

JAFLE

RESEARCH REPORT AND RECOMMENDATIONS



The Journey of Unemployed Adults from Financial Literacy to Entrepreneurship (JAFLE)

Erasmus Plus - Cooperation
partnership in adult education 2021-1-
TR01-KA220-ADU-000033446



Co-funded by the
European Union

Author(s): FORMATIVE FOOTPRINT



Co-funded by
the European Union

Project Acronym:

JAFLE

Project Title:

The Journey of Unemployed Adults from Financial Literacy to Entrepreneurship - JAFLE

Project Number:

2021-1-TR01-KA220-ADU-000033446

Sub-programme or KA:

KA220 – Cooperation partnership in adult education

Website: <http://www.jafle.eu/>

CONSORTIUM:





Co-funded by
the European Union

Table of content

1.	4
2.	5
2.1.	6
2.2.	7
2.3.	8
2.4.	9
3.	10
4.	13

1. Introduction

This report is part of the JAFLE project, a project within the Erasmus Plus programme, with code 2021-1-TR01-KA220-ADU-000033446. The project aims to create an innovative financial education program based on entrepreneurship and digital literacy, improving adults' access to the labor market. It involves 5 organizations from 4 countries: Türkiye, Spain, Lithuania and Greece.

Thanks to the rapid development of technology today, financial literacy has become an extremely important topic in the financial environment, where people have easier access to financial services.

Financial literacy is the ability to solve economic problems by considering financial conditions and making decisions. Developments in the digital field have also led to the development of new financial products and services for both businesses and individuals.

Financial and digital information is also required so that all decision makers in the economy can easily access and use these new financial products and services effectively. The development of financial and digital literacy will also support people's participation in business life and contribute to increased financial well-being. By using the aforementioned training program in formal and non-formal educational institutions, new generations will be created that are financially literate and people will be supported to participate in the labor market. Thus, employment will be promoted and the level of welfare of society will be increased.

The objective of this report is to provide recommendations to guide the development of a financial, digital and entrepreneurship training program for adults.

For this purpose the following activities have been carried out:

- **Desk research**, to explore the existence of financial literacy programs in the participant countries. The research has been focused in finding out the following issues:
 - Finding out the state of the art on financial literacy
 - Exploring the main reasons of the inadequacy of financial literacy education
 - Exploring which should be the scope of a good Financial Literacy Training Programme
 - Getting to know suggestions for improving financial education programmes in the consortium countries
- **Interviews with adult's educators**, to explore the opinion of adult educators on the existence and relevance of financial, digital and entrepreneurship education programs in each of the countries and their appropriateness for the project's target group. Twenty five interviews were conducted with adult educators from the 4 participating countries.
- **Adult's focus groups**, to explore the opinion of low-skilled adults regarding training courses in finance, digital skills and entrepreneurship in their countries as well as their interest in increasing their knowledge and skills in these areas. A Focus Group with unemployed adults has been conducted in each of the participating countries.

Focus groups were designed with the objective of obtaining, from the adult participants, information on the following topics:

 - their level of financial literacy training
 - their interest in financial matters
 - their interest in participating in training in finance, digital competence and entrepreneurship

2. Conclusions from research activities

Financial literacy has become a **key competence in 21st-century** society due to the constant presence of personal finance in our lives and the close relationship it has with personal and social well-being.

The World Economic Forum considers **financial literacy as one of the basic skills**, like reading and writing, and in the European Union, financial literacy is one of the top priorities in education.

In all the countries analyzed, there is a clear **awareness of the need to promote financial literacy programmes at all levels** of education and clear institutional support for such programmes.

Participants consider that is essential to **incorporate financial literacy programmes into the school curriculum**, from primary education onwards and they also refer to **the need for more financial and entrepreneurial training for teachers** since most of them are lacking training, both in relation to content and to new methodologies and technologies.

The research shows that a good Financial Literacy Training Program, including entrepreneurship and digital competence, should address the following **topics: Financial issues**, to provide the ability to make appropriate financial decisions; **Entrepreneurship**, because it constitutes the basic dynamic of economic development; **Digital competence** and **Creative Entrepreneurship**, to teach people not only how to establish a business, but also how to view obstacles as opportunities.

From the research, we can also conclude that **the main challenge** that should be pursued in this type of training is to **enable the students to extrapolate the knowledge and skills acquired in a financial literacy course to their daily, personal, and family lives**.

The majority of the Educators from the participating organisations **have extensive experience in the field of financial literacy as they have delivered financial literacy training courses**, in high school, university, and adult education centres. Some of them have also experience in the banking sector and working as financial consultants for different organizations.

Between them, they have many years of experience in the different areas of financial literacy.

From discussions with educators, it is evident that **it is necessary to segment the target group of "adults."** Thus, the most important key principles in adult learning will not be the same whether we are talking about adults who need to improve their employability, retired seniors, adults who need to improve their digital competences, ex-prisoners, etc.

For example, older people are generally well managed but unfamiliar with many aspects of banking. They are vulnerable to financial fraud and abuse, so it is important that they are aware of some key principles and know their rights.

In adult education, **it is necessary to present the information that will be most useful to adults** in the daily flow of life with concise and abundant application examples. It is important to tell them where to get help and information in the event of problems that may arise in the daily flow of life. It is necessary to prepare answers for frequently asked questions.

2.1. Key principles to design a financial, digital and entrepreneurship training for adult learners

In the interviews conducted with 25 adult educators from the 4 participating countries, educators referred to the following **key principles as the most important**:

- **Motivation of adult learners**, as they need to understand why they need to learn something before fully engaging in the learning process. It is not only necessary to know how to motivate people but also to know how to involve them in their own training process so that they are active subjects of their learning process and thus the learning process is more meaningful.
- **Incorporating the previous experience of adults**. The inclusion of the experience of adult learners in the educational process is not only critically important, often, without using the competences and experiences of students, teaching does not take place at all. And it happens for several reasons. Firstly, the integration of adults' experiences into the educational process facilitates learning, and in addition, the diversity of experiences in itself is a source of discoveries - in a group with different experiences, original, creative solutions are much more likely to be born. Second, it is common to think that learning happens like a lego puzzle - in order to build a higher floor, you have to have a foundation. The analogy of a puzzle is also used - new puzzle pieces are added to an already existing picture, instead of individually chaotically. The same happens with knowledge and skills - they are formed on an already existing foundation. If a student receives information that cannot be linked to prior knowledge or experiences, that information is not integrated into the student's existing knowledge. Therefore, it is important during the learning process to ask students how much the received information corresponds to their existing knowledge; what they themselves know about a specific topic; and how specific information can be applied to their lives.
- **The purpose of the session must be clear**: it is important to give a learning education plan to adults in advance. Both when planning activities with a group of adults and when conducting a session, it is important to have a clear goal of the session and know what criteria will testify that the goal is being pursued or achieved.
- **Learning style**
- **Criteria for the success of the activity**. In order to be able to assess the extent to which the goal was achieved, the educator must have defined success criterias in advance - i.e. signs that would testify that the goal has been successfully achieved. The success of a session is evidenced by how much personal benefit each participant receives. When all participants leave with their own personal set of recommendations or practical tools; when all participants have gained more clarity on how to act in unexpected situations that arise in one or more areas; when they have made new acquaintances and/or have more confidence in other training participants, a session is usually considered successful.
- **Usefulness**: The training must be useful and relevant to their personal and professional lives.
- **Practical training, learning by experience**: with the implementation of active methodologies such as case studies, simulations, and virtual scenarios, that expose the trainees in real-life situations.
- **Adaptation** of training curriculum in order to address our constantly evolving economic, social and digital environments and be able to provide the skills relevant to adults' professional and personal needs.
- **Soft skills** improvement is considered of paramount importance in adult education, as trainees acquire communication skills, teamwork spirit, and a positive attitude, which are essential in the workplace. In this sense, it is also needed to **encourage them with a critical spirit**, in order to empower adults with intellectual autonomy and enable them to make free and informed decisions.
- **Feedback**: receiving individuals' feedback after the training session.
- **Continuous updating** of training programmes

2.2. Main challenges for adult educators in financial literacy, digital skills and entrepreneurship training

According to **financial skills** educators refer to the following challenges:

- **Financial literacy:**
 - **New technologies.** The way in which we relate to all institutions, including financial institutions, is being redefined, so that the use of new technologies is indispensable, and many adults do not have the necessary knowledge to be able to do this independently. What is more, due to their lack of knowledge, they run the danger of becoming victims of financial fraud perpetrated by Internet fraudsters.
 - **Technical complexity:** more and more financial concepts and products are becoming available and accessible. However, for many people, these products are very complex to understand.
 - **Entrepreneurship.** The current situation and job instability means that more and more people have to look for alternatives to earn a living. Entrepreneurship is a good alternative, but not everyone has the financial knowledge to be able to carry it out.
 - **Scattered sources and misleading environments,** it is difficult to attain financial knowledge due to information pollution and a lack of financial literacy.
 - **“Friends and family” sources.** They generally learn about these issues not through the right channels, but through their relatives’, family members’ and friends’ experiences. In this case, the information is limited to the experience of the adult's friend. Adults who listen to the economic channels can increase their financial knowledge if they are willing to improve themselves in these matters.
- **Financial Behaviour:**
 - **Knowledge from previous experience:** financial behavior in adults is connected with their knowledge. There are still many who rely on the knowledge gained from personal experience and run the risk of making mistakes while carrying out even simple daily transactions related to the management of financial assets, without specialized assistance.
 - **Lack of planning and budgeting:** The fact that individuals make **day-to-day decisions** instead of making rational and planned decisions affects financial management negatively. The economic turmoil, the disruption of budget plans by credit cards and similar products, and shopping in multiple installments make borrowing behaviors unmanageable. In addition, not knowing the interest calculations makes it difficult for adults’ financial behavior to progress positively.
 - **“Friends and family “ reference:** adults who are afraid of taking risks make the same financial decisions made by their relatives and friends.
- **Financial attitudes:**
 - **Changing adult’s mindset:** one of the most difficult aspects of training is changing one's mindset and attitude so that it becomes a behavior. The attitude of getting rich in a short time keeps the long-term investment approach in the background. Adults act with the attitude of how to earn the most money in the shortest time.
 - **Controlling expenses**
 - **Avoiding wasteful spending**
 - **Encourage saving**

Another challenging issue to address is that the existing training is more aimed at young qualified people or groups of adults who already have some basic knowledge and that the uneducated and especially the most vulnerable are neglected in this respect. Existing training is generally expensive, so that only a few have access to it.

As far as **digital skills** training is concerned, we find different opinions in the 4 countries:

- **Spain:** participants comment that it is a subject whose teaching is booming in our country.
- **Greece:** Most adults are training to keep up to date with the latest innovations, and the number of such courses seems to be increasing.
- **Turkey:** In the digital domain, there is almost no easily accessible or sustainable development environment for adults, who find it difficult to keep up with rapid financial changes. Although information on entrepreneurship and digital competence is provided, there are no application studies. Turkey is far behind in this respect. FODER is a good model in this respect, but examples should be multiplied. Not only NGOs, but also public and private institutions should provide such training.
- **Lithuania:** There are very rapid changes taking place in the digital space, and those with less basic skills do not keep up with the pace of innovations and become frustrated, they do not even try to adapt anymore. This is especially true for older people.

When it comes to **entrepreneurship training**, there are also different opinions depending on the country of the interviewees:

- **Spain:** participants comment that it is a subject whose teaching is booming in our country.
- **Turkey:** On the entrepreneurial side, there are few opportunities for entrepreneurship in the Ecosystem. Moreover, many entrepreneurs do not have a basic financial education. They do not know how to manage a budget and often use it as a family budget, as they are not aware that their companies have a legal personality of their own.
- **Lithuania:** Entrepreneurship education is absent in such universally accessible media as television, for example. Concrete examples, tips, success stories could help to make learning enjoyable and meaningful.

2.3. Tools and methodologies

The trainers have mentioned a variety of methodologies and techniques, which they apply during the training process.

- **Previous analysis of participant's knowledge and expectations**
- **Preliminary information:** access to detailed preliminary information with videos, lecture notes, or audio recordings.
- **Lectures, theoretical training** to familiarize the trainees with the basic terms of economics
- **Real life application:** training that is **practical** and solves real problems encountered in real life is more beneficial.
- **Individual reflection and group discussion:** where they can learn together and share experiences and knowledge. Methodology that starts with an individual reflection, based on personal experiences, so that the person is aware of their attitudes towards managing their income and expenses. After the reflection, good attitudes/actions are shared and reflected upon in a group. In adult education, people benefit greatly from each other's experiences. The role of empathy in learning is significant. The *"This has happened to me too!"* concept facilitates and accelerates learning.

- **Case studies**
- **Project-based learning**
- **Intensive practices**, both in groups and **one-by-one personal Built-up Activities** like simulations of economic transactions or role playing to strengthen trainees' skills

- **Application of new technologies** that allows the simulation of virtual scenarios and the use of gamification
- **Question-and-Answer Sessions and Discussion** with technicians and investment advisors
- **Distance/Online training** is useful to facilitate adult workers.
- **Face-to-face training** is also interactive and usually more efficient.
- **Do-learn-review- apply method**
- **Feedback** and **personal mentoring** should be provided so that the person can see what he has learned after the training.

2.4. Causes of training failure

Participants stated that usually the **failure of trainings** is due to the following factors:

- Non-homogeneous groups
- Insufficient time
- Not appropriate educational environment
- Lack of practical training, the participants stated that only the use of theoretical material is not enough, even if it is presented in an interesting way, as it contains terms hard to understand and fails to engage the learners.
- Deficient organizational issues: Time and breaks should be well arranged. The survey says adults' attention in classes wanes after 40 minutes. The breaks between lessons should not exceed 15 minutes. For example, in adult education, if you give a 200-page book and start with the history of the event, the training is not likely to be very successful.
- Role playing , when working with adults the role playing isn't always successful. As it depends on a people participating in training activities.
- As success factors, the participants referred to the following factors:
- Implementation of practical training and collaborative techniques. They noted that it is very important to adapt the training material according to the needs and experiences of the trainees with the help of digital tools.
- Practical content, the training competences we focus on in education match, reinforce, prove, and are practical, increases success. The permanence of education decreases if the material is far from real life and poses question marks in practice.
- Digital platforms, they stated that the use of digital platforms is attractive for adult learners
- The following are positive results obtained as a consequence of the implementation of appropriate and successful trainings with adult learners:
- Re-employment or reintegration into the education system after training.
- Learners who are able to cope with everyday life after completing an economic literacy course.
- Observing that the digital divide is reduced for some learners after completing a digital skills course, which allows them to cope better in their daily life and therefore improve their quality of life.

3. European guidelines

These guidelines have been drawn up taking into account the field research results presented above and the recently published document “Financial competence framework for adults in the European Union” that presents the joint EU, OECD and INFE financial literacy framework for adults.

The Financial competence framework for adults in the European Union establishes, for each of the proposed topics, the learning objectives, the competencies to be developed with such learning as well as the resulting attitudes derived from the acquisition of such learning.

The topics included in this European framework have been divided into 4 modules: Money and transactions, Planning and Managing finance, Risk and Reward and Financial Landscape.

In relation to the Money and Transactions module, the following topics are proposed: money and currencies, income, prices and financial records and contracts.

In relation to the module Planning and Managing finance, the European framework refers to budgeting, managing income and expenditure, savings, investing, longer-term planning and asset building, retirement and credit.

According to risk and reward knowledge the framework suggest to introduce in financial trainings: basics to identify risks, how to create financial safety nets and insurance and how to balance risk and reward.

Last but not least the fourth module, Financial Landscape, suggests introducing topics such as regulation and consumer protection, consumer rights and responsibilities, financial education, information and advice, financial products and services, some data about scams and frauds, tax and public spending and external influences on personal finance.

In order for a financial education training course for adults to lead to significant learning the following recommendations - classified in 3 levels - should be taken into account:

Level 1: Public administration (aspects of funding, curriculum, standardization...)

From the public administration, the first thing to do prior to the design of a training program for adults is to **formulate its justification**, including the need detected in the target group, in order to be able to access to public financing.

Public administration will be responsible for setting the **learning standards for the course** based on the objectives set out in the **curriculum** for adults in each country.

It should also establish the training **quality standards** and tools and key performance indicators for their assesment.

Level 2: Educational centers (from the planning of courses, on-going, segmentation...)

Adult learners are not a homogeneous group. For this reason it is particularly important to carry out a **segmentation** according to the level of previous knowledge and their personal characteristics and to design the training programs for each target group within this segment of the population.

Educational centers should design courses for each of the identified segments, adapting the **level of difficulty** of the training to each of them. In this sense it is advisable to design **training programs that cover different levels** of qualification so that they can be taken separately or successively as the knowledge of each level is certified.

When designing the structure and contents of each training, it is of high importance to select those topics that are of **interest to future trainees** to achieve a better engagement and motivation.

Regarding the modality of the courses, educational centers must take into account that many adults who may be interested in this type of training have to study at the same time as they work, so they must **adapt their training to the characteristics and availability of adult learners**.

When designing such training programs, educational centers must foresee methods for **monitoring** trainees as well as tools for evaluating knowledge and certifying competencies.

According to the selection of **adult educators**, the educational center must guarantee the sufficient preparation and training of teachers as well as their continuous professional development in order to guarantee the quality of teaching.

Upon completion of the training program, the educational center should review the design, implementation and results of the program with the objective of introducing the necessary modifications to ensure meaningful and quality learning.

Level 3: Adult educators

The first thing the adult educator must do is to **analyze the level of previous knowledge** of his learners related to the subject he will teach. He/she should also know the **expectations** of the participants in the training in order to be able to manage them properly and set **reasonable objectives**.

It is then advisable for the educator to provide access to detailed **preliminary information** with videos, lecture notes, or audio recordings to familiarize the trainees with the basic terms and concepts.

Once trainees understand the basic concepts, it is appropriate to move on to an **individual reflection and group discussion**, where they can learn together and share experiences and knowledge.

Methodology that starts with an individual reflection, based on personal experiences, so that the person is aware of their attitudes towards managing their income and expenses. After the reflection, good attitudes/actions are shared and reflected upon in a group. In adult education, people benefit greatly from each other's experiences. The role of empathy in learning is significant. The *"This has happened to me too!"* concept facilitates and accelerates learning.

The use of **Case studies** is also very appropriate for adult learners trainings as they learn from **real life examples**. After reading the specific case, it is advisable to identify the theory related to it and proceed to a group discussion, in which trainees express their opinions and demonstrate what they have learned.

Project-based learning methodology is also very appropriate because it leads adult learners to a deeper engagement and interaction with learning content. In addition, it fosters skills like collaboration and



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communication. Finally, the fact of solving problems autonomously gives them the feeling of mastery and self-efficacy.

Another advisable proposal in the training of adults is to hold **“Question & Answer” sessions** with experts in the subjects previously studied in lecture sessions.

In all of the above activities and methodologies, it is advisable the introduction and application of **new technologies** that allows the **simulation** of virtual scenarios and the use of **gamification**.

As far as the training modality is concerned, it is well known that **online/distance learning** is here to stay and it is true that it facilitates access to training for many adults who otherwise would not have the opportunity to be trained. But in the case of adults, often with low qualifications in digital skills, **face-to-face training** is more **appropriate and efficient**.

As in other types of training, **feedback** and **personal mentoring** should be provided so that the person can see what he has learned after the training.

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