



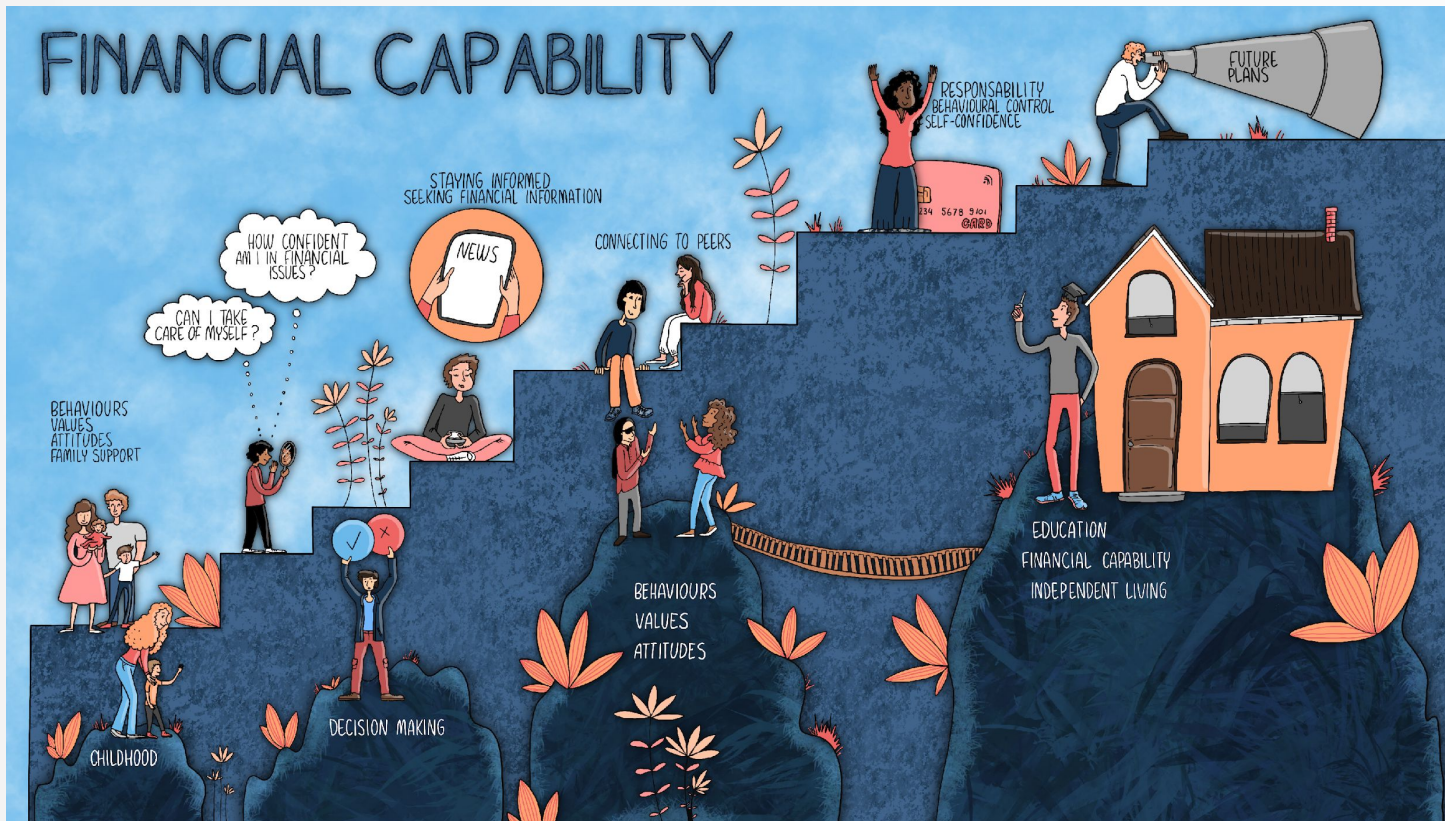
FINANCIAL LITERACY

EXPLORATION WORKSHOP

Mette Ranta, PhD, University of Helsinki; Ministry of Justice, Finland
Perspectives on Youth seminar: Young people's autonomy
7-9 November 2022
European Youth Centre Budapest, Hungary



PERSPECTIVES ON YOUTH PUBLICATION



Youth Partnership

Partnership between the European Commission
and the Council of Europe in the field of Youth



Young people's financial capability

Taking care of your finances is taking care of yourself

Mette Ranta, PhD

University of Helsinki, Helsinki, Finland

July/2022

The background of the slide is a light gray field filled with various blue line-art icons. These icons represent a wide range of concepts: financial (shopping cart, bar charts, pie charts, coins, credit cards, banknotes), educational (books, graduation cap, lightbulbs, magnifying glass), and general life/technology (laptop, smartphone, person sitting, person walking, cloud, globe, speech bubbles, arrows, plus signs). A large, dark blue circle is centered on the slide, containing the main text.

Transitions and
financial independence

Financial literacy vs.
financial capability

Financial vulnerability,
resilience and
COVID-19

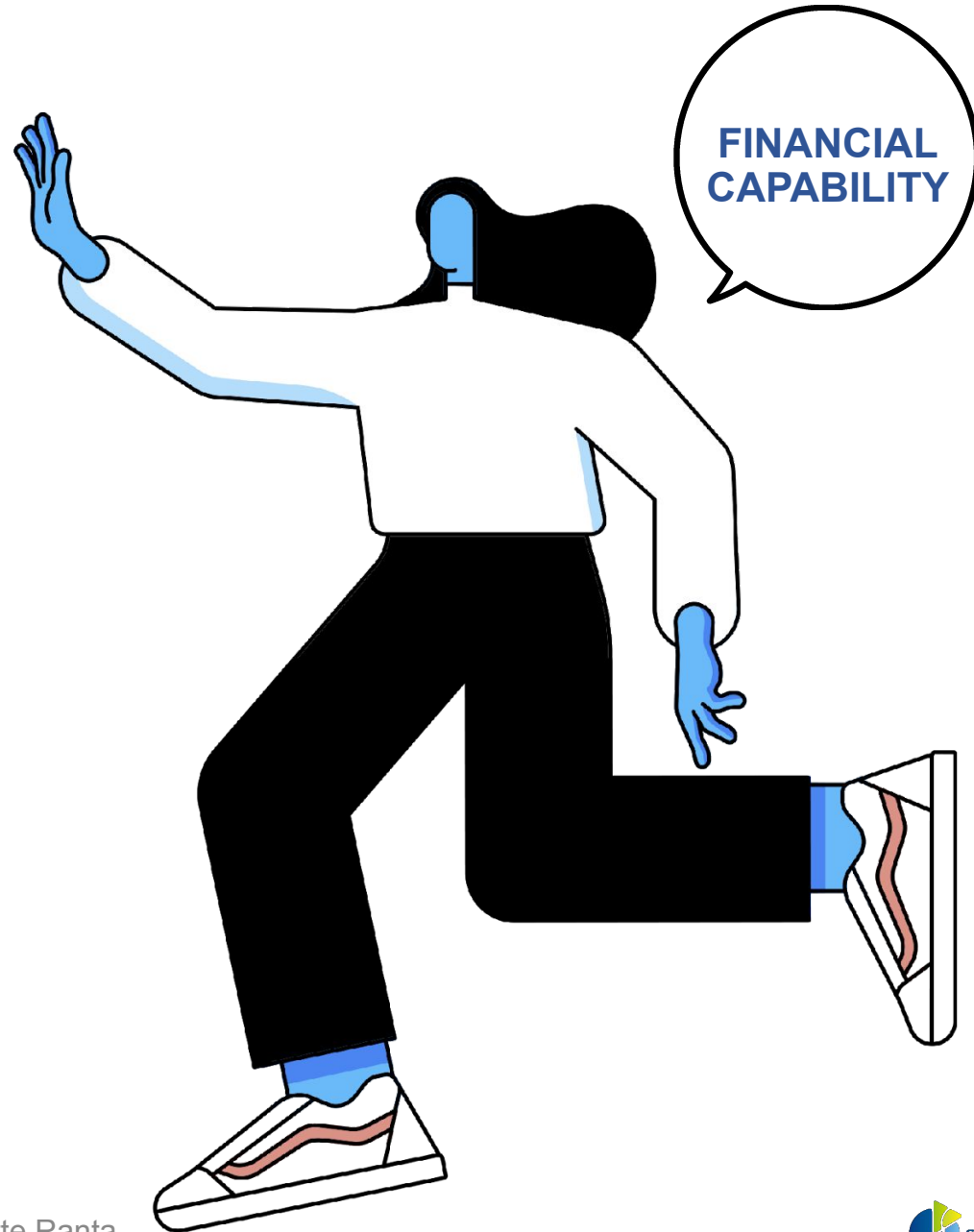
Supporting financial
capability



TRANSITION TO ADULTHOOD AND FINANCIAL INDEPENDENCE

- Time of multiple, simultaneous changes
 - Demographically 'dense' phase (18-30 years)
- Two main transitions while entering typical adult roles
 - Discrete social and demographic passages
 - From the educational system -> the labor market
 - From the parental household -> own household
- Important developmental task (Arnett, 2000; Lee & Mortimer, 2009; Serido et al., 2013)
 - Source of self-confidence and life management (Arnett, 2004; Cunnie et al., 2009)
- Failure affecting other developmental outcomes and well-being (Danzinger & Ratner, 2010)





FINANCIAL CAPABILITY



(Serido, Shim & Tang, 2013)



A DEVELOPMENTAL MODEL

- The process of...
 - Acquiring financial knowledge
 - Engaging in financial behavior
- In order to manage social roles and responsibilities (Serido et al., 2013)





**FINANCIAL
KNOWLEDGE**



**FINANCIAL
BEHAVIOR**



WELL-BEING

Financial literacy



FINANCIAL KNOWLEDGE

- Evolves and develops
 - Justifies a life course perspective: adolescence and young adulthood (Serido, 2012)
- Objective
 - Income management, wealth, loan, savings and investments: making a budget, financial services
 - Economy-related facts: understanding concepts
- Subjective (Shim et al., 2010)
 - Personal judgment of finances management





FINANCIAL BEHAVIOR

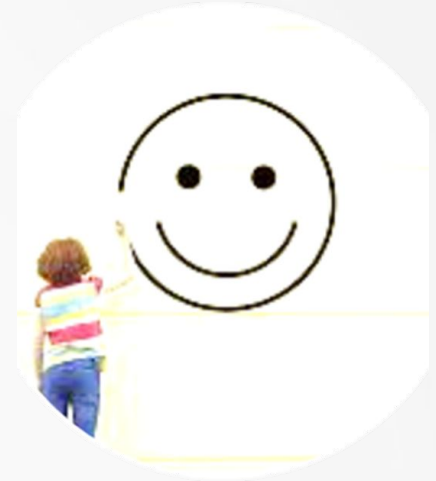
- Emerges through interaction between
 - Agency (e.g., abilities and knowledge)
 - The context (e.g., opportunities)
- Frequency of healthy financial behavior: tracking monthly expenses, spending within budget, saving money, investing, etc. (Shim et al., 2010)





WELL-BEING

- Domain-specific: subjective financial situation and financial well-being
- General: life satisfaction





FINANCIAL KNOWLEDGE



FINANCIAL SELF-BELIEFS

*Financial attitude
Perceived behavioral control
Financial self-efficacy*



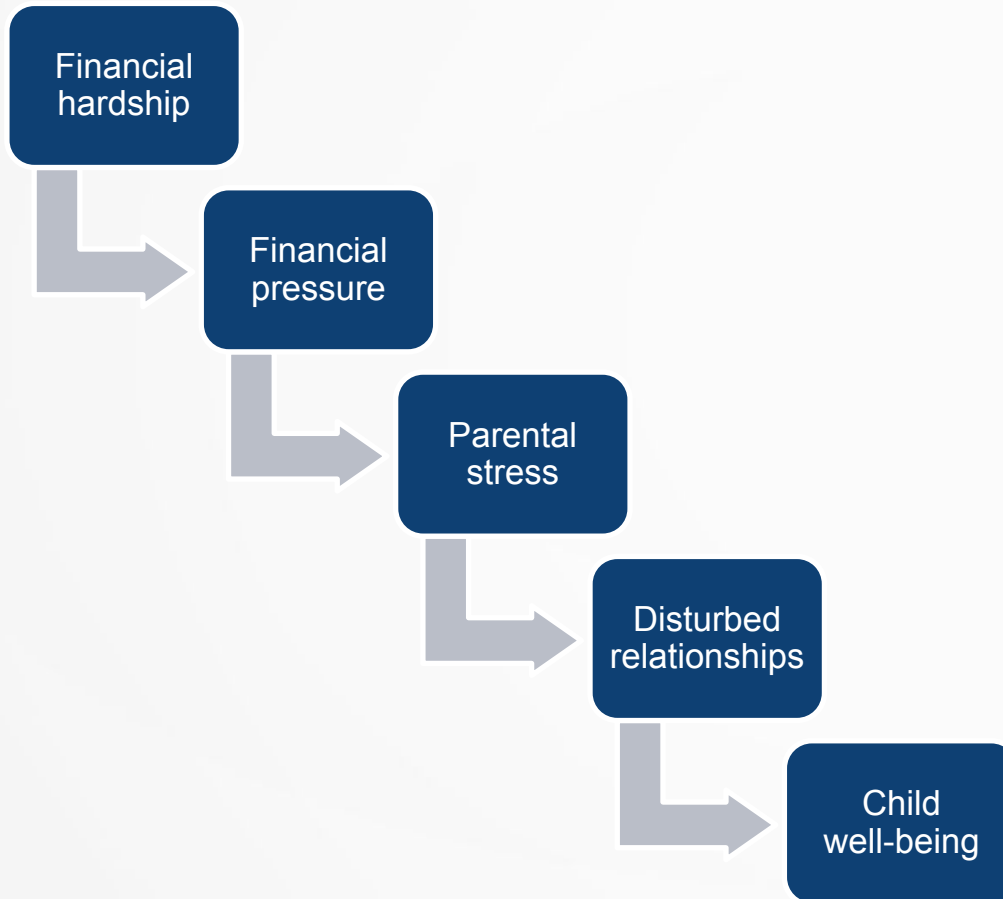
FINANCIAL BEHAVIOR



WELL-BEING



FINANCIAL SOCIALIZATION AND THE FAMILY ECONOMIC STRESS MODEL



Special Issue: Financial Instability

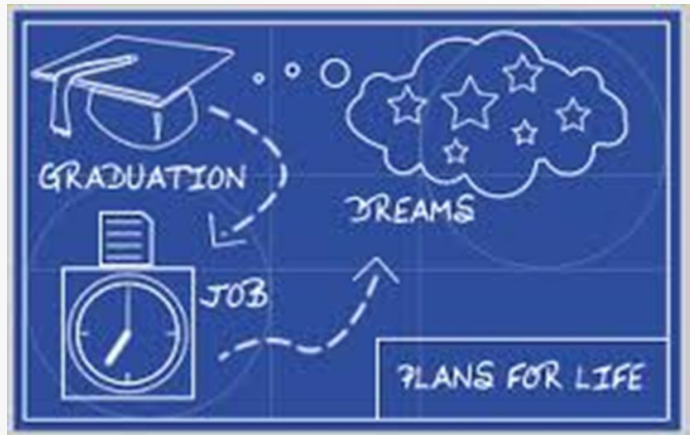
The Economic Stress Model in Emerging Adulthood: The Role of Social Relationships and Financial Capability

Mette Ranta¹, Raija-Leena Punamäki², Angela Chow³, and Katariina Salmela-Aro¹

(Conger & Elder, 1994, 2000; Ranta et al., 2020)
(LeBaron & Kellye, 2021; Serido & Deenanath, 2016)



TRANSITION TO ADULTHOOD: FINANCIAL INDEPENDENCE



Uncertainty: individual and societal
"Transition to adulthood"
prolonged and fragmented
Emerging adulthood
Financial vulnerability



CONTEXTUAL FACTORS

- Context of European economic upheavals in the late 2000s and the pandemic
 - Financial insecurity and high unemployment
 - 43% unemployed facing trouble making ends meet (Eurofound, 2021)
- Restructuring of labor markets and macroeconomic conditions
 - Irregular and part-time employment possibilities in the late 2000s
 - “Hard times”, led to a downturn in personal financial situations
 - *Economically vulnerable* (Gesthuizen & Scheepers, 2010; Rothwell & Han, 2010)
- Affecting the transition to adulthood and developmental task timing (Buchmann & Kriesi, 2011)
- Changes in personal financial resources of young adults due to irregular and uncertain income
 - Challenges in attaining economic stability and self-sufficiency



UNCERTAINTY: NEED FOR RESILIENCE

- Young adults most concerned about the pandemic affecting their financial situation and mental health (Ranta et al., 2021)
 - Financial and psychological factors together
 - Financial situation, life satisfaction and trust in other people
- Acknowledging youth financial vulnerability in the pandemic context
- Young adults are expected to manage constantly changing circumstances, increase flexibility and tolerate insecurity
- Supporting emotional and social resources to strive in educational and career contexts at an early stage
- Supporting an (updated form of) youth financial literacy
- Supporting youth agency and self confidence



National Strategy of Financial Literacy in Finland

PEYR / Mette Ranta
Bank of Finland

Aspects of financial literacy



Saving



Purchasing



Everyday
spending



Borrowing



Insuring
(incl. employment
pension
insurance)



Investing/owning



Planning own
finances and
financial
preparedness

Promoting financial literacy in Finland



Financial literacy is a combination of the knowledge, behaviour and related attitudes.



digiconsumers.fi/en

**KIITOS,
THANK YOU!**

Q&A

mette.ranta@helsinki.fi, [@mette_ranta](https://www.instagram.com/mette_ranta)