

# Issue of financial literacy

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## OECD – Financial Education Project

- In 2003, OECD initiated intergovernmental project Financial Education Project focused on the introduction of an integrated system financial education.
- The results of the whole project were summarized in publication *Improving Financial Literacy*.

# Financial literacy in the Czech Republic

- In the Czech Republic, Ministry of Finance deals with financial literacy.
- Ministry of Finance followed the recommendations stated in publication *Improving Financial Literacy* (the Czech Republic has been a member of OECD since 1995) and issued document *Strategy of financial education*- The objective of this strategy is to create an integrated system of financial education in the Czech Republic.

# Financial literacy in the Czech Republic

- Document „Strategy of financial education“ includes results of public survey carried out by company STEM/MARK in 2007.
- The results of the survey show necessity of systematic development of financial education in the Czech Republic.

# Financial literacy in the Czech Republic

- In document *Strategy of financial education* Ministry of Finance prefers a two-pillar structure
  - initial education (preschool, primary, secondary and trade and technical education)
  - lifelong education

## Financial literacy in the Czech Republic- initial education

- Document *Strategy of financial education* is followed by document *The system of the creation of financial literacy at primary and secondary schools* that was approved by the government in December 2007
- This is a common document prepared by Ministry of Finance, Ministry of Education, Youth and Sports and Ministry of Industry and Commerce of the Czech Republic.
- The document includes particular standards determining targeted condition of financial education for primary and secondary education.

# Financial education at USB

- In compliance with document *The system of the creation of financial literacy at primary and secondary schools*, the University Section of Ministry of Education, Youth and Sports addressed the deans of university faculties that prepare the teachers for primary and secondary schools and invited them to incorporate the standards of financial literacy into the content of the relevant university programmes/branches of educational study.

# Financial education at Pedagogical Faculty of the University of South Bohemia in České Budějovice

- Pedagogical Faculty of the University of South Bohemia in České Budějovice reacted to this invitation and it offers to its students the subject *Introduction to Finance* designed for the students of mathematics teaching.



# Introduction to Finance

The students attended course once a week (two lessons).

## **Content:**

Simple interest, compound interest, efficient interest rate

- Savings
- Credits: Mortgage credit, consumer lending, credit card
- Bills of exchange
- Bonds, Stocks

**Tools:** MS Excel, CAS (Maple 11), Internet.

## Question

Can Multimedia tool be helpful to better understanding of concepts of the financial world?

## Training of Introduction to Finance

60 students attended the course Introduction to Finance.

They were separated into two groups. Each group had 30 students.

- The first group only used standard textbook
- The other group used standard textbook and Multimedia tool in teaching of financial mathematics - [www.pf.jcu.cz/~fim/](http://www.pf.jcu.cz/~fim/)

# Final program test

## **Test includes 2 parts(Test) :**

The 1<sup>st</sup> part of the test– standard tasks required of basic knowledge (5 tasks).

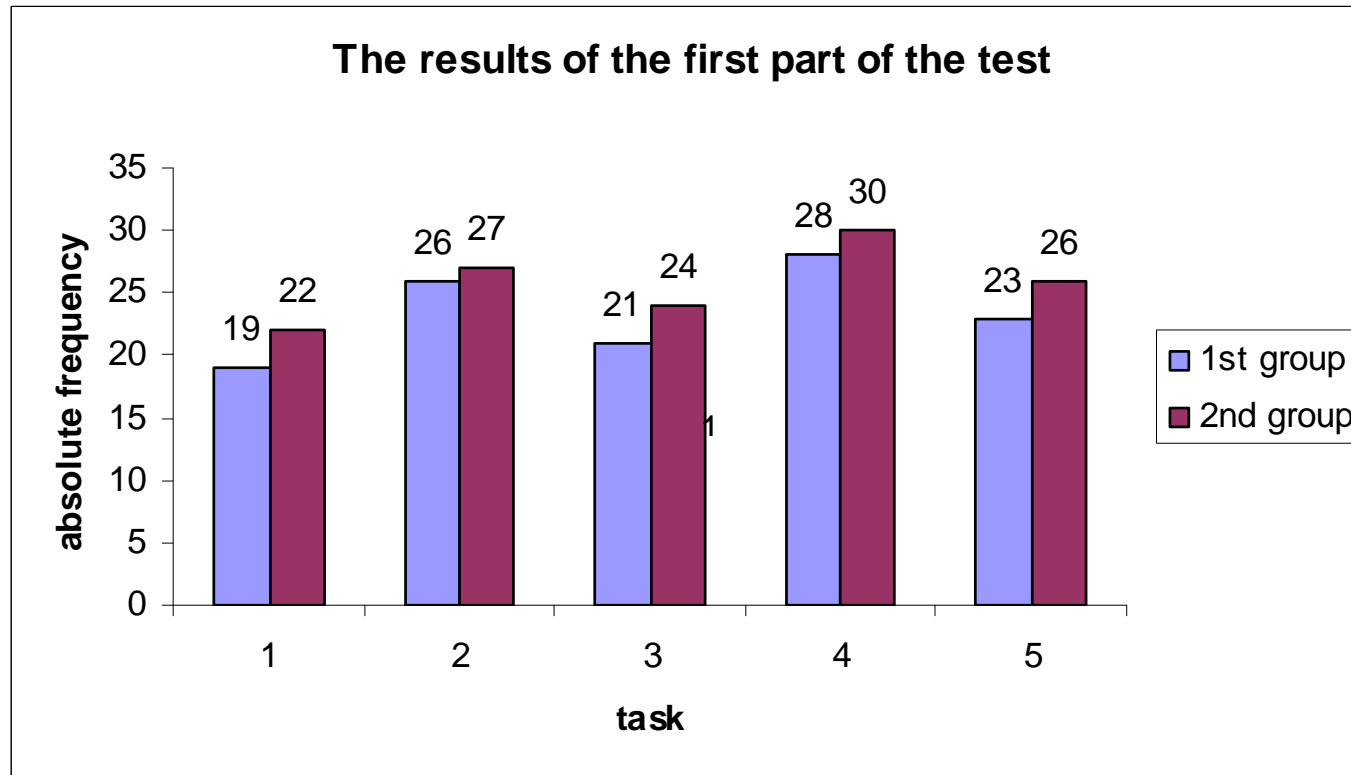
The 2<sup>nd</sup> part of the test - specific tasks and model situations (5 tasks).

Themes: interest rate, consumer credit, mortgage credit, bonds, bill of exchange, inflation, saving.

# Statistical evaluation

Task	The 1 <sup>st</sup> group		The 2 <sup>nd</sup> group	
	The 1 <sup>st</sup> part of test		The 1 <sup>st</sup> part of test	
	Absolute frequency	Percentual results	Absolute frequency	Percentual results
<b>1 compound interest</b>	19	63,3%	22	73,3%
<b>2 mortgage credit</b>	26	86,7%	27	90%
<b>3 efficient interest rate</b>	21	70%	24	80%
<b>4 bills of exchange</b>	28	93,3%	30	100%
<b>5 saving</b>	23	76,7%	26	86,7%

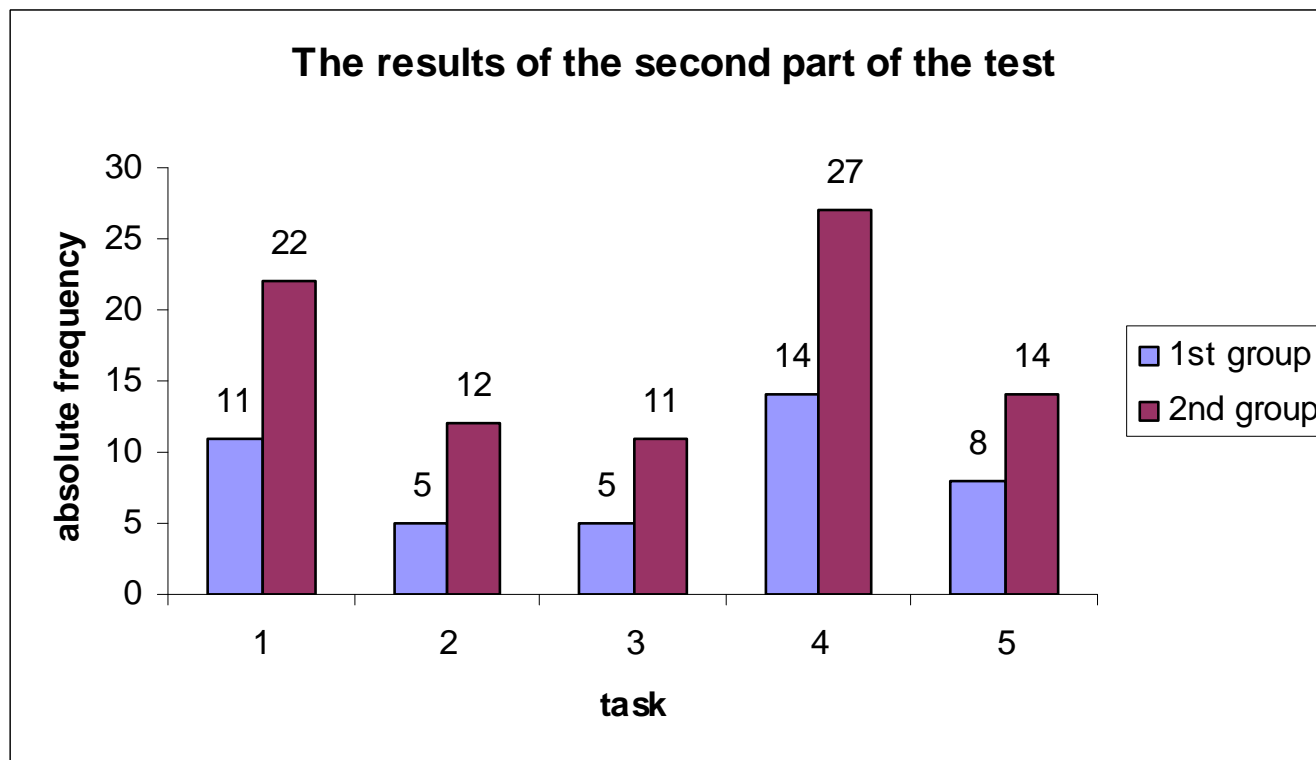
# The results of the first part of the test



# Statistical evaluation

Task	The 1 <sup>st</sup> group		The 2 <sup>nd</sup> group	
	The 2 <sup>nd</sup> part of test		The 2 <sup>nd</sup> part of test	
	Absolute frequency	Percentual results	Absolute frequency	Percentual results
<b>1 mortgage credit</b>	11	36,4%	22	72,7%
<b>2 consumer credit</b>	5	18,2%	12	40%
<b>3 saving</b>	5	18,2%	11	36,4%
<b>4 bills of exchange</b>	14	45,5%	27	90,9%
<b>5 inflation</b>	8	27,3%	14	45,5%

# The results of the second part of the test





# Conclusion

Question:

Can Multimedia tool help to better understanding of concepts of the financial world?

Answer:

Yes, it can.