

Conceptual Approaches to Creating the Preconditions for Effective Financial Education of the Russian Population*



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Abstract. The global financial crisis that broke out in 2008 highlighted the problem of low levels of financial literacy among the population of different countries, and the response to this was the creation of national financial education systems where international economic organizations played the guiding and coordinating role. Russia also launched a joint project of the Ministry of Finance of the Russian Federation and the World Bank in 2011, and then adopted a Strategy to improve financial literacy of the population. However, despite the efforts and money spent, the level of the Russians' financial literacy and their trust in financial institutions remains low. The article presents conceptual approaches to creating the preconditions for effective financial education of Russian residents and describes the structural and functional model within which this can be implemented. The information base of the research is the data from Russian and international studies on financial literacy of the population and works devoted to their comparative analysis; the guidelines and analytical materials of international organizations; the results of an expert survey conducted by the authors with the participation of 136 experts from 30 regions of Russia. It is shown that effective financial education is impossible without an effective income policy, when the population has free money, and the need to dispose this money generates a practical interest in improving financial literacy. The second fundamental condition is the implementation of the "trust policy", i.e. ensuring the operation of the state mechanism that does not allow the depreciation of citizens' savings and reliably protects their rights when interacting with financial institutions. Stability and predictability of economic development, refusal to impose excessive consumption standards on the population, physical accessibility of credit and financial institutions in small towns and villages, development of information and communication infrastructure, and increasing the Russians' digital culture are important. The main components of financial education proper are described; the approaches to defining target groups for financial literacy training and selecting appropriate educational programs are proposed.

Key words: financial literacy, financial education, income, trust, infrastructure, consumer culture, digital culture.

Introduction

During the last decade, the issue of improving the financial literacy has become relevant in many countries, due to the poor level of the population's financial knowledge, their lack of understanding the financial instruments essence, distrust in financial market institutions, and so on. The problem of limited financial knowledge was clearly manifested at the time of the global financial crisis of 2008–2009, and it largely determined its course [1]. Nowadays it is aggravated, on the one hand, by expanding the range and complexity of the financial products offered to the customers [2], and on the other hand, by increasing the burden of responsibility for citizens' material welfare on the shoulders of population, which involves

the expansion of people's interactions with the institutions of the financial market [3].

The problems, highlighted in the context of the financial crisis, led to the creation of national financial education systems designed to help people gain the ability to use the opportunities provided by financial instruments and not be deceived, where international and supranational organizations play the coordinating role: the Group of Twenty (G20), the Organization for Economic Cooperation and Development (OECD), and the World Bank. In 2011, Russia launched the joint project of the Ministry of Finance and the World Bank, "Enhancing financial literacy and developing financial education in the Russian

Federation”); in 2017, a Strategy for financial literacy in the Russian Federation for the period of 2017–2023 was adopted. Considerable organizational and technical efforts are being made to implement them: educational and methodological materials are being published; a system of training financial consultants and school and university teachers who will be able to improve the financial literacy of children and young people has been created; volunteers have been involved in the process of teaching financial literacy; numerous events are being held to promote financial literacy (“Financial Literacy Weeks”, “All-Russian Savings Weeks”, etc.); pilot regional programs aimed at improving financial literacy are being implemented in several regions of the Russian Federation. Considerable budgetary resources and World Bank loan funds are spent on this work. According to a Report, published in 2018 by the Accounting Chamber of the Russian Federation¹, the initial cost of the project was 113 million US dollars, including 88 million US dollars co-financed by Russia. Then, in 2016, the project and the loan agreement were extended for another 4.5 years; as the result, the cost of the project increased to 209.7 million US dollars (by 1.85 times), and Russia’s co-financing to 184.7 million US dollars (by 2.1 times), which accounted for 88.1% of the total funds. However, despite the efforts and funds spent, the level of financial literacy of Russians remains very low, which is reflected on the scale of public debt to banks and microfinance

¹ Report of the Accounts Chamber of the Russian Federation on the results of the control event “Audit of the use of loans of the International Bank for Reconstruction and Development for implementation of the project no. 7983-RU “Enhancing financial literacy and developing financial education in the Russian Federation” from 2011 to 2017 and during 2018”. Available at: <http://www.ach.gov.ru/activities/bulleten/939/36353/> (accessed: November 11, 2019).

organizations², which causes concern of the authorities, and the low level of savings and investment activity [4]. In this regard, within the framework of the project aimed at studying the processes of institutionalization of the Russian populations’ financial literacy, the Ministry of Finance of the Russian Federation, the project originator, set a task to develop conceptual approaches contributing to improving the efficiency of financial education of Russian citizens.

Problem development

The relevance of the issues related to the population’s financial literacy, the functioning of financial education national systems, etc., are discussed in a significant volume of scientific and practical literature, which reveals the conceptual and categorical apparatus associated with financial literacy [5; 6], analyzes the results of numerous research on financial literacy of population, including those in the framework of international comparisons, and assesses the dynamics of relevant indicators [7], identifies the relationship between the features of financial behavior with the income-property and socio-demographic characteristics of individuals and households, ethnic, and cultural traditions³ [8; 9], describes the international experience of forming a system for improving financial

² For example:

Poor Russians take out more and more loans. The Central Bank is concerned. Available at: <https://www.bbc.com/russian/news-47868541> (accessed: April 10, 2020);

Oreshkin predicted an “explosion” in the economy due to the population’s creditworthiness. Available at: <https://www.vedomosti.ru/economics/news/2019/07/21/806921-oreshkin> (accessed: April 10, 2020);

Kholyavko A. Putin spoke about the risk of crediting the population for the first time. Available at: <https://www.vedomosti.ru/economics/articles/2019/06/20/804700-putin-zakreditovannosti> (accessed: April 10, 2020).

³ Moiseeva D.V. *Financial Literacy of Population of the Russian Region: Economic and Sociological Analysis: diss. of a Cand. of Sci. (Sociology)*. Volgograd, 2017.

literacy [10–14], and analyzes the processes of formation of the financial education system in the Russian Federation⁴ [15].

Information and methodological framework of the research

The development of the concept and structural and functional model of an effective system for improving the population's financial literacy was carried out by studying Russian strategic documents⁵ and background papers of international and supranational organizations which served as the basis for it (memoranda, guides, manuals, etc.)⁶ [1]; the results of numerous measurements of the level of financial literacy of Russian population, implemented by the National Agency for Financial Studies (NAFI), the Bank of Russia and other organizations, including data from the second round of a specialized long-term all-Russian survey on financial literacy, carried out on the basis of an international methodology [7]; analysis of data from the Russian Federal State Statistics Service. The latter, although not directly related to financial literacy, allows judging the current and potential financial activity of Russians, taking into account population's assessment of their current financial situation and future income, consumer and savings attitudes, the main directions of using monetary income, changes in the volume and forms of savings storage, the planning horizon for bank deposit holders, and so on.

⁴ *Best Practices in Financial Education Sphere and Financial Literacy in Russia and Abroad*. Ministry of Finance of the Russian Federation; Volga State University. Volgograd, 2014. 67 p. Available at: https://www.minfin.ru/common/upload/files/Luchshie_praktiki.pdf (accessed: October 28, 2019).

⁵ *Strategy for improving financial literacy in the Russian Federation for 2017–2023*. Available at: http://static.government.ru/media/files/uQZdLRrkPLAdEVdaBsQrk505s_zCcL4PA.pdf (accessed: October 25, 2019).

⁶ *Recommendation on Principles and Good practices for Financial Education and Awareness*. OECD, 2005. Available at: <https://www.oecd.org/daf/fin/financial-education/35108560.pdf>

In addition, the project included an empirical study conducted as an expert survey. Its respondents were 136 experts from 30 Russian regions, whose professional activities were related to public administration at the regional and federal levels, science and education, entrepreneurship, and work in the banking and financial sector directly. A significant number of experts have academic degrees (8% are doctors of science, 33.1% are candidates of science); more than three-quarters indicated that the issue of financial literacy is part of their professional interests; almost 90% of experts assessed their knowledge of the subject of expertise above average level. A specially developed form included 19 questions (open ones or those offering to express attitude to certain judgments using the Likert scale) concerning the assessment of financial literacy among the representatives of various target groups; the rationality of certain actions in the financial sphere; factors that have a positive or, on the contrary, a negative impact on the financial behavior of Russians; the efficiency of measures already taken to improve the population's financial literacy, as well as the experts' own recommendations in this area. Thus, the views and conceptual approaches formulated on its basis, resulting from the analysis of information in the framework of desk study, were correlated with the empirically identified systematic opinion of the expert community, which allowed increasing the level of conclusions and recommendations' validity.

Research results

According to Russian and foreign studies, information about financial instruments, which allows saving and increasing one's finances, is in demand by population when they have the means: when there are objective conditions for financial activity. In addition, to consolidate one's knowledge in the field of financial literacy, he or she should repeat the actions (financial operations) [1].

At the same time, official statistics show that the Russians' vision of their financial situation is depressing: the index of current personal financial situation is in the negative range for 20 years (although it ranges from -40 after the default in 1998 to -7 in 2014); the index of expected changes in personal financial situation changed the sign from negative to positive only once – in 2008–2010⁷. At the same time, the population's subjective estimates of their financial situation correspond to the real dynamics of disposable income. The structure of the population's income application indicate that about 70–75% of available funds are spent on the purchase of goods and services (and, as household surveys show, three-quarters of expenditures are on real needs – food, clothing, transport, communications, health, education, household items), and about 10–12% are spent on mandatory payments and contributions⁸. Thus, a significant part of the Russians simply do not have free funds, the disposal of which would require improving financial knowledge. On the contrary, the lack of money for real needs or for the purchase of goods stimulated by the permanent imposition of inflated standards of demonstrative consumption often pushes people to forced or reckless borrowing.

The models of financial behavior with available funds are determined by the level of trust in financial market institutions and the financial system as a whole. The situation in this area is not good. Thus, according to the Russian Federal State Statistics Service, Russians more often prefer keeping money in cash; the structure of individuals' deposits in rubles indicates short planning horizons: deposits are mainly opened for up to 1 year and for 1–3 years, and a volume of deposits for 1–3 years has significantly decreased in

the last 5 years⁹. The financial behavior of population's high-income groups indicates that they trust banks with their savings only within the limits of the insured amounts, invest only in what they can keep under personal control (real estate, their own business), and show little interest in voluntary pension insurance [16]. Bank of Russia statistics also show an increase in distrust of the banking system: after a decrease in the level of distrust of banks from 24.1 to 8.1% in 2014–2016; in 2017, it rose again to 18.3% against the background of mass licenses revocation. Banks and other similar organizations are at the end of the rating of sources where the Russians would borrow funds in case of urgent need¹⁰. Distrust in financial institutions is also evident in the topics where Russians would like to improve their knowledge and skills on: financial fraud detection (39%), studying the rights of financial services consumers (29%), and risk assessment in the financial services market (29%)¹¹.

The issues of low income, distrust in financial institutions, short planning horizons, and other problems affecting financial literacy are also reflected in the results of our expert survey. Thus, while answering open question “What factors do you think most positively affect Russians' financial behavior?”, the most popular response was “Decent incomes, confidence in the future” (indicated by 41.9% of experts), the following options (“Availability of information” and “Education of citizens”) were mentioned by half of respondents. On the contrary, the leader among the factors, which

⁹ *Ibidem*.

¹⁰ *Report on Financial Inclusion in the Russian Federation 2018*. Bank of Russia, Moscow, 2019. 70 p. Available at: https://cbr.ru/Collection/Collection/File/25684/review_24122019.pdf (accessed: November 2, 2019).

¹¹ 44% of Russians feel the need to improve their financial literacy. *NAFI: Research Center, 2018*. Available at: <https://nafi.ru/analytics/44-rossiyan-ispytyvayut-potrebnost-v-povyshenii-finansovoy-gramotnosti/n> (accessed: November 2, 2019).

⁷ *Federal State Statistics Service*. Available at: http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/level/# (accessed: June 22, 2019).

⁸ *Ibidem*.

have the most negative impact on Russians' financial behavior was "Low income", (mentioned by 31.6% of experts), which was followed by "Instability of the economy and financial system" (27.2% of respondents) and similar in meaning "Lack of consumer protection" and "Distrust of state and financial institutions" (mentioned by 23.5% of experts in total). The respondents themselves also demonstrate a very low level of confidence in financial institutions, and ultimately in the ability of the state to ensure proper regulation of both financial and law enforcement spheres, protecting the citizens' interests. Thus, only one out of five experts firmly believes that participation in accumulative pension and insurance schemes, as well as investing in stock market instruments, is a financially competent behavior in current conditions. And, on the contrary, 53.7% of experts believe that you should invest your funds only in what you can control yourself (real estate, your own business, etc.). 48.3% of respondents do not consider it financially competent behavior to apply for consumer and car loans (with different degree of confidence), 31.6% could not give a clear answer; 41.9 and 20.6% of experts, respectively, said so about using credit cards; 58.9 and 29.4% – about concluding a life annuity agreement for the sake of receiving an addition to a pension; 36.7 and 33.8% – about placing all their savings on bank deposits.

The low rating of measures related directly to the training of financial knowledge and skills confirms the priority of the fundamental nature of "income" and "trust" for improving financial literacy. Thus, every third expert in all professional groups is skeptical about the effectiveness of "financial education and information". The majority of those who completely deny the effectiveness of such a measure (chose the option "ineffective") are the experts from the financial sector (one in five), as well as experts-entrepreneurs (14.3%),

that is, those who directly interact with the population in the sphere of consumption. Such a measure as "financial literacy training" is considered "rather inefficient" by 35–52% of respondents (the representatives of financial market institutions are leaders again); the representatives of financial, credit and similar institutions (almost one in five), as well as entrepreneurs (14.3%) noted it as completely ineffective.

At the same time, experts say that it is important to "ensure the availability of financial services". In this case, it meant infrastructure accessibility – the presence of the necessary number of branches of credit and financial institutions in territories with a small population, an accessible and stable Internet, etc.: in total, 71% of experts indicated this, and, importantly, this measure was most often noted by the representatives of financial institutions and entrepreneurs – 26 and 23%, respectively.

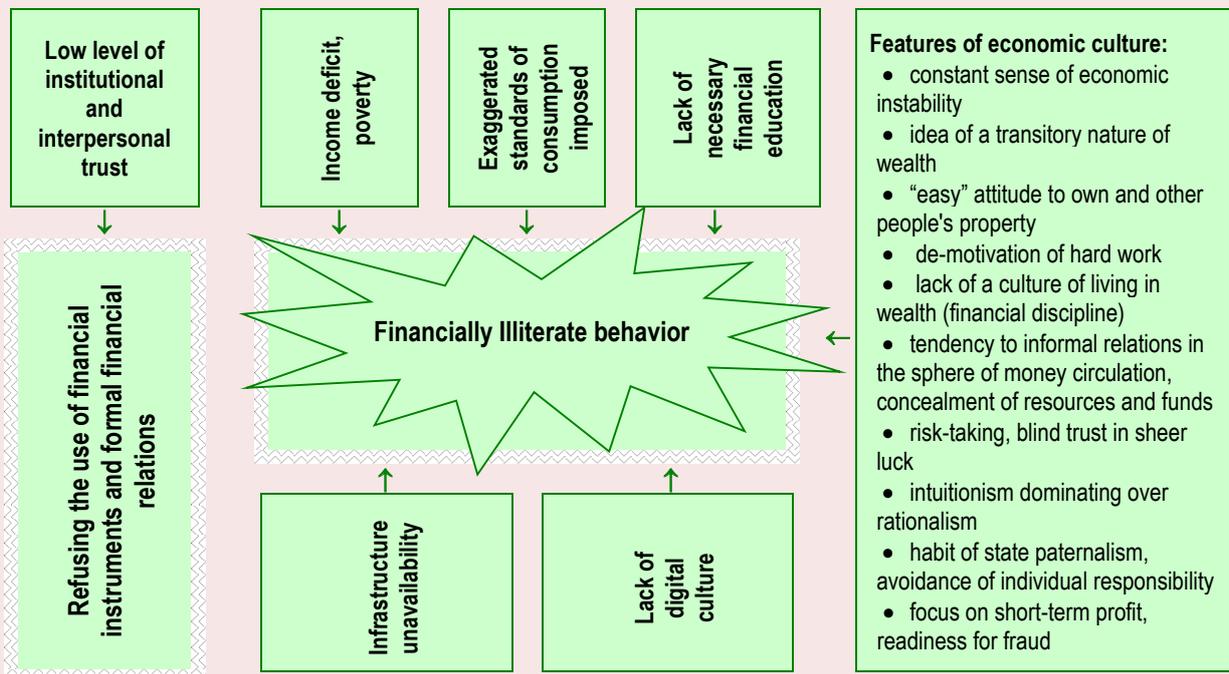
The analysis of the presented and other information, in particular, concerning the peculiarities of the economic culture of the Russian population [17–21], allowed us to put together main factors of population's financially illiterate behavior, or Russians' refusal to interact with financial market institutions (*Fig. 1*).

In turn, understanding the nature of financially illiterate behavior, or unwillingness to interact with the financial market, allowed developing the concept of an efficient system for improving population's financial literacy (*Fig. 2*).

The basis of the searched theoretical and methodological construction is presented by three "pillars":

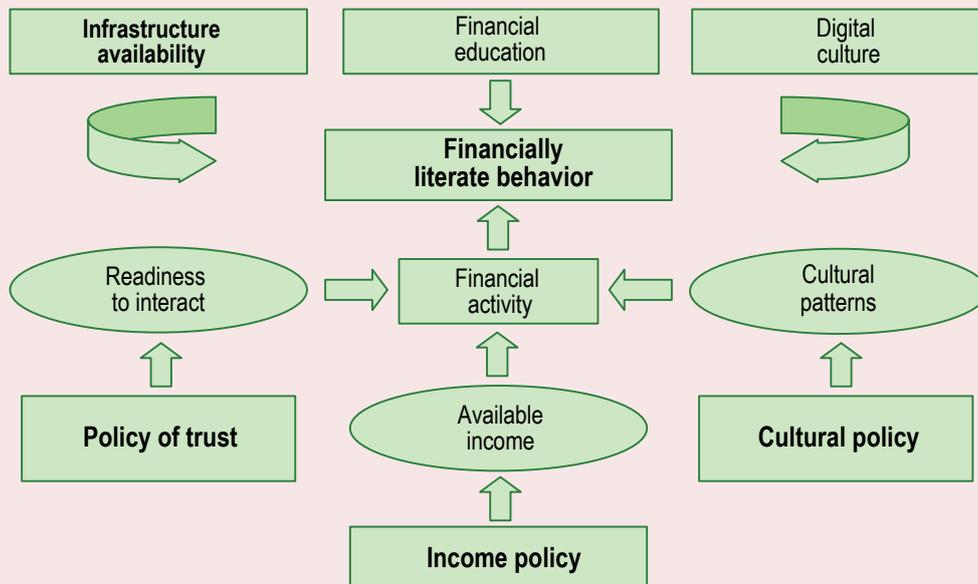
1. Efficient **income policy**, when population is supposed to have a sufficient amount of funds on hand, which creates an objectively determined, practical interest in financial training. Obviously, in this case, the assimilation of information will be more efficient. It is

Figure 1. Factors contributing to population's financially illiterate behavior and their refusal to interact with financial market institutions



Source: own compilation on the basis of the results of research project “Institutionalization of financial literacy of the population of the Russian Federation”, 2019.

Figure 2. Key prerequisites for population's financially competent behavior



Source: compiled by the authors on the basis of the results of research project “Institutionalization of financial literacy of the population of the Russian Federation”, 2019.

also important that, with having sufficient disposable income, borrowing becomes a well-thought-out way to meet high consumer demands, rather than a purely forced measure, when you no longer have to choose either the lender or the terms of loan obtaining.

Income policy (a topic that has been well developed, especially abroad) is a set of measures aimed at ensuring the appropriate level of the population's welfare from the socio-economic and socio-political points of view:

- government's establishment of an adequate level of wages in the public sector, which, among other things, is a reference point for the private sector. In Russia, the share of wages in GDP is significantly lower than in developed countries. It is necessary to markedly increase it, which requires significant changes in the field of wage regulation;

- creating conditions that determine an acceptable level of profitability in the real sector of the economy and, accordingly, the level of business income and wages in the commercial sector. In Russia, the level of profitability in the manufacturing sector remains very low; a positive change in the situation requires stricter regulation of pricing in the so-called natural monopolies, in the banking sector, reasonable protection of the domestic market, and so on.;

- government's establishment of an adequate amount of social benefits (pensions, etc.). Nowadays, in Russia, the replacement ratio of pensions does not even reach the minimum of 40% of the lost income which is recommended by the International Labor Organization, and child benefits are many times lower than in developed countries. Accordingly, there is a task to increase the amount of social transfers to an acceptable level. We should note that the government has funds for this [22].

Income policy also includes the state-defined tax burden borne by individuals and households. Today, the tax burden on the

working Russians (personal income tax together with the so-called social charges, which the employer transfers to state extra-budgetary funds) is more than 40%. The task of increasing disposable income for a significant part of the Russians can be solved by switching to a progressive income tax scale using a complex progression and preferential taxation of low-income citizens.

Income policy also includes the following important components:

- government policy in the field of social security – the amount of free funds available to population depends on the availability of free education, health care, etc. It is obvious that an efficient income policy is incompatible with the radical commercialization of the social sphere that takes place today;

- antimonopoly policy designed to limit the "appetites" of so-called natural monopolies and other economic entities (retail chains, etc.) that have a significant impact on the level of prices for housing and utilities services, transport services, food and, consequently, on the amount of free funds remaining in the hands of citizens. In addition, effective antimonopoly policy is a tool for reducing cost inflation – a key factor that causes a low level of profitability in the real economy and, as the result, low wages.

2. Policy aimed at increasing the level of trust in the state, which, by analogy with the income policy, can be referred to as a **trust policy**. The purpose of this policy is to create an idea among the population that the state is able to:

- conduct a consistent, predictable financial and economic policy in the interests of the majority of citizens, which does not allow the withdrawal or depreciation of citizens' savings by the state;

- regulate activities of financial market institutions in such a way as to protect citizens, interacting with such, from the risks associated

with attempts to manipulate their minds and funds by commercial structures;

- timely and strictly prevent illegal financial activities of entities that implement unfair financial practices in relation to citizens;
- ensure the work of law enforcement agencies and the justice system in such a way that citizens would be absolutely confident in the ability to protect their legitimate rights and interests in case of their violation by certain participants in the financial market.

This kind of trust to the state and state-regulated fields is the result of a complex system of social institutions ranging from constitutional arrangement containing political guarantees of the government's fair activities, to the population's ability to implement democratic control over the government through their representative bodies (first of all the parliament), as well as the bodies of independent, external (relative to executive power) financial control, etc.

In Russia today, there are paradoxes of trust – a high level of trust in the head of the state, but a lack of trust in properly the state and its institutions, which is due to the lack of institutional conditions for rational trust. Accordingly, it is necessary to create a system of institutions that form the population's rational trust in the government and government-regulated areas, or fill the existing system with the original meaning [23].

3. The third fundamental “pillar” is the **policy in the sphere of public culture**, which is understood here as a broadcasting through all information channels (media, cinema, advertising, various forms of opinion leaders' life presentation) and, accordingly, as an imprinting of consumer behavior patterns, standards of consumption (primarily the prestigious ones), attitudes towards work and leisure, etc. into the mass consciousness. It seems that the emphasis in the cultural policy understood in this way

should be shifted from excessive emphasis on consumption to the so-called “nation's industrial education”, the term proposed by one of the founders of the historical economic school, F. List. This would help to rationalize consumer behavior and, above all, weaken the society's orientation to excessively high standards of demonstrative consumption, forcing the population to resort to borrowing without real need.

Let us move on to the description of other elements of the conceptual model. A certain amount of disposable income and a level of confidence gives an impetus to the population's **financial activity**, subject to these conditions – the voluntary one. The nature of financial activity, either voluntary or involuntary (if disposable income is not sufficient to finance the current needs of households or cover expenses caused by force majeure), is of serious importance, since it determines the choice of the object of financial training (social groups covered by training) and the focus of its content.

The condition for the implementation of the population's financial activity is the **availability of financial market infrastructure** (credit and insurance institutions, entities and instruments of the stock market, etc.) and **financial services** provided by it, primarily the price, and also the cognitive one (intelligibility of the service for the consumer). This concept element can be referred to as **infrastructure accessibility**. Since the financial market is mainly made up of commercial entities, the role of the government in ensuring infrastructure accessibility is to create incentives for expanding the supply of financial services (increasing the number of relevant institutions, expanding their branch network, etc.). It is obvious that the main incentive for the commercial sector is the efficient demand of the population when it is ready to interact with financial market institutions. As it was shown above, ensuring

both is a derivative of the government's policy – the income policy and the policy of trust.

Taking into account the virtualization of many financial transactions and the obvious prospects for further transfer of communications of citizens and financial institutions to the virtual space, an important factor contributing to the safe implementation of the population's financial activity is its **digital culture**, which includes both digital literacy (the necessary minimum of knowledge and skills in the field of information and communication technologies) and “digital hygiene”, i.e. the knowledge of information security rules and the drive to their unconditional compliance. Obviously, the state in this case requires the citizens' digital culture development through appropriate training and ensuring technical conditions, i.e. necessary coverage of fixed and mobile Internet with the required traffic quality, mobile signal, etc.

Finally, it is proper **financial education** which is to make the population's financial activity (whether it is forced or voluntary) productive and safe. Let us discuss the conceptual and methodological approaches to financial education in more detail.

1. It seems that, in principle, it is necessary to clearly separate the two areas of financial education and place emphasis from the point of view of public participation correctly: 1) informing about opportunities related to the financial market; 2) informing about risks arising from the use of financial instruments, as well as those related to electronic services. This differentiation also exists in the public consciousness: as shown above, population clearly indicates that its primary interest is in learning how to recognize risks and avoid it¹².

¹² 44% of Russians feel the need to improve their financial literacy. *NAFI: Research Center, 2018*. Available at: <https://nafi.ru/analytics/44-rossiyan-ispytyvayut-potrebnost-v-povyshenii-finansovoy-gramotnosti/n> (accessed: November 2, 2019).

It is hardly advisable to teach a single training course about opportunities: first, it is constantly updated, and, second, it is often aimed at different target groups; in addition, such information is brought to potential consumers by interested commercial structures without any special efforts from the government. At the same time, teaching financial literacy, which is, actually, is one of the components of life safety basis in the modern world, is an important task of the government. Historically, the role of the government, religion, and public morality involved creating a system of restrictions preventing the willingness to succumb to the temptation of some members of society and a desire of other society members to exploit other people's weaknesses. Mixing two completely different substances of financial literacy creates the danger of replacing the public need with what is the interest of commercial structures. It is no coincidence that foreign literature, including documents issued by the OECD structures, repeatedly contains a clause about the need to ensure the neutrality of information, to exclude situations of interest conflict for commercial structures offering their financial training services [1; 2]. By the way, population is aware of a possibility of such a conflict of interests: according to a NAFI poll, the Russians are more willing to trust government agencies, regulating the finance sector (37%), or universities (27%) with increasing their financial literacy than commercial institutions (banks, mutual funds, etc.), NPOs, or independent financial advisers (9 to 23%)¹³.

2. The primary basis of financial literacy is education, and it is not special financial education, but a general one, introducing the

¹³ Imaeva G. Russia ranks 25th in terms of financial literacy in the world. *NAFI: Research Center, 2016*. Available at: <https://nafi.ru/analytics/rossiya-zanimaet-25-e-mesto-po-urovnyu-finansovoy-gramotnosti-v-mire/> (accessed: November 2, 2019).

basics of reading (reading comprehension) and mathematics. Low indicators of financial literacy of population in terms of performing elementary operations (calculating percentages, etc.) evidence of the disastrous state of mathematical education at the secondary school level. To a large extent, this is a consequence of the current system of final certification, which admits that subjects, not required for admission to universities, may be studied “on a residual basis”, and the requirements for basic mathematical knowledge necessary for obtaining a certificate are radically reduced. Accordingly, a fundamental component of financial education is **mathematical education within the framework of a unified school curriculum**, which forms skills of applying mathematical apparatus for calculating benefits and losses when using or refusing the usage of financial products and instruments.

The second, no less important component, is the **basis of economic knowledge** related to three areas – economic theory, economic history, and economic statistics, which should also be acquired in the course of training in comprehensive school and further – in the system of secondary vocational and higher education. Knowledge of main economic categories and their associated patterns; the basic tools of economic policy; psychological features of economic behavior, etc. allow forming the ideas about the economic situation in the context of which financial decisions need to be made, and possible trajectories of its development. Knowledge in the field of economic history complements the framework of the foundations of economic theory with information about the multivariance of economic strategies, as well as specific economic phenomena that took place in different countries and in different periods of time, in particular about the measures and results of the implementation of a particular

economic policy, including the monetary one. The ability to work with statistics helps finding reliable, relevant data sources which allow getting an idea of the economic situation, including the situation on financial markets, and key trends based on unbiased economic indicators.

The third component is the **basis of legal knowledge** related to the financial sphere. They should also be taught in secondary school. In terms of financial literacy, it is advisable to focus on familiarity with the bank deposit agreement, the loan agreement, the procedure for satisfying the rights of different categories of depositors in the event of bank bankruptcy, the law on bankruptcy of individuals, the concept of transaction bondage, and so on.

Finally, the fourth component, which is advisable to implement within a primary subject, dedicated to the basics of life safety, is actually the **basics of financial literacy** as an ability to recognize and minimize risks associated with financial transactions and modern information transfer technologies.

3. Creating an ecosystem of efficient financial education involves the need to solve a number of tasks, in particular:

1) Determining the target groups of students, ways of involving them in the financial education system; selecting the students (it is advisable to conduct entrance tests for adults); choosing the format, forms and methods of training for them (single-time, regular, continuous; full-time, remote; consulting mode, etc.).

Population segmentation can be carried out for various reasons. In terms of age, these can be schoolchildren (grades 1–4, grades 5–8, grades 9–11); young people aged 16–24 both studying at the institutions of secondary vocational education and at universities, and those who are not included in the vocational education system; adults at the

most economically active age (25–55); pre-retirees and pensioners. Young people being the most mobile and “advanced” in the use of information and communication technologies (ICT) require a completely different format of training than older citizens with their peculiarities of perception of information, etc. In addition to age, there are several other factors influencing the attitude to the idea of studying financial literacy, the perception of the material, the readiness to apply the acquired knowledge in practice, etc. It includes ethno-cultural and confessional factors; standards of living, including permanent income; type of activity; family life cycle; physical availability of financial services (presence of credit and financial institutions, development of digital communications); practical experience of interaction with the financial market; emotional and psychological state, IQ and EQ level.

Depending on the expected activity in the financial sector, population may be divided into two categories: 1) individuals implementing active life strategies, for whom financially competent behavior is primarily an ability to mobilize personal and/or attracted financial and other resources to solve personal and economic problems, and financial literacy is an element of orientation in the space of opportunities, obvious and hidden threats; 2) individuals engaged in elementary survival, for one reason or another. Involvement of the first category in the system of financial education is possible mainly on the basis of the application principle (the exception is on-the-job training on the employer’s initiative, which mainly concerns accumulative pension schemes). In this situation, it is important to choose efficient channels for informing about a possibility of improving financial literacy and ways to convey information eliciting a required response. From the point of view of the educational programs content, the focus

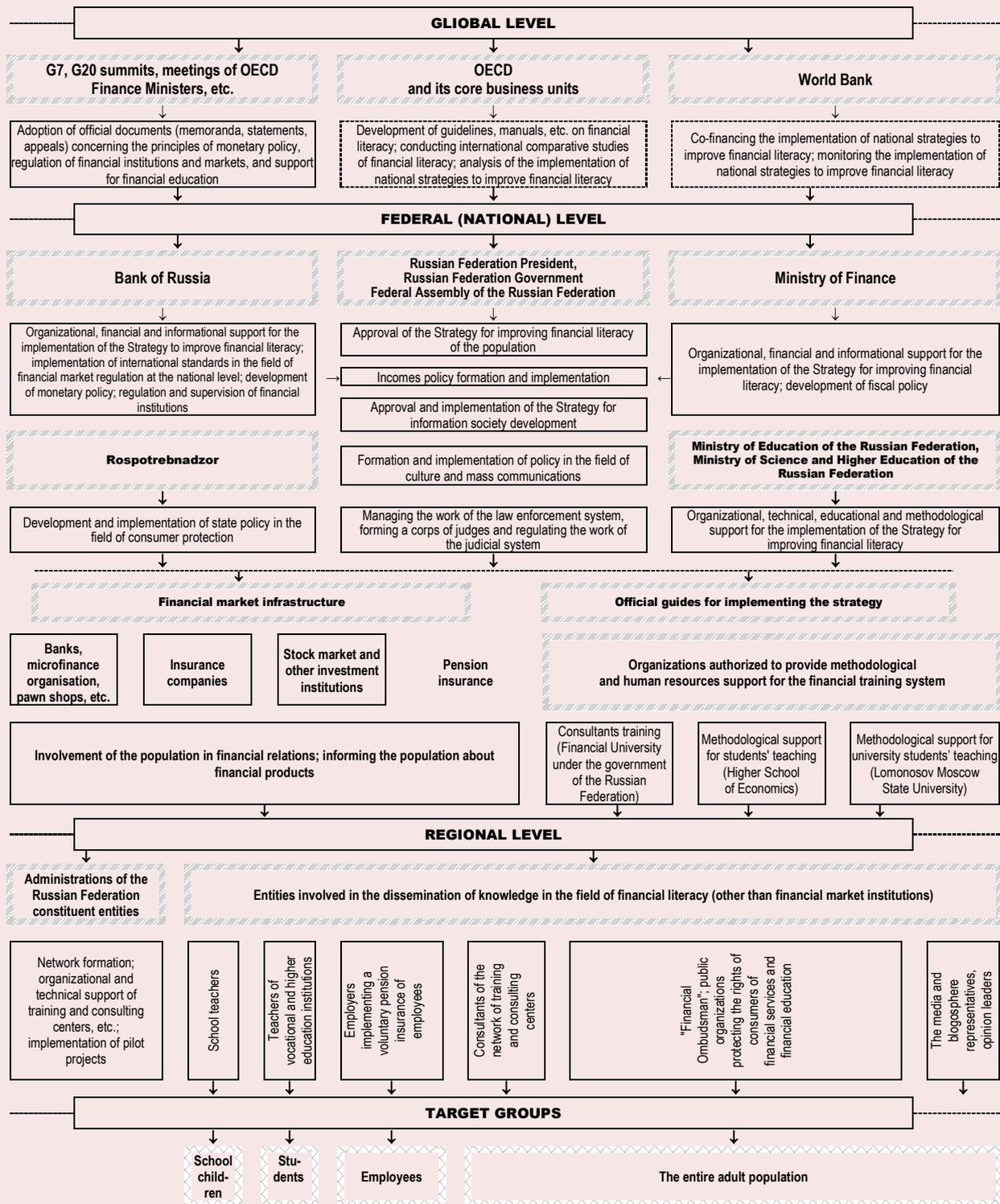
should be on deepening knowledge and skills that increase the validity of financial decisions, primarily related to the consideration of existing and potential risks. In relation to the second group of citizens, training should be aimed at protecting them from being involved in bonded transactions and other unfair financial practices (“financial pyramids”, etc.) due to credulity, mindlessness, excitement, and irresponsibility. To cover such risk groups with financial education, it is advisable to use the identification principle, as well as social advertising, i.e. printed products motivating to increase financial literacy distributed in social protection institutions, employment services, pension fund offices, and relevant surveys among their clients.

2) Establishing efficient interagency contacts (the Bank of Russia, Ministry of Finance, Ministry of Education, Ministry of Science and Higher Education, Rospotrebnadzor, government-established mass media, etc.), as well as the interaction of government structures and business community (associations of banks, insurers, etc.) to ensure consistent nature of financial education and the solution of issues related to its organization and funding.

3) Forming a pool of specialists in the field of financial education, which involves determining the institutions and methods of their training; competencies they should have, taking into account interests and needs of population and the government; excluding conflicts of interest in the form of non-advertised affiliation of such specialists with commercial structures providing financial services.

4) Monitoring educational process, including using feedback from citizens and measuring learning outcomes: directly through the assessment of knowledge and skills “at the exit”, and, indirectly, through the dynamics of indicators characterizing the behavior of the

Figure 3. Structural and functional model of socio-economic context formation for an effective system of population’s financial education



Source: own compilation on the basis of the results of research project “Institutionalization of financial literacy of the population of the Russian Federation”, 2019.

population in the financial market, such as a number of victims of unfair financial practices, bankruptcy of individuals, diversification of savings, etc.

The implementation of conceptual approaches designed to improve the level of financial literacy and the impact of the population's financial education system is possible within the framework of the structural and functional model shown in *Fig. 3*. International and supranational organizations (G7, G20, OECD) set the global framework in their official documents (memoranda, statements, appeals), non-regulatory guidelines and manuals. This also includes international comparative studies carried out by the OECD and other organizations determining the general and special aspects of the population's financial literacy, and developing further recommendations on this basis. All this creates a momentum that is broadcasted further at the national level. In turn, this level is represented by the institutions of power legitimizing the measures aimed at financial education of population (development and approval of appropriate strategies, national programs, etc.), responsible for the implementation of income and trust policies, and cultural policies; agencies interested in strengthening the population's presence on financial markets (the Bank of Russia, Ministry of Finance of the Russian Federation); structures responsible for the general (Ministry of Education) and vocational (Ministry of Science and Higher Education) education; organizations officially guiding strategies, national programs, etc.: a) the Financial University under the Government of the Russian Federation is responsible for financial advisers training; National Research University Higher School of Economics and Lomonosov Moscow State University are responsible for the methodological support of financial education for school and university

students respectively; b) administrations of the Russian Federation constituent entities, whose responsibility includes deployment of training centers on their territory and implementation of pilot projects; c) commercial structures (their employees) working in the financial sector and therefore indirectly increasing the level of financial literacy of the population in the process of providing services (subject to their integrity and social responsibility). The lower level consists of a variety of actors involved in the dissemination of relevant knowledge among the representatives of different target groups. These are primarily the teachers of comprehensive schools, institutions of vocational and higher education, specially trained consultants on financial literacy, as well as media employees, administrators of social groups, bloggers and other persons distributing information about financial products and services. In the latter case, it is important to have a system of restrictions imposed on the media and other mass communication channels in terms of advertising (both explicit and as "product placement") dubious financial products and services posing a significant risk to citizens and provoking their financially illiterate behavior.

Conclusion

The financial crises of recent decades, as well as the governments' increasing nudging of its citizens to individual strategies for improving well-being using financial instruments, make the task of conducting population's financial education more relevant. Like many other countries, Russia adopted a Strategy for improving financial literacy, and now it implements the project together with the World Bank. Since, despite the efforts and resources expended, people's financial literacy and confidence in financial market institutions leave much to be desired, it is necessary to develop proposals designed to improve the impact of

financial education. Analysis of financially illiterate behavior of a large part of Russians, on the one hand, and, on the other, mass refusal from using financial instruments show that it is required to develop the proposals and approaches not of a private, but of a systemic nature. The implemented project, which included theoretical and empirical research in the form of a rather representative expert survey, allowed us to propose conceptual approaches to the formation of prerequisites for improving the efficiency of financial education of Russian population. The novelty of the study consists of bringing factors, which are usually reviewed separately, into a single concept. Some factors, income policy in particular, are particularly emphasized, since it is usually not included in works dealing directly with financial literacy; other elements (consumer culture policies) are often not included in corresponding works. Besides, the authors propose an additional option of classification of potential objects of financial education/financial services' consumers, based on the nature of activity (voluntary or forced) when interacting with financial institutions and suggesting a difference in methods of involvement into the financial education system and the emphasis in training programs.

As shown by the analysis of the expert survey results, secondary data analysis of numerous Russian and foreign studies on the population's financial literacy level, a significant array of scientific literature, including literature published by international economic organizations supervising the process of financial education, a priority fundamental condition of improving the financial literacy of citizens is the carrying out of incomes policy, aimed at increasing the population's disposable income to an acceptable level, leaving the households with means to save

and invest, and not forcing them to resort to unintended borrowing. The second most important condition of Russians' participation in institutionalized savings and investments is the provision of conditions for expanding population's planning horizons, as well as increasing the level of confidence in the government, financial and law enforcement systems regulated by it. It requires clear, consistent, and predictable socio-economic policies and efficient mechanisms ensuring the necessary level of institutional trust. It is also important to avoid imposing excessive consumption standards on population; provide physical accessibility of credit and financial institutions in small towns and villages, development of information and communication infrastructure, and increase of digital culture of Russians. Financial education, in its primary basis, should have high-quality basic knowledge (in mathematics, etc.), laid down in secondary school, supplemented with economic and legal information. Within financial literacy training, the emphasis should be placed according to the socio-economic and other characteristics of target groups, including a nature of activity in the financial sector. When the activity is based on the intention to mobilize financial and other resources to solve personal and economic problems, involvement in the financial education system is possible mainly through the application principle, and the emphasis in the training process should be placed on the validity of financial decisions, primarily from the position of taking into account existing and potential risks. In some cases, when an activity is primarily forced, financial education coverage should be based on the principle of identification, training should be aimed primarily at protecting against involvement in bonded transactions and other unfair financial practices.

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