

Financial education in Slovakia: A look behind the numbers

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The level of financial literacy of Slovak 15 year-olds is below the OECD average. About one-fifth of students do not even have a basic level of knowledge. These are the results of PISA testing in 2012 on the ability of students to take effective financial decisions and make financial plans.

According to schools that participated in the PISA testing, 85% of Slovak students have access to financial education. Such a high percentage is surprising and reflects the fact that financial literacy is taught in Slovak schools across their curricula, also in math and science classes. In Slovakia, math education is regarded as a satisfactory form of financial education. In contrast in Estonia, only 22% of students reported they received financial education, but Estonia still ranked second in PISA financial literacy. According to Estonian teachers, their students are keen to acquire financial life skills. Are Slovak students different?

Factors Influencing Low Financial Literacy in Slovakia

As PISA testing shows, there is a direct correlation between the level of math and reading literacy and the level of financial literacy of Slovak students. And there is another factor: the index of economic, social and cultural status (created from several variables including the highest level of education attained by the student's parents; family wealth; home educational resources and possessions related to "classical" culture in the family home). For Slovak students, this index had the second highest influence on the level of financial literacy in all tested countries. The lower the value of the index, the lower the level of financial literacy.

The results revealed only 25% of students have a bank account and 19% of them own a payment card while 74% have neither of these two basic bank products. Even more surprising is the fact that there is no direct

connection between these two facts and the level of financial literacy. Experts believe that students who do not own a bank product wish to have one and want to know more. On average, Slovak parents set up a bank account for their children once they are about to leave home to study, mostly at the age of 18, says the survey conducted by JA Slovakia, an educational non-profit organization. Its findings confirm the PISA results. The majority of students – 66% at primary school level and – 77% of secondary students receive pocket money. They also seek to earn their own money – more than 80% of secondary school students have part-time jobs. They were enthusiastic about new mobile technologies, including mobile banking. There is a difference between the rural areas and larger towns as far as access to bank products is concerned.

Who is to blame or is there a way out?

Slovakia, like most other EU countries, has an official

document in this area: The National Standards on Financial Literacy. The Ministry of Education recommends all schools apply the content of the document across the curricula. A ministry body, The Methodology and Pedagogy Centre, carries out teacher education and training. Training on incorporating the national standards on financial literacy into teaching began in 2009 – three years before 2012 PISA testing. And who else if not teachers should be the key players in improving financial education? Non-profit organizations in Slovakia, such as JA Slovakia, have started running courses for teachers on financial education and have reacted quicker than state bodies. Schools are grateful for all assistance received, be it from foundations, banks or other financial market institutions. As regards further education possibilities for teachers, there is only one university faculty in Slovakia teaching financial education.

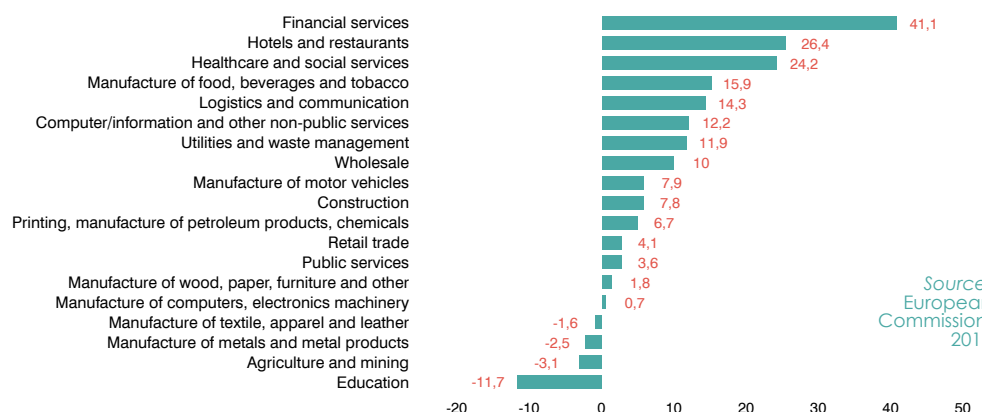
Financial education and the future of jobs in Slovakia

According to the Future of Jobs Report (January 2016), published by the World Economic Forum, industries such as banking will mainly be influenced in the next four years by the following drivers of change: segmentation of information from social networks, the Internet of Things, advanced robotics and artificial intelligence. Another forecast (from the European Centre for Development of Vocational Training) states there will be a more than 41% rise of employment in the Slovak financial sector by 2025. In comparison, the average increase of employees in the EU's financial sector is forecast to be about 7%.

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Educated customers and educated employees at financial institutions, well prepared for future challenges, that is the goal to be achieved.

Employment change in Slovak economic sectors in 2014-25



Source:
European
Commission,
2015