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Digital Opportunities for the Formation of Financial and Economic Literacy of a Child in Family Education: the US Experience

**Cyfrowe możliwości kształtowania kompetencji finansowo-ekonomicznych
dziecka w edukacji rodzinnej: Doświadczenia USA**

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Abstract

Introduction. Financial literacy is an important competence in the modern world. The article examines the American experience of using digital opportunities in the formation of financial and economic literacy in family education, due to the presence in the country of a large number of digital initiatives at both the public and private levels aimed at developing parents' financial literacy.

Aim. The aim of the research was to analyse the key aspects of financial and economic education within the family and to explore the experience of developing financial literacy in US families using digital technologies.

Methods and materials. We used the following research methods: analysis, synthesis,

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logical generalisation to define the essence of the concept of *financial literacy*; comparative analysis of reports of international organisations on the development of financial literacy in family education; analytical review of Internet resources on the development of financial literacy; research work on American Internet resources that have been implemented and used to develop financial literacy in family education.

Results. Based on the theoretical analysis, it is found that financial literacy should be an integral part of family education and a key priority of public policy, and the use of modern digital resources can greatly simplify this process for parents. The article examines the American experience of using digitalisation opportunities in the field of financial education, which encompasses digital interactive approaches, educational programs, and government initiatives aimed at improving financial literacy in the family.

Keywords: financial literacy, financial education, family, digital resources, USA

Abstrakt

Wprowadzenie. W artykule przeanalizowano amerykańskie doświadczenia w zakresie wykorzystywania możliwości cyfrowych w kształtowaniu umiejętności finansowych i ekonomicznych w edukacji rodzinnej, ze względu na obecność dużej liczby inicjatyw cyfrowych zarówno na poziomie publicznym, jak i prywatnym, mających na celu rozwijanie umiejętności finansowych rodziców.

Cel. Celem badania była analiza kluczowych aspektów edukacji finansowej i ekonomicznej w rodzinie oraz zbadanie doświadczeń w zakresie rozwijania umiejętności finansowych w rodzinach amerykańskich z wykorzystaniem technologii cyfrowych.

Metody i materiały. Zastosowaliśmy następujące metody badawcze: analiza, synteza, logiczne uogólnienie w celu zdefiniowania istoty pojęcia *alfabetyzmu finansowego*; analiza porównawcza raportów organizacji międzynarodowych na temat rozwoju *alfabetyzmu finansowego* w edukacji rodzinnej; przegląd analityczny zasobów internetowych na temat rozwoju alfabetyzmu finansowego; prace badawcze nad amerykańskimi zasobami internetowymi, które zostały wdrożone i wykorzystane do rozwoju alfabetyzmu finansowego w edukacji rodzinnej.

Wyniki. Na podstawie analizy teoretycznej stwierdzono, że umiejętność finansowa powinna stanowić integralną część edukacji rodzinnej oraz kluczowy priorytet polityki publicznej. W artykule przeanalizowano amerykańskie doświadczenia w zakresie wykorzystania cyfryzacji w edukacji finansowej, obejmujące interaktywne podejścia cyfrowe, programy edukacyjne oraz inicjatywy rządowe mające na celu podnoszenie poziomu umiejętności finansowych w rodzinie. Przedstawiono również analizę cyfrowych, bezpłatnych zasobów wprowadzonych i wykorzystywanych w USA przy aktywnym wsparciu państwa, które mogą być używane przez rodziców do nauczania podstaw edukacji finansowej w rodzinie.

Wnioski. Sformułowano uogólnienie, że twórcza adaptacja i wdrożenie amerykańskiego kompleksowego podejścia na poziomie państwowym do rozwoju umiejętności finansowych w rodzinie może znacząco podnieść ogólny poziom wiedzy finansowej społeczeństwa, przyczynić się do stabilności ekonomicznej oraz kształtować odpowiedzialne myślenie finansowe zarówno wśród młodzieży, jak i dorosłych.

Słowa kluczowe: edukacja finansowa, kompetencje finansowe, rodzina, zasoby cyfrowe, USA

Introduction

Modern society cannot be imagined without economic relations and finance. They ensure the functioning of all spheres of human life. The use of financial information and the application of financial and economic knowledge are essential elements of any activity of a modern person.

Nowadays, financial and economic literacy is an integral part of every person's social and life experience and determines the quality of life, and the level of its formation affects the development and reliability of the economy of the whole country. In the course of our research, we studied the US experience of using digital opportunities to develop financial and economic literacy within family education. In this country, financial education of the population, including parents, is seen as a productive investment in the country's sustainable development and one of the most important tools for ensuring stability in society.

In general, the problem of financial and economic literacy in family education is not a new category for the world's pedagogical experience, as the number of countries implementing programmes, including digital ones, to develop financial and economic literacy is growing every year. At the same time, the choice to study the American experience is due to the presence in the country of a large number of digital initiatives at both the public and private levels aimed at developing financial literacy for use in family education.

Financial literacy helps to understand key financial concepts and use them to make decisions about income, expenses, and savings, to choose appropriate financial instruments, to plan a budget, to save for future needs, etc. Financially literate people are more protected from financial risks and unforeseen situations. They are more responsible for managing their finances and can increase their well-being by allocating available money resources and planning future expenses (Zhmerynka City Council, 2017).

The Essence of the Concept of Financial Literacy

In our opinion, it is advisable to begin the analysis of the subject of financial literacy in the family by defining the essence of the concept of *financial literacy*. Financial literacy is a combination of people's or business people's knowledge of financial management techniques and concepts, and their ability to convince themselves to recognise their money management weaknesses and strengths (Hastings *et al.*, 2013). Financial literacy includes such issues as managing finances, making decisions, and knowing how to save money and invest to increase one's well-being in terms of prosperity and independence in managing finances independently (Kefela, 2011). Usually, people without economic education also have an urgent need to learn more about money management in order not to be caught in the financial trap of losses and financial management mistakes. Therefore, Ade Maharini Adiandari concludes that financial literacy aims to protect people in managing money by following rules, understanding and achieving a certain level of financial literacy so that they can take advantage of what investments are profitable and how to make financial planning more comfortable (Adiandari, 2022). In the modern world, financial and economic literacy can be considered one of the most important competencies for society. This competence can help a person to manage their finances well (Sihaloho, 2023).

The financial literacy of the population has a direct impact on the country's economy at various levels and insufficient financial literacy can lead to consumer debt, loss of economic stability, increased bankruptcy rates and increased risk to the financial system of the whole country. Insufficient financial literacy of the population can lead to low levels of savings and investment, which negatively affects the development of the national economy. For example, if citizens do not have sufficient knowledge of financial planning tools, they may invest in questionable projects or not plan their financial decisions in sufficient detail.

The financial literacy of the population is an important aspect of the sustainable development of any country in the modern world. Financial literacy refers to the ability of people to understand and effectively use financial resources, plan their income and expenses, and understand the basic principles of the financial system and investment. Financial literacy of the population influences the economic development of the country, forms a stable economic base, and ensures a high standard of living (Yarova, 2024).

For example, according to the results of the PISA 2022 study *How financially literate are students?* (PISA, 2022). The immediate environment of young people, in particular the family, has a strong influence on their financial literacy. Parents have the greatest influence. Thus, according to this study, young people who discuss their financial decisions about savings or purchases with their parents (68% do so at least once a month) are much more financially literate. In addition, young people from

disadvantaged socio-economic backgrounds have lower financial literacy scores, accounting for 12% lower financial success (OECD, 2024). This underscores the critical role of family financial literacy development.

Everyone should be financially literate, and the first basics of economic knowledge should begin in childhood. Along with basic literacy, reading, writing, and numeracy skills, everyone should have financial literacy skills. One of the tasks of parents is to raise a financially literate child who will be able to easily plan a budget and make as few economically incorrect decisions as possible in adulthood. Financial literacy is a basic competence that, once mastered, we stop thinking about, but it is the basis for further development and success in society.

At the same time, there is a pedagogical contradiction: parents often do not pay enough attention to their childrens' financial literacy, which leads to the development of an incorrect attitude to money and its use, and then, in adulthood, these same children make rash purchases or, on the contrary, are afraid to spend extra money, limiting themselves to almost everything (Rubryka, 2024).

The American Experience in Utilising Digital Opportunities for the Development of Children's Financial and Economic Literacy in Family Education

In the modern pedagogical discourse, among other things, it is also necessary to take into account the main trends related to the search for modern content that meets the conditions of the market economy and new approaches to teaching and educating financial literacy. Therefore, in our opinion, there is a need to summarise and systematise progressive foreign educational experience on the specifics of teaching the basics of financial literacy in the family. Our study aims to examine the role of financial literacy in improving or achieving family well-being using the example of the United States of America, a country that has positive achievements in this important issue of education. On the one hand, the United States has one of the most complex and developed financial systems in the world, including best practices in banking, lending, investing, and insurance, and on the other hand, online financial literacy resources for parents and children of all ages, funded by government agencies and NGOs, are successfully operating in the country.

It is worth noting that after the 2008 financial crisis, Americans put more emphasis on fundamental financial education (Gomez, 2022). Instilling healthy financial habits in an individual is not just about providing a list of do's and don'ts. It also involves learning how to talk to your children about financial decisions and inspiring them to make good decisions, even at an early age. Financial literacy is the cognitive understanding

of financial components and skills, such as budgeting, investing, borrowing, taxation, and personal finance management. The lack of such skills is called financial illiteracy (CFI Team, n.d.). Financial education in the family, a child who understands money is an important task of family education, so for this purpose, online resources have been developed in the United States, which we will analyse below.

The problem of financial literacy is still relevant in the United States today, as according to the Financial Industry Regulatory Authority (FINRA), about 66% of the American population is considered financially illiterate. This alarming statistic highlights the fact that financial literacy is more important today than ever due to factors such as employers shifting responsibility for retirement planning to employees, financial and technological innovation, the student loan debt crisis, and economists estimating that 78% of Americans live paycheck to paycheck (Siedle, 2021). Thus, strong financial literacy equips individuals to navigate financial challenges effectively, reducing the risk of economic hardship.

The development of financial literacy in the family is important in view of the requirements of modern social life, in particular, in the family, children develop the skills to create and manage family and personal budgets, and develop the ability to track expenses (CFI Team, n.d.). The first group of resources consists of websites. Let us consider the examples of the websites *Financial Literacy Resources for Families* and *Financial Literacy Rocks!*

The website *Financial Literacy Resources for Families* (Young Americans Center, n.d.) serves as an online financial education hub for American parents. This platform provides information on both online and in-person programs and workshops aimed at enhancing financial literacy for both parents and children. Additionally, the website offers recommendations and curated book lists on financial literacy. Another noteworthy website for parents is *Financial Literacy Rocks!* Financial literacy is the knowledge necessary to make financially responsible decisions. This website allows those interested to view information grouped by audience: parents, children, teenagers, managing finances in marriage, seniors, military veterans, building a successful business from scratch, and topics: credit and debit, budget and savings, spending, credit rating, loans, investments, buying a car and financing it, renting a house, retirement. The website offers a variety of videos, articles, interactive games, case studies, posters, worksheets on financial planning, incentives, *etc.* (RMAI, n.d.).

Thus, the resource we analysed allows parents to develop the main components of financial literacy (well-being) in their children: credit and credit rating, debit, loans, investments, budget, savings, car purchase and financing, expenses, rent, pension, taxes, economic activity, which we have depicted in the form of a picture using GPT chat for clarity.

Figure 1*Components of financial literacy*

The next resource is *SavingsAngel*, a website that has been helping families save more, earn more, and live more abundantly since 2007, run by Josh Elledge (host). The site is divided into three parts: a blog post (where you can find articles and tips on developing financial literacy), podcasts and videos in which the host discusses topics as diverse as family budgeting ideas, product reviews we love, and ways you and your family can earn a little extra (SavingsAngel, n.d.).

Parents (an online journal) is currently a treasure trove of ideas for family economic education, with excellent advice, research and articles on managing household finances. In the parenting section, you can find: *Why Your Teenager Should (or Shouldn't) Get a Job* (Swann-Quinn, 2024), *The Best Way to Create a Reward System for Kids* (Harris, 2024), *Being a Grandparent is Staggeringly Expensive, Survey Shows* (Willems, 2024).

Online resources for teaching children. The U.S. federal government's Consumer Financial Protection Bureau (CFPB) has a *Parent and Child Resources* website with teaching strategies and learning activities to help children learn good habits such as planning and prioritisation. The site is multicultural and is available in Spanish,

Chinese, Vietnamese, Filipino, Haitian, Creole, Russian, Arabic, and Korean. The slogan of the page is: “We are with you in those moments of life when you need to make a financial decision” (CFBP, n.d.a). Indeed, the site offers answers to your questions about money, including credit reports, debt collection, mortgages, credit cards, and more. It also provides free educational tools that can be used, including guides for financial decisions (buying a house, disasters and emergencies, filing a tax return, getting a car loan, helping a loved one manage money, money for growth, paying for college, planning for retirement (CFPB, n.d.b). The site also provides answers to the following questions: banking, credit cards, debt collection, money transfers, mortgages, fraud (CFBP, n.d.a).

For the development of financial literacy of parents, the *Money as You Grow* page is interesting: help for parents and guardians. It has tabs for young children, children of school age and teenagers, adolescents and young adults, where in each tab, according to the age of the child, you can find stories, exercises, cases, recommendations, and games that will help develop the child’s financial literacy (CFPB, n.d.c). *Kid-dynamics: An Economics Curriculum for Young Learners* is a website with teaching materials and video lessons designed to introduce young children to the economic way of thinking (Federal Reserve Bank of St. Louis, n.d.). Another interesting online resource for developing financial literacy in the family, including teaching children money management skills, is *Quora*, a free online resource that is a social knowledge-sharing service and a question-and-answer website. Here you can find resources on financial literacy development for parents, including questions and answers (Quora, n.d.).

American universities actively contribute to the development of financial literacy among the population. Their websites offer free online courses aimed at enhancing financial literacy. Notable examples include: *Personal Finance* by Brigham Young University, *Planning for a Secure Retirement* by Purdue University, *Behavioural Finance* by Duke University, *Financial Planning for Young Adults* by the University of Illinois at Urbana-Champaign, *Money Management Skills* by Marginal Revolution University, *Personal Finance Lessons* by Khan Academy (Williams, 2023). Online university courses are free of charge and designed for all individuals interested in improving their financial literacy and enhancing their financial and economic competencies.

Based on the study of the American experience in developing parental financial literacy through digital resources, the following directions for adaptation and creative application in other countries have been identified:

- In the context of the digitalisation of the modern world, it is advisable to use the capabilities of online resources to teach children and adults financial literacy.
- Develop and implement educational mobile applications and other interactive tools for financial management.
- Consider the development of financial literacy as a priority for educational policy.

- For governments and public institutions (cooperation between the government, banks and NGOs) to introduce free government platforms such as the online resource for teaching children of the US Federal Government Bureau of the CFPB, the US Federal Government Bureau of Consumer Protection (CFPB) *Resources for Parents and Children*.
- Use social media and podcasts to promote financial literacy among the population.

Conclusion

Our analysis leads us to the following conclusions: financial literacy should be developed in the family, as it is undeniable that financially literate people better manage their economic and financial resources, are protected from financial risks and contribute to the country's economic development and sustainable development goals. Parents play a key role in the financial and economic education of children, which is confirmed by the results of the PISA 2022 international study, which shows that young people who discuss financial issues with their parents have a higher level of financial literacy.

Financial literacy is not only a necessary competence of the 21st century for every person, but also an important factor in the economic stability of any country. We believe that financial literacy should be a mandatory component of family education and one of the priorities of state policy, and modern digital resources can greatly simplify this process for parents. Several digital American initiatives to develop financial literacy in families through free online resources demonstrate the effectiveness of digital methods in teaching financial literacy to both parents and children, which we believe can be adapted for implementation in other countries. In our opinion, the adaptation and implementation of the American experience in other countries and the implementation of a comprehensive approach to the development of financial literacy through modern digital resources can significantly increase the level of financial literacy of the population, and contribute to economic stability and sustainable development goals.

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