



Economic and Consumer Literacy in European Schools

# IO1 - State of Art on Economic and Consumer Literacy level of knowledge of students

## NATIONAL REPORT

Kuressaare Gümnaasium, Estonia  
May 2021

Co-funded by the  
Erasmus+ Programme  
of the European Union



## 1. Introduction

Research investigating the state-of-the-art of economic and consumer literacy education in Estonia was undertaken by Kuressaare Gümnaasium in March and April 2021 to identify the level of knowledge amongst students aged 7 to 18 years and to determine the didactic and pedagogical preferences of teachers on the topic. It was also an opportunity for project partners to research the current educational strategies, statistics, policies, and programmes addressed to the topic and identify two national best practice examples that could contribute to the future development of the ECOLES project, specifically IO2; Economic and Consumer literacy education material and Guidelines and IO3: ECOLES virtual consumer manager game.

The results of both the desk research and field research processes are presented in this national report.

## 2. Results of Desk Research

**Entrepreneurship education is the development of entrepreneurial mindset, knowledge and attitude in students.**

The development of entrepreneurship education is carried out in the framework of the program national programm “The systematic development of entrepreneurial spirit and entrepreneurship education at all levels of education,”, or in short – **Edu ja Tegu** (Deed of Success).

In order to develop entrepreneurship education, we shape students’ entrepreneurial spirit and teach entrepreneurship knowledge and skills at general, vocational and higher education institutions. To this end, we support the promotion of entrepreneurship on a cross-sectoral basis, we train teachers/ lecturers, develop entrepreneurs by involving practical entrepreneurship training and disseminate entrepreneurial mindsets among teachers and lecturers as well as in society at large.

The development of entrepreneurship education is carried out in the framework of the program Deed of Success, or “The systematic development of entrepreneurial spirit and entrepreneurship education at all levels of education.”

As the leading partner in the program, Innove supports the development of an entrepreneurial attitude in general education and vocational schools, explaining why it is good to be entrepreneurial, what the benefits of entrepreneurship are and what has to be learned. We support the linking of entrepreneurship education with real life and the implementation of the best projects. We organize cooperation project competitions for schools, the community, and businesses.



The leading partners of the program are Innove Foundation and University of Tartu, the partners are Tallinn University, Tallinn University of Technology, Estonian University of Life Sciences, Estonian Academy of Arts, Estonian Academy of Music and Theater, Estonian Business School, Estonian Entrepreneurship University of Applied Sciences Mainor, Junior Achievement Estonia and Ida-Viru Entrepreneurship Center.

Financial literacy means that young people understand where money comes from and where it is spent; can tell the difference between various types of loans, interest, know how to compare loans offered by banks and why it is necessary to start saving when you're 18. "Once they start their own lives in the future, they will know to plan their finances instead of falling prey to irrational attitudes of spending all they've got," Kirch said in terms of why these skills matter.

In the context of financial crisis caused by the COVID-19, when income and savings of many people are most directly affected, financial literacy is an essential life skill. How resilient are people during crisis? The new release of data by OECD on knowledge, skills and attitudes towards financial topics of 15-year olds in 20 countries are of special interest in the current situation.

**Estonian students** participated in the optional financial literacy assessment as part of PISA 2018 and **showed the highest mean score of 547 points among all participating countries** (OECD mean 505 points). Estonian results were followed by students from Finland (537 points) and Canadian provinces (532 points). From the neighbouring countries also Latvia (501 points), Lithuania (498 points) and Russia (495 points) took part in financial literacy assessment.

The survey examined how well young people know and understand financial questions and how they can apply their knowledge and skills in real life situations. It also explored where young people get their financial knowledge from, how familiar they are with different financial terms, products, and if they are active users of financial services.

This was the second time Estonia participated in PISA financial literacy assessment. The first time was in PISA 2012, and the results from both surveys provide us with comparisons and trends. In 2012 Estonian students ranked third among 18 countries with a mean score of 529. This means that **between 2012 and 2018 Estonian student skills in financial literacy have increased by 18 points and Estonia is the only country where such significant increase has been observed.**

Besides the mean scores, PISA also measures students according to levels of proficiency, level 1 being the lowest and level 5 the highest level. The higher the level, the more complex tasks students can solve. Between 2012 and 2018 there was a significant increase of the proportion of students who scored at level 5 (increase by 7 score points). **There are 19% of students in Estonia who can solve the most complicated tasks of PISA financial literacy test** (OECD mean 10,5).



In PISA, lots of attention is paid to the equity factor of education. In most countries students from disadvantaged family backgrounds perform worse than their peers who are more fortunate and come from wealthier families. If among OECD countries 10% of the variance is explained by socioeconomic background, then in Estonia it is less, 6,1% which is the lowest number among participating countries. There is no significant gender difference, also urban and rural students perform similarly in the financial literacy test.

However, there is a difference in performance between schools with Estonian as the language of instruction and Russian medium schools. Both groups have improved between PISA 2012 and 2018, but the difference remains. Estonian medium schools scored 560 points while schools with Russian language of instruction 514 points in 2018. The scores were 540 for Estonian medium schools and 498 for Russian language schools in 2012.

### **Where do Estonian students learn about money and finances?**

Test results in financial literacy strongly correlate with scores in Mathematics and Reading literacy (0,87 and 0,83) in all countries. 68,3 % of Estonian students claim that they learn about financial topics in their Math lessons. Students who have learned about financial matters from Math lessons, score the highest in financial literacy test.

The main source of information about money matters come from the family. 95% of students claim that that is where they have learned about financial issues. Next most important source for information is the internet (83%), followed by teachers (51%).

Although family plays a crucial role in teaching about money matters, Estonian parents are not too keen to talk about this topic with their children. Around 40% of parents never discuss their family budget or financial news with their kids. They might take up the topic about savings and plans to make a bigger purchase. It is interesting that frequent discussions on the money matters result in lower test scores in Estonia.

87% of Estonian students say that they have the freedom to decide how they spend their money. However, 64% of students have to ask for permission from their parents before making a bigger purchase. 82% say that they are responsible for their own money. Independence and confidence in money matters result in better test results. Students who can manage their finances confidently score 51 points higher than those who cannot do so. That way personal experience plays a positive role in mastering financial skills.

Where do young people get money from? For Estonian students the main source of income is in the form of gifts from their family and friends. 88% of students get money that way. Also, Estonian



parents seem to be giving pocket money generously without asking anything in return. 77% of young people get money without a need to do chores or work in return (OECD mean 48%). Around 51% of students report that they have a job outside school lessons. The best test results are for students who get money as gifts or just get pocket money from parents. Apparently working additional hours leave less time to devote to studies.

Considerable share, 64% of Estonian students, say that they have bought something which has been more expensive than initially planned over the past 12 months.

Young people are active users of financial products. Between 2012 and 2018 there has been a substantial increase of students using a bank card. If in 2012 there were only 29% of students holding one, then in 2018 there were 75% of students using bank cards. 75% claim to buy things over internet and 40% use mobile applications for doing so. Students are confident in checking the balance of their bank account and seem confident in performing those operations.

In conclusion, Estonian students show excellent results in the PISA 2018 financial literacy assessment, which means they have a good understanding how to solve financial problems presented to them in a test form. The big challenge now is to apply the knowledge and skills in financial behaviour so that it would foster financial wellbeing in their lives in the future.

Implementation of PISA 2018 financial literacy assessment in Estonia was a joint effort by Ministry of Education and Research, Ministry of Finance and Foundation Innove.

### **Entrepreneurship education programme develops young people's entrepreneurial competencies**

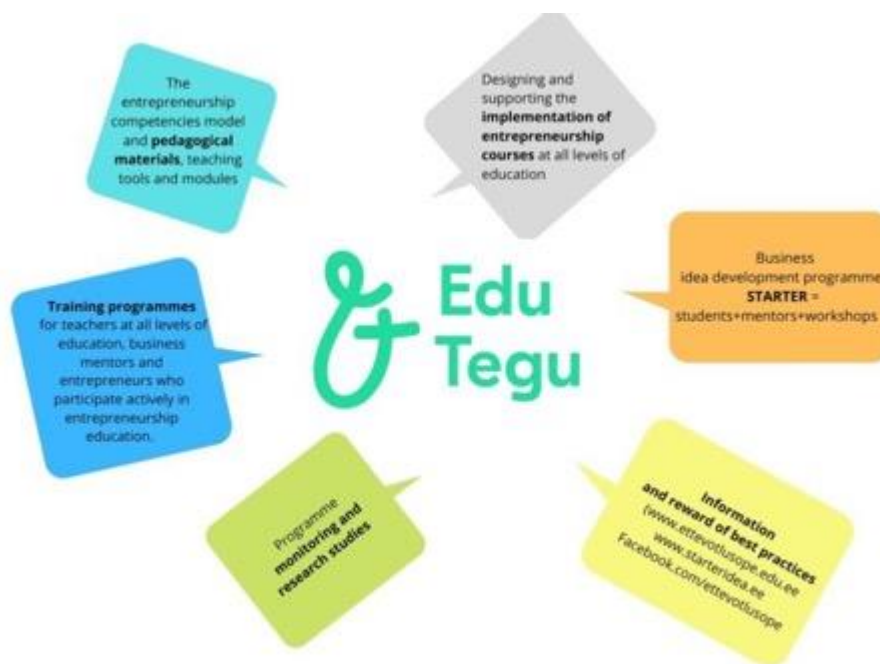
The Ministry of Education and Research has launched an entrepreneurship education programme to encourage the enterprising spirit in Estonian students and teachers, and to ensure that creating the sense of initiative and developing entrepreneurial competencies would become a natural part of education.

By developing the sense of initiative, entrepreneurial competencies and providing the learners with relevant experiences, everyone will have more opportunities in shaping their career, irrespective of what they want to be in future – an active employee, an entrepreneur or an active citizen. Our aim is that all those who study in Estonia at the level of general, vocational, higher education will have an opportunity to complete activity-based entrepreneurship training, as this is the best way for young people to obtain knowledge, skills and experiences for their future career.

Encourage and train teachers, school leaders and business people to raise the sense of initiative and



entrepreneurial competencies in young people through all subjects and the organisation of school life. Activities of the programme are:



### 3. Best Practice from Estonia

General information		
<b>Title of the practice</b>	<i>Entrepreneurship education programme for teachers</i>	
<b>Does this practice come from an Erasmus+ project</b>	<i>No</i>	<i>If yes, provide the name of the project</i>
<b>Location of the practice</b>	Country	<i>Estonia, Tallinn</i>
Detailed description		
<b>Detailed information on the practice</b>	<p><i>The Ministry of Education and Research in Estonia has launched an entrepreneurship education programme to encourage the enterprising spirit in Estonian students and teachers, and to ensure that creating the sense of initiative and developing entrepreneurial competencies would become a natural part of education.</i></p> <p><i>By developing the sense of initiative, entrepreneurial competencies and providing the learners with relevant experiences, everyone will have more opportunities in shaping their career, irrespective of what they want to be in future – an active employee, an entrepreneur or an active citizen. Our aim is that all those who study in Estonia at the level of general, vocational, higher education will have an opportunity to complete activity-based entrepreneurship training, as this is the best way for young people to obtain knowledge, skills and experiences for their future career.</i></p> <p><i>Encourage and train teachers, school leaders and business people to raise the sense of initiative and entrepreneurial competencies in young people through all subjects and the organisation of school life.</i></p>	
<b>Timescale (start/end date)</b>	<i>Since 2016</i>	
<b>Evidence of success (results achieved)</b>	<i>Systematic entrepreneurship and entrepreneurship education was implemented in 2016-2020 by 336 general education schools, vocational education institutions and higher education institutions. 423 educational institutions have participated in the implementation and preparatory activities.</i>	
<b>Potential for learning or transfer to ECOLES</b>	<i>This is a best practice because it gives a good way for young people to obtain knowledge, skills and experiences for their future career.</i>	
<b>Further information</b>	<i><a href="https://ettevotlusope.edu.ee/eng-rus/">https://ettevotlusope.edu.ee/eng-rus/</a></i>	



## 4. Results of the Teachers Survey

The survey was conducted among the teachers who are teaching the topics of economy, business and management. The total of 18 teachers answered the survey.

Results of the survey per question:

1. How interested were teachers in learning more about consumer education and financial literacy skills for students?

The repliers gave an indication of their interest on the scale from 1 to 5, where 1 was an indication of not being interested and 5 was an indication of being very interested.

16,7% of the participants of the survey answered that they are neutral – indication number being 3.

83,3% of the participants of the survey answered that they are very interested – indication number being 5.

2. Identify the topics to be included on the subject of consumer education and financial literacy (list and rank according to priority identified by the teachers)

100% of the repliers indicated that the topics of “Sustainable consumption” and “Life skills and life choices” should be included on the subject of consumer education and financial literacy.

83,3% of the repliers indicated that the topics of “Personal and household budgets”, “Media Literacy – understanding information in multi-media formats”, “Digital skills – online purchases, online safety, online dangers”, “Influence of marketing and media at the individual and social levels” and “Personal responsibility” should be included on the subject of consumer education and financial literacy.

66,7% of the repliers indicated that the topics of “Consumer rights” and “Product safety” should be included on the subject of consumer education and financial literacy.

50% of the repliers indicated that the topics of “Basic protections under law”, “Using credit”, and “Savings” should be included on the subject of consumer education and financial literacy.

33,3% of the repliers indicated that the topics of “Basic banking” and “Technology and entrepreneurship” should be included on the subject of consumer education and financial literacy.

16,7% of the repliers indicated that the topics of “Methods and strategies of consumer communications by businesses” and “Systemic influences, private interests, and funding on “trusted” organisations that provide the community information” should be included on the subject of consumer education and financial literacy.





3. Describe the preferences expressed for how learning content could be presented and the preferred length of time (combine results from Questions 3 and 4):

- Lesson plans and activity sheets for face-to-face delivery: 100%
- Computer-based or gamified activities for students: 83,3%
- Workshop sessions with a full range of materials: 83,3%
- Social media activities, awareness raising campaigns, and collaborative forums: 50%
- Video based resources with activity sheets: 83,3%

83,3% of the teachers prefer each activity to last from 30 to 45 minutes for being suitable for teaching in the classroom and 33,3% of the teachers prefer each activity to last less than 30 minutes.

4. Identify the curriculum subjects that most closely align to the topic of consumer education and financial literacy in your schools:

- Social studies: 0%
- Maths: 16,7%
- Home economics: 33,3%
- Civic and citizenship: 66,7%
- Technology: 50%
- Household: 16,7%
- I'm not sure: 16,7%



## 5. Results of the Student Survey

The survey was conducted among the students learning in Kuressaare Gymnasium. There were total of 32 students with the age from 7-12 years and 91 students with the age from 13-18 years answered the survey.

### 5. 1 Student Responses (younger age group, 7 and 12 years):

#### 1. Personal (and household) finances

- 100% of students save 1c, 2c and 5c coins in a money box.
- 68,8% of students spend part of their weekly allowance to buy things they need and save the rest.
- 71,9% of students ask to get the right change after paying for their purchase.

#### 2. Consumer rights and responsibilities

- 56,3% of students know that they have rights when they buy a product or a service.
- 78,1% of students know that a shop should always provide them with a receipt for their purchase.
- 53,1% of students know that changing a product purchased in a shop is a matter of merchants' policies.

#### 3. Sustainable Consumption (Product Safety)

- 65,6% of students know that avoiding funny shaped fruits and vegetables is not very sustainable.
- 90,6% of students think that taking bathing and showering uses the most of the water in their household.

#### 4. Online Safety

- 96,9% of the students believe that they should not share their home address in social media.
- 93,8% of the students believe that they should not share their passwords in social media.
- 75% of the students believe that they should not share their full name neither the school they go to in social media.
- 46,9% of students believe that they should be 12 years old in order to use websites as Facebook, Instagram, Snapchat, WhatsApp etc.
- 31,3% of students believe that they should be 13 years old in order to use websites as Facebook, Instagram, Snapchat, WhatsApp etc.
- 18,8% of students believe that they should be 16 years old in order to use websites as Facebook, Instagram, Snapchat, WhatsApp etc.
- 87,5% of the students believe that it is not allowed to buy games online without asking the permission of an adult.



## 5. 2 Student Responses (older age group, 13 and 18 years):

### **Personal (and household) finances**

- 49,5% of the students would think about what they want or need and spend the money they got for the birthday on those things.
- 54,9% of the students would look around for a better deal after they got a text from their phone company to say that their prices are increasing.
- 63,7% of the students would stop and think „Do I need it? Can I afford it?“ after seeing something they like at a discounted price in the sales.

### **Consumer rights and responsibilities**

- 72,5% of the students would check with the shop their returns policy after realizing that a pair of shoes they bought do not suit them at all.
- 62,6% of the students think that it's wrong that the shop asks to pay 50€ for repairing the laptop they bought only a week ago.
- 38,5% of the students think that it's not right that the shop would not take back the blouse that has a hole in it.

### **Sustainable Consumption (Product Safety)**

- 46,2% of the students believe that it takes 5000 litres of water to produce one pair of jeans.
- 58,2% of the students believe that buying only the newest and cheapest clothes is not sustainable.
- 35,2% of the students believe that 410-430 kg of food is thrown away in Europe per capita each year.

### **Online Purchases**

- 45,1% of the students know that the cooling-off period when buying items online is 14 days.
- 79,1% of the students believe that their decision is most influenced by the price when the shop online.
- 39,8% of the students believe that it is unlikely that they share their contact information online and sign up for emails alerts from their favourite brand to receive information about sales and promotions.



## 6. Recommendations for the development of IO2 and IO3 in your country

Based on the outcomes of the research conducted for interviewing Estonian teachers it is important to highlight that teachers believe that the focus should be in the following topics: “Sustainable consumption”, “Life skills and life choices”, “Personal and household budgets”, “Media Literacy – understanding information in multi-media formats”, “Digital skills – online purchases, online safety, online dangers”, “Influence of marketing and media at the individual and social levels” and “Personal responsibility”.

