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National Report on Financial Literacy: Lithuania

1. General aims, period, and scope of the research

With the growing importance of financial literacy in Lithuania, **Raseiniai Šaltinis Progymnasium**, being one of the most active schools, has taken bold steps to take an interest in financial literacy and to look for opportunities to improve students' financial literacy. With little experience in this field, but being curious, fast-learning and receptive to innovation, we aim to participate in the DigiFinEdu project with easy-to-understand financial literacy content for primary school students and to find appropriate methodological materials and training to develop teachers' competencies.

On the other hand, the participation of **VŠĮ "eMundus"** in the DigiFinEdu project is perfectly in line with its strategic objectives, aimed at creating and developing the best educational offerings supported by the latest digital innovations. Having found a lack of *financial education* in the European education system, **VŠĮ "eMundus"** has chosen to collaborate in the project to seek attractive, effective, and easy to replicate solutions.

The present research is the result of a close collaboration between **VŠĮ "eMundus"** and **Raseiniai Šaltinis Progymnasium**, who analysed relevant data from official national and international sources on the diffusion and effectiveness of financial education in Lithuania. In addition to this, particular attention was also paid to country measures aimed at developing financial literacy skills in primary and secondary school, the main targets of the project activities and results.

The aim of this research is to determine the situation in the country regarding the diffusion, effectiveness, and the modalities in which financial education is implemented in first and second grade schools. The purpose of this is to be able to better understand the context in which the DigiFinEdu project fits, so as to be able to ensure that the results developed will contribute to existing practices by strengthening them, and/or by compensating for any shortcomings that might be discovered.

This *Desk Research* complements another work always carried out in cooperation between the two institutions, which collected first-hand data from teachers and parents through the administration of questionnaires. The use of a mixed method, consisting of primary and secondary research, allows the representation of a scenario as close as possible to reality, showing how financial education is conceived at the macro level (national and international) and how it comes out, in fact, adopted at the micro (regional, community) level.

2. Country level data on primary and lower secondary education students' financial literacy

According to the OECD PISA survey conducted in 2018 by the Ministry of Education, Science and Sports of the Republic of Lithuania and the National Agency for Education, in which 4046 fifteen-year-old students from Lithuania, 8 students out of 10 students receive information on saving money, expenses, investing and other money-related information from parents, and 5 out of 10 students receive this information from teachers. Among the countries participating in the study, parents of Lithuanian students are most involved in the development of their children's financial literacy. Parental involvement in the development of financial literacy of their children

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promotes their independence in managing personal financial affairs. Autonomy, meanwhile, leads to higher financial literacy gains.

However, according to the results emerged from the PISA 2015-2018 survey, it appears that 14.2% of Lithuanian 15 years-old students do not reach an adequate level of financial literacy. They are able to identify key financial products and terms but demonstrate a low level of knowledge application. (Lithuanian Ministry of Finance, 2020).

The recommendations of the analysis of the OECD PISA study suggest “increasing the influence of teachers in developing students' financial literacy; to update the curriculum to include innovations in financial life and to apply them in the educational process; to discuss more responsibly in class about responsible financial behaviour [...] to test specific tools in practical tasks, to promote interest in responsible financial behaviour and to increase one's financial literacy and confidence” (Dr. Rita Dukynaitė, Dr. Natalija Valavičienė, 2020).

In the publication “Analysis of the Education Problem” of the Ministry of Education, Science and Sports of the Republic of Lithuania (02.12.20120), it is stated that technological innovations, globalization, and demographic challenges are changing societies and require constant updating of knowledge and skills in many areas, including finance. The inability to adapt to these changes raises the issue of social exclusion and poverty. High-quality financial education can help to overcome these issues, by ensuring the well-being and sustainable development of individuals and the society as a whole”. The article also advocates the need for clear strategies and methodologies for the development and integration of financial literacy in formal and non-formal education. According to the author of the article, financial literacy is improving in Lithuania, however, “research shows that financial literacy is developed in schools in a fragmented way, teachers lack competence, traditional teaching methods, outdated teaching materials and tools are used in education” (Education Problem Analysis, 2020). The article also discusses the aspirations presented in the updated Framework Programs for the consistent development of financial literacy from the pre-school class and the results confirming the real situation that “financial literacy is currently taught intermittently in Lithuanian schools and the quality of education depends on the motivation, involvement and interest of a particular teacher” (Education Problem Analysis, 2020).

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3. Country's current measures to address the improvement of financial literacy of students in primary and lower secondary education

Five state institutions (the Ministry of Finance of Lithuania, the Ministry of Education and Science, the Bank of Lithuania, the State Tax Inspectorate and Sodra) have agreed to improve the level of financial literacy in the country by 2021. The plan was prepared on the initiative of the Ministry of Finance. One of the priorities of the plan is to increase children's financial and tax literacy by including this topic in formal education curricula from grades 1 to 12 and by coordinating non-formal education activities" (Ministry of Finance of Lithuania, 2020). Thus, one of the measures is the updating of general education curricula, preparation of methodological material based on OECD recommendations. It is also intended to provide opportunities for educators to deepen their knowledge in the field of financial literacy and to update it on a regular basis by sharing qualifications and sharing good practices with colleagues.

According to Tom Mendelsohn, Ph.D. Meanwhile, in grades 5-7, Mendelsohn discusses with students the content of vouchers, the concepts of debt, interest, and credit, discussing ways to make more money, and proactively discussing the protection of identity and personal information online. (Education News, 2021).

Most governmental or non-governmental organizations in Lithuania present and seek to integrate their tools into general school curricula or prepare materials for non-formal education, e.g. Public Institution Lithuania Junior Achievement, implementing the project "My Community", has prepared a five-lesson cycle for students in grades 2-3. (Public Institution Lithuanian Junior Achievement. (2020).

In the methodological publication "Integrated Entrepreneurship Education in Art and Technology Lessons in Primary Classes" (2012), which was prepared according to the project "Creative Way to Entrepreneurship" implemented by the Lithuanian Children and Youth Center (project code VP1-2.2 - ŠMM-05-K-02 -014) an action plan to "raise the qualification of primary school teachers, to create a methodological tool for entrepreneurship education for primary school art and technology lessons". The publication presents the experience and lesson plans of Lithuanian primary school teachers on the topic of entrepreneurship and financial literacy education. (Lithuanian Children and Youth Center, 2012).

To measure the progress of students in the field of financial literacy, the Lithuanian state plans to use the data of the PISA survey, which will be conducted in 2025. Due to the measures currently being developed and applied for the development of financial literacy, it is likely that "the proportion of students who have not reached financial literacy level 2 will not exceed 10%". (DNA Plan for the Future Economy, 2020).

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5. Conclusions, building on the research performed and analysing the information gathered

In conclusion, according to what emerged from this research, financial education is held in high regard by the Lithuanian government and international institutions such as the European Union and the OECD. Indeed, great efforts are being made to disseminate and strengthen current and new financial education practices in all grades of the educational system: from kindergarten to Higher Education.

Nonetheless, there are obvious shortcomings. First, the poor preparation of the teaching sector, which appears less involved than parents in the development of financial literacy skills of children. Along with this deficiency (or perhaps precisely because of it), there is also a fragmented application of financial education in schools, which remains at the discretion of teachers, who, confronting each other, find themselves having to adopt educational practices and materials outdated.

Therefore, it comes as no surprise that over 14% of 15-year-old students lack adequate financial skills. For these reasons, the Lithuanian government is currently implementing a plan that will see the inclusion of financial education within the official education programs of the country. This fact, together with the good practices mentioned above, shows how the country is heading in the right direction, defining clearer and more cohesive strategies and educational programs in the field of financial education.

Within this context, the DigiFinEdu project will aim to support, albeit in a limited way, the strategies and programs promoted by the Lithuanian government, offering the schools involved in the project (and not only) a new educational methodology, a collection of ready-to-use teaching materials and an educational video game that, in conjunction with the teaching material, will allow students to learn financial skills more easily, both in class and at home.



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