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***ASPECTS
OF FINANCIAL LITERACY***

**Collection of Studies
of the International Scientific and Practical Conference
(March 22–23, 2021)**

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Aspects of Financial Literacy

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Editor-in-Chief:

Ph.D. Zsolt PÁL, Associate Professor of the Department of International Finance, University of Miskolc, Hungary;

Ph.D. Yuliia Serpeninova, Head of the Department of Accounting and Taxation, Sumy State University, Ukraine;

Dr.S. Larysa Hrytsenko, Head of the Department of Financial Technology and Entrepreneurship, Sumy State University, Ukraine

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Theoretical aspects of the financial literacy in the context of demographical migration crisis

Didenko Iryna, PhD, Sumy State University

Vorontsova Anna, PhD, Sumy State University

To be successful, a modern consumer in the financial services market needs the technical ability to temporarily place free financial resources on the market and the relevant knowledge and skills to rationally "exist" in the financial environment. The issue of financial involvement and financial literacy of the population is actively raised by the world community. According to the organization CGAP (Consultative Group to Assist the Poor), today, in the world, about 1.7 billion people (more than 22% of the world's population) do not have a bank account. However, many people have an open account but do not actively use it due to a lack of necessary knowledge and experience. In the context of the United Nations sustainable development goals of overcoming world poverty, improving education, and public health, it is the increase in financial literacy that will contribute to this.

According to the methodology proposed by a group of experts subordinate to the OECD (The Organization for Economic Cooperation and Development) INFE (International Network on Financial Education), the population's financial literacy is assessed in the following areas: financial knowledge, behavior, and attitudes. The formation of an integrated assessment is done by analyzing respondents' answers to questions within each block. Given the questions' structure, each block is evaluated differently: financial knowledge - 7 points, financial behavior - 9 points, and financial attitude - 5 points. Thus, the maximum level of financial literacy of the population according to this method is estimated at 21 points.

The OECD conducted the previous study of adult financial literacy in 2020. The study involved 30 countries, some of which are not members of the OECD. The highest levels of financial literacy are observed in Hong Kong (14.8), Slovenia (14.7), and Austria (14.4). As you can see, the countries with the maximum level of financial literacy scored only about 70% of the points, which indicates the urgency of improving this area. Analysis of the results of other countries that also participated in the study suggests that the relationship between the country's level of financial literacy and economic well-being is not always direct and may be due to many other factors, including demographics. Figure 1 presents a bubble chart showing the level of financial literacy (X-axis) and the total population of the country (Y-axis), taking into account its economic development (the area of the ball is equal to GDP per capita) for Western and Central Europe.

As you can see, to the right of all are Slovenia and Austria, with the corresponding maximum values for the region of the level of financial literacy 14.7 and 14.4. Germany, ranking second in terms of economic development among the represented countries (GDP is 46,445.2 dollars per capita), is inferior to the leading countries' level of financial literacy. Italy, despite the high economic standard of living (GDP per capita - 33228.2 dollars) and high population (60.3 million people), is in one of the last positions in terms of financial literacy of the population (11.1). France also participated in this study, but it is not presented in Figure 1 because it did not conduct a comprehensive assessment of the financial literacy of the population, but only a component of "financial knowledge".

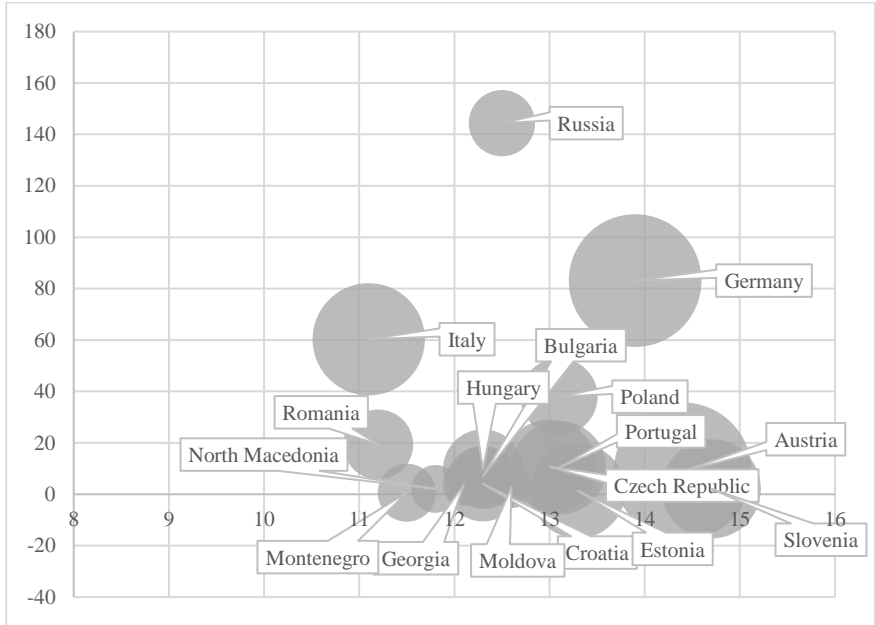


Figure 1 – Level of financial literacy (X) in 2020, population (Y) in 2019, million people. and GDP per capita (bubbles sized by GDP per capita) in 2019, USD for Western and Central Europe

Source: based on data from the World Bank and OECD

Despite innovative progress in finance and the absence of barriers to the availability of financial services, according to statistics (Table 1), the gender component still plays an important role in positioning the financial literacy of the population. According to the information presented in Table 1, the level of financial literacy is higher than that of women, except Georgia and Russia, where the opposite picture is observed.

The reasons for this gap are the lower level of knowledge of women in the field of digital technologies and, as a consequence, the lower activity of their use; cultural aspects of countries, both at the level of laws and social norms, exacerbate the problem of gender inequality; access to educational services; security in financial transactions through social networks. Of course, the issues of the gender gap in financial literacy are more relevant for countries with low levels of economic development. Still, they must be addressed by the European community in order not to exacerbate the current situation.

In addition to the gender component, the age structure plays an essential role in studying the population's financial literacy. Carrying out active measures aimed at improving the younger generation's financial literacy has not yet yielded significant results, as according to the OECD, young people (18-29 years) have a low level of financial literacy in contrast to middle-aged people (30-59 years). Older people (over 60) have the lowest level of financial literacy, forcing governments in countries where the number of older people is significant to introduce special education and training projects for this category of people.

An important reason for such relatively low values of Western and Central Europe's financial literacy, which are characterized by a significant level of economic development, is also the migration problem. Migration flows, the vast majority of which are directed to highly developed European countries with low living standards, create additional obstacles for the governments of countries where migrants overcome the problem of low financial literacy of the population. Thus, the current demographic and migration crisis in Europe and around the world is a cornerstone for improving the population's financial literacy. This process is not easy and requires significant

Table 1 – Distribution of the level of financial literacy among women and men in 2020 for the countries of Western and Central Europe

Country	Female	Male
Austria	14,2	14,6
Bulgaria	12,3	12,3
Croatia	12,2	12,4
Czech Republic	13	13
Estonia	13,3	13,4
Georgia	12,1	12,1
Germany	13,7	14,1
Hungary	12,4	12,3
Italy	10,9	11,4
Moldova	12,4	12,8
Montenegro	11,2	11,7
Poland	13,2	12,9
Portugal	12,7	13,5
North Macedonia	11,6	12
Romania	11,2	11,2
Russia	12,6	12,4
Slovenia	14,4	15

efforts from both the government and non-governmental organizations.

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