

GCPMED 2018
**International Scientific Conference "Global Challenges and
Prospects of the Modern Economic Development"**

**FINANCIAL LITERACY AND EDUCATION AS ONE OF MAIN
PRIORITY STATE PROGRAMMS**

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Abstract

In a modern rapidly changing economic environment, the only way to improve the state's socio-economic system is to develop and improve the level of financial literacy among its citizens. Knowing the nature of the financial market, its offers and products a person is able not only to manage own funds effectively but also to become a full subject of economic relations, thus, contributing to the growth of the state economy and prosperity. The relevance of studying problems related to the development of adult population financial literacy is caused by the following circumstances: the need for State-level policies related to raising financial literacy of various categories of the population; the definition of mechanisms to protect the rights of financial services consumers; formation of prudent financial behavior of Russia citizen; the increase in the number of consultants providing financial advisory services to various categories of adult population on a pro bono basis etc. The article aims to investigate the main modern practices of promoting financial literacy in the Russian Federation. The article is devoted to financial literacy and its role and influence in the modern economy. In conclusion, it is necessary to emphasize that we have just begun the path to the financial education of the population.

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Keywords: Pro-bono practice, economic efficiency, programs of adult literacy.



1. Introduction

With increased financial volatility in Russia, socially significant projects and programs have raised the interest of the state. Nowadays the Financial Literacy Program for the adult population is one of the most actual and demanded programs undertaken by the government. Shaping Russian citizens' intelligent financial behavior is closely linked to the implementation of the Financial Literacy Programs for the adult population on the basis of development of the institutional base for their education at the federal and regional levels (Kuznetsov & Ivanov, 2017). Raising the Financial Literacy allows to reduce the social tension in the society, increase the effectiveness of financial management that is the keystone to the prosperity of any society (Lusardi & Mitchell, 2014). By improving the level of Financial Literacy, we raise a new generation with a more responsible attitude towards the payment of taxes and with the enhanced financial culture at all (Lusardi & Mitchell, 2011). Besides, consumer financial protection depends on how each citizen is trained in financial literacy, knowledge of the situation in the financial market and on how effectively he is able to manage own and borrowed funds.

1.1. Financial behaviour of Russian households

Study of the lifestyles of many Russian households illustrates that a substantial share of the Russian adult population is characterized by weak financial behavior. For example, over 61% of Russians make unnecessary purchases against a background of debts in their personal budgets. 2% of respondents do it always, while 18% of interviewed said they did it sometimes and 41% of respondents do it rarely. At the same time, spontaneous purchases are most commonly made by young people aged between 18 and 24 (75% against 5% of the group aged between 25 and 59) and least often among retirees (40%). Men and women tend to such costs to the same extent (59% of men and 62% of women). In situations where a man can afford wastage, 63 % of Russian buy something that is not necessary for them: 2% does it always, 18% of interviewed said they did it sometimes and 43% of respondents do it rarely. 32% of respondents never does it. This fact led to the need of the establishment of the institutional base for the implementation of financial literacy programs for the adult population of Russia at the federal and regional levels. Besides, it is worth mentioning that distrust of the financial market institutions that exists in the mind-sets of people has a significant impact on citizens' intelligent financial behaviour (Samorodova, 2015). Such distrust most commonly occurs through older generation behaviour. At the same time, the young generation has full confidence in offered services and products in the financial market.

Table 01. Level of citizens' trust in financial institutions, %

Indicator	2012	2013	2014	2015	2016
Level of trust in banks	64,0	78,0	74,0	59,0	67,0
Level of trust in insurance companies	35,0	41,0	38,0	34,0	40,0
Level of trust in non-state pension funds	19,0	19,0	19,0	22,0	24,0
Level of trust in investment companies	17,0	19,0	19,0	16,0	18,0
Level of trust in microfinance organizations	14,0	13,0	11,0	11,0	8,0

The statistical data in the table allow to draw conclusions that citizens did not trust the microfinance organizations to a greater extent in 2016 (8%), investment companies (18%) and non-state pension funds (24%). Almost half of the respondents (40%) trusted the insurance companies and 67% of Russian trusted the banking system. The above-mentioned circumstances led to the need for the policy (Vdovin, Averina, Gorbunova, & Moscaleva, 2018) connected with the improvement of financial literacy of different population categories.

1.2. The most common modalities for the events connected with financial education in Russia

Among a wide range of financial education, the most common modalities for such events that have been held in Russia for the last five years were:

- full-time financial literacy classes (lessons, lectures, seminars, master classes) (Gorbanova, 2014);
- face-to-face advice on finance, financial literacy
- development of financial literacy methodological materials
- business games in the field of financial education
- online classes on financial literacy: lessons, webinars, etc.
- dissemination of methodical on financial literacy
- guided tours on financial education
- blogging in social networks / personal page on the topic of financial literacy
- online advice on finance, financial literacy.

Despite the large covered category of schoolchildren and students, categories such as pensioners, poor and poorly educated citizens, vulnerable categories of the population (disabled, orphaned children, etc.) represent insufficient coverage (Naumova, 2011).

The most difficult topics for perception in classes and various kinds of events are: how and where to invest money (61%), how to protect your rights in case of violation (49%), how to recover taxes (49%), how the financial system of the Russian Federation is arranged (39%), how to protect yourself from financial risks (33%), how to refuse imposed insurance (34%), how to recognize fraudsters (37%), how to save for retirement (33%), information about compensation in case of revocation of a license the bank (31%), how to choose a bank (32%), what to do if there are difficulties with loan repayment (30%), how risk and return are related (27%) (Analytical Center of NAFI).

2. Problem Statement

The relevance of studying problems related to the development of an institutional framework for implementation of adult population financial literacy is caused by the following circumstances:

- the need for State-level policies related to raising financial literacy of various categories of the population (Allen, Demircug-Kunt, Klapper, & Martinez Peria, 2016);
- the definition of mechanisms to protect the rights of financial services consumers; formation of prudent financial behavior of Russia citizens;
- further functioning of the Regional Advisory and methodical maintenance of population advisory centres in the financial services market;

- the increase in the number of consultants providing financial advisory services to various categories of adult population on a pro bono basis.

In response to these circumstances, our study proposes to analyse approaches to implementing financial literacy improvement projects.

2.1. European ideas of financial consultation for their populations

Based on European practice in providing financial consultation for their populations, it was concluded that Russia needs to make substantial improvements in the numbers of appropriately qualified consultants. This conclusion was based on the results of an international comparative Study of financial literacy that was carried out by the Organisation for Economic Cooperation and Development (OECD) in 2016. The Study showed that the average level of financial literacy among all world nations achieves a score of 13.2 points on a scale whose maximum peaks at 21 points. In OECD member countries, this score was 13.7 points. By comparison, Russia scored 12.2 points, and was in 25th place in the table of countries studied – where it is ranked alongside such Eastern European countries as Hungary, Poland, Czechia, and so forth. In Hungary, for example, one active consultant is provided for every 11,061 people, while in Czechia a consultant's catchment area totals 14,403 people. In Russia, a financial literacy consultant averagely services around 34,000 people. As a result of these figures, it was decided to make a substantial increase in the numbers of financial literacy consultants offering consultancy in Russia free of charge to various sectors of the adult population.

Financial behaviours were studied in four different areas – ability to make personal plans for use of the family budget; capability for making well-considered purchases; paying bills on time; and keeping personal finance budgets 'out of the red'.

“Cross-country international studies is always of great value – since it enable the possibility of comparison with other markets, to identify weaknesses and strengths (Rodionova, 2017). We should stress that Russia's finishing in 25th place is not indicative of a poor result, since the levels of financial literacy of all the countries surveyed is far from high. So, if we bear in mind that the highest possible indicator score would be 21 (since the scale of possible results is calibrated from 1 to 21), all the countries surveyed scored from between 11.6 points to 14.9 points, and Russia's score was 12.2 points. This points to the fact that all of the countries surveyed, without exception, need to work on improving their financial literacy. Looking at other indicators, Russia's performance was strongly undermined by its poor performance on 'calculations involving difficult percentages', understanding 'the need for diversification', and absence of ideas of a 'family budget' or 'long-term financial planning'. This situation is further confirmed in other studies.”

2.2. Pro-bono financial education as a major trend of modern times

A separate trend in financial education is pro-bono (from the Latin. Pro bono publico - for the public good). Pro bono education is a gratuitous help from professionals; volunteer assistance by experienced professionals who are willing to selflessly share their knowledge (Lusardi, Mitchel, & Curto, 2010).

Historically, the term “pro-bono” originated in the legal sphere of the United States and meant the free work of workers in this particular field (Rodionova et al., 2016). This direction has only evolved and now it is in the stage of its formation in Russia. In this connection, it became necessary to promote information and broadcast already existing experience. One of the priorities for the further development of pro-bono in Russia should be its popularization. Volunteering in this direction can be a good value driver for modern people, the gap between the world of personal career, loyalty to the company and responsibility to society.

From a corporate perspective, a bilateral approach to pro-bono is part of the corporate social responsibility (NSCV, FOM, RUSAL, USAID, 2017). From this point of view, the business offers the most valuable asset it has - human capital - highly professional and competent and caring professionals and citizens, and it gets even more experienced professionals in return. From the point of view of the specialists, the pro-bono practice allows them to develop their competencies, to express themselves in the sphere of social transformations, investing their knowledge, time and talent in socially significant initiatives. The obtained human capital becomes a source of innovation, competitive advantages. The development of the standards of the pro-bono projects is one of the main tasks nowadays.

2.3. Financial Consulting

Another project that received a powerful development was the joint project of the Ministry of Finance of the Russian Federation with the International Bank for Reconstruction and Development (Kuznetsov, Ivanov, Shevalkin, & Vorovskiy, 2017).

Its main objective is to increase the financial literacy of Russian citizens, to shape their rational financial behavior, as well as to increase the effectiveness in Consumer Financial Protection. To achieve this goal, one of the Project’s objectives has been identified, aimed at creating an institutional framework for the development of mechanisms for implementing financial literacy programs at the federal and regional levels. Within the framework of this task, it is important to make full use not only of the potential of banking institutions but also of independent consultants for improving the financial literacy of various categories of the population (Zemtsov & Osipova, 2015).

Financial consulting in the financial services market in Russia is a relatively new area (Kuznetsov & Ivanov, 2017) that allows the inhabitants, with existing opportunities, to purposefully invest their free funds in existing financial instruments. Under these conditions, the role of counselors and methodologists is important. The foreign experience of financial counseling of the population allows us to conclude that for its use in Russia it is necessary to significantly increase the number of such consultants.

For example, according to the results of international comparative study on the financial literacy by the Organization for Economic Cooperation and Development (OECD) in 2016, the average financial literacy score for all countries in the world is 13.2 points out of a maximum of 21. In OECD member countries, the average is 13.7 points. Russia received 12.2 points (25th place) and is in the same range with Eastern European countries, such as Hungary, Belarus, Poland. At the same time, according to statistics, in the United States, according to the Bureau of Labor Statistics, there are about 220 thousand personal financial advisers or one for every 1,500 people in the country. In Hungary, one active consultant accounts for 11,061 people, respectively, in the Czech Republic - 14,403 people. In Russia,

one financial literacy consultant accounts for 34,000 people. In this regard, it is necessary to significantly increase the number of financial literacy consultants who provide financial advice to various categories of the adult population at no cost. This will significantly change the situation with the territorially limited access to the institution of financial counseling and provide an opportunity for the population of most regions of Russia to receive quality knowledge and advice on financial literacy.

In order to develop an institutional base, a network of consulting and methodological centres has been established in the Russian Federation (Chereshnev, Vasilieva, & Naslunga, 2015). They provide support for the implementation and use of educational programs, teaching and information materials on the implementation of financial literacy programs. The structure of such network is the following: federal consulting and methodological center and 13 regional centres.

3. Research Questions

The hypothesis put forward in the current paper: high financial literacy among the population is one of the key factors of the state's prosperity and economic growth. The more people know about the situation on the financial market and different financial services and products, the faster country's economy grows since people know not only how to manage their funds, but also how to invest and analyse current economic situation.

In view of the above, our study aimed to identify the following:

- What are the ways of promoting financial education?
- What is the experience of foreign countries in this field?
- What is the situation in financial literacy in Russia?
- What is the financial behavior of Russian households?

4. Purpose of the Study

The article seeks to examine the current situation of financial literacy and education among the population in the Russian Federation. Moreover, the article tries to analyse existing approaches of implementing financial literacy programs and projects.

5. Research Methods

The methodology of the study is presented as an analysis of the processes of institutionalised financial literacy for the adult population of Russia; and a theoretical analysis of the overall understanding of project activities in Russia. A statistical analysis of data based on the results of international comparative studies is given as the method, alongside a series of other general and more specialised scientific methods.

Analysis was carried out of the activities of Regional Consultative and Methodological Centres in improving the qualifications of Consultant Methodological Experts in the field of 'Financial Consulting'. Analysis was carried out on the theoretical approaches for implementing projects of improvement of financial literacy of the Russian population.

The multidimensional teaching analysis of consulting trainers in the Centre of Excellence is applied as a method performed by regional consulting methodical centers since April, 2016 till March, 2017. Based on such analysis, the conclusions are made; the priorities and proposals for the institutional framework development for the implementation of adult literacy financial programs are defined.

6. Findings

In the Russian Federation at the state level, purposeful work is being done to improve the financial literacy of the adult population (Anikina, 2010) on the basis of the established network of federal and regional consulting and methodological centers. The basis of such centers is the training of counselors and methodologists in refresher courses in the direction of "Financial Consulting".

The priority tasks for developing the institutional framework for the implementation of financial literacy programs for adults are:

- development of proposals for the Ministry of Finance of Russia, based on the results of work on training counselors, methodologists, to take into account the experience of working with the population and the development of a national strategy for the development of financial literacy;
- design of a long-term model of sustainable development of a training system for consultants-methodologists, which allows it to operate after the completion of the project implementation contract, including proposals for financial and personnel support.

7. Conclusion

In conclusion, it is necessary to emphasize that we have just begun the path to the financial education of the population. There is no doubt about the socio-economic effects of such programs

- the formation of a more responsible attitude to personal finance and effective financial behavior consistent with the long-awaited interests of citizens;
- the formation of a modern system of financial education and enlightenment in Russia;
- increasing the efficiency of protecting the rights of consumers of financial services in Russia should result from these programs.

Financial literacy program will help in the assessment of the risks in the financial services market, increase citizens' knowledge of their rights as consumers of financial services, will contribute to the recognition of the financial fraud indicators. Such social programs will allow to raise the population financial culture and to replenish the budget of the Russian Federation. Good planning of personal finances will allow the population to be sure of tomorrow, ensuring sustainable development for the younger generations.

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