



# Financial literacy

## Definition and building blocks



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## DEFINITION OF FINANCIAL LITERACY

**Financial literacy** is a person's ability to employ financial knowledge in order to:

- Use financial concepts and procedures in various life situations;
- Analyse, substantiate, evaluate and effectively communicate his/her ideas and results when formulating, solving and interpreting financial problems in various life situations;
- Make responsible/informed decisions by recognising the differences between desires, capabilities and actual needs;
- Become aware of the role of financial skills and the importance of proper education in this field for a quality everyday and professional life.

### List of abbreviations:

**FP** – financial literacy

**NA-MA POTI** – Scientific and Mathematical Literacy:

The Development of Critical Thinking and Problem-solving

## BUILDING BLOCKS OF FINANCIAL LITERACY

### 1<sup>st</sup> BUILDING BLOCK

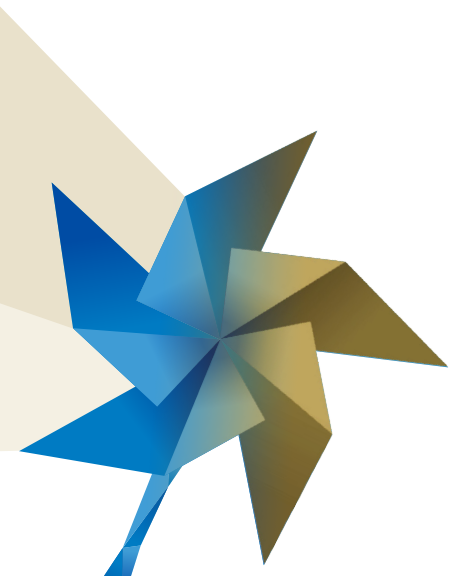
**Financial skills; understanding and use of financial concepts, procedures and strategies; communication as the basis of financial literacy**

- 1.1. Understands messages with financial contents
- 1.2. Knows and uses financial terminology and symbolism
- 1.3. Presents, substantiates and evaluates his/her own thought processes
- 1.4. Recognizes, understands and uses mathematical concepts in financial circumstances
- 1.5. Knows and uses appropriate procedures and tools under different circumstances
- 1.6. Predicts and assesses solutions, substantiates claims and decisions
- 1.7. Uses different strategies when solving problems relating to the field of finance

### 2<sup>nd</sup> BUILDING BLOCK

**Solving problems relating to the field of finance in various contexts (educational and work, home and family, personal, social)**

- 2.1. Discusses various real life problems;
- 2.2. Discusses situations using mathematical modelling.



# 1<sup>st</sup> BUILDING BLOCK

Financial skills; understanding and use of financial concepts, procedures and strategies; communication as the basis of financial literacy

## 1.1. Understands messages with financial contents

PRE-SCHOOL EDUCATION ages 1-6	BASIC EDUCATION			UPPER SECONDARY SCHOOL ages 15-19
	FIRST EDUCATIONAL CYCLE ages 6-9	SECOND EDUCATIONAL CYCLE ages 9-12	THIRD EDUCATIONAL CYCLE ages 12-15	
a) (Receives) Understands simple oral, graphic messages with financial contents.	a) (Receives) Understands simple messages with financial contents; b) Independently obtains information from oral and written sources.	a) (Receives) Understands simple and structured messages with financial contents; b) Sums up messages with financial contents, extracts the essence and the required information, and creates a new message; c) Independently obtains information from oral and written sources.	a) (Receives) Understands simple, structured and complex messages (financial documents, financial data) with financial contents; b) Uses appropriate reading strategies during comprehensive reading of financial texts and when solving tasks; c) Sums up messages with financial contents, extracts the essence and the required information, and creates a new message; d) Independently obtains information from credible sources.	a) (Receives) Understands simple, structured and complex messages (financial documents, financial data) with financial contents; b) Uses appropriate reading strategies during comprehensive reading of financial texts and when solving tasks; c) Sums up messages with financial contents, extracts the essence and the required information, and creates a new message; d) Independently obtains information from credible sources.

# 1<sup>st</sup> BUILDING BLOCK

Financial skills; understanding and use of financial concepts, procedures and strategies; communication as the basis of financial literacy

## 1.2. Knows and uses financial terminology and symbolism

PRE-SCHOOL EDUCATION ages 1-6	BASIC EDUCATION			UPPER SECONDARY SCHOOL ages 15-19
	FIRST EDUCATIONAL CYCLE ages 6-9	SECOND EDUCATIONAL CYCLE ages 9-12	THIRD EDUCATIONAL CYCLE ages 12-15	
a) During conversation/symbolic play the learner uses some everyday financial terms* (see Note 1).	a) When describing a situation, the learner uses some financial terms* (see Note 1).	a) When describing a situation, the learner uses some financial terms* (see Note 2) and symbols.	a) Knows, understands and uses some financial terms* (see Note 2), symbols, acronyms or abbreviations; b) Writes down a worded financial message using symbols and vice versa; c) Sensibly uses financial language in other contexts too.	a) Knows, understands and uses financial terms* (see Note 2), symbols, acronyms or abbreviations; b) Writes down a worded financial message using symbols and vice versa; c) Sensibly uses financial language in other contexts too.

Some financial terms are suggested below, which the preschool teacher/school teacher can choose from throughout the educational periods according to the situation or the subject matter.

**Note 1:**

e.g. money (euro, cent); money distribution; coin; banknote; invoice; price; payment; bank; bank account; cash machine; cash withdrawal; exchange office; debit card; discount; saving; money box; allowance; charity; spending (consumption).

**Note 2:**

e.g. goods (essential, non-essential); bank office; deposit; electronic banking (privacy and security); types of bank accounts; handling of payment instruments (money transfer, payment of a Universal Payment Order (UPN), direct debit, etc.); ethical consumption; interests; annual interest rate; payment of interests; discount; credit (loan); currency; exchange rate; receipts; expenses; lender; borrower; guarantor; secured loan; taxes; inflation/deflation; investments (funds); financial records; debt management; retirement planning; budget; insurances.

## 1<sup>st</sup> BUILDING BLOCK

Financial skills; understanding and use of financial concepts, procedures and strategies; communication as the basis of financial literacy

### 1.3. Presents, substantiates and evaluates his/her own thought processes

PRE-SCHOOL EDUCATION ages 1-6	BASIC EDUCATION			UPPER SECONDARY SCHOOL ages 15-19
	FIRST EDUCATIONAL CYCLE ages 6-9	SECOND EDUCATIONAL CYCLE ages 9-12	THIRD EDUCATIONAL CYCLE ages 12-15	
a) Gets involved in conversations about simple, everyday situations with financial contents; b) <i>Assesses his/her own work according to the set criteria.</i>	a) Gets involved in conversations about everyday situations with financial contents; b) <i>Assesses his/her own work according to the set criteria.</i>	a) Participates in a discussion with financial contents; b) <i>Assesses his/her own work according to the set criteria.</i>	a) Participates in a discussion with financial contents; b) <i>Assesses his/her own work according to the set criteria.</i>	a) Participates in a discussion with financial contents; b) <i>Assesses his/her own work according to the set criteria.</i>

### 1.4. Recognizes, understands and uses mathematical concepts in financial circumstances

**Note:** see the descriptors under mathematical literacy

### 1.5. Knows and uses appropriate procedures and tools under different circumstances

a) Learns about and researches various simple everyday situations with financial contents by: observing, describing, one-to-one-corresponding, comparing, sorting, organizing, etc.	a) Learns about and researches various everyday situations with financial contents by: observing, one-to-one-corresponding, comparing, sorting and organizing elements, etc.; b) Uses mathematical procedures and tools when solving tasks with financial contents.	a) Knows and uses certain mathematical procedures and tools when researching situations and solving tasks with financial contents; b) Learns about practical financial procedures (e.g. cash withdrawal/deposit, paying payment orders, etc.).	a) Knows and uses mathematical procedures and tools when solving problems with financial contents (e.g. when buying and selling various goods, when saving money, at sales, etc.); b) Knows practical financial procedures (e.g. choosing a bank account, cash withdrawal, cash deposit, dedicated savings, etc.).	a) Knows and uses mathematical procedures and tools when solving problems with financial contents (e.g. when taking out a loan, when buying and selling various goods, when saving money, etc.); b) Knows and uses practical financial procedures (e.g. opening a bank account, setting up a direct debit, financial security planning, etc.).
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## 1<sup>st</sup> BUILDING BLOCK

Financial skills; understanding and use of financial concepts, procedures and strategies; communication as the basis of financial literacy

### 1.6. Predicts and assesses solutions, substantiates claims and decisions

PRE-SCHOOL EDUCATION ages 1-6	BASIC EDUCATION			UPPER SECONDARY SCHOOL ages 15-19
	FIRST EDUCATIONAL CYCLE ages 6-9	SECOND EDUCATIONAL CYCLE ages 9-12	THIRD EDUCATIONAL CYCLE ages 12-15	
a) Expresses his/her desires and assesses the possibilities of realizing them.	a) Makes and explains his/her financial decisions; b) Assesses desires and adapts their realization to his/her financial capabilities.	a) Suggests solutions based on the data, experience and financial knowledge; b) Assesses desires and adapts their realization to his/her financial capabilities; c) Makes and evaluates his/her financial decisions.	a) Suggests solutions based on the data, experience and financial knowledge; b) Assesses desires and adapts their realization to his/her financial capabilities; c) Understands the differences between desires, needs and financial capabilities in life situations; d) Makes and evaluates his/her financial decisions and assesses the financial consequences.	a) Suggests solutions based on the data, experience and financial knowledge; b) Assesses desires and adapts their realization to his/her financial capabilities; c) Understands the differences between desires, needs and financial capabilities in life situations; d) Makes and evaluates his/her financial decisions and assesses the financial consequences.

### 1.7. Uses different strategies when solving problems relating to the field of finance

a) Uses known strategies when solving situations.	a) Uses known mathematical strategies when solving problems; b) Forms different questions based on the given situations; c) Assesses the suitability of implemented strategies when solving problems; d) <i>Experiences problem solving as a challenge and a creative activity.</i>	a) Uses known mathematical strategies when solving problems; b) Forms different questions and similar problems based on the given situations or problems; c) Assesses the suitability of the choice of strategies when solving problems; d) <i>Experiences problem solving as a challenge and a creative activity.</i>	a) Uses different mathematical strategies when solving problems; b) Forms different questions and similar problems based on the given situations or problems; c) Assesses the suitability of the choice of strategies when solving problems; d) <i>Experiences problem solving as a challenge and a creative activity.</i>	a) Uses sensible mathematical strategies when solving problems; b) Forms different questions and new problems based on the given situations or problems; c) Assesses the suitability of the choice of strategies when solving problems; d) <i>Experiences problem solving as a challenge and a creative activity.</i>
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## 2<sup>nd</sup> BUILDING BLOCK

Solving problems relating to the field of finance in various contexts (educational and work, home and family, personal, social)

2.1. Discusses various real life problems;

2.2. Discusses situations using mathematical modelling.

Descriptors of the 2<sup>nd</sup> building block of **mathematical literacy** apply.

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