Financial Education in Brazil and the Czech Republic

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Abstract. This article's theme is dialogues between Financial Education and Public Policies in the Brazilian and Czech spheres. It aims to analyze its rationalities and intentionality, especially about its potential scope, without disregarding its limits in the face of the crises experienced in the world. Due to the need to establish a theoretical and methodological framework for this article, some analytical lenses were established in order to contextualize financial education within relations with international organizations. The study has characteristics of qualitative research of a documentary nature. The corpus analysis and selection process in documents from international organizations such as the OECD. Financial education can be understood as a possibility for social and economic development, as financially educated individuals will be able to manage their resources better and make more assertive decisions. However, one cannot look into this area without problematizing whether contemporary processes related to financial education sometimes do not also have the pretext of establishing dynamics of blaming and making individuals responsible for their own vulnerabilities.

Keywords: Financial Education. Public Policy. Brazil. Czech Republic.

1. Introduction

This article examines Financial Education in Brazil and the Czech Republic, seeking to understand the different initiatives in each country. Furthermore, it was intended to identify the main trends present in this field to provide subsidies for analyzing public policies aimed at promoting financial education.

To achieve this objective, the selection and analysis process of the research corpus consisted of analyzing materials produced by the OECD. The analysis of these documents seeks to understand their functioning and potential scope. Understanding the role of Financial Education in the context of Public Policies is an opportune field for developing relevant analyses to guide future actions and strategies in this area. An enriching debate is promoted by identifying the main trends, reasons, and intentions. It supports informed decisions that aim to understand Financial Education initiatives and their impact on Brazilian and Czech society with greater caution.

In this sense, it is essential to consider the current historical moment to understand the emerging conditions related to the entry of Financial Education as a relevant element in public policy agendas. Due to new economic realities, the financial sectors have undergone significant transformations in recent decades. The introduction of the first computers into banks in the 1960s resulted in substantial changes.

In this context, financial digitalization appears together with narratives that aim to promote, expand, and democratize financial education. However, this construction incorporates arguments aligned with the contemporary interests of the market and States about the management of life. Cardozo (2011) highlights that many people need to have behaviors aimed at saving or investing due to the lack of basic information about finances, discomfort with the idea of investing, difficulty in giving up immediate consumption, and problems related to debt.

Other authors argue that the foundations of Financial Education are linked to income policies, where increasing income is seen as a way to improve living conditions, and savings are a viable means to achieve this objective (Stewart, 2015).

Nonetheless, Mészáros (2012) questions this approach, highlighting that it emphasizes individual responsibility in solving complex social problems, such as financial inequality and lack of access to resources. According to the author, this perspective supports the dominant global economic system, which promotes wealth accumulation in the hands of a few to the detriment of the majority. Furthermore, promoting individual frugality does not consider the socioeconomic and political structures that generate financial inequality and restrict access to resources for most people. Therefore, it is essential to understand that financial education cannot be approached in a naive or reductionist way, limited to teaching people how to save and save.

In this context, it is essential to analyze the role of financial education on the economic system in which it is created. The logic of capital is based on the accumulation of wealth and the exploitation of the working class, and education must not only teach people to adapt to this logic but also question it and propose fairer and more equitable alternatives.

Financial Education has become a "long-term policy priority in many countries and economies, being recognized as an important complement to market conduct, prudential regulation and financial inclusion" (OECD, 2022, p.3). As of May 2020, more than 70 countries and economies were designing and implementing national financial literacy strategies through public and private initiatives.

2. Financial Education

The dissemination of economic and financial matters in society has become increasingly common. With the increase in banking and digitalization, the offer of financial products and services has expanded, providing access to new payment, credit, and investment technologies. For organizations in the sector, however, many people access these new features without proper guidance on their appropriate use and the most appropriate modality for each profile. This lack of guidance and knowledge would increase the risk of leading individuals to make irrational use of these products, resulting in financial problems and frustration concerning the promises of financial well-being (Pereira et al., 2022).

These arguments are recurrent in the analysis when pointing out fundamental questions about the importance of financial education, as defended by the Central Bank of Brazil (2013, p.4), which states that "every citizen can develop skills to improve their quality of life and their family members through behavioral attitudes and basic knowledge about personal finance management applied in their daily lives".

The Organization for Economic Cooperation and Development (OECD) recognized financial knowledge as an essential tool for economic recovery, which made financial education a priority on governments' agendas in several countries, including Brazil. However, the OECD's appeal alone was not enough to attract the government's attention; it was only after events such as the 2008 global financial crisis and actions taken by other countries that the importance of financial education was recognized as a problem and became a priority on the agenda and a public policy (Ribeiro, 2020).

The Central Bank understands that investing in financial education and citizen training means creating policies aimed at sustainability and growth in the short and long term, ensuring equal knowledge and economic resources. For the institution, the quality of financial decisions directly impacts debt, default, and the country's investment capacity (BACEN, 2013).

This approach is reinforced by other authors, such as Mitchell and Lusardi (2015), who state that inadequate financial decisions can lead to serious financial problems throughout life, affecting the economically vulnerable and the entire population.

The importance of financial education is also recognized in 8 of the 17 United Nations Sustainable Development Goals (SDGs) in the 2030 Agenda. The 2030 Agenda represents a global action plan to guide efforts towards a more sustainable and resilient future. In the context of this agenda, financial education plays a crucial role in constructing and consolidating policies and actions aimed at sustainable development. By influencing people's behavior and consumption choices, financial education creates an environment conducive to balance and sustainability, aligning with the UN objectives. This reflects the concern with financial knowledge and reinforces the importance of financial education in the training of citizens (UN, 2015).

In this sense, financial education was assigned a relevant role in the construction and consolidation of policies and actions developed, as by shaping individuals' behavior and consumption choices, it creates an environment that favors balance in all aspects, a characteristic essential for the sustainability of the impacts pursued by the UN (Forte, 2021).

Nevertheless, Mészáros (2012) argues that focusing only on individual financial education, where the responsibility for managing finances falls entirely on each person, ignores the social and structural influences that affect people's financial conditions. He points out that this individualized approach does not consider the economic and social inequalities that make it difficult for most people to achieve financial stability. Instead, he places all the responsibility for solving these problems on people without addressing the underlying causes, highlighting that financial education alone is insufficient to solve systemic financial problems, especially those caused by the global capitalist system.

However, despite recognizing the importance of financial education, there are challenges in building an influential network, including adapting public policies to different local realities. It is essential to understand that financial education is inserted in a field crossed by tensions, surrounded by different contexts and pretexts, which sometimes seem to concretely and symbolically benefit privileged segments to the detriment of subjects who find themselves in situations of vulnerability and inequalities.

3. Public Policies for Financial Education

The inclusion of financial education on the political agenda of several countries, including Brazil and the Czech Republic, reflects the importance of this issue in today's society. Although there are limits to state intervention, the need for financial education for the population has been considered indisputable, justifying its presence on the political agenda (Forte, 2021).

However, implementing public policies occurs in a political arena where several actors mediate power relations. For society to benefit from public policies, the active participation of the population is essential, with the State providing the necessary tools for this effective participation at all stages (Monteiro, 2022).

Social movements and civil organizations play an essential role in the formulation and execution of public policies, often being their central defenders and executors. Your participation is crucial to making policies more inclusive, equitable, and effective. It is necessary to actively involve different social actors to guarantee the effectiveness and justice of public policies (Secchi, 2012).

Furthermore, public policies must be constructed with civil society and affected communities, adapting to local needs and realities. They must be conceived as a form of social transformation, considering the immediate effects, the long-term implications, and their role in building a more just and democratic society (Santos, 2002).

Expanding the supply of financial products and services suitable for each individual and promoting and consciously using these resources are fundamental objectives of financial education policies. The issue of consumer vulnerability is relevant, and several countries have adopted laws and regulations to address this issue.

Financial institutions are responsible for recognizing and addressing customers' risk exposure, taking into account their vulnerabilities and taking measures to ensure fair and equitable treatment, as well as mitigating risks related to customers' lack of understanding and poor financial knowledge.

Regarding its justification, the importance of financial education was officially recognized by the OECD in 2008, when it launched a strengthened project with the creation of the International Financial Education Network (OECD/INFE). This recognition was driven by the economic crisis that same year, highlighting the relevance of financial education.

In this context, financial education is defined as a process in which individuals improve their understanding of financial concepts and products through information, training, and guidance, where they develop the values and skills necessary to make more informed decisions about financial opportunities and risks (OECD, 2005).

These initiatives represent advances in the field of financial education, contributing to the promotion of financial inclusion and the development of public policies more targeted to the needs of citizens.

In whatever way, it is crucial to consider that financial education needs to go beyond teaching technical skills and question the structures and values of the current financial system. Academic literature highlights the need for a critical approach to financial education, which examines the causes of financial inequality and empowers people to engage in transforming a fairer and more sustainable system.

The effectiveness of public financial education policies is widely debated in academic literature, and a significant challenge is to evaluate the impact of these policies on people's behavior and financial situation. Simply providing financial information may not be enough to promote significant changes, and adopting more comprehensive approaches involving incentives and mechanisms to support healthy financial behaviors is necessary.

In whatever way, it is essential to consider the country's cultural and socioeconomic diversity when developing public financial education policies. Different population groups have specific needs and challenges regarding financial management, and effective policies must be adapted to address these differences appropriately (Souza, 2006).

Therefore, promoting financial education through public policies can be a relevant initiative. However, discussing its appropriations in establishing accountability processes or blaming vulnerable subjects in the contemporary social context is also relevant.

4. Brazil

In Brazil, the debate on financial education was motivated by the OECD, which defends its importance not only among the 35 member countries but also in a broader group of 140 developed and developing countries, of which Brazil is part through the Bank Central do Brazil (BCB) and Securities and Exchange Commission (CVM) (Pereira et al., 2022).

In 2009, the National Financial Education Agency (ENEF) presented a draft proposing the strategy. In December 2010, Presidential Decree No. 7,397 formally established, together with the National Committee for Financial Education (CONEF), the country's guiding strategy.

CONEF is responsible for the strategic governance of ENEF, as it defines plans, programs, and actions and establishes goals for the planning, financing, execution, evaluation, and review of ENEF. It comprises seven government bodies and entities and four civil society organizations (Romero, 2019).

In Brazil, the National Financial Education Strategy (ENEF) was created as a State policy of the Federal Government to promote financial and social security education in line with the country's social inclusion policies. The strategy seeks to strengthen citizenship, providing Brazilians with knowledge about social security and the financial system (MEC, 2016).

ENEF's main proposal is to disseminate financial education among children, adults, and retirees through specific programs. The strategy has three programs: Financial Education in Schools, Financial Education for Adults, and National Financial Education Week (ENEF, 2017).

5. Czech Republic

The Czech Republic underwent a significant transformation after the Velvet Revolution in 1989, moving to a market economy. This historical context may have driven the need to emphasize financial education to help citizens adapt to this new economic system (Rutledge, 2010).

Czech Deputy Minister of Finance Radek Urban highlighted the substantial priority given by the Czech government to financial education, particularly in the context of excessive debt, low financial proficiency, and disproportionate dependence on the government's social security system. Board Member of the Czech National Bank, Ms. Eva Zamrazilová, identified insufficient financial proficiency as one factor contributing to the financial crisis's triggering and persistence (OECD, 2013).

Each nation is systematically developing strategies to improve its citizens' financial competence. The Czech Republic adopted an updated version of this strategy in 2010, entitled "National Strategy for Financial Education." This strategy presents a comprehensive definition of financial competence, covering a set of knowledge, skills, and dispositions necessary to guarantee financial well-being, both at an individual and family level, in contemporary society and for active participation in the market for financial products and services (Opletalová, 2015).

The growing concern about financial education is motivated, in part, by continued levels of individual and family debt. This phenomenon is corroborated by the constant increase in mortgage foreclosures and personal bankruptcies, many of which originate from court decisions. The persistence of default in many families can be attributed, in large part, to behavioral patterns marked by a conservative stance about finances. This condition is closely linked to financial literacy, which prevents excessive debt (Mihalyovaa et al., 2014).

The most effective approach to mitigating this phenomenon is to increase financial awareness through education in the school context and public access initiatives. Including financial competence in primary and secondary education curricula is a viable strategy to prevent the harmful accumulation of debt and promote the formation of financial reserves (Opletalová, 2015).

Improving financial competence is not a concern restricted to the Czech Republic. OECD member countries responded to the adverse consequences of low financial proficiency in their populations by expanding the original project and establishing the International Financial Education Network, INFE. The main objective of this network is to promote global awareness about the relevance and importance of financial education, in addition to supporting Member States in formulating national financial education strategies. Given the significant social importance of this topic, several studies and surveys have been carried out nationally and internationally to describe the current level of financial competence (OECD, 2014).

A notable example is the OECD international study called PISA (Program for International Student Assessment), carried out in the Czech Republic since 1998. Financial literacy was the focus in 2012, reflecting its relevance as a global phenomenon. The research compared the knowledge and skills of 15-year-olds on a global scale, and the assessment introduced a financial literacy component, constituting a significant milestone (OECD, 2014).

The Czech Republic came in sixth place, demonstrating that financial literacy education was widely accessible and available in 83.1% of primary schools. These data suggest that systematic instruction in financial education in schools across the country may have influenced students' knowledge somehow (OECD, 2014).

A highly relevant advance was the inclusion of financial literacy as a mandatory component of primary education in September 2013, integrating subjects such as Social Studies, Citizenship Education, and Mathematics or incorporating them into project-based learning activities in the curriculum of these subjects (Inspection Czech School, 2013).

Conclusion

Despite not being admitted immediately in Brazil and the Czech Republic, the analyzed documents recognized that access to financial education must be a citizen's right. Furthermore, it can be seen that the global economic crisis, the increase in debt, and the growing consumption of financial products by the population led to the State's action to include financial education as a public policy on the agenda.

In Brazil, the focus on financial education has been increasing, with the implementation of programs and initiatives both at the governmental level and through partnerships with private institutions and non-governmental organizations. The country has developed strategies that range from including financial education in the school curriculum to promoting awareness campaigns for the general population. Furthermore, specialized bodies and committees have been created to coordinate and monitor actions related to financial education.

On the other hand, in the Czech Republic, public policies have a different approach. Given the economic transition, the emphasis on adapting to the new economic system may have played an essential role in implementing financial education. This has led to initiatives that prepare citizens to deal with economic and financial changes.

Both countries may present particularities, including financial education in schools, available resources, and collaborations between government entities and civil society organizations. Furthermore, approaches can be shaped by cultural and economic factors specific to each nation.

Public financial education policies in Brazil and the Czech Republic reflect the particularities of their economic and historical contexts. However, both countries share the common objective of empowering citizens to make informed financial decisions and improving the economic stability of the population.

Thus, there are some concerns about how such actions effectively disseminate financial education, providing consumers with knowledge and skills to make the right decisions and, thereby, improving their financial well-being or just facilitating the insertion of financial products in the market. Market transforming the population into mere consumers, indicating the risk of a biased approach favoring the interests of financial capital (Pereira et al., 2022).

Financial education is possible for the country's social and economic development, as financially educated individuals can manage their resources better and make more assertive decisions. However, one can only look into this area by problematizing whether contemporary financial education processes do not have the pretext of establishing dynamics of blaming and making individuals responsible for their vulnerabilities. Rationally, financial education favors the financial market as it stimulates the supply of products and services, promising greater financial well-being to its users, as long as their use is done correctly and rationally, to explore their opportunities, avoiding inherent risks (Cardozo, 2011).

The material revealed the intentionality of disseminating financial education as something continuous, permanent, and liberating, with the intention that individuals think and act more rationally in their financial decisions, thus transforming their lives, the society in which they live, and the current economic model. However, the documents do not clarify how these actions will be able to differentiate "explain" from "understand," as financial education actions need to be adequate to overcome the barriers of knowledge accumulation for understanding and applicability of the content.

Public financial education policies face several limitations that can affect their effectiveness. Therefore, they must be implemented appropriately, regularly evaluated, and incorporated into broader approaches considering the structural issues affecting people's financial security.

Although financial education is essential, it should not be seen as the only solution to improving people's financial behavior, and it is necessary to use approaches based on behavior change to complement the cognitive approach based on knowledge and skills. Future studies can contribute to improving public financial education policies and evaluating the long-term impacts of reducing socioeconomic inequality.

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