
The Need to Improve Financial and Economic Education in Japanese Schools

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I. Introduction

In July 2013, a series of seminars entitled "The Role of Investment Trusts in Broadening Japan's Individual Investor Base," targeted at financial institutions, and sponsored by Nomura Institute of Capital Markets Research, Ibbotson Associates Japan, NTT Data Institute of Management Consulting, QUICK, the Japan Association for Financial Planners, and the Fidelity Investor Education Institute was held in five cities (Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo)¹.

Each seminar consisted of two parts. During the morning a lecture and panel discussion were held on the subject of mutual fund reform in Japan (including the amended *Investment Trust Law* promulgated on 19 June 2013), while during the afternoon the lecture and panel discussion were on the subject of the Nippon Individual Savings Account (NISA) program, which starts in January 2014.

Particularly noteworthy were the sessions entitled "How can NISA help young people and the working generation to build assets?" in that the panel included university students. Two students (one male, one female) took part in the discussion at each seminar: students of Professor Naoyuki Yoshino's from Keio University (Tokyo seminar); students of Professor Takashi Terachi's from Kwansei Gakuin University (Osaka seminar); students of Professor Nobuyoshi Yamori's from Nagoya University (Nagoya seminar); students of Professor Yoichi Kawanami's from Kyushu University (Fukuoka seminar); and students of Professor Go Ishikawa's from Otaru University of

¹ For an overview of the seminars, see Nomura Institute of Capital Markets Research, "Seminaa Houkoku: Kojin Touseika no Susuno Kakudai, Tousei Shintaku ga Hatasu Yakuwari" (Seminar report: The Role of Investment Trusts in Broadening Japan's Individual Investor Base), Capital Market Quarterly, Autumn 2013 (in Japanese).

Commerce (Sapporo seminar)². We make some suggestions below based on insights gained from the above sessions.

II. University students' views on investing and NISA

1. Younger generation's awareness of investing: current situation leaves much to be desired

There is a widespread view that the success or failure of NISA depends on the extent to which it induces people with no investment experience to start to build assets or to invest. In other words, success or failure will largely depend on its acceptance by young people and the working generation.

However, it became apparent that even students in economics or business studies departments, whom one would expect to have a greater-than-average affinity with finance and be likely to be induced by NISA to start to invest, are unfamiliar with investing and have no clear idea what "asset building" means for themselves

For a start, none of the student respondents said they had any direct experience of investing, while only a few indicated any indirect experience (e.g., through relatives or acquaintances).

They also appeared to be under the impression that investing, including through NISA, was something one could do only once one had saved up a substantial sum. Hence questions such as whether it was possible to earn a return on only a small sum. Such exchanges suggested to us that the students were unaware that it was possible to invest even small amounts by means of regular investment schemes and thereby also benefit from time diversification.

It was also suspected that students needed to be told why, in the first place, people needed to build assets using NISA. Students seldom have occasion to think about the need to build assets. It was therefore not surprising that the students who took part had had little occasion to think about using NISA. Some said that, while they appreciated the need to build assets (e.g., because of concern about coping with old age), they did not have any clear idea what action they actually had to take in order to build assets.

2. Calls for practical financial and economic education in schools

During the course of the panel discussions on NISA and the younger generation, all the students who took part mentioned the need for more financial education in schools.

The following are some of their comments.

- "According to a survey I conducted of 112 members of my generation, only 16% said they had learnt anything at school or university about investing or

² See Appendix 1 for a list of the presenters.

asset building. I can't help thinking that this is the reason members of my generation know so little about investing. We have little opportunity to learn about this at school or university." (Kwansei Gakuin University)

- "I think one of the reasons members of my generation are not very interested in investing is that they don't have any opportunity to learn about finance at junior or senior high school and therefore never develop any affinity for it. However, they should potentially be interested in investing because they are uncertain what the future holds." (Nagoya University)
- "Financial literacy needs to be fostered if the entry barrier to investing is to be lowered and society is to take investing for granted. In the longer term, I think practical instruction in finance is needed as part of compulsory education and at senior high school." (Kyushu University)
- "I think education has an important role to play in promoting NISA. It needs to begin at school and university. After that, those people who see a need to build assets in accordance with a detailed life plan should have an opportunity to attend adult education classes on the subject once they get a job. It needs to be a two-stage education process." (Kyushu University)
- "This seminar made me aware of the need for asset building for the first time. Although I'm an economics student, I didn't fully appreciate this need. I think that, if they start to teach about asset building at junior and senior high school, more young people will begin to build assets." (Otaru University of Commerce)
- "More financial education is needed if people, of whatever age, are to become financially more literate and more knowledgeable about investing. It's extremely important that people have some initial opportunity." (Keio University)

From comments such as these we gained the insight that there need to be practical classes in financial education at school if the younger generation is to be encouraged to use NISA.

III. Strategic status of financial education in other countries

In contrast to Japan, countries such as the US, the UK, and Australia have taken decisive action to promote financial literacy and financial capability in schools.

1. The US

One relatively recent development in the US has been the establishment of the Financial Literacy and Education Commission (FLEC) following the passing of the *Financial Literacy and Education Improvement Act* in 2003. FLEC is composed of more than 20 federal agencies and bureaus, including the Securities and Exchange

Commission (SEC) and the Federal Reserve (FRB) as financial regulators, the Department of Education, the Labor Department, and the Department of Defense, and is chaired by the Treasury Secretary. The Treasury's Office of Financial Education acts as secretariat, devising the country's strategy on financial education.

FLEC's website (MyMoney.gov) serves as a one-stop site for financial education. FLEC also has a telephone hotline (1-888-My Money).

The website covers a wide range of topics, including a page for "youth" (with links to games and websites for young people and children) and a page for "teachers & educators" (with links to websites on financial education). The site also advocates five principles of managing one's money ("My Money Five": earn, borrow, save & invest, spend, and protect) with short explanations of each and links to related websites. Information is organized around life events, and the site also provides tools to help (online calculators, budget worksheets, and planning checklists).

In addition, on 25 June 2013, President Obama issued an executive order establishing within the Treasury the President's Advisory Council on Financial Capability for Young Americans. The Council will be composed of the Secretary of the Treasury and the Secretary of Education as well as up to 22 members from the private sector and state or local governments. The Council's role will be to advise the president on how young Americans can develop a financial capability at school or home and in the community or their workplace with the help of technology.

2. The UK

In the UK, the *Financial Services and Markets Act 2000* created the Financial Services Authority (FSA) with a number of statutory objectives, including raising "public awareness." When the Act was amended in 2010, the "public awareness" objective was omitted and a new objective, "enhancing public understanding of financial matters etc," was inserted. At the same time, the Consumer Financial Education Body was renamed the Money Advice Service (MAS) in 2011 to take over the responsibility for achieving this objective from the FSA.

MAS acts as a source of online, telephone, and face-to-face information on life events, money matters, and managing one's money in order to help the public with financial planning. However, it does not recommend any particular financial products.

Its website has a section, "Leaving school or college," with information for students on choosing a bank account, borrowing, and managing one's money as a student.

In addition to activities such as this, in January 2011 the Department of Education announced a review of the national curriculum in England. An expert panel then made some recommendations, which were incorporated in a consultation document (*The National Curriculum in England - Framework document for consultation*) in February 2013, and a final report was published in July 2013. The new version of the national curriculum published in September of that year contained, for the first time, details of

how financial education should be included in the curricula for mathematics and citizenship. The aim is to begin to roll this out in September 2014.

3. Australia

In 2011, the Australian Securities and Investments Commission (ASIC), the country's financial regulator, published a *National Financial Literacy Strategy* for providing a high-quality financial literacy program for all Australians, be it at school, work, higher education institutions or in the community. ASIC carried out a review of the strategy in 2013 to identify key issues and priorities to be considered in shaping a refreshed Strategy for 2014–17.

As part of the strategy, ASIC operates a website called "Money Smart" with information to help consumers make decisions about their personal finances. Originally, ASIC operated two websites (FIDO and Understanding Money), but the best of both were combined in the new website, which was launched in March 2011. Money Smart provides information on topics such as managing one's money, borrowing & credit, superannuation & retirement, investing, and scams. A page on different life events contains a section for the under-25s with links to pages on a range of topics such as credit cards and online banking, while a page for educators contains links to learning materials.

IV. Financial and economic education at school

1. Reminder of importance of financial and economic education at school

Anyone in Japan will be able to open a NISA account from the age of 20. However, when it comes to anything (not just opening a NISA account) that someone has to do when they start their first job, they need to acquire the necessary literacy and capability *before* then.

Especially when one considers Japan's future, it is increasingly important for each and every one of us, if we are to seek our own happiness in our own way at a time when there is an increasing need for fiscal reform, to have, for example, the wherewithal to cope with the challenges that face the social security system (e.g., the cost of pensions and healthcare), the ability to understand global economic developments that will increasingly affect our daily lives and work, the ability to draw up one's own balance sheet (assets vs. liabilities) and to manage it sensibly as well as, by extension, be able to tell what is a good product or service and make the best use of it while being able to recognize what is illegal (e.g., financial scams). Not only the older generation and the working generation today but even more so our children, on whom the future depends, need to acquire a much higher standard of financial literacy and a much greater degree of financial capability. (Readers will find some examples of the objectives that financial and economic education programs have set themselves in both Japan and other countries in the two appendices at the end of this paper.)

If this happens, not only will it be important for universities to offer all their students classes in economics and finance at a time when roughly half of senior high school students go on to university; but it will be even more important to offer such classes at senior high school level, as well as at elementary and junior high school level, at a time when more than 90% of junior high school students go on to senior high school. This is to ensure that as many people as possible benefit from such financial and economic education. Such education would be particularly useful at vocational high schools, most of whose students find employment as soon as they graduate. Financial and economic education also has an important role to play in trying to stop the gap between rich and poor widening further and, if possible, even narrowing it. In that regard, such education should be made as widely available as possible.

If we go back in history, we see that in 1900 Japan's then finance minister and the driving force behind the first policies to encourage saving, Masayoshi Matsukata, pointed out how low the country's savings rate was. His campaign targeted elementary schools as these were the mainstay of universal education at that time³.

2. Current state of financial and economic education in Japanese schools⁴

In 2005 the first moves towards improving financial and economic education and establishing it at school level were made following a report on the subject by an advisory panel set up earlier that year within the Financial Services Agency. Most recently, in April 2013, a study group called the Study Group on Financial Education was set up within the Agency's Financial Research Center. It published a report on the subject, *Report of Study Group on Financial Education*. The report clearly states that action is needed at elementary, junior, and senior high school level, and sets out a number of policies for achieving this, including (from the English version of the report summary) "strive to more firmly establish educational efforts in schools while placing greater focus on working adults and senior citizens" and "enhance teaching of family budget management/life planning in home economics classes in addition to social studies and civics classes."

In response, the Japan Securities Dealers Association (JSDA) is due to publish a report on the current state of financial and economic education in Japanese schools by March 2014. However, the aforementioned comments by university students suggest that financial and economic education still has a rather weak presence in elementary, junior, and senior high schools.

It is perhaps worth mentioning in this connection that a *Law for the Promotion of Consumer Education* was enacted in 2012. However, "consumer education" in Japan

³ Itoh, Koichi, "Kin'yuu Kyouiku o Meguru Kokunaigai no Joukyou to Kadai" (Current State of Financial Education in Japan and Overseas, and the Challenges It Faces), Gekkan Kigyou Nenkin, April 2013 (in Japanese).

⁴ Miyamoto, Sachiko, "Wagakuni de no Kin'yuu Keizai Kyouiku Suishin ni Muketa Giron to Kongo no Chuumokuten" (The Debate on Promoting Financial and Economic Education in Japan and What to Look Out for), Capital Market Quarterly, Summer 2013 (in Japanese).

has always tended to be seen as much the same thing as "adult education." Also, it is by no means clear where this law stands on financial and economic education.

3. Need to renew efforts to improve financial and economic education in Japanese schools

Following the publication of the aforementioned report on financial education by the Study Group on Financial Education in April 2013, a Committee for the Promotion of Financial and Economic Education was established as a network organization within the Central Council for Financial Services Information to discuss some of the issues raised by the report. We think the committee should go a long way towards improving collaboration on financial education among financial institutions and associations, whose efforts to promote financial and economic education have tended to focus on their own areas of expertise. However, bearing in mind that a number of countries have a national strategy for financial and economic education (legislation to improve financial literacy and capability in the US and the UK, President Obama's Advisory Council on Financial Capability for Young Americans in the US, and Australia's *National Financial Literacy Strategy*), we see an urgent need for a consistent approach to all aspects of financial and economic education in Japan as an integral part of government policy on financial issues.

While moves to devote more space to finance and economics in Japan's national curriculum guidelines are particularly important, revisions are only made every 10 years, with the last as recently as fiscal 2011. It will therefore probably take considerable political pressure and high-level back-up by the government to have the next set of revisions brought forward just for the sake of finance and economics. In particular, we would like consideration to be given to the following:

- (1) raising the status of Japan's approach to financial and economic education to that of a national strategy on a par with the US, the UK, and Australia;
- (2) clarifying the goals of financial and economic education, and enacting legislation to implement them properly;
- (3) reconsidering and implementing radical and urgent improvements at school level on that basis;
- (4) setting up a Financial and Economic Education Bureau/Section in the Financial Services Agency; and
- (5) setting up a Financial and Economic Education Center under direct government control.

One of the characteristics of education is that, as social infrastructure, it is difficult to measure and prove its impact in the short term. In many cases, its results will only become apparent in the longer term. It is therefore particularly important for government to take a firm lead. Is it too much to hope that, at a time when finance and

economics are having an increasing impact on daily life, a good grounding in them would enable people to plan their lives with less excessive pessimism and optimism as well as fewer unjustified concerns and hopes, and that, if this gave them greater confidence and better prospects, some of the recent trends that have been seen as problems (e.g., fewer and later marriages, a falling birth rate, a growing failure to maintain payments into public pension schemes, an increase in voluntary bankruptcies, and a decline in business start-ups) might be mitigated?

<Appendix 1> Program of seminar “The Role of Investment Trusts in Broadening Japan's Individual Investor Base”

(Titles omitted)

Session	Program	Presenter(s)
	Opening address (cosponsors' representatives)	<ul style="list-style-type: none"> · Kenzo Yamamoto, Chairman, NTT Data Institute of Management Consulting (Tokyo, Nagoya) · Akira Maruyama, President, Nomura Institute of Capital Markets Research (Osaka, Sapporo) · Katsunari Yamaguchi, President, Ibbotson Associates Japan (Fukuoka)
1	Broadening Japan's individual investor base	<ul style="list-style-type: none"> · Shunsuke Shirakawa, Counsellor, Planning and Coordination Bureau, Financial Services Agency (Tokyo) · Hideki Kanda, Professor, Graduate School of Law and Politics, University of Tokyo (Osaka) · Kazutoshi Inano, Chairman, Japan Securities Dealers Association (Nagoya) · Yumiko Nagasawa, Executive Director, Foster Forum (Fukuoka) · Naoyuki Yoshino, Professor, Department of Economics, Keio University (Sapporo)
2	Changing Japan's investment trust system	<ul style="list-style-type: none"> · Kosuke Yokoo, Former Director for Financial Market Operation, Planning and Coordination Bureau, Financial Services Agency (Tokyo) · Fumiyo Sugahara, Former Deputy Director, Financial Markets Division, Planning and Coordination Bureau, Financial Services Agency (Osaka, Nagoya, Fukuoka, Sapporo)
3	How to make the most of a revamped investment trust system	<p>Panelists:</p> <ul style="list-style-type: none"> · Kosuke Yokoo (Tokyo) · Fumiyo Sugahara (Osaka, Nagoya, Fukuoka, Sapporo) · Yumiko Nagasawa · Akira Yamagami, Partner, Head of Global Consulting Division, NTT Data Institute of Management Consulting <p>Moderator:</p> <ul style="list-style-type: none"> · Chiho Shimada, Chief Editor, Japan Investment Trust Research Institute
4	Defined-contribution pension plans: new solution using investment trusts	<ul style="list-style-type: none"> · Akiko Nomura, Senior Analyst, Nomura Institute of Capital Markets Research
5	Aims and prospects of new NISA scheme	<ul style="list-style-type: none"> · Toshitomo Imai, Deputy Director, Policy and Legal Division, Planning and Coordination Bureau, Financial Services Agency
6	Need for and prospects of permanent NISA scheme	<ul style="list-style-type: none"> · Satoshi Nojiri, Head of Fidelity Investor Education Institute, FIL Investments (Japan)

7	Under starter's orders: a fresh look at NISA's products and services	<p>Panelists:</p> <ul style="list-style-type: none"> • Chiho Shimada • Akira Yamagami • Tokuei Kaneko, Head of Securities Taxation Office, Planning Division, Policy-Making Headquarters, Japan Securities Dealers Association (Tokyo, Nagoya, Fukuoka) • Naoki Aizawa, Head of Administration Department, Japanese Bankers Association (Osaka) • Yuichiro Takegoshi, General Manager, Planning & Policy Department, Investment Trusts Association, Japan <p>Moderator:</p> <ul style="list-style-type: none"> • Satoshi Nojiri
8	How can NISA help young people and the working generation to build up their savings?	<p>Panelists:</p> <ul style="list-style-type: none"> • Toshitomo Imai • Toshiharu Shirane, Chairman, Japan Association for Financial Planners (Tokyo, Fukuoka, Sapporo) • Keizo Arita, Senior Executive Director, Japan Association for Financial Planners (Osaka) • Koichi Itoh, Senior Executive Director, Japan Association for Financial Planners (Nagoya) • Masashi Kanno and Yuki Okazawa, students of Professor Naoyuki Yoshino's, Keio University (Tokyo) • Atsushi Hara and Hyojin Kang, students of Professor Takashi Terachi's, Kwansai Gakuin University (Osaka) • Shigeyori Kamada and Chihiro Tateishi, students of Professor Nobuyoshi Yamori's, Nagoya University (Nagoya) • Akihiro Ishimaru and Kanako Ishimaru, students of Professor Yoichi Kawanami's, Kyushu University (Fukuoka) • Tomoaki Okada and Erika Yano, students of Professor Go Ishikawa's, Otaru University of Commerce (Sapporo) <p>Moderator:</p> <ul style="list-style-type: none"> • Akiko Nomura
Closing address (cosponsors' representatives)	<ul style="list-style-type: none"> • Toshiharu Shirane (Tokyo) • Kenzo Yamamoto (Osaka) • Akira Maruyama (Nagoya, Fukuoka) • Satoshi Nojiri (Sapporo) 	
Discussion leader	<ul style="list-style-type: none"> • Masahiko Igata, Senior Managing Director, Nomura Institute of Capital Markets Research (all venues) 	

<Appendix 2> Some comments on the objectives of financial and economic education (extracts and abridged translations)

1. OECD

Recommendation on Principles and Good Practices for Financial Education and Awareness: Recommendation of the Council, July 2005

- Financial education has always been important for consumers in helping them budget and manage their income, save and invest efficiently, and avoid becoming victims of fraud.
- As financial markets become increasingly sophisticated and households assume more of the responsibility and risk for financial decisions, especially in the field of retirement savings, financially educated individuals are necessary to ensure sufficient levels of investor and consumer protection as well as the smooth functioning, not only of financial markets, but also of the economy.

2. The UK

The national curriculum in England: Framework document, July 2013

- It [citizenship education] should also prepare pupils to take their place in society as responsible citizens by providing them with the skills and knowledge to manage their money well and make sound financial decisions.
- The national curriculum for citizenship aims to ensure that all pupils are equipped with the financial skills to enable them to manage their money on a day-to-day basis, and plan for future financial needs.

3. Australia

Australian Securities & Investments Commission, National Financial Literacy Strategy, March 2011

Why we need a financial literacy strategy

- Financial literacy is a skill for life, with significant benefits for everyone no matter what their age or income. ... Good financial literacy skills help individuals and families make the most of opportunities, meet their goals and secure their financial wellbeing.
- Financial literacy also contributes to the economic health of society. More capable consumers and investors offer the prospect of improved household savings performance, reduced dependence on government allowances and lower levels of problem debt.

- More broadly, improved financial literacy can increase economic participation, drive competition and market efficiency in the financial services sector, and potentially reduce regulatory intervention.

Using educational pathways to build financial literacy

- Education has long been recognized as a critical driver for delivering equal opportunity in society. It is central to this Strategy. Our approach recognizes that learning is a lifelong endeavor and acknowledges that people learn in many different ways.
- If we are striving to foster the skills, knowledge, attitudes and values needed to build financial resilience for all Australians, then an important element must be education through established pathways. In Australia, ‘educational pathways’ usually comprise early childhood education, school education, further education (which includes vocational education and training, and university education), and adult and community education.
- Financial literacy education at school is particularly important and is a central concern of this Strategy. We know that young people today are increasingly interacting with money from an earlier age, and are increasingly targeted by corporate interests and consumer marketing through social media ... and through mobile phones. More than ever before, it is vital that students leave school (1) equipped for life’s financial decisions, (2) more attuned to their own consumer behavior, (3) knowing the questions to ask to make smart financial decisions, and (4) armed with the knowledge and skills to be able to secure and improve their financial wellbeing.

4. Japan

1) **Report on financial and economic education by Financial Services Agency advisory panel (*Agenda for Finance and Economics Education*), June 2005**

I. Introduction (summary)

(Omitted)

A number of organizations, especially the Central Council for Financial Services Information, have been involved in financial and economic education besides the Financial Services Agency, and each has adopted its own approach. The emphasis, be it on investment education or on education for consumers of financial services, for example, has also varied as the focus of policy has shifted over the years from the encouragement of savings to encouraging consumers to invest their savings. The aim of the Financial Services Agency's advisory panel has been to review these various approaches and form a consensus on an up-to-date approach to financial and economic education in general. In particular, by assembling a panel whose members have been involved in various aspects of

financial and economic education, it has been possible to review this education from the following three points of view.

First of all, the panel confirmed the importance and need for an up-to-date approach to financial and economic education in view of the changing times, especially the long-term economic and social changes, as well as the resulting changes in monetary conditions, that have taken place since the asset boom of the 1980s turned to bust in the 1990s.

As a result of social and economic changes such as the end of continuous economic growth, the arrival of an aging society, and the end of a job for life and the seniority system, people now have to spend much more time and have many more occasions to make decisions about managing their financial assets. Also, while changes such as the end of blanket guarantees on bank deposits, a greater variety and greater sophistication of financial products, the growth of information technology, and the proliferation of sales channels have increased the opportunities for individuals willing and able to make use of increased information, there have also been cases where people have been deceived and suffered losses as a result or taken risks with financial products that they were not aware of. Better financial and economic education is just what society needs in these changing times.

2) Report of Study Group on Financial Education, 30 April 2013

2. Significance/Purpose of Financial Education

(1) Financial literacy as a life skill

No one in modern society can avoid involvement with financial matters, using various types of financial products such as savings/asset management, housing loans, insurance products, and so forth, depending on their life stages.

In light of this, Japan is faced with various problems, such as the issue of multiple debts and the growing number of households with no financial assets. In order to become financially independent as a full-fledged member of society and improve the quality of life, it is becoming increasingly important to acquire knowledge and judgment skills to properly select and use financial products in accordance with one's life plan, while achieving a family budget management that will prevent unplanned expenditure and improve the income-expense balance. It is also important to form a habit of life planning for unexpected events such as death, illness and, accidental fires, as well as for education, house purchases, and retirement.

Enhancement of the above-mentioned habit, knowledge and judgment skills (i.e. financial literacy as a life skill) will likely result in better understanding of the characteristics of various financial products such as risk/return aspects. It is also expected to develop an asset management approach that will lead to regular

savings and stable accumulation of wealth, while appropriately purchasing insurance and borrowing when necessary.

(2) Financial literacy to encourage the provision of sound, high-quality financial products

Recent de-regulation, etc. has enabled financial institutions to offer a wider range of financial products, the structure/risks related to which have become increasingly complex, and which, from the users' point of view, are often difficult to understand accurately. There are various regulations in place, including the requirement for financial institutions to provide easy-to-understand explanations in line with each individual's knowledge/experience level and the details of assets owned ("suitability requirements"). However, effective user protection cannot be achieved only through regulations by authorities. In addition, excessive regulations will hinder innovative activities. Hence, it is also important to improve the financial literacy and behavior of individuals to supplement the government's regulations.

Further, the study group notes that the ability of users of financial services to select financial products will play an important role in improving the quality of products. Japan maintains solid quality of products/services, particularly in the areas of automobiles and consumer electronics, on the back of the high level of demands for qualities by consumers, constantly pushing product and service providers for better commodities. In the financial industry, better financial products should become prevalent along with the improvement in users' financial literacy and strengthened ability to select appropriate products.

(3) Financial literacy encouraging the effective use of household financial assets in Japan

In theory, diversification of investment products and the timing of investments should provide stable returns over the mid- to long-term period. However, more than 50% of Japan's household financial assets, a total of approximately ¥1,500 trillion, are managed as cash and deposits. This not only reflects the economic environment with continuous deflation in the past, but a lack of understanding regarding the benefits of diversified long-term investments.

However, even under the deflationary trend, it is possible to generate solid and stable returns by diversifying investments in both domestic and overseas stocks and bonds, and through appropriate diversification of timing of such investments. In addition, solid and stable returns can be generated by the diversified and long-term investments of household financial asset[s], which, in addition, will become a source of financing for growing sectors, and ultimately contribute to the growth of Japan's national economy.

In summary, the significance and purpose of financial education are as follows: to enable each Japanese national to achieve financial independency and

lead a better life; and to contribute to the realization of a fair and sustainable society by encouraging financial institutions to offer good quality financial products, and by the effective use of household financial assets, through the improvement of financial literacy.

3) Japan Securities Dealers Association (JSDA) Study Group on Promoting Financial and Economic Education, established in April 2013

1. Reasons for establishment

Unlike in the past and as the collapse of Lehman Brothers showed, nowadays not only the global economy but also individual lives can be greatly affected by financial dynamics.

In addition, in Japan issues such as serious fiscal and social security problems as well as the arrival of an aging society have heightened people's concerns about the future while financial deregulation and the shift to defined contribution pensions have transferred to individuals risks that used to be borne by the state and the corporate sector.

At the same time, there have been some cases where individuals have suffered losses as a result of the increasing sophistication and diversity of financial products as well as financial scams.

It is therefore essential that our children, in whose hands the future lies, become financially literate (i.e., learn about finance and financial products, and properly understand information about them) so that they can make their own financial decisions.

We therefore think that, by coming together to deepen their mutual understanding, share their experience, expertise and opinions, and work towards solving some of these problems, educational and financial professionals can help to improve financial and economic education in Japan and give our children a better chance of realizing their dreams and enjoying a bright future.

2. Aims

The aim of the group is to help to improve the financial literacy of every social group in Japan in accordance with their age, knowledge, and experience. In particular, it is to promote and improve financial and economic education in our schools in order to help our children, on whom the future depends, become more literate financially.

In particular, its aim, in view of the national curriculum's aim of developing "life skills," is to help our children to understand how finance and the economy work and be able to make rational financial decisions so as to be able to lead healthy and fulfilling lives.