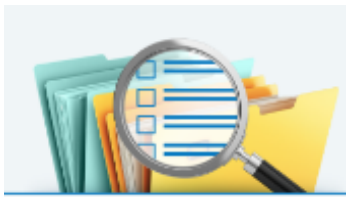


FINANCIAL EDUCATION AND WORK LIFE IN AUSTRIA: CHALLENGES AND SOLUTIONS FOR A SECURE FUTURE



Case study based on story from media
resources

Developed by the die Berater (Austria)

Introduction

Austria's economy is thriving and its citizens enjoy one of the highest standards of living in Europe, with a high overall satisfaction rating of 7.1 on a scale of one to ten. However, they face challenges such as rapid changes in financial markets, an ageing population, uncertain career opportunities and concerns about long-term financial security. While 75% of Austrians say they have a personal budget, only 33% create a plan to manage their income and expenditure and use an app or financial management tool to control their spendings (OECD, 2020).

Recent studies (OECD, 2020) on financial education show that, despite a solid international position, there are significant gaps in financial knowledge, behavior and attitudes that can affect financial resilience. To address these challenges, financial education policies are crucial.

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Such initiatives can help people manage their finances better, make informed investment decisions, raise awareness of long-term savings and promote the responsible use of credit. They also prepare citizens for the increasing digitisation of the financial sector and strengthen their ability to cope with financial shocks. Financial education is crucial for citizens to successfully manage their financial lives and improve their financial well-being in the long term. At the same time, they play an important role for the economy. A generally higher level of financial education promotes financial stability and effectively complements measures to protect consumers' interests in the financial sector.

Case analysis

Sabine is 30 years old and works as a project manager in Graz. After finishing school, she has established herself in the world of work through dedication and hard work. Although she is successful in her career, Sabine feels insecure about her finances. She has never learnt the basics of financial planning and is unsure about how to provide for her retirement. Sabine has little time to learn privately as she works long hours and often travels at weekends for her project management work. Although her company offers many training courses, they focus on professional skills and technological advances, not personal finance.

Sabine's concerns about her financial future are shared by many Austrians. Almost 80% of adults from a survey rate a lack of financial security in old age as one of the top three risks they face (OECD, 2019). Moreover, Austria has one of the widest gender pension gaps in the EU, with women's pension income averaging 42% lower than men's, despite higher female labour force participation rates than the EU average (OECD, 2021a).

Proposed solutions and recommendations

Recognising the importance of addressing these concerns, Sabine's employer recently sponsored her participation in a 5-day financial education workshop. They found the company *Fiducation* while researching for a suitable programme for their employees.

Fiducation offers an innovative mix of theory and practice in financial education, supported by their own financial learning software as a classroom tool. This software enables learners to engage digitally, collaboratively, and enjoyably with various financial topics, simulating realistic financial decisions.

Fiducation provides both one-day and five-day workshops for businesses, as well as an online platform, which makes it applicable in Austria as a German company.

Some of the topics covered are:

- salary deductions
- taxes
- budget management
- rental and ancillary costs
- reasons for investing
- sustainable investing

Through this unique combination of workshops and online learning software, Fiducation aims to strengthen learners' financial literacy, equipping them for a secure financial future in both their professional and personal lives (Fiducation, 2024).

In addition, Austria has recognised the need to catch up in the area of financial education and has developed a national financial education strategy to increase the awareness, skills and understanding of its citizens. The *Austrian National Strategy for Financial Education* aims to establish financial education as a long-term policy priority and to emphasise its importance as a life skill that contributes to the well-being of individuals and households. It should help to increase citizens' awareness, skills and understanding of financial and economic topics. The strategy aims to

create workshops for young people, establish information portals and implement measures to increase knowledge and skills in the digitalisation of financial services by 2026 (OECD, 2021b).

As part of the strategy, various stakeholders can submit financial education programmes. These are reviewed in accordance with quality criteria and the strategy's code of conduct and made accessible via the strategy. All available offers can soon be viewed and used directly via corresponding links. This will enable people like Sabine to experience financial education in practice, find suitable initiatives or measures and receive continuous further training.

Companies that prioritize financial education help employees like Sabine make informed decisions about their finances, promoting financial literacy across the organization. By providing financial education, organizations not only empower their employees but also contribute to broader financial education initiatives, fostering a financially informed workforce capable of making sound financial decisions. This proactive approach benefits both individuals and the organization as a whole, promoting financial stability and resilience.

In addition, cooperation between business and government is important in promoting financial education among citizens.

Through joint efforts, programmes can be developed to improve financial literacy and help citizens make informed decisions. Businesses can contribute expertise and resources, while governments can provide regulatory support and frameworks to support and encourage these efforts. Ultimately, society and the economy as a whole will benefit from better-informed citizens who can manage their finances more effectively.

Self-reflection questions

These questions can serve as prompts for introspection and self-assessment, helping individuals gain insight into their financial habits, values, and aspirations.

1. How well do you understand your own financial situation, including income, expenses, and savings?
2. How effectively do you manage your time between work commitments and personal growth activities, such as learning about personal finance?
3. Do you actively seek out and use resources like financial education workshops or online tools to improve your financial literacy?
4. Would you try out a workshop like the one offered by Fiducation to learn about managing your finances in a better way?

Self-assessment questions

*Read each question carefully and select the best answer from the options provided.**

1. **What are some of the challenges faced by Austrians despite having a high standard of living?**
 - a) Lack of technological advancements
 - b) Rapid changes in financial markets
 - c) Poor healthcare system
 - d) Low overall satisfaction rating

2. **According to the OECD (2020), what percentage of Austrians have a personal budget, and what percentage create a plan to manage their income and expenditure?**
 - a) 100% of Austrians have a personal budget, but only half of them create a plan to manage their expenses
 - b) 75% of Austrians have a personal budget and all of them also have a plan to manage their expenses
 - c) 75% of Austrians have a personal budget, but only 33% create a plan to manage their expenses.
 - d) There are no recent studies about these numbers.

3. **How many adults see a lack of financial security in old age as one of the top three risks they face?**
 - a) Around 10% of adults
 - b) 25% of adults
 - c) Half of the adults
 - d) Almost 80% of adults

4. **What benefits does financial education provide to Austrians?**
 - a) It helps people become wealthy quickly
 - b) It prepares citizens for non-financial careers.
 - c) It helps manage finances better and promotes financial stability

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- d) It encourages spending without saving.

5. How high is the Austrian gender pension gap?

- a) Women's pension incomes are in average 10% lower than men's
- b) Women's pension incomes are in average 42% lower than men's
- c) Women's pension incomes are in average 88% lower than men's
- d) There is no gender pension gap in Austria

This multiple-choice test can help assess understanding financial journey and the lessons learned from his experiences.

* Correct answers

1. B 2 C 3. D 4. C 5. B

References

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