

## ASEFYLS4: Econ4Life

### Introduction

On November 13, 2021, Asia-Europe Foundation (ASEF) hosted Youth for Financial Literacy in the 21st Century, the official launch event of the “Econ4Life” Leadership in Action Project, an initiative that is part of the programme for the 4th ASEF Young Leaders Summit (ASEFYLS4).

Martin Hammerbauer, a student leader from the Czech Republic and coordinator of the Econ4Life Leadership in Action project, opened the event with a quote from Johann Wolfgang von Goethe: “Many people take no care of their money till they come nearly to the end of it.”

Every day, we make countless decisions on education, savings, relationships and so on that add up over time. Finance-related decisions can make a difference between security and existential problems in the future. However, in many countries there is little emphasis on and preparing for these decisions in education, except for specialized degrees and programmes. One can obtain a PhD without ever having come in touch with the fields of finance and economics. The importance we place on financial literacy in education is inversely proportional to how important it is to our lives. As a result, many people live from pay cheque to pay cheque, receive insufficient remuneration for work or borrow money from financial predators – in the Czech Republic, 7% of population (700,000 people) are to have their property seized as a consequence of wide-spread predatory loans. These areas could all be tackled by financial education, and this is where the Econ4Life project comes in. The project aims to educate youth on financial literacy, raise awareness about ways to tackle financial issues people may encounter and create an NGO that would carry on the project even after ASEFYLS4 ends.

Before the panel discussion began, H.E. Michaela Froňková, Ambassador of the Czech Republic to Singapore and a fresh member of ASEF’s Board of Governors, offered remarks. She emphasized that in addressing global challenges ranging from the Covid-19 Pandemic to climate change, we need an open approach to differences and need to build bridges. People need to understand one another, and this understanding forms a base for cooperation. She commended ASEF for connecting people from two important regions of the world, facilitating dialogue on global issues, and working with over 760 partners including governments, think tanks, businesses, NGOs in Asia and Europe over more than two decades.

ASEF makes great efforts towards young people, organizing learning journeys, offering networking opportunities and opportunities to broaden horizons.



## Enhancing Financial Literacy

The panel was moderated by Anoudeth Phanvilay, a Cooperation Trainee at the EU Delegation to Lao PDR. The speakers included Aivar Kamal, a corporate finance analyst at Energex Energy Experts LLC from Estonia, Valeriia Chernogorodova, Head of the International Section of the Federal Agency for Youth Affairs of Russia, and Vipul Gahlawat, a Swedish student at Tilburg University.

At the beginning of the panel, each speaker provided an overview of the situation with respect to literacy in their respective countries. In Estonia, for example, 10% of people are in debt. The panellists agreed that in each of their countries, there is little emphasis on financial literacy in the education system, as a result of which young people are often unable to allocate income among financial items and have little understanding of how to set financial goals. Even in Sweden, a country with some of the world's highest living standards, the situation has gotten to a point where popular TV shows about indebted young people have arisen!

Children should therefore be taught financial management from a young age – as early as they are taught other basic skills such as swimming, suggested Vipul. Valeriia discussed how in Russia, many schools teach economic definitions and

theory that ultimately have little to do with financial literacy, with students not always able to apply these concepts to their daily lives. However, there are some progressive schools that use games to impart key concepts and practices and have developed their own applications through which children can learn how to manage their resources. Aivar similarly emphasized the need to reach children at an early age – books and materials given to students at school should be adapted to reflect real life students that they might encounter. Schools could also combine seemingly unconnected subjects such as handicrafts and math – a student might, for example, calculate the cost of repairing a room mathematically, thus acquiring financial literacy through multiplication and division early on.

In high school, a good place for students to start is doing small jobs (for example, painting walls) at their schools and receiving payments in return, as happens at some schools in Russia. Solutions need not come only from schools. Banks can also take steps. They might, for example, offer people crash courses on how to spend their money properly when they go to receive their debit or credit card, and introduce plans or programs to help customers take care of their needs, as Vipul suggested. In Russia, one private bank uses its own app to help customers check how much money they have spent on food and other necessities, a helpful, easy and feasible solution.

Youth should start saving early to plan for uncertain events such as unexpected market events, job losses or indeed a pandemic later on, rather than rely on social insurance programs or have to turn to loan sharks and businesses involved in questionable practices. Aivar added that in addition to saving, youth should also learn how to invest early on. Financial planning not only allows people to create clearer road maps to achieve their goals, it also allows them more freedom of thought, to manage stress and to become more entrepreneurial. Valeriia added that saving early on is important for well-being, as it allows one to choose where to go for vacations, acquire new skills, learn new languages and make more money in the future. Vipul discussed a programme in Sweden as part of which parents receive 100 euros a month to take care of their child. Most of them choose to save this money, which could turn into a large sum by the time their child is ready and able to move out of the house. This takes a big burden off parents' shoulders, as they know their children are there to support them if something unexpected happens. Ultimately, saving and investment can allow youth greater security and freedom later on, and thus essential knowledge and practices should be taught to them early on. Anoudeth pointed out that while money does not buy you happiness, you're pretty happy when you have money!

Young people face a shock when they realize that they are responsible for their lives and cannot continue relying on their parents or the government or anybody else. Many are simply unprepared and lack an understanding of how to deal or plan with this transition. Vipul shared his own personal experience of struggling for months to manage expenses when he went to a new country to study, and how understanding beforehand would have made a big difference. Valeriia discussed how in Russia, students will study subjects in depth in school and university but lack the opportunity and ability to practice what they learn, as the education system does not help them choose what they want to do in life. To illustrate her point further, Valeriia shared how social activism at university allowed her to take on new responsibilities and learn how to manage resources better. In her first two years at university, she was focused on studies and getting good grades. Running projects and applying for grants as part of a student club helped her gain the skills and contacts that landed her a job. Aivar agreed on the importance of learning by doing, pointing out that he learned how to calculate variance and interesting stuff regarding stocks in his education, but not how to evaluate investments or financial information. At present, only specialized universities or programs in many countries teach people financial literacy, so education systems must adapt to better prepare students for the transition to becoming financially independent.

Achieving financial security is not just about learning the important concepts and planning early on – it is also about having high self-awareness and choosing a major and career that are in line with one's passions and strengths. In Russia and Sweden, while a high proportion of high school graduates enrol in university, they do so without thinking about why. They may simply be following parents' advice or have heard that university diplomas and specific majors are tickets to a successful future. In Russia, this has produced "too many lawyers and economists". Similarly, in Sweden, certain professions such as lawyers and engineers command a high degree of respect and prestige. However, many students who enrol in law and engineering programs find that they cannot give 100% and do not understand what they are learning as they are not passionate about the subject. As a result, they may get stressed out and feel that they are wasting time. This is part of the reason why only 40% of students in Estonia complete their studies in normal time. Therefore, suggested Vipul, when deciding on majors and careers, students should ask themselves what they're comfortable doing and what they can push themselves to do further. Aivar added that students should choose their programs wisely be ready to change their university programs in the first few weeks if they find that they are not suitable, rather than spend years in a field that they are not a good fit for and then have to start again. Anoudeth further explained that the pressure to decide on a particular career is ingrained in all of us at a young age. We have all been

asked many times “what we want to be when we grow up” and may lean towards careers which we do not necessarily like but offer financial security.

In his closing remarks, Aivar stated that he would encourage youth to make plans and investments early on and educate themselves using tools such as YouTube videos. Vipul suggested learning budgeting (such as how much to spend on candy and toys) early on. Later in life, when you need to manage your own expenses, you could think back to that time dividing money for snacks. Valeriia advises students to not underestimate the value of extracurricular activities such as volunteering and student movements. You can read thousands of books but if you do not try activities in real life, you will not learn.



The panel was followed by workshops on getting a job, including crafting good CVs and cover letters and the basics of money management, including household finances, loans and investments.

Selected takeaways

# Financial Literacy

Causes of problems facing youth



**Lack of Exposure**  
Lack of emphasis on financial literacy in education



**Inability to Apply Knowledge**  
Any economics- or finance-related knowledge taught in schools is too theoretical



**Lack of Self-Awareness**  
Youth often simply follow their parents or societal expectations when choosing majors and careers

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## Solutions

**Early Education** 

- Teach concepts through games and apps
- Incorporate financial concepts and real-life situations in teaching other subjects, e.g. math

**Banks** 

- Offer crash courses on managing money
- Create apps to allow customers to track spending

**High School** 

- Allow students take on small jobs to earn money
- Teach students how to save and invest

**Students** 

- Make plans and educate yourselves early on
- Participate in clubs and organizations
- Choose majors and careers wisely

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