THE CURRENT FRAMEWORK OF FINANCIAL EDUCATION IN ROMANIA IN THE CONTEXT OF THE INFORMATIONAL ECONOMY

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Abstract
The research undertaken starts from the findings demonstrated by studies in the field, that the lack of basic financial knowledge of consumers is a vulnerability of the Romanian financial system and a strategic challenge for financial service providers. The aim of the study is to analyze the European and national framework in the field of financial education, public and private policies, programs and initiatives on improving financial knowledge at different occupational and age categories. The research hypotheses are based on demonstrating the need for a consistent European institutional framework, on identifying the interdependence between public policies to stimulate savings and an adequate level of financial education of the population. The results of the study confirm the need to implement measures and mechanisms complementary to existing ones, new rules and directions to follow in order to improve the level of mass financial education, the protection of consumer interests and the development of financial intermediation.

Keywords:
Financial education, financial knowledge, saving, personal finance, investment behavior, financial services.
JEL classification:
E21, G28, I22.

Introduction

Financial education proved to be very important for individuals in assisting them to make their own budget and in managing their income. A high financial education helps every person to save and invest more efficiently and to prevent them from being a victim of financial fraud. More complex financial markets and increasing financial risks assumed by households require a solid financial education to maintain their own financial security and the effective running of financial markets and the entire economy.

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A brief historical retrospective shows us if and how much the level of financial education of adults and young people in our country has evolved in the three decades of market economy that followed from December 1989, from enrichment schemes to investing in criptocurrencies. In April 1992, Caritas the most famous game of rapid enrichment was created. In October 1993, payments ceased, and at the time of the declaration of bankruptcy for more than a year, the accumulated debts exceeded 450 million USD. The governor of
National Bank of Romania (NBR), Mugur Isărescu, said at that moment: „this pyramid scheme ran 1/3 of the country's money supply and involved about 2 million families". In 2020, Romanians' investments in cryptocurrencies exceeded 1 billion euros, according to market specialists, and a third of Romanian young people would invest their savings in these currencies. This has happened despite NBR describing virtual currencies as "speculative, highly volatile and risky assets" in 2018. After almost 30 years, we can say that the Romanians' did not change their perspective on making quick profit.
If we make a brief scan on the current economic and social situation in Romania we can see an increase in the net wealth of the Romanian population in the last decade, exceeding at the end of 2019 the level of 2000 billion lei. The share of non-financial assets in total assets exceeds 80%, especially in the case of real estate. Approximately 400 billion RON (less than 20%) is represented by the financial ones, and almost a quarter of this amount is given by what specialists call "cash outside the banking system". The ratio between financial and non-financial assets is of 50/50% in the European Union (EU). According to the 2018 KPMG study, in the last decade, the financial assets of the Romanian population have doubled, but 40% are placed in savings accounts and bank deposits with very low or negative returns.
After joining the EU there was a massive migration of active people, with over 4 million Romanians currently working abroad, which led to a low social security rate in the public system with dramatic effects on the public pension fund and health care system. In these conditions the following question arises: who manages to save, if anyone?
A 2000 study, conducted by IRSOP Market Research and Consulting, carried out on a representative sample of the 3.76 million Romanian households from urban areas found that only 20% of them managed to save regularly, about 25% of the monthly income obtained. The 2018 KPMG study has found that only 19% of Romanians saved for retirement, making what Keynes suggestively called "white money for black days". Most of Romanian citizens do not have a long-term saving plan.The reduced saving capacity is influenced by the existence of a significant degree of social exclusion and extreme poverty. The at-risk-of-poverty rate in Romania is double than European average of 16.9%, according to the EU's 2020 Country Report. Over 70% of the population's consumption expenditures are intended to meet basic needs such as food, utilities, clothing and footwear. Eurostat found out that 45.7% of Romanians borrowed money (EU average being 35.4%) and 31.7% of households had difficulties to pay current bills in 2017 (three times more than 10 years ago years). Only 58% of adults in our country had a bank account in 2017, compared to the EU average of 95%. The level of financial intermediation of the population relative to the GDP was of 16.1% in the same year, the lowest in the EU (the average in the euro area was 57.9%).

According to the 2020 EU Country Report, the Social Scoreboard for Romania and the Europe 2020 Strategy, the acquisition of digital skills and the improvement of the financial literacy of the population have not seen visible progress in Romania, remaining a priority.

On the other hand, especially in the last two decades, in Romania as in the whole world has been a continuous diversification of financial products and services offered to the population, which induces the need for a national policy and strategy of continuous financial education at the level of young people and adults. There is a close link between the lack of adequate financial education and the saving and investment behavior of the population. Only 10% of the total assets of the financial sector are represented by insurance and private pension funds.

In this circumstances we are not surprised about the findings of the 2020 OECD study on financial education on a South Eastern European countries sample, which revealed that Romania population has the lowest level of financial knowledge compared to the other countries in the sample. According to this study the population financial literacy in Romania is at 22% compared with 52% of European Union. According to the 2020 OECD/ INFE scoring on the levels of financial education, investment behavior and attitude of financial services consumers, Romania was through the last countries of the 26 studied. These referred to inflation, the calculation of interest and the return versus risk in the case of financial investments. So we are in this position even if the Special Eurobarometer on Financial Products and Services (2016), revealed that 58% of Romanian respondents were willing to participate in free online training sessions to learn how to manage their savings.

In December 2007, the European Commission sent a so-called Communication on Financial Education. Responsible for disseminating information in this area are the financial supervisory authorities, national agencies specializing in financial literacy, social and education services, bodies of financial industry professionals, and consumer organizations. These entities are responsible for carrying out national basic financial education programs focused on personal budgeting, debt management, understanding the operation of a bank account and the characteristics of different financial products. Financial education must be complemented by the protection of the consumers of financial services and the increase of their financial inclusion.

More than a decade after the European Commission's communication, the current stage of implementation of national financial education strategies in EU countries is as follows: policies and strategies implemented and revised in 5 countries, implemented in another 12, outlined in 4 (including Romania), and at intention stage in 4 countries.

As a result of the European Economic and Social Committee on Financial Education proposals and recommendation we assited to an abundance of initiatives at national level with the aim of increasing the Romanians' financial literacy:

- The "Family Budget" national financial education program initiated by the Consumer Protection National Authority (ANPC) and Romanian Consumers' Association (2011)
- The "Fluent in finance" program, regarding the investments on the capital market initiated by the Bucharest Stock Exchange (2015)

- Financial education programs for secondary and high school students run by the Financial Supervisory Authority (FSA) and the Ministry of Education (MEN)
- Teachers training program for the ones who will teach Financial Education conducted by the Romanian Association of Banks (RAB) and the Romanian Banking Institute (RBI)
- The SmartFIN program ran by Institute of Financial Studies (IFS) together with major Romanian universities.

An important initiative was concluded by the 2018 signed agreement between the MEN, NBR, Ministry of Public Finance, FSA and RAB which aims to implement measures to improve the financial education level of young people and adults. The main stipulations and directions of action are:

- Optional subject introduction of Financial and/or Economic Education at the primary, secondary and high school education level.
- The common Financial Education Platform creation as a result of an initiative of 21 public and private entities.
- The Practical Manual for financial services users' publication (March 2018).

The results of all these initiatives will be visible in the next years. We consider that through these actions the financial education level will increase.

1. Review of the scientific literature

Many studies investigated the outcomes of financial education programs. Some studies explored the impact of high school financial programs on adults' financial knowledge and decision-making (Danes et al., 1999; Bernheim et al., 2001; Cole and Shastry, 2008, Lusardi et al., 2010; Cole et al., 2014, Kaiser and Menkhoff, 2020). Other studies focused on the impact of financial education on people's financial behavior (Danes et al.,1999; Hogarth and Hilgert, 2002; Lusardi and Mitchell, 2007; Cole and Shastry, 2008; Bayer et al., 2009; Urban et al., 2020). Numerous studies examined the accuracy of financial information or anticipations regarding retirement's issues (Lusardi, 1999; Chan and Stevens, 2003; Sunden, 2006; Bayer et al., 2009; Lusardi and Mitchell, 2011a). Several studies considered the effectiveness of education programs offered to young persons before they get a job (Bernheim et al., 2001, Walstad et al., 2010; Feng Zu, 2020). Various studies assessed the effects of financial programs provided by the employers to the employees in their workplace on personal financial affairs (Bernheim and Garrett, 2003; Lusardi, 2008; Bayer et al., 2009).

The absence of financial education is believed to be the cause for inadequate financial decision-making skills of individuals. Therefore, financial education should begin from young ages. The implementation of financial planning in the high school curriculum can have a positive effect on adolescents' knowledge of personal finance, behavior and self-efficiency (Danes et al., 2009, Walstad et al., 2010). For example, Lusardi et al. (2010) assessed the financial literacy among young individuals aged between 12 and 17 in 1997 from United States of America. Their research suggested that the financial literacy was minimal among young persons, only around 27% having basic financial

knowledge. Additionally, a statistically significant difference between women and men was found, indicating that women are less educated than men. The study identified an essential channel for attaining financial knowledge by the young individuals, the family: more educated mothers and parents holding stock and retirement saving have a positive impact on the financial knowledge of young adults. There also exists a statistically significant difference in financial literacy by race and ethnicity, whites having a higher financial literacy than African Americans and Hispanics.

Financial literacy accumulated through programs included in school curriculum has found to improve adults' financial behavior and decision-making abilities (Danes et al., 2009, Walstad et al., 2010). High financially literate persons can make better financial decisions to enhance their economic protection and to ensure financial well-being (Hogarth and Hilgert, 2002). Moreover, financial education has been proved to be significantly positive corelated with investment and retirement savings income, stock holdings and credit scores and significantly negative associated with the individual's probability to be irresponsible on a loan, experience a foreclosure or declare bankruptcy (Cole et al., 2014).

The literature has provided empirical evidence for a positive effect of financial literacy on adults' savings for retirement. Lusardi and Mitchell (2007) examined the impact of employee's financial literacy on their retirement planning and wealth accumulation. The study highlighted that a higher financial literacy could improve the planning behavior for retirement and increase the wealth holdings. They suggested that planning behavior may be an explanation for discrepancies in saving and why some people accumulate little or no wealth before retirement. This conclusion is consistent with the finding of other prior and later empirical studies (Lusardi, 1999; Campbell, 2006; Lusardi A., 2008; Lusardi and Mitchell, 2011a).

Financial education programs attended by workers may have a positive influence on their personal savings. Bayer et al. (2009) investigated the impact of financial education projects offered by the employers on employees' financial decision-making abilities. Their research showed that the employees' contributions to voluntary saving schemes are higher when they attend different retirement seminars organized by employers. Moreover, the frequency of these initiative is an important determinant of financial behavior. Lusardi et al. (2020) have offered a similar finding by studying the way in which financial education programs affect wealth stored, financial expertise, and investment in complex assets among diverse customers. They have revealed that the financial education programs are more successful when they offer follow-ups to support the information gathered by the employees through the program, indicating that financial education provided to the 40 age workers may increase savings on retirement by near to 10%. Contrary, one-time education programs have several effects on short terms, but less on longer terms.

Economic literature has associated the financial literacy with asset holdings, investments in stock market, portfolio diversification, debt collection and financial risk (Bannier and Schwartz, 2018).

Financial education is observed to improve asset-accumulation skills and support increase saving and people's financial decision-making abilities. Behrman et al. (2012) assessed the impact of financial literacy and schooling on household wealth

accumulation. Reliable with prior studies (Lusardi and Mitchell, 2008; Van Rooij et al., 2012), their research provided empirical support for a significant positive relation between financial literacy and households' total net wealth and each of its pieces. After controlling the influence of schooling, they found that the significance of the financial literacy effect on wealth accumulation is reducing by about a half, implying that the financial literacy is partially a proxy for schooling.

Financial literacy has also been analyzed in connection with stock market participation. For instance, Balloch et al. (2015) have assessed the effects of financial literacy about stock market Their study suggested that those who have more knowledge about stock market and more trust are more expected to participate in stock market and to invest a greater share of their wealth in stock market. Consequently, participation in stock market is influenced by the household' level of financial literacy regarding stock market. Moreover, literacy about stock market can support the individuals' portfolio diversification, as was argued by Van Rooij et al. (2011) and Von Gaudecker (2014). Giofre (2017) studied the influence of financial education on diversification of foreign portfolio investment. The research indicated that higher financial education has a positive impact on international portfolio diversification and plays a more important role in countries which are dealing with weaker protection of minority stockholders' rights.

Analyzing the efficacy of the financial education programs Fan and Chatterjee (2018) found that the education related to investment can enhance financial knowledge and people's financial decision-making abilities. Investment knowledge accumulated by students during the financial programs on investment issues is not affected by situational stimuli associated with market volatility and by pressure cause by information regarding their peers' success. Their study proved that investment education increased students' investment knowledge, as other studied have also revealed (Lusardi et al., 2010; Grill and Bhattacharya, 2014; Kaiser and Menkhoff, 2020).

Debt literacy has been discussed, for example, by Lusardi and Tufano (2015). They reported a low level of debt literacy, with around one-third of investigated individuals understanding the fundamentals interest compounding. Their research indicated the existence of a link between debt literacy and both financial skill and debt burdens. The less educated household in respect with debt literacy are those who perform more costly transactions, encountering higher fees and using more expensive borrowing. The persons' lack of debt literacy causes an excessive debt loads supported by them.

There are few studies that focused on the risk literacy. For illustration, Lusardi (2015) investigated the knowledge regarding the risk based on assessments in United States of America and other states. The empirical research identified a very small level of risk literacy and of knowledge about risk diversification and links between risk and return. The author pointed that the risk literacy is important for individuals' financial decisions: it is likely that the individuals, with a higher knowledge concerning the risk, to plan the retirement and accumulate precautionary savings.

The level of financial literacy is found to vary between genders (Lusardi and Mitchell 2008, Lusardi et. al 2010, Lusardi and Mitchell, 2011b, Chen et al., 2018). For example, Mitchell and Lusardi (2015) reviewed the literature about the relation between financial

literacy and financial decision-making abilities across well-developed countries. They reported a serious financial illiteracy for several demographic classes, particularly women and less-educated individuals. Bannier and Schwartz (2018) have analyzed the impact of real and apparent financial literacy and confidence on household financial wealth. Their study has suggested that higher financial literacy is associated with higher financial wealth for both men and women at a lower level of education. However, well-educated women gain much more intensely from an improvement in financial literacy than well-educated men. Although well-educated women benefit significantly from a growth in financial literacy, low-educated women are likely to benefit less, being exposed to poverty risk at old ages. Contrarily, the confidence has a greater positive effect on men's wealth level than on women's wealth level. Gender gap in financial literacy has also been claimed by Bottazzi and Lusardi (2020) for the high school Italian students. Their empirical research has identified the possible factors influencing the gender differences, namely: 1) the parental background, especially the positive mother's role on daughter's financial literacy, 2) the social and cultural environment wherein the boys and girls are spending their lives and 3) the role gained by the women in society during the history.

Making good financial decisions to accumulate wealth or manage debts depends to a large extent on an individual's ability to do numerous computations, sometimes involving difficult ones. As empirical research has demonstrated (Lusardi and Mitchell, 2007; Lusardi and Mitchell, 2011a, Lusardi 2012) that the level of numeracy and mathematical skills are low in many developed countries and vary among the people, being higher among the young and declining dramatically with increasing age. Moreover, financial illiteracy and lack of numeracy are more serious among the persons with minimal educational achievement. There are substantial gender differences, the women attaining a lower level of financial literacy and numeracy. Therefore, these studies reported the lowest level of numeracy for groups that are already vulnerable: elders, women and low educated persons. The situation is challenging as numeracy and financial literacy have been reported to be associated with financial decision-making abilities and to be an important skill required to operate in the current sophisticated economic environment.

2. Data and methodology

The financial knowledge is the first component of financial literacy followed by financial behaviour and financial attitude. The expressed willingness of Romanian citizens to follow financial training session in 2016 made us wonder which is the financial knowledge level of the young generation so, we decided to study the level of financial knowledge among our students. In this moment we deal with the so-called Z Generation (the people born after 1995) or Digital Natives Gen which are perceived as ambitious people with a new perspective on the labour market and financial opportunities.

In order to attain our goal, we built up a questionary realised in the manner presented in 2018 OECD - Toolkit Measurements for the knowledge score, and relied on Van Rooij

et all (2011), Le Fur and Outreville (2020) articles. We set up 3 groups of questions, from the simplest financial notions to more complicated.
Through the first group (Q1 -Q7) we are checking the basic notions: interest rate, inflation, savings account. The second group (Q8 – Q9) is about basic capital markets instruments: stocks, bonds. The third group (Q10 - Q15) is focused on advanced financial knowledge: financial risk, diversification, corelation between price and interest rate.
The questionnaire was delivered to our students in the first week of school of the second semester, in the university year 2020 – 2021. We have two sample: one formed by students (171 people) who acquired a minimum level of financial knowledge (students in their first and second year of study, with the same preparation) and third year students (98 persons) in Finance and Banks programme (with deeper financial knowledge). The first sample did not have a financial specialisation yet, they studied the same financial disciplines till that moment. In contrary the second sample benefit on a financial specialisation.
The age population is between 19 and 26, with the median age being 21. 75% of 269 students came from mathematics and informatics, sciences and economy high school profiles. The gender distribution is predominated by females (75%).

3. Results and discussion

The results of our study are presented on each considered sample: students not specialized in finance and students specialised in finance. To conclude we considered the weight of good answers given by the students.

3.1. Results for the students panel not specialized in finance.

The weight of good answers given by the students not specialised in finance was 53%, the same with the score found out by Chen and Volpe (1998) in their study realised on a much larger sample (924 students) and higher than the 44% obtained by Le Fur and Outreville (2020) which had a similar sample with ours (219 students not specialised in finance).

Table no.1. The weight of correct answers given by the students not specialised in finance

Question number	Question	% right answers
Q1	Numeracy	100%
Q2	Inflation concept	30%
Q3	Interest concept	81%
Q4	Simple interest	76%
Q5	Compounded interest	43%
Q6	Inflation effect	64%
Q7	Saving account concept	52%
Q8	What is a share?	77%
Q9	What is a bond?	32%
Q10	Risk concept	59%
Q11	Financial instruments risk	48%

Q12	Stock portfolio diversification	55%
Q13	Financial instruments portfolio diversification	39%
Q14	Mutual risk	45%
Q15	Interest rate – Bond price relationship	25%

Source: author's results

These students did not have problems related to numeracy and are familiar with interest concept or simple interest computation. An interesting fact is that they know more about the effect of inflation if it is presented in a theoretical manner than if they have to deal with the concept by a practical approach: 30% of good answers in the case of inflation concept presented from a practical point of view against 64% obtained on the theoretical approach on inflation effect. Is was difficult for them to determine a compound interest (43%). The situation is worse when we look at the second type of questions. We can see a huge discrepancy: 77% know what a stock is but just 32% know how a bond works. This is true, as in Romania, almost nobody talks about bonds, but everybody talks about stocks! 59% have an idea about what is the risk but it is harder to associate the risk to different financial instruments. The stock portfolio diversification is a concept that 55% understand but again when it is about the diversification of a portfolio formed by different financial instruments just 39% good answer were given by students. This result is correlated with the one obtained for financial instruments associated risk. The 45% score obtained for the mutual risk concept is a relatively good surprise. We expected a lower weight because the mutual funds are not well known in Romania. The lowest weight is in the case of correlation between bond prices and interest rate evolution, but we expected to have such a situation.

The good answers maximum number given by a student was 13 from 15, and the lowest was 5. As you can see the highest weight 22,73% is formed by the students which gave 9 of 15 correct answers (table no.2).

Table no. 2 The correct answers weight to "n" questions of students not specialised in finance

No. Correct answers	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
%	4,55	15.91	9.09	9.09	22.73	11.36	18.18	4.55	4.55

Source: author's results

As in the case of Le Fur and Outreville (2020) the gender and age are not relevant. But is important the high school profile. From this point of view, the students with economic (52.27%), mathematics -informatics (22.73%) and sciences (13.42%) high school profile perform better (see Table 3).

Table no. 3 The correct answers weight to "n" questions by high school profile

Profile	Mathe/Info	Sciences	Letters	Economy	Technology	Other
%	22.73	13.42	4.55	52.27	4.55	2.27

Source: author's results

Our conclusion is that the financial knowledge acquired by the students with economy profile cannot be neglected. On the other hand, the mathematical skills are very important in the financial literacy area.

3.2. Results for the students' panel specialised in finance

The weight of good answers given by the students specialised in finance passed from 53% that we found for the nonspecialised in finance students to 69%, higher than the one resulted in the case of the French students' panel of Le Fur and Outreville (2020). Table 4 presents the weight of correct answers given by the students specialised in finance on each question.

Table no. 4. The weight of correct answers given by the students specialised in finance

Question number	Question	% right answers
Q1	Numeracy	100%
Q2	Inflation concept	60%
Q3	Interest concept	98%
Q4	Simple interest	84%
Q5	Compounded interest	51%
Q6	Inflation effect	79%
Q7	Saving account concept	68%
Q8	What is a share?	83%
Q9	What is a bond?	46%
Q10	Risk concept	76%
Q11	Financial instruments risk	60%
Q12	Stock portfolio diversification	65%
Q13	Financial instruments portfolio diversification	58%
Q14	Mutual risk	57%
Q15	Interest rate – Bond price relationship	32%

Source: author's results

These are results that anyone could expected. If we compare these results with the ones obtained for the non-specialised in finance students, we can see the improvement given by the financial specialisation. But we still have the same discrepancy between inflation concept (60%) and inflation effect (79), simple interest computation (84%) and compound interest computation (51%), what a share means (83%) and what a bond is (46%). Even if the correct answers weights are higher on the third part of questionary related to financial markets and portfolio diversification, we still have low financial knowledge level when the students are asked about bond prices and interest rate relationship.

The maximum number good answers number given by a student was 15 out of 15 (2.04%), and the lowest was 5 (1.02%). The highest correct answers weight 19,39% was for 12 from 15 correct answers (table no.5). This is a huge improvement if we consider 9 from 15 correct answers obtained in the other students' panel.

Table no. 5 The correct answers weight to "n" questions of students specialised in finance

No. Correct answers	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
%	1.02	3.06	12.24	12.24	14.29	10.20	10.20	19.39	9.18	6.12	2.04

Source: author's results

The influence of high school profile decreases in this stage. The students which are coming from mathematics – informatics profile (26.53%) appear to have better performances than the others from sciences (23.47%) or economy (23.47%) profile because of the financial information acquired in the previous two years and because of their better numeracy/mathematical skills (table no.6).

Table no. 6 The correct answers weight to "n" questions by high school profile

Profile	**Mathe/Info**	**Sciencies**	**Social Sciences**	**Letters**	**Economy**	**Technology**	**Other**
%	26.53	23.47	9.18	6.12	23.47	4.08	7.14

Source: author's results

We hoped in a better result regarding the third-year students. Maybe the pandemics of SarsCov 2 – Covid 19, had its role too. We do not have to forget that the second semester of last university year was more difficult for students and professors. Both dealt with a new challenge. Both had to perform online and not everybody had good reactions to this new teaching form. Maybe we are too drastic, because the third-year students specialised in finance performed on average well, and they are still specialising in this field.

This was a first study in this direction which can be improved and the sample can be enlarged. Is what we want to do in the future because we wonder about the results of a similar study realised on students which are not following economic profile studies.

Conclusions

Financial education is essential because allows individuals to have a better control over their own money, in a word: their finances, through savings, to avoid high indebtedness, and prepare themselves better for the retirement years. This is the reason why today a lot of public policies, programs and initiatives in the field of financial education are implemented in the EU. The need for a high rate of financial education is given by expanding consumer protection in increasingly sophisticated financial markets.

Even if the results obtained through our study on financial knowledge level on our students are not bad, we expect better ones in the future. We concluded that in this

moment they have medium level of financial knowledge and we intend to expand our research on students from other study profiles.

In our opinion, an adequate level of financial education at the mass level should have the effect of stimulating the population saving behavior which in this moment we consider that is a very low one. For instance there is currently a big difference between the number of participants in the 2nd pillar of pensions and the optional one, the 3rd pillar. Or, The Junior Centenary program started in 2019 which encourages parents to invest in government securities on behalf of their children in exchange for a substantial premium (50%) offered by the authorities which is still a fiasco. Only a few tens of thousands of participants, out of a total of approximatively 5 million holders of Treasury opened accounts. Why? Probably the population is only really interested in facilities or only contributes when is compulsory. And this is an effect of the low financial education level.

Do we have any solution to increase indirect the Romanians' financial knolwedge level so the financial literacy? Our answer is affirmative. One solution would be, for example, one monthly child allowances to be used for financial investments, managed on their behalf by financial service providers. Although proposals to reform the child allowance system have been around for a long time, e.g. replacing cash payments with vouchers with a specific pre-determined destination such as food, clothing, books and supplies, as well as collective savings, they have not been implemented. We intend to continue the research by develloping the mechanism through which one monthly allowance will be used for financial investments. In our opinion this type of initiatives would be welcome.

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