

# NATIONAL REPORT ON FINANCIAL EDUCATION

Outcome of Work Package 3 – Needs and Gap Analysis

Submitted from: **BA School of Business and Finance, Agenskalns State Gymnasium**

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# 1. Financial Education in LATVIA

Latvia is the only state involved in project, which resumed trade relations at 1991. The deep financial crisis of 2007-2010 has given a chance to Latvia to understand how topical and important it is to teach and create understanding about the questions of financial education throughout the community. In this report topical activities and what is already done in the field of finance education will be taken a look at, as well as the things which cause gap will be identified.

## 1.1 STATUS QUO

In 2011 economics in Latvia was the 91<sup>st</sup> biggest economics in the world, and starting from 2000 it was characterized by rapid GDP increase (2011- 27 407bln USD). However, at the end of 2008 and at the beginning of 2009 when the financial crisis started due consumption increase it rapidly fell. In 2008 Latvia GDP on one inhabitant according to purchasing parity was only 56% from average level of all 27 European Union (EU) states what was the third lowest indicator among the EU states. The rapid GDP increase to a big extent was affected by the state inner consumption – by joining the EU Latvia had access to previously unprecedented financial means – the EU fund finances started to flow into national economy, households and businessmen had greater possibilities to take consumer and mortgage loans. The above mentioned is also proved by the statistical data – from 2003 till 2008 the total level of loans in Latvia increased per 80%. The mortgage loans reached 32% in 2008. Due to so high household debts huge retardation was observed in economics in Latvia when the world financial crisis started in 2007 and it caused 18% GDP decline in 2009, it was one of the biggest fall in the whole world during the last crisis. In 2010 Latvia government debt was 45% of GDP and 75% of it was foreign debt. There is planned to introduce EURO in Latvia in 2014.

In Latvia financial education is defined as the set of knowledge and skills which allows a person to understand the principles of finances to make informed decisions, and finance products and services that affect or can affect one's financial well-being. Financially skilful person is the one who has knowledge about economics and finances, and who can apply this knowledge in everyday life, planning one's income and expenses.

Young people in Latvia do not evaluate their knowledge about financial questions as sufficient and say that, although the range of theoretical knowledge offered by school is wide, they do not often know how to use it in real situations. The evaluation of financial education

is higher for these young people, who often participate in activities at home, in family business and who have some independence in long term planning of spending their pocket money. Also paid work during school time helps form understanding about money value and expense planning. Such character traits as economy, the ability to save money and plan one's budget, as well as the ability to independently and rationally make financial decisions are evaluated positively. While wastefulness, short-term decisions, as well as spontaneous, unconsidered purchases, are evaluated negatively. Most of all young people see themselves as passive participants of economic processes and also teachers and parents consider young people to be immature and irrational. In cases of wrong financial decisions young people show that they are immature.

The main information sources about financial education are family and school. Even if a student evaluates his/her financial education negatively, he/she evaluates highly practical knowledge, skills and advice by his own family, help is asked exactly from parents. Family is the place, where young people learn the basis of financial skills. The evaluation of financial education is higher by the young people who often take part in activities at home, in family business and who have some independence in long term planning of spending their pocket money. Paid work during school also helps form understanding about money value and expense planning. Young people see school as the place where to acquire theoretical knowledge and, although they approve the necessity of economic theory, they wish bigger integration of theoretical knowledge in real life. Not only students, but also teachers emphasize the necessity of practical knowledge, for not acquiring knowledge at school only for the sake of tests and marks, but for students to use them practically when making financial decisions<sup>1 2</sup>.

In September, 2012 Financial and Capital Market Commission (FCMC) hold the discussion "Directions for public finance education" of the representatives of the involved institutions (the Bank of Latvia( BL), the Ministry of Education and Science (MES), the Association of Commercial Banks of Latvia, BA School of Business and Finance (BA) etc.) about topical questions of financial education. During the discussion BL president I. Rimshevics confirmed that there is a low level of financial education in Latvia society and it was emphasized that teaching of the questions of economics including financial education had been topical already since 1997. Nevertheless, since 2008 the basics of economics is an optional subject at higher secondary schools in Latvia, and many students do not choose it. The actualization of the financial education question in Latvia, supplementation of the education programme and

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<sup>1</sup> Qualitative research „Young people's financial literacy”, 2012, University of Latvia

<sup>2</sup> Study on Situation of Financial Literacy in the General Education among Target Groups of Teachers and Students”, 2012, Excollo Ltd.

other activities to be done with the support of both institutions related to education and social partners are being held.

MES has to carry out coordination work to improve education content in order to provide higher understanding level of finances, as well as on the state level it should be achieved that economics is introduced as compulsory subject studied by every school student in Latvia. The FCMC would coordinate and facilitate implementation of the teaching materials and interactive tools, developed by the industry – market participants, in the further training programmes.

In November 2012 the FCMC became a coordinator of issues relating to the financial education will furnish all the required information to the NCE and facilitate the usage of teaching aids and interactive tools developed by the industry in school educational programs assessing their suitability for the teaching and learning processes.

At present in Latvia different activities are being carried out, which envisage work at various informative materials about the questions of financial education for school students, as well as different activities are being held.

In the spring of 2013 for the first time in the Financial and Capital Market Commission in cooperation with the Association of Commercial Banks of Latvia (ACBL), BL and BA are organizing the **Financial Education Week**, when society with the active participation of mass media will be informed concerning the topicality of financial education questions, about what has already been done and what is planned. Financial Education Week will be a possibility for school students in Latvia to test both their and their parents' knowledge about finances.

In summer of 2013 the Association of Commercial Banks of Latvia are organizing **Summer School for Economics Teachers** for improving knowledge and creating new methodology materials .

## **1.2. Institutions and schools**

### **1.2.1. School System in general**

Education system in Latvia includes pre-school education, basic education, secondary education and higher education. General education lasts for 12 years including 9 year basic education and 3 year secondary education. Besides, pre-school education at the age of 5-6 is compulsory in Latvia. In the state and local government education institutions education is obtained in the state language. In private education institutions, as well as in the state and local government education institutions, if they implement education programmes of minorities, education can be obtained in another language.

A child usually starts acquiring of the basic education programme in the year he becomes 7 years old and it lasts up to the age of 16. Basic education is compulsory in Latvia, the length of the programme is 9 years. The obligatory content of basic education is stated by the State Basic Education Standard which includes also pre-school.

The aim of the basic education is finding possibilities in life of society and an individual for the learning of the necessary basic knowledge and skills and the development of value orientation.

In secondary education there are two types of programmes: the programmes of general secondary and vocational secondary education. General secondary education programmes are academic, their basic objective is to prepare students for further studies, but vocational secondary education programmes are more oriented to acquiring professional qualification, that is, for entering the labour market and/or further education.

The obligatory content of the secondary education is stated by the State General Secondary Education Standard. General secondary education programmes have the following directions:

- Generally-educative direction stated by the education programme group, any subjects are not specially emphasized;
- Humanity and social direction stated by the education programme group, with specially emphasized subjects of humanities and social sciences;
- Mathematics, natural science and technology direction stated by the education programme group, with specially emphasized subjects of mathematics, natural sciences and technological sciences;
- Vocational direction stated by the education programme group, with specially emphasized vocational line (for example, in art, music, commercial sciences, sport).

Education programmes of all directions include 8 compulsory subjects of the same title. Each programme direction has some more (3-6) compulsory subjects. A school can offer some more optional subjects in amount of 10 – 15% of the study time or can offer during this time to learn more deeply some of the compulsory subjects. General secondary education programme in the corresponding direction can be combined with minority education programme including the native language of the minority, the study content referred to minority identity and integration in society in Latvia.

In secondary schools it is possible to have 4 levels of economics education (the amount of lessons is chosen by every school):

- 0 lessons – students do not learn economics;
- 70 lessons – students get basic knowledge about economics;

- 105 lessons – students get main knowledge about economics and its connection with everyday life;
- 210 lessons – students get detailed knowledge about economics and it is possible for them to make projects and take part in activities outside of school that are linked with economics.

Each of possible number of lessons can be split in several years or placed in one. Usually 70 lessons course is placed in one year (mostly 11 or 12 grade), 105 lessons course can be divided in 2 or 3 years course, but also can be taught in one year, and 210 lessons course is almost always divided in 2 or 3 years. This choice is also made by school.

### 1.2.2. National Institutions

In Latvia the **Ministry of Education and Science** (MES) is responsible for education field, it determines education implementation policy, education content and also implements the EU common position in education questions on the national level. MES is also responsible for the national level legislation, including the normative acts of school accreditation and programme licensing. The **National Centre for Education** (NCE) is responsible for directing of general education content.

NCE provides the development of general education study content and supervises its implementation, coordinates the development of study literature adequate to general education standards, coordinates the activity of interest education and holds support events for the development and talent improvement of students.

In order to develop general education content including the questions of finance education and broaden student knowledge and understanding about it, NCE actively cooperates with professional associations and specialists of the field.

The **Bank of Latvia** – has made available a visitors centre called “*Money World*” where people can find deep and interesting information about the history of money, EU, stock exchange, and other important things using interactive and modern methods. They also have produced special materials about inflation, monetary policy and European money. Another new project is called “*Money tree*” that will be revealed soon, and is a new educational CD designed to help individuals learn about money. Pupils have such possibilities, as:

- to acquaint with the homepage of the Bank of Latvia *Money School* (<http://www.naudasskola.lv/>), where there is information about money, economics, responsible loan. In the homepage children can play different plays of financial education;
- [www.makroekonomika.lv](http://www.makroekonomika.lv)

- Games on inflation, economy, monetary policy ( game *Global investments*)  
[www.naudaslietas.lv](http://www.naudaslietas.lv)
- [www.manapensija.lv](http://www.manapensija.lv)
- [www.nakotnespensija.lv](http://www.nakotnespensija.lv)

**Financial and Capital Market Commission (FCMC)** as a governmental institution (supervisory agency of the financial sector in Latvia) is one of the national stakeholders to enforce the National Strategy of the Financial Education in Latvia. The FCMC launched :

website CLIENT SCHOOL ([www.klientuskola.lv](http://www.klientuskola.lv)):

- current and potential financial and capital market clients can obtain more detailed information and description of the financial products. Before deciding to use any service in Latvia, FCMC encourage everyone to visit new site for instructional materials.
- provides basic information on new financial services to all the clients allowing them to assess potential future risks that may arise and to evaluate their readiness to assume the risks.
- offers option for interactive communication with the FCMC and Questions & Answers site. Educational materials are provided in latvian and russian.

Other the FCMC activities are:

- exam on financial literacy A, B, C levels
- Analytical materials, web- page
- For investors [www.investinfo.lv](http://www.investinfo.lv)

**The Association of Commercial Banks of Latvia (ACBL)** is a public organization uniting on voluntary principle the banks registered in Latvia and branches of foreign banks. Some of the main activities are strengthening corporate governance and responsibility, safeguarding consumer rights, providing training and improving expertise, compiling statistics and preparing analytical materials: <http://www.bankasoc.lv>. The ACBA also pays great attention to educating society on money safety: <http://www.edrosiba.lv> .

Since 2012 the Association of Commercial Banks of Latvia has started implementing financial education project to improve the level of youth financial literacy in general and vocational education. The Association has signed mutual agreement with the University of Latvia to support conducting anthropological researches on financial literacy of different target groups, e.g., youth, families.



In 2012 the Association has conducted research “Study on Situation of Financial Literacy in the General Education among Target Groups of Teachers and Students”. The aim of the research was to obtain information for creation support system for teachers of social studies and economics on teaching financial literacy in general education.

In 2012 the Association has developed digital resources for teachers of economics: educational film on student loans as well as interactive question sets for interactive *ActivExpression* voting handsets. The resources are available in <http://www.skolas.lv>.

In 2013 the Association is developing animated cartoon on financial literacy for children of 6 to 10 years of age and teachers’ handbook. The Association is planning to develop resources on financial literacy for interactive whiteboards in social studies, economics, mathematics, home economics and other subjects. In summer of 2013 the Association of Commercial Banks of Latvia and the Bank of Latvia are organizing Summer In-service Training courses for Teachers on topical questions of financial education in schools.

**Junior Achievement Latvia** – their main projects are Student Companies, the Business Plan Contest, Business Fairytales and Job Shadow Day. They provide one of most active everyday programs to create financially educated youth, but becoming a partner school is not free, therefore these projects are reachable only for a fraction of young people.

In collaboration with the College of Business Administration for school children, there is a project called Be a Leader. This project is divided into several parts – “Career” for young primary school children (grades 4-6) about pupil etiquette, home economics, philosophy, PC and Internet and another for older primary school children (grades 7-9) about money, decision making, careers, oratory skills and how to reach goals. For general secondary schools, they offer business etiquette and marketing in grade 10 and documentation, business and accounting in grade 11. In grade 12, legislation and management are offered. These courses are rarely used in the school system, as they are not free.

One more group of institutions who try to diversify financial education is banks. They offer lectures about bank products, loans, payment cards and other financial products. As it includes some sort of bank advertisement, usually these lectures are for free.

Commercial banks in Latvia have also involved in increasing of financial education level:

1. **SWEDBANK** has made a survey about spending habits <http://www.manasfinanses.lv/2012/12/12/aptaujas-anketa/> and holds a contest for secondary school students *A new finance expert*, taxes calculator, budget calculator
2. **DANSKE BANK GROUP** has made a game about money in English <http://www.controlyourmoney.co.uk/>
  - a. Game *Moneyville*, for children 5-9 years old children <http://moneyville.co.uk/>

- b. Game *Control your money*, for children 10-15 years old, <http://www.controlyourmoney.co.uk/>
  - c. Game *Dream on*, for juniors 15-17 years old
3. **SEB bank** has established a school for new financier where children are informed about questions of finance education; taxes calculator; budget calculator
  4. **Nordea bank** has made a financial guide and financial standards, budget calculator
  5. **DNB bank** - young people handbook *TRY*, budget calculator
  6. **Privatbank** - JuniorBank <http://www.juniorbank.lv> – film, training, excursion

### 1.2.3. Partner **School within Project “Financial Education”**

A Partner School from Latvia within project is **Agenskalns State Gymnasium**. This is one of the oldest schools in Riga, in Latvia, founded in the 17th century. The school has been named Agenskalns State Gymnasium since 1996. Currently there are 754 students (7-12 grades) and 70 teachers. As a gymnasium, this school does not have primary education up to grade 7.

Little understanding about economic processes is not only youth problem in Latvia, it can be seen all over. There are historical reasons for it of course (more than 50 years of plan economy in USSR), but to be successful, we have to change that. It is not so easy to teach everyone and not everyone is interested in it, but it is extremely important that young people would have the basic information and ideas of modern world economy. Otherwise we meet today's problems: young people often have no understanding how money is created, they do not know what is annual interest rate or GDP, they have no idea what are the main reasons why salary differs, and that each of them have an impact on country's economy. Only few understand that economy of our country is part of the world's economy. Therefore, it is hard for them to make even simple decisions connected to economy. What we see today – there are many unpaid credits. For young people it is hard to take place in labor market. Very rare they think about entrepreneurship and they do not have comprehension about manufacturing process and economic processes in general.

In this school for secondary students it is possible to choose a class with in-depth focus on economics. In this case, they have 40 minutes economy lecture twice a week for all 3 years. And in these lectures it is possible to tell about Financial Education. But, at the same time economics is not a compulsory subject, therefore there are many schools where it is not taught at all. Therefore, after studying the school system and through long discussions with the school director, the conclusion has been made that Financial Education should be included among different subjects so that everyone would have basic understanding. It is also

important to use realistic examples, otherwise students may assume the information is irrelevant.

### Gap Analysis

In the education programme of the basic school in Latvia the questions of financial education are integrated in different subjects:

In the subject Social Sciences grade 1-9 it is taught about the ways of economic activity and principles, men's economic wishes and needs, the regularities of the demand and offer, the principles of price development, production factors, the ways of commercial activity and sources of financing, as well as the system of state economics. School students are taught how to act in order to defend their consumer rights and use mathematics in financial calculations.

In the subject Housekeeping and Technologies the skill to economize resources (time, money, electricity, etc.) is taught, as well as the ability to critically assess the quality of goods and services, and expenses a.m. and financial skills how to manage households.

In the education programme of the secondary school in Latvia the questions of financial education are learnt in the subject Economics. This subject includes themes about the kinds of money, functions and its role in economics. School students learn to understand about savings and investments, as well as about different financial instruments and institutions, it is taught about insurance and the role of various funds and how to understand the cyclic character of economics.

Agenskalna State gymnasium, understanding the problems in financial education, makes attention on that and students can take a part in different activities not only lessons about economics. It is offered to make Student Companies, to take a part in the Business plan contest, to write Business Fairytales and be a part of Job Shadow Day. At the same time, time by time there is made meetings with businessman's and bank representatives. It gives students impression about economics in real life and helps to understand all the processes better.

To make a deeper analysis of gap in financial education in education system in Latvia, the project partner school took a look at different subjects and themes learnt by students in grades 7-12.

To find gaps in Financial Education we analyzed different subjects trying to find out, what are Financial Education information and skills, that are included in different subjects and what is missing. The results are as follows:

The subject: **mathematics**

Current situation:

Grades	Theme	Exercises about
7.	Numerical and algebraic expressions	Mufacturing, prices, service costs, needed resources and fuel economy
	Equations	Shopping
	Function	Average total costs
8.	Proportions. Equations	Needed resources for production and their costs
	Function	Average total costs
	Algebraic and rational expressions. Rational equations	Exercises about needed resources for production and their costs and production efficiency
	Inverse	Recourse economy and production efficiency
	Statistical features	Data collection, display, analysis
9.	Quadratic function	Calculation of service costs and required quantity of materials
	System of equations. Disparity systems	Exercises about needed resources for production and their costs and production efficiency
	Combinatory and Probability Theory	Choice of goods, benefit
	Series of numbers. Arithmetic and geometric progression	Fee for services, deposits, savings, profit
10.	Functions	Total costs and average total costs
	Set Theory	Shopping, consumption of goods, purchasing strategies, economy
	Logarithmic function	Wage models, bank deposits, money growth
	Strings. Progression	Production costs, labor productivity
	Rational algebraic expressions and equations	Bank deposits, money growth, wage
11.	Algebraic inequalities	The cost of production, production strategy, economy
	Statistical features	Data collection, display and analysis of economic process
	Elements of combinatory	Choice, burden sharing options, benefits
	Probability Theory. The statistical probability	Economic likely, offer strategies
12.	Exponent of equations and inequalities	Business planning and development, demography, deposits
	Functions	Required quantity of materials, costs of it, expenses, production efficiency, deposits
	Equations, inequalities and their systems	Economic processes

Conclusion: There are enough different exercises about financial and economic issues.

The gap: It is necessary to make practical worksheets to meet a real life situation.

The subject: **geography**

Current situation:

Grades	Theme	In learning process, it is told about:
7 and 8	Different	Currencies, production process and brands
9	Latvian production	Production structure and economic prob-

		lems in Latvia. Competitiveness. Export and import
10	The world's typology	The economic development, causes of differences
	Citizens of the world	Citizens age, demography, unemployment, poverty, migration
11	World production	Competitiveness, export, import, investments, globalization

Conclusion: In geography teacher explains different terms related to economics.

The gap: It would be useful to make thematic exercises.

The subject: **domestic science and technology**

Current situation:

Grades	Theme	In learning process, it is discussed about:
7.	My home	Choice of cleaning resources taking into account expenses and environmental influence
	House party	Party planning, organizing and managing. And it is necessary to calculate house party expenses
	My lunch	Calculating the cost of soup ingredients
	Textile technology	Material cost estimate
8.	My home	Why it is necessary to maintain check or invoice, what is economic use of home equipment
	My safety	Students evaluate the safety of the product and its cost
	Nutrition	Scholars calculate expenses for different national dishes
	Textile technology	Material cost estimate
9.	Long term clothing	Clothing expenses
	Nutrition	Preparation costs for various dough
	My home	Maintenance costs
	Different themes	Pupils evaluate expenses and quality of different materials

Conclusion: Scholars have good information and basics about finances at home.

The gap: It would be useful to teach skills about family budget.

The subject: **informatics**

Current situation:

Grades	Theme	In learning process, students should:
7	Algorithms	Calculate deposit growth at different times
10	IT concepts	How to buy „perfect” PC online

12	Computer-based systems	Calculate the cost for WEB page establishment
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Conclusion: Considering little amount and program of the subject, economic questions are well involved.

The gap: It would be useful to add assignments covering credit calculations in accordance with current bank and financial institution practices.

The subject: **social sciences**

Current situation:

Grades	Theme	It is told about:
7	Production	Fundamental issues of economic
	The consumer's rights	The consumer's rights and protection
8	Business. Student Companies	Business establishment. Pupils make Student Companies, count production expenses, potential profit and possible price for product or service
	Family budget. Income and expenses	Different types of income and expenses in family and making family budget.
	Money, its types, characteristics and value. Currency Exchange.	Types of money and its characteristics. Inflation and deflation, causes and consequences.
9	Work	Salary calculation

Conclusion: Scholars have basic information about economics.

The gap: Some work sheets could be made.

The subject: **economics**

Current situation:

Class	Theme	Exercises about
10-12	Economic subject	Economic nature, key issues, opportunity cost, production costs, marketing
	Economic system	Economic system, market, competition in the market
	Supply and demand	Supply and demand, market balance and price, supply and demand elasticity, government intervention
	Entrepreneurship	Entrepreneurship and its environment, legal forms of entrepreneurship in Latvia, finances, accounting, production costs, production efficiency
	Labor market and wages	Population, labor market, wages, unemployment
	Money and banking system	Types and functions of money, the Latvian banking system

	Consumer behavior	Personal finance, family budget, consumer behavior, consumer rights, deposits and loans, securities, investments, insurance, pension
	State role in the economy	State role in the economy, taxes, state budget, GDP, economic growth, inflation, economic development
	The international economy	International trade, free trade, currency, international economic organizations

Conclusion: The structure and information is good, but full with theoretical and difficult questions.

The gap: It is necessary to teach to make decisions on the investment of money and credit taken

In collaboration with the College of Business Administration for school children, there is a project called Be a Leader. This project is divided into several parts – “Career” for young primary school children (grades 4-6) about pupil etiquette, home economics, philosophy, PC and Internet and another for older primary school children (grades 7-9) about money, decision making, careers, oratory skills and how to reach goals. For general secondary schools, they offer business etiquette and marketing in grade 10 and documentation, business and accounting in grade 11. In grade 12, legislation and management are offered. These courses are rarely used in the school system, as they are not free.

High school economics teachers' qualification in Latvia is offered by University of Latvia. It is 2nd level professional higher education and studies take place twice a week for 3, 4 or 5 semesters. Before that, person needs to receive 1<sup>st</sup> level higher education in related area - education, pedagogy or economics. The main problem why people are often not choosing this program is the unpredictable situation - will it be needed in the future? The subject is not compulsory – it is safer, to study math, literature, English, sports or anything else that is obligatory subject in every school. Therefore, in schools where economics is taught, it is mostly done by teachers of other subjects.

To provide lifelong education of teachers in Latvia in 2011 in the framework of the ESF project professional training programmes were developed with the aim to give knowledge and develop economics teachers' skills of macro economics, learning of international economics and individual finance management regularities, imitation games, analysis and procession of economic information, development of specific skills of teaching the subject, learning methodology. The target group of the programme is economics teachers of general education. The programme emphasizes the topical problems of economics theory, international economics and individual finance management. Acquiring these programmes teachers develop their theoretical knowledge, the skill to obtain and analyse information, the skill to apply

knowledge in practice, study and student assessment skills, the skill to anticipate new education needs and demands.

### Results of Gap Analysis

1. Although lifelong education programmes are available to teachers, there is a lack of understanding about the questions of financial education;
2. Teachers often are not aware of study materials available and different activities being held by MES and social partners;
3. A lack of specially adapted and integrated practical examples in the questions of financial education is developing in the education programme;
4. In study classes modern study materials directed towards the acquiring of the financial education competences are not used;
5. Parents are not involved in the educational process over.

### **2.Results of Needs Analysis**



GENERAL COMPETENCE	PARTIAL COMPETENCE <i>Pupils are able to ...</i>	CONTENTS WITHIN CLASSES	SUBJECT & GRADE
<p><b>PUPILS ARE ABLE TO THINK IN CATEGORIES OF ECONOMIC BEHAVIOR:</b></p> <p><b>HOW DO PEOPLE TAKE ECONOMIC DECISIONS?</b></p>	<p>... differ between various needs and goods. (1)</p> <p>... explain that shortage is the reason for friction between unbounded needs and resources and therefore people have to act in an economic way. (2)</p> <p>... show that the variety of competing (own and external) needs leads to conflicts in decision and allocation. (3)</p> <p>... show that economic player make decisions about alternatives, on basis of economic plans. (4)</p> <p>... explain that economic decisions have to be made under uncertain conditions and therefore are risky, as relevant information cannot be collected completely. (5)</p> <p>... show that economic players take decisions, which provide the highest benefit, also considering own preferences and restrictions. (6)</p>	<p><i>E.g.: Purchase of a PC</i></p> <p><i>Saving or taking a loan? (1)</i></p> <p><i>The saved money doesn't meet the costs for the PC. (2)</i></p> <p><i>Some family members would like to have a PC, the others would like to use the money for something different. (3)</i></p> <p><i>Purchasing a PC doesn't mean being able to use the money for something different. (4)</i></p> <p><i>Taking a loan means taking risks. (5)</i></p> <p><i>The benefit of purchasing PC involves more possibilities to learn, work and search for the information for all family members. And, taking a loan means that the PC can be bought immediately. (6)</i></p>	<p><i>E.g.: Purchase of a PC</i></p> <p><i>Specific Content:</i></p> <p>Advantages, Disadvantages and Effects of saving and taking a loan.</p> <p><i>Curriculum:</i></p> <p>Grade 7</p> <p><u>Mathematics in themes –</u></p> <p>Numerical and algebraic expressions; Equations; Functions</p> <p><u>Informatics in theme –</u></p> <p>Algorithms</p> <p><u>Social sciences in theme –</u></p> <p>The consumer's rights</p>
	<p>... explain causes, forms and results of division of work. (7)</p>	<p><i>If the PC is (partially) financed by a loan, other players besides the family members contribute to the</i></p>	

<p><b>PUPILS ARE ABLE TO DO CONNECTION-BASED AND INTERDEPENDENCY-BASED THINKING:</b></p> <p><b>HOW DO PEOPLE AFFECT EACH OTHER IN AN ECONOMIC WAY?</b></p>	<p>... explain, how division of work embeds economic players in a complex network of economic interdependencies. (8)</p> <p>... grasp economic transactions between national and international players in form of a cycle-network. (9)</p>	<p><i>situation, such as the bank or the PC trader. (7)</i></p> <p><i>Purchasing of a PC means consumption, saving, production and so on. (8)</i></p> <p><i>The expenses of the private household are revenues for the PC trader and the bank (and indirectly for the PC traders and bank's employees).(9)</i></p>	
<p><b>PUPILS ARE ABLE TO THINK ABOUT CONNECTIONS OF POLICY:</b></p> <p><b>HOW DO PEOPLE CREATE ECONOMIC POLICIES?</b></p>	<p>... explain that the coordination of economic plans in market economies is primary based on markets. (10)</p> <p>... grasp the economic system of a country as a legal and institutional regime for economic acting. (11)</p> <p>... explain the economic and social relevance of competition. (12)</p> <p>... show general functions of the general government, which is embedded in a market economy. (13)</p>	<p><i>The offer for PC on the PC market as well as the offer for loans on the loan market is various. (10)</i></p> <p><i>Private property makes it possible to purchase a PC. (11)</i></p> <p><i>Different people can have different conditions for loans. (12)</i></p> <p><i>The general government determines legal rules for loan offers and loan allocation. (13)</i></p>	
	<p>... analyze situations of decisions by using economic models of behavior. (14)</p> <p>... analyze economic relationships and effects of political measures</p>	<p><i>School requirements on document design, impact by friends and used PC access, may be a reason for an early PC purchase. (14)</i></p> <p><i>A tax decrease may lead to an increase of PC purchases. This would foster the order situation of</i></p>	

<p><b>PUPILS ARE ABLE TO ANALYSE ECONOMIC SITUATIONS BY USING SPECIFIC METHODS TO BECOME AWARE OF FINANCIAL CIRCUMSTANCES.</b></p>	<p>by using a cycle-model. (15)</p> <p>... show and analyze market processes by using e.g. a model for determining the price. (16)</p> <p>... find information from different sources. (17)</p> <p>... investigate the economic reality by making excursions, enquiries or interviews with experts. (18)</p> <p>... visualize economic processes, process of decision-making and forms of organizations. (19)</p>	<p><i>parts delivering companies and the whole PC industry. Too, new work places may be created. (15)</i></p> <p><i>The increase in demand of palms leads to a increase of the price for those types of PC. (16)</i></p> <p><i>The household, which will purchase a PC, obtains information from different</i></p> <p><i>PC traders and customer organizations (concerning loans). (17)</i></p> <p><i>Employers of the customer organizations are asked and give information about loans. Representative of some PC trade company, can be invited on discussion. (18)</i></p> <p><i>All specific tasks concerning taking a loan will be visualized by using a flow chart, numerical and algebraic expressions, equations, functions and algorithms. (19)</i></p>	
<p><b>PUPILS ARE ABLE TO EVALUATE ECONOMIC ACTIVITIES AND SITUATIONS BY USING ECONOMIC CATEGORIES.</b></p>	<p>... evaluate alternatives of possible decisions by using economic categories. (20)</p> <p>... evaluate actions and their effects by using economic criteria with regard to aims and values.(21)</p> <p>... evaluate the usefulness and capability of legal and institutional rules for economic acting. (22)</p>	<p><i>Would it be preferable to take the loan a little later, considering risks and costs? (20)</i></p> <p><i>Is the household able to take the costs of the loan (monthly rate)? (21)</i></p> <p><i>Are the existing legal rules enough</i></p>	

		<i>for protecting the consumer? (22)</i>	
<b>PUPILS ARE ABLE TO REFLECT AND EVALUATE WAYS OF ECONOMIC IDENTIFICATION AND JUDGMENT.</b>	<p>... differ between judgment on the merits and on the values about economic situations. (23)</p> <p>... check and evaluate the range of the economic way of perception and mindset. (24)</p>	<p><i><u>Judgment on the merits:</u> The purchase of used PC doesn't contribute to save workplaces for the long run.</i></p> <p><i><u>Judgment on the values:</u> It would be more useful, to spend this money for education instead. (23)</i></p> <p><i>The economic model on behavior may explain the effects of changes concerning individual preferences but not the causes. (24)</i></p>	

<b>GENERAL COMPETENCE</b>	<b>PARTIAL COMPETENCE</b>	<b>CONTENTS WITHIN CLAS-</b>	<b>SUBJECT &amp; GRADE</b>
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	<b><i>Pupils are able to ...</i></b>	<b>SES</b>	
<p><b>PUPILS ARE ABLE TO THINK IN CATEGORIES OF ECONOMIC BEHAVIOR:</b></p> <p><b>HOW DO PEOPLE TAKE ECONOMIC DECISIONS?</b></p>	<p>... differ between various needs and goods. (1)</p> <p>... explain that shortage is the reason for friction between unbounded needs and resources and therefore people have to act in an economic way. (2)</p> <p>... show that the variety of competing (own and external) needs leads to conflicts in decision and allocation. (3)</p> <p>... show that economic player make decisions about alternatives, on basis of economic plans. (4)</p> <p>... explain that economic decisions have to be made under uncertain conditions and therefore are risky, as relevant information cannot be collected completely. (5)</p> <p>... show that economic players take decisions, which provide the highest benefit, also considering own preferences and restrictions. (6)</p>	<p><i>Saving or taking a loan? (1)</i></p> <p><i>The saved money doesn't meet the costs for the PC. (2)</i></p> <p><i>Some family members would like to have a PC, the others would like to use the money for something different. (3)</i></p> <p><i>Purchasing a PC doesn't mean being able to use the money for something different. (4)</i></p> <p><i>Taking a bank loan means taking risks. Taking a fast loan means taking even more risks. (5)</i></p> <p><i>The benefit of purchasing PC involves more possibilities to learn, work and search for the information for all family members. And, taking a loan means that the PC can be bought immediately, but person will have obligations to the credit company (6)</i></p>	<p><i>E.g.: Purchase of a PC</i></p> <p><i>Specific Content:</i></p> <p>Advantages, Disadvantages and Effects of saving, taking a bank loan or taking a fast loan.</p> <p><i>Curriculum:</i></p> <p><i>Grade 10</i></p> <p><u>Mathematics in theme –</u></p> <p>Rational algebraic expressions and equations</p> <p><u>Geography in themes –</u></p> <p>The world's typology; Citizens of the world</p> <p><u>Informatics in theme –</u></p> <p>IT concepts</p> <p><u>Economics in themes –</u></p> <p>Supply and demand; Money and banking system; Consumer behavior</p>

<p><b>PUPILS ARE ABLE TO DO CONNECTION-BASED AND INTERDEPENDENCY-BASED THINKING:</b></p> <p><b>HOW DO PEOPLE AFFECT EACH OTHER IN AN ECONOMIC WAY?</b></p>	<p>... explain causes, forms and results of division of work. (7)</p> <p>... explain, how division of work embeds economic players in a complex network of economic interdependencies. (8)</p> <p>... grasp economic transactions between national and international players in form of a cycle-network. (9)</p>	<p><i>If the PC is (partially) financed by a loan, other players besides the family members contribute to the situation, such as the bank, fast credit company or the PC trader. (7)</i></p> <p><i>Purchasing of a PC means consumption, saving, production and so on. (8)</i></p> <p><i>The expenses of the private household are revenues for the PC trader, carriers, PC producer and the bank or fast loan company (and indirectly for all the employees in these parts). If the PC is foreign product, this purchase makes effect on import amount and GDP. (9)</i></p>	
<p><b>PUPILS ARE ABLE TO THINK ABOUT CONNECTIONS OF POLICY:</b></p> <p><b>HOW DO PEOPLE CREATE ECONOMIC POLICIES?</b></p>	<p>... explain that the coordination of economic plans in market economies is primary based on markets (10)</p> <p>... grasp the economic system of a country as a legal and institutional regime for economic acting. (11)</p> <p>... explain the economic and social relevance of competition. (12)</p> <p>... show general functions of the general government, which is embedded in a market economy. (13)</p>	<p><i>The offer for PC on the PC market as well as the offer for loans on the loan market is various. (10)</i></p> <p><i>Private property makes it possible to purchase a PC. (11)</i></p> <p><i>Different people can have different conditions for loans in different companies. (12)</i></p> <p><i>The general government determines legal rules for loan offers and loan allocation. (13)</i></p>	

<p><b>PUPILS ARE ABLE TO ANALYSE ECONOMIC SITUATIONS BY USING SPECIFIC METHODS TO BECOME AWARE OF FINANCIAL CIRCUMSTANCES.</b></p>	<p>... analyze situations of decisions by using economic models of behavior. (14)</p> <p>... analyze economic relationships and effects of political measures by using a cycle-model. (15)</p> <p>... show and analyze market processes by using e.g. a model for determining the price. (16)</p> <p>... find information from different sources. (17)</p> <p>... investigate the economic reality by making excursions, enquiries or interviews with experts. (18)</p> <p>... visualize economic processes, process of decision-making and forms of organizations. (19)</p>	<p><i>School requirements on document design, impact by friends, used PC access, promotional activities and discounts may be a reason for an PC purchase. (14)</i></p> <p><i>A tax or production cost decrease as well as increase in government spending for improvement for computer systems may lead to an increase of PC purchases. This would foster the order situation of parts delivering companies and the whole PC industry. Too, new work places may be created. (15)</i></p> <p><i>The increase in demand of palms leads to a increase of the price for those types of PC. (16)</i></p> <p><i>The household, which will purchase a PC, obtains information from different</i></p> <p><i>PC traders and customer organizations (concerning loans). (17)</i></p> <p><i>Employers of the customer organizations are asked and give information about loans. Representative of some PC trade company, can be invited on discussion. (18)</i></p> <p><i>All specific tasks concerning taking a loan will be visualized by using a flow chart and rational algebraic expressions and equations. (19)</i></p>	
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<p><b>PUPILS ARE ABLE TO EVALUATE ECONOMIC ACTIVITIES AND SITUATIONS BY USING ECONOMIC CATEGORIES.</b></p>	<p>... evaluate alternatives of possible decisions by using economic categories. (20)</p> <p>... evaluate actions and their effects by using economic criteria with regard to aims and values.(21)</p> <p>... evaluate the usefulness and capability of legal and institutional rules for economic acting. (22)</p>	<p><i>Would it be preferable to take the loan a little later, considering risks and costs? (20)</i></p> <p><i>Is the household able to take the costs of the loan (monthly rate)? (21)</i></p> <p><i>Are the existing legal rules enough for protecting the consumer? (22)</i></p>	
<p><b>PUPILS ARE ABLE TO REFLECT AND EVALUATE WAYS OF ECONOMIC IDENTIFICATION AND JUDGMENT.</b></p>	<p>... differ between judgment on the merits and on the values about economic situations. (23)</p> <p>... check and evaluate the range of the economic way of perception and mindset. (24)</p>	<p><i>Judgment on the merits: The purchase of used PC doesn't contribute to save workplaces for the long run.</i></p> <p><i>Judgment on the values: It would be more useful, to spend this money for education instead. (23)</i></p> <p><i>The economic model on behavior may explain the effects of changes concerning individual preferences but not the causes. (24)</i></p>	

<b>GENERAL COMPETENCE</b>	<b>PARTIAL COMPETENCE</b> <i>Pupils are able to ...</i>	<b>CONTENTS WITHIN CLASSES</b>	<b>SUBJECT &amp; GRADE</b>
	<p>... differ between various needs and goods. (1)</p> <p>... explain that shortage is the reason for friction between unbounded needs and resources and therefore people have to act</p>	<p><i>E.g.: study costs</i></p>	<p><i>E.g.: study costs</i></p>



<p><b>PUPILS ARE ABLE TO THINK IN CATEGORIES OF ECONOMIC BEHAVIOR:</b></p> <p><b>HOW DO PEOPLE TAKE ECONOMIC DECISIONS?</b></p>	<p>in an economic way. (2)</p> <p>... show that the variety of competing (own and external) needs leads to conflicts in decision and allocation. (3)</p> <p>... show that economic player make decisions about alternatives, on basis of economic plans. (4)</p> <p>... explain that economic decisions have to be made under uncertain conditions and therefore are risky, as relevant information cannot be collected completely. (5)</p> <p>... show that economic players take decisions, which provide the highest benefit, also considering own preferences and restrictions. (6)</p>	<p><i>Saving or taking a loan? (1)</i></p> <p><i>The saved money doesn't meet the study costs. (2)</i></p> <p><i>Some family members would like a young person studying, the others would like to use the money for something different and someone else could suggest young person to work. (3)</i></p> <p><i>Study costs doesn't mean being able to use the money for something different. (4)</i></p> <p><i>Taking a bank loan for study costs, means taking long term risk. (5)</i></p> <p><i>The benefit for study costs is possibility to get a better education for a young person and possible higher income in future that could help for all family in general. And, taking a long term loan means that the studies can be started immediately, but person and its family will have long term obligations to the bank (6)</i></p>	<p><i>Specific Content:</i></p> <p>Advantages, Disadvantages and Effects of saving, taking a bank loan.</p> <p><i>Curriculum:</i></p> <p>Grade 12</p> <p><u>Mathematics in theme –</u></p> <p>Equations, inequalities and their systems</p> <p><u>Informatics in theme –</u></p> <p>Computer-based systems</p> <p><u>Economics in themes –</u></p> <p>Supply and demand; Money and banking system; Consumer behavior</p>
<p><b>PUPILS ARE ABLE TO DO CONNECTION-BASED AND INTERDEPENDENCY-BASED THINKING:</b></p>	<p>... explain causes, forms and results of division of work. (7)</p> <p>... explain, how division of work embeds economic players in a complex network of economic interdependencies. (8)</p> <p>... grasp economic transactions</p>	<p><i>If the study costs is (partially) financed by a loan, other players besides the family members contribute to the situation, such as the bank and high school. (7)</i></p> <p><i>Study costs means consumption, saving, production and so on after</i></p>	

<p><b>HOW DO PEOPLE AFFECT EACH OTHER IN AN ECONOMIC WAY?</b></p>	<p>between national and international players in form of a cycle-network. (9)</p>	<p>graduation. (8)</p> <p><i>The expenses of the private household are revenues for the high school, textbooks publishers and vendors, residential premises landlords (if necessary), transport providers (if necessary), and the bank (and indirectly for all the employees in these parts). If studies will be abroad, then there will be additional effect on international transport, import amount and GDP. (9)</i></p>	
<p><b>PUPILS ARE ABLE TO THINK ABOUT CONNECTIONS OF POLICY: HOW DO PEOPLE CREATE ECONOMIC POLICIES?</b></p>	<p>... explain that the coordination of economic plans in market economies is primary based on markets. (10)</p> <p>... grasp the economic system of a country as a legal and institutional regime for economic acting. (11)</p> <p>... explain the economic and social relevance of competition. (12)</p> <p>... show general functions of the general government, which is embedded in a market economy. (13)</p>	<p><i>The offer for studies on the studies market as well as the offer for loans on the loan market is various. (10)</i></p> <p><i>Freedom in person's movement and choice makes it possible to study in any time, all around the world. (11)</i></p> <p><i>Different people can have different conditions for loans. (12)</i></p> <p><i>The general government determines legal rules for loan offers and loan allocation. (13)</i></p>	
	<p>... analyze situations of decisions by using economic models of behavior. (14)</p> <p>... analyze economic relationships</p>	<p><i>Raising the prestige of education, curriculum diversification, diverse in student support and study price reduction, may be a reason for more young people to study. (14)</i></p>	

<p><b>PUPILS ARE ABLE TO ANALYSE ECONOMIC SITUATIONS BY USING SPECIFIC METHODS TO BECOME AWARE OF FINANCIAL CIRCUMSTANCES.</b></p>	<p>and effects of political measures by using a cycle-model. (15)</p> <p>... show and analyze market processes by using e.g. a model for determining the price. (16)</p> <p>... find information from different sources. (17)</p> <p>... investigate the economic reality by making excursions, enquiries or interviews with experts. (18)</p> <p>... visualize economic processes, process of decision-making and forms of organizations. (19)</p>	<p><i>A study price reduction and all other mentioned reasons above may lead to an increase of studies demand. This would foster the necessity for lecturers and other workers. (15)</i></p> <p><i>The increase in demand of some fields of study leads to a increase of the price for those types of studies directions. (16)</i></p> <p><i>The household, which will prepare to take credit for studies, obtains information from different banks, universities and customer organizations (concerning loans). (17)</i></p> <p><i>Employers of the customer organizations are asked and give information about loans. Representative of some universities and banks, can be invited on discussion. (18)</i></p> <p><i>All specific tasks concerning taking a loan will be visualized by using flow chart equations, inequalities and their systems and computer-based systems. (19)</i></p>	
<p><b>PUPILS ARE ABLE TO EVALUATE ECONOMIC ACTIVITIES AND SITUATIONS</b></p>	<p>... evaluate alternatives of possible decisions by using economic categories. (20)</p> <p>... evaluate actions and their effects by using economic criteria with regard to aims and values.(21)</p>	<p><i>Would it be preferable to take the loan a little later, considering risks and costs? (20)</i></p> <p><i>Is the household able to take the costs of the loan (monthly rate)?</i></p>	

<p><b>BY USING ECONOMIC CATEGORIES.</b></p>	<p>... evaluate the usefulness and capability of legal and institutional rules for economic acting. (22)</p>	<p>(21) <i>Are the existing legal rules enough for protecting the consumer? (22)</i></p>	
<p><b>PUPILS ARE ABLE TO REFLECT AND EVALUATE WAYS OF ECONOMIC IDENTIFICATION AND JUDGMENT.</b></p>	<p>... differ between judgment on the merits and on the values about economic situations. (23)  ... check and evaluate the range of the economic way of perception and mindset. (24)</p>	<p><i>Judgment on the merits: The study costs today can make positive feedback for the person in the long run.</i>  <i>Judgment on the values: It is useful to make investments in education. (23)</i>  <i>The economic model on behaviour may explain the effects of changes concerning individual preferences but not the causes. (24)</i></p>	

### 3. Conclusion

After examining the situation in Latvia, the research team came to the following conclusions:

1. Although lifelong education programmes are available to teachers and other adult groups, there is a lack of understanding about the questions of financial education; it is necessary to facilitate common understanding of the term 'financial education' in Latvia (pupils, adults, teachers);
2. To work out diagnostic instruments of financial education knowledge level that would allow measure school student knowledge before and after acquiring of integrated subjects and adapt flexibly study process to offset gap (using a test ( march 2013) developed by the FCMC);
3. To continue to provide all subject teachers' lifelong education and professional development (using LCA summer school ( august 2013) for teachers of economics); to explain how to use existing and work out new modern study materials directed towards the acquiring of the financial education competences.
4. To inform schools managers and teachers in Latvia ( especially in regions) more widely about social partner (the Bank of Latvia, FCMC, LCA, commercial banks , BA ) activities held and encourage schools to join these activities;
5. To provide revision of subject content and flexible approach to pupils needs; to prepare specially adapted and integrated practical examples in the questions of financial education in the education programme;
6. To facilitate the development of teachers' cooperation net;
7. To facilitate school cooperation with the representatives of banks and finance institutions (The Bank of Latvia, SWED bank, Nordea bank, DANSKE bank);
8. To facilitate youth involvement in economics activities – to provide a possibility to participate in the labour market- creating jobs for pupils;
9. To involve foreign language teachers to financial education;
10. To involve also pupils parents in the school subjects learning process.

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