

Financial Literacy – Education which starts at home

About ten years ago I joined an international project focusing on the implementation of financial education for children and youth in some East-European countries. During the project I realised that Czech Republic is the only country among the “Visegrád Four” (Czech Republic, Slovakia, Poland, Hungary) which has a comprehensive plan of financial education implemented into the Education Programme Framework for all school grades. It was a positive finding and besides other things, it is the result of the “National Strategy of Financial Education” which has been accepted by our government. As a member of the working group preparing this strategy, I am always happy to share my experience with colleagues from other countries. My international experience made me to accept the challenge to involve Czech Republic in the “Global Money Week” (GMW).

The aim of this project is to educate a generation that will be able to prevent future crises through the development of financial education and access to financial services. GMW has involved this year 170 countries, 32 million children and young people, 53 thousand organizations, at more than 310 thousand events around the world.

Financial literacy is the knowledge of the use of personal funds in different stages of life and we consider it one of the main pillars of education for the future. Some schools pay more attention to financial literacy, while others unfortunately don’t pay enough. Financial literacy is crucial because thanks to financial knowledge it is possible to prevent personal bankruptcies and future financial failures. It is only natural that we perceive such knowledge and competence as very important. But without the support and involvement of parents in the financial education of children we can never succeed.

It is clear to every parent that our children are dear not only to our hearts. Some empirical researches show that in families with average standard of living, the cost of a child from birth to 25 years (we consider studying at university) is close to 155 thousand Euro. For families with poorer living standards, the cost of a child is lower because it does not go to expensive holidays, having expensive mobile phone etc. Conversely, for families with better financial support, costs may double. Therefore, parents are everyday bankers who have to allocate their earnings correctly. And they should properly lead and educate their children in this area.

I hope that everybody would agree with me that the example set by parents is the key factor. No school can substitute the example of a family. That is why we decided to work with this topic systematically and in the long term. Both the studies and our experience show that parents prefer discussing bullying, drugs, smoking and sex to money, family financing or investing. The reason might be that they often fumble in the dark and lead their family budget rather randomly than in a structured and planned way.

In order to learn how to deal with the family and personal finances it is recommended to use the services of Financial advisers and planners. Here, it is important to choose correctly and to choose an adviser who can really “tailor” family savings and investments to each investor's fit. Our institution, the European Financial Planning Association, aims to educate and certify financial professionals who will work with their clients to analyse their needs and long-term goals and find the bespoke solution. It is important that the advisor/planner is a kind of long-term friend of the family or client and works with them during their changing life and economic situations. With new age of technologies of communication and Fintech tools, the importance of well-educated and experienced professionals will keep growing.

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