

DIFFERENTIAL ANALYSIS OF THE STATE OF FINANCIAL EDUCATION IN THE SLOVAK REPUBLIC FOR THE PURPOSES OF THE FINQ PROGRAMME (GAP ANALYSIS)

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Abbreviations

MESRS SR	Ministry of Education, Science, Research and Sports of the Slovak Republic
NSFL	National Standard of Financial Literacy
NUCEM	National Institute for Certified Educational Measurements
SVS	Secondary Vocational School
SEP	School Education Programme
SSI	State School Inspection
NEP	National Education Programme
PLS	Primary Level School
Methodology	Methodology for Incorporation and Application of Financial Literacy Topics in Educational Programmes of Primary and Secondary Level Schools
Strategy	Proposal of Educational Strategy in the Financial Area and in the Area of the Management of Personal Finances

Introduction

Financial education as a government-determined, nation-wide component of education implemented across school system levels from the primary to higher secondary or university level is an advanced phenomenon driven by recent societal changes and the development of the financial sector and services. Until 2008, financial education in Slovakia had mostly had the form of varied projects implemented under the auspices of NGOs, civil or business associations and, last but not least, the government sector.

A description of the current state has been outlined on the basis of an analysis of primary and secondary files of both qualitative and quantitative data with an intention to point out to the development and the broad context of financial education and its implementation across the range of levels from "SUPRA" to "NANO" :

- "International, comparative (SUPRA), e.g. international reference instruments, such as the Common European Framework of Reference for Languages, international evaluation studies like the PISA survey or the European Indicator of Language Competence, analyses carried out by international experts (Language Education Policy Profile), study visits abroad...national (educational) system;
- State, regional (MACRO), e.g. a study plan, syllabus, strategic goals, common core, training standards;
- School, institutional (MESO), e.g. adjustment of the school curriculum or study plan to match the specific profile of school education;
- Class, group, subject, teacher (MICRO), e.g. lessons, textbooks used, available education resources;
- Individual (NANO), e.g. individual experience of learning, life-long (autonomous) personality development."

The description of the current state of financial education in Slovakia covers the following topics:

- Level of financial literacy implementation;
- Financial literacy in the context of the development of a pupil's competences;
- Effects of financial education on the development of a pupil's financial culture.

When describing an ideal target state, we used the method of transfer from the areas in which successful implementation of strategies at the SUPRA level has been achieved in the recent 20 years. It includes predominantly the implementation of tools of the Council of Europe's language policy, the European Commission's strategies for supporting key competences and successful school reforms to transition from positivist education to competence development (Belgium, Canada).

Using a comparative method, we examined several alternatives to identify differences between the current state and the target state.

¹ BEACCO, J. C., BYRAM, M., CAVALLI, M., COSTE, D., EGLI CUENAT, M., GOULLIER, F., PANTHIER, J.: Guide for the development and implementation of curricula for plurilingual and intercultural education. 1st Slovak translation edition. Bratislava : Štátny pedagogický ústav, 2013, p. 12. ISBN 978-80-8118-114-6.

Summary of findings

1. Having compared the Educational Strategy in the Financial Area against the OECD's Recommendations, we can point out that the Recommendations have declaratively been adopted from the SUPRA level to the MACRO level to a nearly full extent.
2. We can also point out that considerable progress has been made in the basic understanding of the concept of financial literacy as well as in the understanding of the level of command of competences in the area of financial literacy between the SUPRA (OECD) level and the MACRO (Slovak Republic) level.
3. While OECD sees the development of financial literacy as a cognitive prerequisite for the inclusion of individuals in economic processes, the Slovak Republic understands financial literacy as the use of knowledge, skills and experience for an efficient management of an individual's own finances in the ever-changing economic environment. It is appropriate here to ask the fundamental question, whether it is at all possible to achieve an efficient management of own finances with the use of the lowest degree of cognitive functions (level of knowledge and skills).
4. The dynamics of innovation of NSFL highly exceeds that of NEP, referring to this fact we observe frequent inconsistencies between NSFL and NEP.
5. NSFL is vague in defining the target group and it does not distinguish between pupils' and teachers' levels of financial literacy. Accordingly, we can state that the pupils' level of financial literacy does not necessarily differ from that of teachers.
6. As regards the degree of development of financial literacy in the Slovak Republic, the activities to be undertaken by a pupil are identical across all levels. The levels as such are based on support for the lowest cognitive activities.
7. Schools implement financial education based on NSFL, merely replicating the topical structure of the standard. When incorporating NSFL into their SEPs, schools follow the Methodology recommended by MESRS SR. Schools nearly not at all monitor the degree of their pupils' financial literacy and they do not use available evaluation and assessment tools.
8. There are no standards or benchmarks to define a minimum level of financial literacy for education purposes. As a result, we don't know the teachers' and pedagogical personnel's level of competence in this field.
9. When preparing for teaching, teachers mostly use external sources or comprehensive programmes, or isolated learning assignments. Whichever source a teacher elects to use, it is topically tied to NSFL. Accordingly, the education as such concentrates on NSFL instead of developing pupils' thinking and competences in the financial culture context.
10. Our pupils' results point to two fundamental problems persisting in Slovakia's financial education:
 - The first issue is that the definition of financial education in NSFL deviates from the OECD's understanding of the concept. NSFL is structured around particular topics and the competences to be developed in both pupils and teachers are those of the lowest cognitive levels (levels 1 and 2 of the OECD's PISA Programme). The results achieved by Slovak pupils are just commensurate to the demands placed on them.

- Another, more profound problem lies in the fact that all financial education in Slovakia is completely NSFL-driven. The development of a pupil's financial culture is entirely absent and pupils thus do not adopt the education innerly. They take it for a mere obligation rather than a fundamental element which is to have substantial influence on all their lives.

Description of an ideal state

An ideal state in the development of financial culture could be achieved if the target of such development was a limited range of cross-cutting competences evolving across all spheres of life and driving critical thinking in pupils. Education would help pupils, among other things, to get the understanding of the necessity of financial culture in their lives and of how it influences all aspects of life.

To illustrate how an efficient system of developing financial culture could work, below we describe Canada's approach as an example. Canada was ranked second among the OECD countries in the most recent PISA survey. Canada is well known for its education policy based on high-quality curricula which are focused on developing pupils' core competences. Teachers' competences are well defined and teachers are fully qualified. Central to all education efforts are the pupil and the development of necessary competences which he or she needs for further life, promotion of the pupil's awareness of the importance of education and, in particular, his or her positive motivation. Canada implemented financial education only in 2018.

The National Research Council of Canada issued the national Financial Literacy Curriculum aiming at:

- Understanding the mechanisms and rules of financial culture, policy regulations and procedures, laws applicable to public finance management as well as financial asset or financial investment management processes.
- Being able to apply the laws, rules, policies, processes and standards in the management of financial resources and assets in the context of creating and implementing projects and innovative solutions.
- Applying necessary protocols for the protection and efficient and economic use of financial resources and make sure that decisions and proposals comply with applicable laws, rules, policies, standards and norms.

The curriculum defines five levels of financial education.

The Canadian example illustrates a quality financial education curriculum which allows pupils or learners to acquire a real financial culture and be successful in life in terms of finance and financial planning. We can summarise that a quality curriculum:

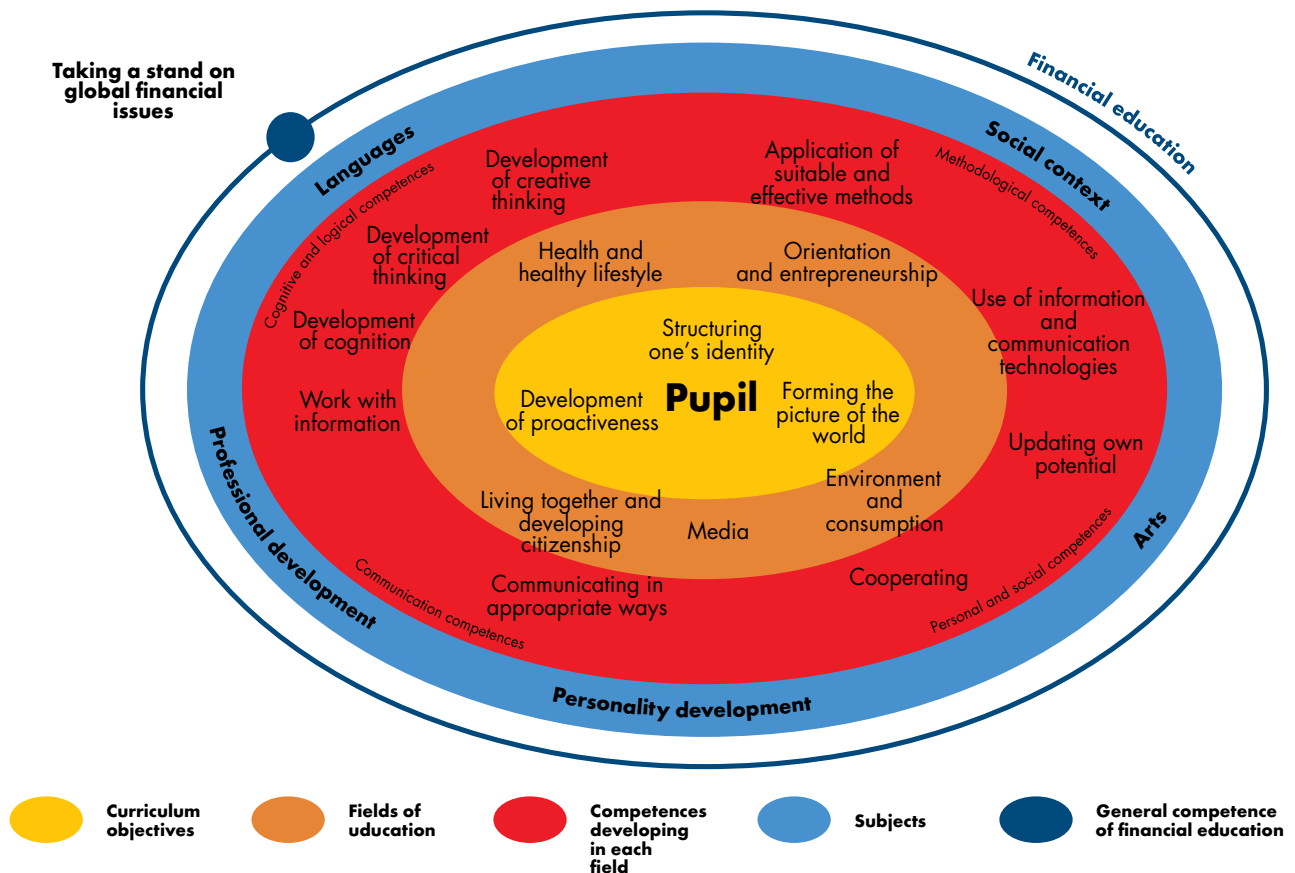
- is targeted at pupils/learners;
- is focused on the development of all cognitive levels, as precisely defined in five levels in the context of financial education;
- is focused on developing a pupil's/learner's core competences in all areas of education and on the development of critical thinking;

2 PISA 2015: The first results of an international assessment of 15-year-old pupils' financial literacy for Slovakia. NUCEM, 2015, p. 3 [cit. 2018-08-24]. Available on the Internet at: http://www.nucem.sk/documents/27/medzinarodne_merania/pisa/publikacie_a_diseminacia/4_in/Prve_vysledky_Slovenska_financna_gramotnost_PISA_2015.pdf

3 National Research Council (Canada). [cit. 2018-08-24]. Available on the Internet at: https://www.nrc-cnrc.gc.ca/fra/carrieres/competences_comportementales/mg_gestion_financiere.html

- is universal and usable at all lifelong learning stages;
- it starts at the process of the formation of the awareness of financial culture and ends up by creative application of that culture in a pupil's/learner's life;
- is focused on positive motivation and continuous obtaining of feedback.

Enhancing the quality of financial education in the Slovak Republic will require transition from supporting the lowest-level cognitive processes to promoting higher levels of those processes and from mechanically memorising knowledge and assigning it to particular education topics to developing critical thinking.



Identification of the gap between the actual state and the target state

Identification of the gap between the actual state and the target state in the implementation of financial education in the Slovak Republic

Level	Target state	Current state
SUPRA		
Financial education strategy	✓	✓
International financial education assessment programmes	✓	✓
Implementation of the OECD's and the EU's recommendations in the field of financial education	✓	✓
MACRO		
National standard of financial education	✓	✓
Development of critical thinking	✓	x
Development of higher cognitive processes	✓	x
Definition of cognitive development levels	✓	x
Assessment of pupils' competences	✓	✓
Assessment of financial education implementation	✓	✓
Standard of financial education for pedagogical staff	✓	x
Minimum financial education competence level of teachers	✓	x
MEZO		
Development of financial education competences of managerial staff	✓	x
Development of teachers' financial education competences	✓	✓
School curricula driven by the development of pupils' critical thinking and higher cognitive processes in the context of financial literacy	✓	x
Education of managerial staff focused on the development of teachers' professional competences in the field of financial education	✓	x
Education of teachers focused on the development of teachers' professional competences in the field of financial education	✓	x
Provision of suitable didactic tools to schools to help to develop pupils' critical thinking and higher cognitive processes in the context of financial education	✓	x
Provision of suitable evaluation tools to schools for the development of pupils' critical thinking and higher cognitive processes in the context of financial education	✓	x

MICRO

Creation of classroom and lesson plans for the development of pupils' critical thinking and higher cognitive processes in the context of financial education	✓	x
Provision of a stock of teaching materials and methodological guidelines to teachers for the development of pupils' critical thinking and higher cognitive processes in the context of financial education	✓	x
Provision of a stock of evaluation tools and methodological guidelines to teachers for the development of pupils' critical thinking and higher cognitive processes in the context of financial literacy	✓	x
Involvement of the financial sector and its support for the development of financial education at schools	✓	✓
Involvement of parents and their support for the development of financial education at schools	✓	✓

NANO

Provision of a stock of authentic learning texts for the development of pupils' critical thinking and higher cognitive processes in the context of financial education	✓	x
Provision of a stock of teaching materials and methodological guidelines for the development of pupils' critical thinking and higher cognitive processes in the context of financial education	✓	x
Provision of a stock of feedback tools for the development of pupils' critical thinking and higher cognitive processes in the context of financial literacy	✓	x
Involvement of the financial sector and its support for individuals' financial education	✓	✓
Involvement of third parties and their support for the development of financial education	✓	✓
Education of parents towards supporting financial education	✓	✓

Explanations:

✓	in progress
✓	partially in progress
x	absent/not implemented

Proposal of alternatives for action to attain the target state

Alternatives for action to attain the target state

Description of the analysis object	Alternative A: Foundation of Slovenska sporitelna	Alternative B: State	Alternative C: Private sector
Solutions			
Create a uniform reference framework of competence levels (A1 - C2) in the field of financial education to develop critical thinking and higher cognitive processes of pupils	Yes	No	No
Develop education modules for headmasters in conformity with the reference framework for financial literacy development	On-line, free of charge	Via MPC, free of charge	Courses for a charge
Develop education modules for teachers in conformity with the reference framework for financial literacy development	On-line, free of charge	Via MPC, free of charge	Courses for a charge
Define financial education professional standards for teachers	No	Yes - partially	No
Prepare methodological guidelines for teachers (levels A1 to B2) in conformity with the reference framework for financial literacy development	On-line, free of charge	No	Service for a charge
Create of a stock of education models and assignments for pupils	On-line, free of charge	Textbooks	Service for a charge
Develop a self-evaluation portfolio in conformity with the reference framework for financial literacy development	On-line, free of charge	No	No
Implement the certification of financial literacy levels in conformity with the reference framework for financial literacy development	No	Yes	Service for a charge
Provide qualitatively new on-line materials which are free of charge	Yes	No	No
Perform experimental testing of the qualitatively new curriculum and its impact on the pupils' competence levels in conformity with the reference framework for financial literacy development	Yes	No	No
Implement a 'financial education ambassador school' label as a mark of quality	Yes	No	no
Support talents through a competition aiming at evaluation of the level of critical thinking and higher cognitive processes relevant to financial culture	Yes	No	No
Impact			
Adaptability to new labour market needs	Yes	No	Partial
Increased use of electronic services	Yes	No	No
Enhanced financial culture of citizens	Yes	No	No
New economic opportunities	Yes	No	No
Central supervision	No	Yes	No
Potential for transfer to other countries	Yes	No	Partial
Potential for extension to other fields of education	Yes	Yes	Yes
Potential for extension to other target groups	Yes	No	Yes
Availability to target groups	Yes	Yes	Partial

Proposed solution

Funding in accordance with the OECD's Recommendations	Yes	Yes	No
Diversification of costs through agile deployment	Yes	No	No
Investment	Yes	Yes	Yes
Value	High social impact	Partial social impact	No

Proposed solution

Having assessed all the alternatives, we recommend the implementation of Alternative A for the reasons that it would:

- Enhance the quality of financial education
- Ensure the nation-wide access to quality education
- Have a high social added value

Conclusion

The importance of quality financial education stems primarily from the need for preventing and mitigating the adverse effects of economic crises whose adverse social and economic consequences may last rather long. A financial crisis will make more and more Slovak people to cope with a change in their socio-economic status. This is why bank sector institutions, namely the Foundation of Slovenská sporiteľňa promote the support for financial education in a variety of forms.

The improvement of pupils' financial literacy, which is now on a level around the average, can be achieved through systematic steps and by implementing comprehensive projects to enable the development of a pupil's personality and formation of his or her financial culture. Pupils will get a feeling of empowerment and insight into the topic, which will lead them to perceiving it not only as an indispensable educational component, but also as a factor having the potential to influence their further life.

The Foundation of Slovenská sporiteľňa has for long paid attention to financial education and the development of support for pupils' financial literacy. Schools highly appreciate the support programmes, which is reflected in the results achieved in the financial literacy monitoring performed by the State School Inspection. Nevertheless, a scheme adequately reflecting the mutual synergies and factors which influence education as a whole is still lacking. This is well evidenced by the findings of the Gap Analysis of the State of Financial Education in the Slovak Republic for the Purposes of the FinQ Programme.

FinQ



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