Examining the Importance of Gaining Financial Knowledge through a Career Development Process in Japanese Upper Secondary Education

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Abstract
As the information society has matured and narrowed the boundaries between countries, gaining financial knowledge has become of paramount importance. Just as flowing water travels downward, money moves toward profitable ventures. In modern society, which is increasingly polarized between the rich and the poor, the rich become richer, and the poor become poorer. Therefore, finance-related knowledge becomes invaluable. The asymmetric diversity of information is perhaps found the most in finance-related matters. As general consumers, therefore, we need to have a rational outlook toward the socioeconomic situation and be able to manage proper self-finance so that we can live independently without suffering from unfair losses. The present study is bibliographic research on financial education imparted across the country, considering the future of the financial education and career development process in upper secondary education.

Keywords: Financial knowledge, Career development process, Financial education, Career-designing, Career development

1. INTRODUCTION

General consumers have had much to gain as well as lose from the process of globalization. In this increasingly globalizing society, we ought to have a rational outlook on the socioeconomic situation and be able to manage self-finance properly so that we can live independently without suffering from unfair losses.

Given the progress of financial liberalization, young people are attracted by equity investment and Forex margin trading. However, there have been several tragic stories of people who have suffered big losses owing to their dream of becoming millionaires overnight.

The present study examines how children and students can equip themselves with financial literacy before stepping out into the global economic society. In particular, the study explores specific examples of financial education that is imparted to high school students who are soon to become university students. As university students, they will be treated as individual adults who can then independently make sales contracts. Therefore, gaining enough financial knowledge in their high school years is imperative, which also plays an important role in preventing mail order scams and Ponzi scheme-like frauds to which university students often fall victim.

2. SURVEY ON CURRENT FINANCIAL EDUCATION

The Central Council for Financial Services Information defines financial education as education “to develop an understanding of various roles of money and finance, helping us reflect on and improve our lives, values, and society, with the aim of proactively achieving richer and better lives and society” (The Financial Education Plaza, The Central Council for Financial Services Information, 2013). The Central Council for Financial Services Information was established under public–private partnership. It comprises the Financial Services Information Councils and the governments from each prefecture, the Bank of Japan, and various private organizations, which provide financial information that is useful in our daily lives. This was initially established in 1952 as the Central Council for Savings Promotion, changing its name to the

The term “financial literacy” has a broader meaning than financial education. For example, the Japan Securities Dealers Association defines financial literacy as “the ability to subjectively make one’s own judgment by having sound knowledge and information on finance and the life skill essential to living better lives as an economically independent member of society” (Japan Securities Dealers Association, 2013).

In its publicity paper, the Cabinet Office defines financial literacy as “the ability to judge, and possess knowledge on, finance and economy in relation to money” (Cabinet Public Relations Office, 2013). On the basis of the recognition that financial knowledge helps in acquiring the ability to judge, the present study considers the latter definition of financial literacy. However, financial literacy with regard to various other definitions cannot be ignored. According to the Postal Services Policy Department of the Ministry of Internal Affairs and Communications, financial literacy often concerns postal savings, and it is defined as “the ability to subjectively make a financial judgment by acquiring necessary knowledge and information on finance.”

There appears to be a common element in the various definitions, which is “the ability to make a subjective judgment” on financial matters. Therefore, in this study, financial literacy is defined as “the ability to judge, and possess knowledge on, finance and economy in relation to money.”

The present study examines ways in which to educate high school students on financial literacy or financial education using related examples from Japan as well as other countries.

The Financial Education Promotion Research Group (Secretariat: Japan Securities Dealers Association) reported on the “Current Status Survey Report on Financial Economy Education in Junior High Schools and High Schools.” This is comprehensive research on the current financial education curriculum, on the practices employed in junior high school and high school, and on teachers’ consciousness in that this report is valuable with regard to information on financial education.

However, prior research on individual and institutional efforts made in financial education is scarce. Therefore, the present study examines an effective method of imparting future financial education that is suitable for the global environment, by observing the real efforts made in high schools while also considering previous research.

The following are the details of the survey entitled “Current Status Survey Report on Financial Economy Education in Junior High Schools and High Schools” published by the Financial Education Promotion Research Group:

- **Period**
  - December 2013 to January 2014

- **Method**
  - Method: Mail survey (self-administered questionnaire)

- **Target**
  - Social Studies teachers and Technology and Home Economics teachers in junior high schools across the country (10,629 schools)
  - Civics teachers and Home Economics teachers in high schools across the country (5,150 schools)
  - Business teachers in high schools with business courses across the country (662 schools)

- **Number**
  - 32,220 (4,462 of which were returned; response rate: 13.8%)
In this nationwide survey, the questionnaire item (3) seeking the details of financial economy education classes, such as “what themes of your financial economy classes have you dealt with so far?” appears to be significant. As highlighted by the survey summary, “about 70% of the classes across junior high schools and high schools dealt with ‘Consumer Problem and Consumer Protection,’ and about 50% to 70% dealt with ‘Consumer Rights and Responsibility,’ suggesting that consumer-related themes were taught the most in the classes.” On the other hand, fundamental areas of life planning, such as “Importance and Planned Use of Money” and “Working and Money,” were taught in less than 30% of the classes throughout the 6 years of junior high school and high school. It can be inferred that the classes have been taught from the institutions’ own perspective on consumers that needs to be protected.

This summary also underlines that “high school home economics courses showed a high percentage in ‘Life Planning and Management of Household Account’ (59.8%), as well as in ‘Credit, Loan, and Securities’ (67.1%), which was also taught extensively in high school business courses (59.3%).” This clearly reveals the current state of financial economy education where “Risk Management” themes, such as risk management through insurance covers and security investment, are barely taught throughout 6 years of junior high school and high school, while the focus of the education is relatively more toward credit and loan consumers of products and services.

Vocational education in high schools such as commercial education and home economics is mainly conducted by the professional high school.

Professional high school refers to a high school that specializes in agriculture, industrial, commercial, fishery, home, nursing, information, ad welfare profession.

About 4,900 high schools in the whole country are located, about 30% of which are specialized high schools.

The number of professional high school students are about 600,000, accounting for less than 20% of the total number of high school students.

Furthermore, the summary of “Taught Areas of Finance and Economy” under “Details of Financial Economy Education” in this report suggests that “more than 50% of the total classes are taught ‘Basic Mechanism of Economy,’ while the areas other than “Insurance” are only taught in about 30% of the total classes. There is also variance in the areas taught that corresponds to learning areas and subjects of focus in particular schools and courses.” This highlights the lack of education on the insurance system that supports individual career development financially. Clearly, financial education requires knowledge on macroeconomic mechanisms and corporate and government finances, and undoubtedly, the degree of understanding of a society largely depends on the knowledge in these areas. However, as career education, financial education needs to fare better than it has with the overall education rate being 8.8% in the areas of social security and insurance—two areas that work as a safety net for an individual to live a hassle-free social life—as well as in respect of “money”-related matters that need to be learned at each stage of school and age. Knowledge in these areas is essential for an individual’s career development that is required at each developmental stage.

In June 2015, the Committee for the Promotion of Financial Education (Secretariat: The Central Council for Financial Services Information) published a Financial Literacy Map. This had a great impact on standardizing “Minimum Learning Goals for Financial Literacy” by different areas and age groups as it clearly defined itself as a standard map. In this map, the question “why we need to acquire financial literacy” is answered as follows: “in order for each member of society to realize more independent, safer, and richer lives.” It further claims that “in this modern society, you cannot live without being involved in financial matters. Therefore, we need to gain financial literacy as ‘a life skill.” This phrase—“literacy as a skill”—is understood as the literal concept that runs the length and breadth of this entire map. Therefore, the committee suggests the appropriate use of external knowledge.

The section on “Appropriate use of outside expertise” within the map urges one “to recognize the necessity of using
appropriate outside expertise when buying financial products.” The present study does not discuss the need for understanding overall financial products at the high school level; however, the true value of this map refers to the following two essential areas:

“Appropriate use of outside expertise.”

This refers to seeking an appropriate teacher or a teaching method from outside school in response to the lack of human and material resources in high schools.

“Cultivating basic skills to live independently when they become adults.”

This area clearly states that during high school years, children need to develop the basic ability of independence and autonomy before stepping out into society.

While advocating the significance of these two areas, the Financial Literacy Map specifies seven levers to achieve these goals. One of them is as follows: “understanding the basic characteristics of financial products such as deposits, stocks, bonds, and insurance while becoming interested in what is going on in the relevant world.” Recognizing the need to understand the basic characteristics of insurance can be expected to help in improving the currently stagnated financial education in the area of “Roles of Insurance.” With regard to funding management, the map specifies the importance of “understanding the necessity of selecting financial products on one’s own responsibility”; however, considering the existing state of education, it would be naive to demand high school students to achieve this level of proficiency. Nevertheless, it acts as an effective measure to help them understand the basic rule of financial education, where all financial actions entail the same degree of return and risk, and there will be no gain without risk.

3. FINANCIAL LITERACY

In 2011, the Central Council for Education published a report entitled “Future Career Education and Work Education in Schools,” which sets the course, the basic direction, of career education to “primarily cultivate basic and versatile skills through various educational activities.” There are four basic and versatile skills: relationship building and social networking ability; self-awareness and self-management ability; challenge-solving ability; and career-planning ability. Among these abilities, the development of a career-planning ability appears to be closely related to literacy as “a life skill.” This report also states that present-day challenges faced by young people result from “the change in industrial and employment structures; social recognition of work-related education; and structural problems of society as a whole, such as a change in the rate of children and young people.” The data in the report clearly proves that the “transition from school to society and workplace” does not take place at a pace similar to that of the current Japanese unemployment rate of about 9%; non-regular employment rate of 32%; 630,000 jobless people; or early job-separation rates of 40% for high school graduates, 30% for university graduates, and 40% for college graduates (The Central Council for Education Report, 31 January 2011).

It is necessary to develop an education system that focuses on self-motivation and initiative from early childhood to systematically promote a career plan that is focused on each developmental stage of young people in a society that has structural problems. In fact, the report promotes self-motivated and self-initiated activities in early childhood and the development of sociality; independence and autonomy; and interest and motivation in primary schools. Although the report does not clearly define what self-motivation and initiative imply, thereby leaving room for arbitrary interpretation, it still has had a great impact with its public advocacy of an educational policy that focuses on self-motivation and initiative from the early childhood and primary school years.

4. EFFORTS IN IMPROVING FINANCIAL LITERACY

Nomura Securities, a member firm of the Nomura Group, is Japan’s leading securities company. It offers an onsite workshop called “Your Future and Money” to promote financial and economic education in high schools. The group goes so far as to say that “it is important to plan one’s own future life and to get prepared for its realization in order to live a
meaningful life,” and also “to gain basic knowledge necessary for planning life and building assets through workshops.” This workshop deals with the future relationship between students and money by posing two questions (1) “What kind of life do you want to live?” (2) “How much money do you need to realize that lifestyle?” This idea attracts students’ attention in that it provides insights into money by making students first think about how they want to be and what job they want to have.

General banks have been offering early financial education for high school students, who are their future potential customers; however, in the past few years, labor banks are also attempting to improve financial literacy among young people. National Association of Labor Banks creates and distributes booklets on “Financial and Consumer Education for High School Students” with the aim of providing young people with an opportunity to build real financial literacy at each developmental stage, as well as to prevent several financial troubles. The content of the booklets is contemporaneous in that it is in line with the new teaching guidelines for high schools.

Japan Association for Financial Planners also distributes textbooks entitled “Personal Finance for Teenage Learners” for high school students. This is a training and accreditation organization for financial planners working toward imparting financial knowledge and its awareness of the general public. The association has the following five business fields: (1) dissemination of financial planning knowledge and its awareness; (2) survey, research, and provision of information on financial planning; (3) publication of books on financial planning; (4) interacting with domestic and international financial planning organizations; and (5) training financial planners and conducting qualification accreditation examinations. They are making efforts in the field of financial planning knowledge dissemination and awareness building. This document shows the extent of recognition of the benefits of financial education at the high school level, considering that a majority of the candidates opting for various financial planning examinations are university students or older.

Furthermore, Nippon Association of Consumer Specialists produced a textbook entitled Story of Invisible Money – Financial Fantasy. It is evident that financial education has now gained significance not only in career education but also in consumer education, that is, education that empowers one to protect each consumer’s right. This textbook aims to “learn through a virtual game not to make mistakes with invisible money when stepping out into the world of adults.” This approach is unique, given that one can learn about financial literacy while playing a game, which is made not only for high school students but also for university students. In fact, it was recognized with an “award for excellence” at the Consumer Education Teaching Material Awards (The 9th Corporations and Industry Organizations).

Various corporations and organizations have made numerous efforts to improve financial literacy among young people.

Schools are also working on financial literacy in their own ways. For example, from 2008 to 2010, Ishikawa Prefecture Board of Education and Hokkoku Bank jointly held financial education, entitled “Financial Education Seminar,” in high schools in Ishikawa Prefecture. This seminar was aimed at providing exhaustive learning on finance, including the roles and social responsibility of financial institutions, international finance, and financial crimes. This is representative of actual financial education that is jointly carried out by industry, educational institutions, and the government.

Efforts have also been made by financial institutions and high schools in many other prefectures. Significant among these efforts is the example of Sagamihara Sogo High School in Kanagawa Prefecture, which includes “Citizenship Education,” the mainstay of this effort.

Citizenship Education is a comprehensive education concept that includes the following ideas: the idea of the “Ability to Live” advocated by the Central Council for Education in its January 2008 report entitled “Improvement in Teaching Guidelines for preschools, primary schools, junior high schools, high schools, and special-needs schools”; the idea gained from previous career education; and the idea included in the “Research Group Report on Citizenship Education and Achievement Made by Economic Society,” which was published by the Ministry of Economy, Trade and Industry in 2006.
According to this report, modern society is “a knowledge-based society,” which has increased the need for (1) globalization; (2) continuous technological innovation; and (3) flexibility in the thinking ability associated with a paradigm shift; and (4) social participation regardless of gender and age. In this highly mobile era where the real essence of things becomes important, it is necessary to ensure that each individual assumes full responsibility for themselves as well as proactively engages in social participation. Therefore, Kanagawa Prefectural Education Center released a promotional guidebook for “Citizenship Education,” which forms the basis for high schools in the prefecture. This is similar to the foregoing efforts of Sagamihara Sogo High School toward “Citizenship Education.”

Financial Education is an essential foundational concept based on which each individual designs their career, without which the foundation can be risky and unrealistic. Furthermore, social participation is essential; hence, citizen education can be considered to be synonymous with career education and financial education.

5. CONCLUSION

With the premise that gaining financial literacy is important in present-day, globalized, modern society, the present study clearly demonstrates that financial education at an early stage in schooling (high schools) is essential for a meaningful life. Financial education now covers greater areas, such as career education and consumer education, as well as Citizenship Education, and is being taught in high schools. Future research should investigate cases of failure and those of inappropriate financial education, as well as continue to evaluate the relationship between young people’s financial knowledge and an individual’s career development process.

REFERENCES


