

Newsletter on Financial Education



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This issue features articles written by our most creative target audience: high-school students.

We decided to let their voices be heard, as they are facing a multitude of real life situations highly relevant for financial education.

Listening them can enrich our experience and inform our educational designs.

Decoding the financial mindset

Ioan-Alexandru Popa

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Money is not just a tool used for transactions; it affects our emotions, values, and behavior. How we perceive money is fundamental to making rational financial decisions and developing a healthy relationship with our finances.

Financial decisions are often based not purely on logical or mathematical background. Our unique experiences and worldviews play a rather important role in this matter. For example, people born in the 1970s saw an increase in inflation during their teens and 20s, leading to a higher awareness and more negative view of inflation and its effects.

People born after the 2000s experienced relatively low inflation during their lifetime, resulting in a less concerned attitude about its effects. This is the result of family dynamics, cultural influences, and parental behaviors. By cultural influences, we refer to the commonly accepted misconception that money is the way to measure one's success, a symbol of success. Even though having money is not an unhealthy goal to set, individuals often tie their self-worth to financial success, which may lead to health problems.

Our perspective on money can affect the way we perceive and price objects or services. An example of such a mindset is "the scarcity mindset". The term was originally coined to describe a type of anxiety and cognitive stress experienced by people whose incomes are low. A 2017 study showed that someone's hyper-fixation or worry over what they lack could lead to poor decision-making and higher stress.

Another important aspect is related to our feelings. Emotions can have a significant impact on our financial decisions. Fear, greed, and excitement can often lead to impulsive choices, affecting our budgeting, the way we invest, or our spending habits.

Therefore, it is crucial to understand and manage these emotional responses to make rational and informed financial decisions.

As we all know, nowadays, there is a certain societal pressure to dress as expensive as possible, and our fear of how we are perceived often dictates what we spend our money on.

Financial education is not only about how to spend less and make more, but also how to achieve greater financial satisfaction.



The practical importance of financial education

Victor-Sebastian Ciubotariu

9th grade, Computer Science High School „Grigore Moisil”, Iași

My parents have backgrounds in economics, and I have gotten the hang of certain aspects of financial education from an early age, without actually knowing much theory.

Although we were never short of money, ever since I was a child I was aware that money did not grow in trees, but they come from my parents' hardwork. I have wished, as most kids do, that my mom would stay home with me, but she would tell me that if we want to have everything we need for a proper living, it would be necessary both my parents would follow their career paths.

Then I realized there is a difference between wanting and needing something. I have always been passionate about LEGO, but this is an expensive hobby. To build new sets, I understood that I need to save up a certain amount of money that I got from my parents and grandparents and stop spending money on little things. It seems that the financial knowledge I had helped me a lot to achieve one big dream—that of buying a high-performance PC with

all the peripheral equipment I wanted. I am proud to say that, for two years, I saved up all my scholarships and money my generous grandparents gave to me, the final amount being of almost 10000 LEI.

My parents also taught me that it is important to give away a part of my money to charity. I try to remember this whenever I pass by someone in need. I can also say that I use my financial resources wisely, my money never going to any possible vices.

I can conclude that financial education is very important to young people because it gets them ready for adulthood and it sets the foundation of future wise financial choices. To me, right now, financial education does not mean I should know the definition of dividends, of mark-up or value added tax. In turn, I think financial education teaches me to save money and to use it for things I really need or which bring me much joy.

The need for financial literacy among young people

Tudor Dumitru

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Everyone has heard the term financial literacy at least once in their life, but what does it even mean and why is it so important? Well, in today's economic climate being well-informed when it comes to spending, saving and investing your money wisely has become a necessity.

A lot of recent studies have been reporting that the financial education levels of the younger generations are alarmingly low. The lead cause of this problem could be correlated with the lack of access to guidance when it comes to financial literacy.

A study by The London Institute of Banking and Finance shows that in the year 2023 only 62% young people have reported to have any sort of financial education in schools. That is a remarkable drop from the previous year, where the results came in at 73%.

But why would that be a problem? We would like to argue that financial literacy is a vital element of our life, no matter how we go about learning it. Being a young adult is very difficult nowadays, since you

encounter a multitude of new terms that may catch you off-guard, unless you have a strong foundation when it comes to this type of education.

Managing debt, creating a budget, planning for retirement or even running a business? All of these can be very confusing at first, but learning all about them in advance can help a lot. Along with these advantages, financial education helps you avoid



unfortunate situations like bankruptcy or scams.

To sum up, while in recent times finding reliable information about the economy has been getting more and more difficult, we should still strive to learn more every day, since that is what makes us grow the most.

The traps of spending unwisely

Iasmina Ciocan

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What is everyone's goal these days? Make money. Make more money. Make even more money. They will do anything to make profit for themselves. We live in a world that largely benefits from people's lack of knowledge.

That is why being financially literate is so important. Financial education changes your life for the better. The sooner we learn this, the more meaningful changes we can make, especially as children. Not every kid learns how to manage money in the correct way from their environment and household, so that's why learning financial skills is crucial, because every kid will eventually become an adult responsible of their own income and spending.

Our world is full of appealing-looking things and "perfect" ideas and businesses. Still, we must realize that these are businesses and companies for a specific reason and that is because they know how to influence you to give them your money for more or less useful things. A lot of social media figures try to persuade you into thinking what they want you to think.

Financial education also teaches children to judge with their own mind and filter things they see for themselves. In a world where some people live in poverty and others in extreme wealth, we must learn to manage whatever happens to us. We should not let "fate" decide our future and financial stability and we should be more interested in learning more about it.

If children are accommodated to the concept of financial literacy, their financial skills will be much more advanced than others'. Our relationship with money is a lifelong



learning journey, a consequence of money being such a big part of our life. A lot of people end up in debt for their entire adulthood and financial education also changes that. It educates people about things that will become part of their everyday life.

Financial knowledge in Romanian schools

Iulia Maria Szilagyi

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In an era marked by technology and an ever-evolving global economy, the need for financial education has never been higher. As teenagers stand on the edge between childhood and adulthood, the decisions they face have the power to shape their futures. Yet, financial literacy is frequently overlooked in schools, which typically prioritize more conventional subjects.

As young adults navigate the complexity of the world, the challenges they face go beyond academics. From saving some money or paying their first bill, to understanding the prin-

ciples of a loan, the financial area can be overwhelming for someone who wasn't exposed earlier. Without decent knowledge, young adults make uninformed decisions.

So, we recognize that a good education means equipping students with the skills and information necessary to navigate the financial complexities awaiting.

A study conducted recently shows that the financial education level in Romania is currently 8%, while 38% of people have related difficulties in their everyday life. Well, how can we change that? Fortunately, the answer is an easy one. We need to raise informed, educated generations of teenagers, who will soon hold the power.

Although the Romanian curriculum plans some classes in the eight grade and an optional subject in high school that talk about finances, it is clearly not enough. Luckily, a change has already begun. In 2018, more

institutions, including the National Bank of Romania and the Ministry of Education, have started collaborating to educate people all over the country.

Furthermore, financial knowledge is at least as important as traditional subjects. So, no matter your age, you should take advantage of any opportunity to learn more, as it is guaranteed that you will understand the world better, and make better decisions.



A personal take on financial education

Daniel Mardare

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To me, financial education is an essential element of self-growth, merely because I want to become financially independent as soon as I can. This is not because I can't buy what I want with the help of my parents, but because I love the feeling I could be ready for the big world.

Since childhood, I saved everything I could in my piggybank. Although I had only 1 LEU banknotes, I learned how to save and spend wisely.

A piggybank could be a useful experience for now and even for the future in which I will work with larger sums of money. This way, I think it would be best that I should be guided on the correct path in order to use my personal finances through good education.

Now, I see that many people want to earn money in an easy way, through dropshipping or any other risky ways, many of which might be illegal. In turn, I want to better understand the

financial field and to manage any situation I would find myself in, be it good or bad.

What I am after right now is to save money strictly for my hobbies: programming, 3D modeling, filming and editing. That is why I feel like I should know to make better choices and to have habits which could help me to be more disciplined.

Money isn't everything, but comfort and well-being are two major elements which strongly impacts my life. Unfortunately, these could be achieved only with the help of money. That is why I need to have strong financial knowledge.

In the end, I feel that financial education is an extension of self-determination and responsibility and everyone should have it because it can be very helpful in everyday lives.



How to capitalize on financial education?

Marta Patachi

9th grade, Computer Science High-School „Grigore Moisil”, Iași

Financial education is understanding and knowing the importance of money and how it works. The question “How do we use the money?” is known by most people. However, using it wisely can be an unfamiliar topic to children, teenagers and even adults. I believe that financial education is essential these days because we have to adapt in society even if our income is low.

The most important thing is to know what we are saving for. After that it will be necessary to calculate our monthly expenses and see whatever money we have left for saving.

Sometimes it can be quite difficult, but without trying we will become insecure and emotionally unstable.

Despite low income, a path to success is possible. For example, capitalizing on personal experience, I discovered the importance of experts in this field. In childhood, my parents were worried most of the time because of money. They didn't have the habit of making a list of expenses and then discussions would arise. I used to watch the TV for financial advice and then I guided my family. Since then everything became organized, I

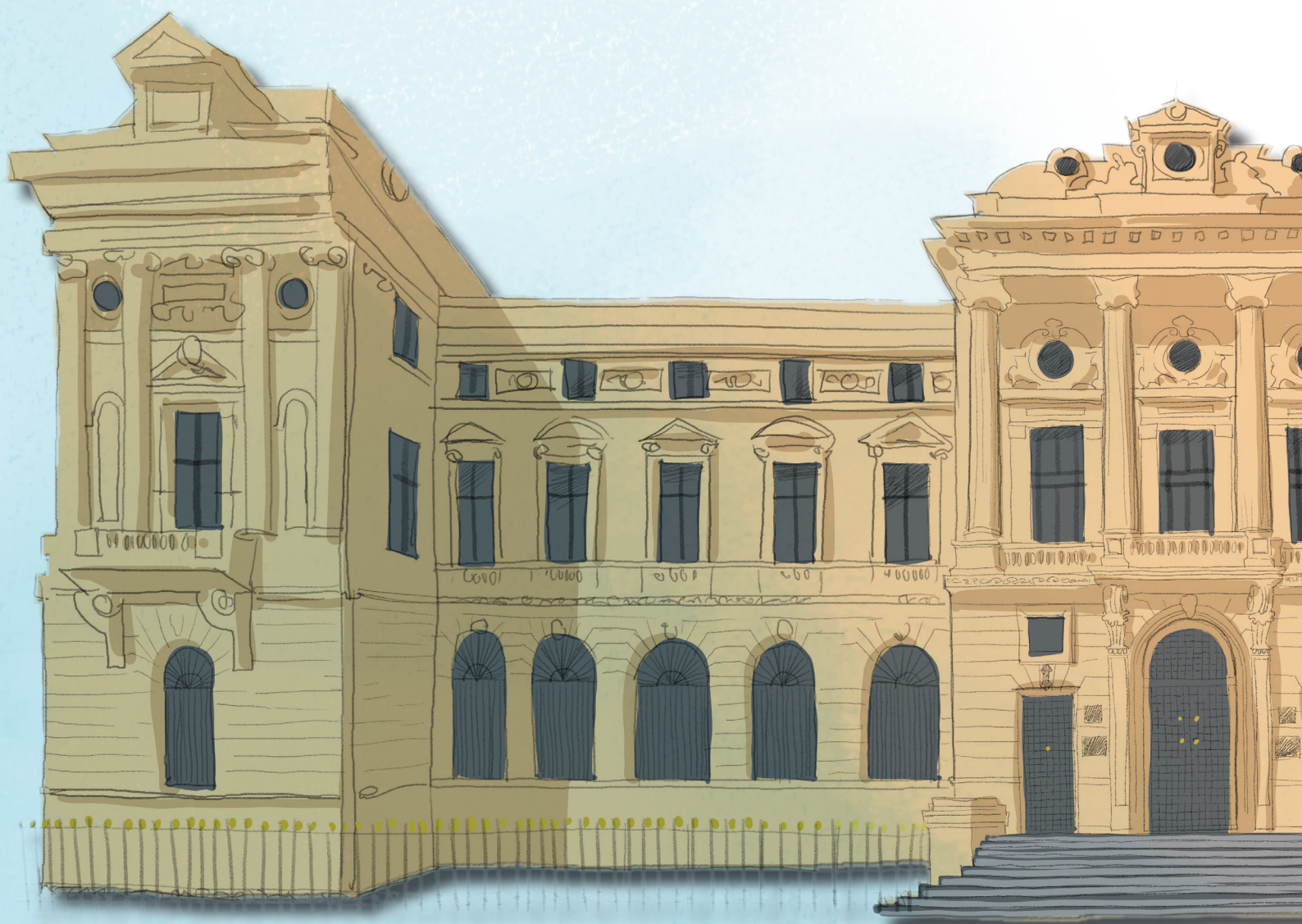
traveled the country without bank loans.

Everyone needs financial guidance, because some purchase goods out of desire to be on the same level as those around them and forget what is important. New information can raise an alarm signal and we will be able to have a better life. It has to be attractive and interesting for people to like. In schools financial education classes are needed. A child understands modern concepts much faster if they are explained in a friendly manner. For future entrepreneurs, this aspect is essential, because they can develop their business by themselves.

They can decide whether the new acquisition was important or not and what improvements it brings to the firm. Large sums of money are transient, each period varies. That is why, nowadays, seriousness is an important quality.

In conclusion, regardless of income, we all need to have a minimum of financial knowledge. Lives can be changed despite a modest budget. In order to avoid wrong decisions, try to create a plan of the expenses of your daily life.





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