 2. Securing money for satisfying living needs** – An introduction to the concept of work that pupils will already know from the previous publication. It deals mainly with work and work-related rewards. Pupils will also learn how to calculate net wages and obtain basic knowledge of taxation.
- 3. Methods and ways of payment** – In the chapter pupils will get familiar with cash and non-cash payment transactions, as well as terms such as the creditor, the debtor. Finally, they will get acquainted with credit cards (“debit”, “credit card”) and their breakdowns.

The remaining three chapters are categorized into the second half of the timeframe and focus on :

- 4. Loans – Chapter includes basic credit processing.** Pupils will learn what credit is, what kind of loans we know and what each credit shortcut means. They will learn how to choose a profitable loan and what the difference is between credit and a loan.
- 5. Savings and investments** – This chapter deals with issues of saving and investing. Pupils will be introduced to various savings products, their advantages and disadvantages, the investment triangle and also with the investment risk.
- 6. Risk management and insurance** – The last chapter deals with insurance issues. Pupils will look more closely at individual types of risk. They will also focus on individual forms of commercial and non-commercial insurance.

Individual topics were elaborated by the authors in line to the National Financial Literacy Standard, with the inclusion of individual sub-competencies. The objective of the Young Entrepreneur CA is to prioritize and strengthen the level of financial education in primary and secondary schools by activities other than theoretical training, thus contributing to the strengthening of financial literacy levels in society as a whole.

Education JA Slovakia (2018)

Following the mandatory incorporation of the National Financial Literacy Standard by the Ministry of Education, Science, Research and Sport of the Slovak Republic, JA Slovakia decided to create the More than Money program, which is divided into two other programs, namely JA More than Money and JA AND MONEY.

The primary target group are pupils of year 7–9 of elementary school and of all grades of secondary schools. A secondary target group is teachers, whereby the program provides

teachers of primary and secondary schools with the opportunity to extend their financial literacy skills through accredited continuous education. The third target segment are parents who can engage in the program through a variety of home-based activities with their children (e.g. homework in preparation for classes).

The main aim of the program is to increase the financial literacy of primary and secondary school pupils and to teach them how to financially plan their future. The program uses learning and activation elements of education. The overall education program is divided into ten thematic units, which gradually follow from the history of money, banks and bank products, through their own account, payment instruments, saving and investing up to the risks associated with the financial decision-making. The individual topics of the program are structured so that learners understand, expand and enhance their abilities. The program is flexible; it is up to the school to decide whether it will be taught as a separate subject within a school education program, or as part of an existing subject that offers scope for its content.

During the program, students get an overview of financial literacy and individual topics that are part of the National Standard of Financial Literacy. The program also includes testing where learners have the opportunity to test the acquired knowledge and skills through open questions and tasks during the course of study.

Program JA AND MONEY is primarily designed for primary school pupils in primary school. This program develops individual topics of financial literacy but in an appropriate way and applied to primary school.

Additional institutions and tools providing education in the field of finance

Apart from the CA Young entrepreneur and JA Slovakia, there are other institutions providing financial education for primary and secondary schools.

The first one is the so-called financial doctor (MUDr. Milan Pavlík), who provides education in the field of financial literacy for pupils of elementary and secondary schools, as well as for household members in general. In support of learning, he uses two tools, namely the social game Financial Odyssey, which aims to provide basic information in the field of financial literacy and to teach students, teachers and families to manage financial resources and make effective financial decisions depending on various unexpected situations. Through this financial game he also educates teachers who subsequently have to share their knowledge of the game with pupils. The second tool to support financial education at elementary and secondary schools is the publication entitled Fundamentals of Financial Health, which was published in 2012 and includes the elaboration of basic topics such as: Money, Personal and Family Finance, Private Property, Employee vs. Employer. Businessman vs. Investor, Loans, Loans for Housing. Among other things, the book also deals with other (in-depth) topics: Investing, Retirement Saving, Life Insurance, Non-Life Insurance, Financial Mediation, Financial Crisis and Prosperity (Financial Doctor, 2018).

The second provider of financial education for primary and secondary schools is OVB Slovakia. It is a financial company that provides an educational project named

MojaFamília, which aims to strengthen the level of financial literacy at Slovak elementary schools. The primary target group is elementary school pupils.

This project is about understanding the issues of the world of finance, understanding the principle of money flow, managing the family budget and, last but not least, understanding the value of money. The MojaFamília game is a family-run simulator whereby a pupil (player) is in the position of a family manager and meets the needs of individual household members, resolves fixed and variable spending, and tries to save family money for a dream holiday during the game. The game is delivered to schools in electronic form, where the school, on very favorable terms, obtains access for teachers and pupils.

Among other things, OVB experts perform lectures for selected teachers in the schools that will use the acquired knowledge of the pupils' education process. Lectures are rather in the theoretical education orientation, but the company also provides further education in the form of entertainment. In this case, it is a knowledge test that verifies in particular the knowledge of the terms of the world of finance that were discussed during lessons (My family tools, 2018).

Financial Education at Slovak primary and secondary schools is also provided by the National Bank of the Slovak Republic (NBS), specifically within the Financial Consumer Protection Department. The primary task of the Financial Consumer Protection Department is to implement, in line with new competencies, the protection of the financial consumer, that is to ensure the observance of consumer rights in the supply of, or the provision of, financial services or transactions of entities subject to its supervision. This means that the subject of supervision is the activity of entities which have been authorized by the National Bank of Slovakia to carry on business, are registered with the NBS, or provide financial services on the territory of the Slovak Republic on the basis of a notification and a single European passport.

In this context, NBS provides, within its competence, public protection of consumer rights, i.e. protection through administrative tools against unacceptable contractual terms, unfair commercial practices, misleading advertising and breaches of the rules on the provision of financial services to the consumer.

Besides providing protection to financial consumers, the National Bank of Slovakia department performs various lectures at secondary schools in which employees try to provide students with basic information on the protection of the financial consumer. These lectures can be seen as a contribution to strengthening the level of financial literacy. Individual lessons are provided free of charge and are supported by various material utilities such as 5P Protection of Financial Consumers, what to look out for in terms of loans, insurance and so on. The lecture is supplemented by the test in which pupils examine the acquired knowledge and skills (National Bank of Slovakia, 2018).

7.3 The future of financial literacy in the Slovak Republic

As argued in the previous subchapters, the overall level of financial literacy is below the OECD average. Based on the results of various surveys and the assessment of the current

situation, it is necessary to constantly underpin the development of financial literacy. This means that the education of pupils in the field of financial literacy needs to be supported from the first level of elementary school onwards.

The remaining difficulties and problems consist of the implementation of financial literacy in school education programs. In many cases, financial literacy is implemented in subjects where teachers cannot provide students with relevant information. In this respect, it is the challenge of insufficient proficiency of teachers at elementary and secondary schools is apparent. A significant additional problem is the funds that schools need to invest in purchasing various materials and, additionally, the demanding adaptation and implementation of programs supporting education in financial literacy. The reluctance of schools to move to direct education in the context of financial literacy can also be considered a significant problem.

To promote better education in the field of financial literacy in the Slovak Republic, the following steps should be taken:

- Promote the quality of financial literacy training through new tools such as a fun mobile app or game, or by providing e-learning for primary and secondary school pupils.
- Continuously promote the dissemination of knowledge among pupils in the form of various lectures, events and activities related to education in the field of financial literacy.
- Continuously support teacher education in order to develop their knowledge and skills in the field of financial literacy.
- Create a program that can involve primary and secondary schools free of charge and thus obtain free education in the field of financial literacy from practitioners.
- Create a space for schools to cater for various financial literacy events.
- Intensely support the implementation of so-called high school weeks in secondary school environment to support the level of financial decision-making in different situations.
- Show pupils and students real-life stories that make them aware of the outgrowth and consequences of incorrect financial decision-making.
- Write and publish the methodology of financial literacy as a tool for teachers of elementary and secondary schools.
- Write and publish another relevant and valuable publication that will support the development of the educational level in pupils and students.
- Write a short guide to help ordinary people in financial decision making and distribute it free of charge.

Through systematic education, the creation of various tools and aids to support the teaching of financial literacy, and the provision of relevant information for teachers, pupils and students of primary and secondary schools, it is possible to strengthen the level of financial literacy in the Slovak Republic during the next few years.

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