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### Financial Education Renaissance in Japan and the Role of CCFIS: A Policy Commentary

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#### ABSTRACT

Financial education became a global agenda after the global financial crisis, and is one of the important elements of the SDGs. In Japan, although we have established a comprehensive system of financial education, the level of financial literacy is not high enough in comparison to other advanced economies.

Rapid aging of the society and the increase in financial fraud demonstrate stronger need for enhancing the financial literacy of general public. The Central Council for Financial Services Information responded by publishing *the Financial Literacy Map* which describes the necessary knowledge and skills regarding money and finance, targeting at different age groups. We also conducted the Financial Literacy Survey, the result of which was widely reported by mass media. Based on the aforementioned products of our work, the Council is conducting various seminars, and publishing materials aimed at protecting consumers from financial fraud by enhancing their financial literacy and at providing necessary knowledge and skills to cope with the era of the 100-year life.

In this connection, we are faced with the issue of how to enhance the financial literacy of teachers in times of rapid financial innovation, as well as in the unprecedented financial environment, such as the zero/negative interest rates. In particular, FinTech could have the effect of causing reverse literacy gap between teachers and students. In order to deal with such challenges, the Council is collaborating with relevant public and/or private institutions, e.g., the Financial Services Agency, local governments, representatives of financial institutions, to revive the spirit of Meiji era, when prominent figures stressed the importance of money in life. We should aim at “financial education renaissance” in Japan.

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*Keywords: Financial Education, Financial Literacy, SDGs, FinTech*

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#### 1. Why Financial Education Renaissance?

Financial education became a global agenda after the global financial crisis as is evidenced by the initiative taken by the INFE (International Network for Financial Education), which was established by the OECD in 2008. In 2012, OECD/INFE published “High-level Principles

on National Strategies for Financial Education,” which was endorsed at the subsequent G20 Summit. The principles defined financial literacy as follows;

“a combination of financial awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing”<sup>1</sup>

Promotion of financial education is also consistent

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<sup>1</sup> Organisation for Economic Co-operation and Development. 2012

with the basic spirit of the SDGs (Sustainable Development Goals) set by the United Nations<sup>2</sup>, e.g., Goal 4 of the SDGs seeks sustainable lifestyles in the context of ensuring inclusive and quality education. Moreover, Goal 8 seeks to expand access to banking, insurance and financial services for all. These targets are deeply related to financial literacy.

On the other hand, in Japan, a comprehensive system for promoting financial education was established well before the global financial crisis, partly in response to the serious financial crisis in late 1990's it had experienced.

The origin of financial education in Japan can be traced back to the 19th century, i.e., in the Meiji era (1868-1912).

Eiichi Shibusawa and Yukichi Fukuzawa, prominent figures among founders of modern Japan, both said that financial literacy is essential to an independent and complete life. This is a strong message for promoting financial education.

Furthermore, Fukuzawa, in his famous book *Gakumon no Susume* (Encouragement of Education), defined literacy as follows;

In order to possess virtues and talents, one needs to be intelligent.

In order to possess intelligence, one needs to be literate, i.e., to be able to read and write. That is the reason why promoting education is an imminent issue.

This definition exactly corresponds to that of the OECD mentioned above.

On the other hand, Empress Shoken, wife of Emperor Meiji, composed a profound poem on money to the effect that, money can be a blessing or a curse depending upon the literacy of the owner. Eiichi Shibusawa, in his famous book *Rongo to Soroban* (Analects of Confucius and Abacus), quoted this poem and stressed the importance of recognizing both pros and cons of money in life and society.

In this connection, it might be advisable to reflect on Japan's economic history, particularly that of Edo era (17<sup>th</sup> to 19<sup>th</sup> century). Contrary to the prevailing view among ordinary citizens that Japan's free and market based economy started with the Meiji Restoration (1868), the recent studies strongly suggest that Japan had an

efficient and robust market economy in Edo era.<sup>3</sup> For example, Okazaki (2004) provides good insight into the institutional aspect of the economy in Edo era, such as the economic role of kabu nakama, a coalition of merchants or artisans which served as a vehicle to instill corporate governance in the economy. Also, Japan is credited with creating the first futures exchanges, i.e., Dojima Rice Exchange in Osaka, which was launched in the 18<sup>th</sup> century.

Additionally, in those days, basic knowledge and skills regarding money and finance, such as the calculation of compound interest rates, were taught in primary schools, which might reflect the legacy of high literacy rates in Edo era, preceding Meiji, when a lot of children from ordinary families went to *Terakoya* (primary schools run by temples). Although there is a limit to empirical analysis due to the lack of comparable data, it would be fair to say that the literacy rate of Japan in Edo era was much higher than that of the other developing countries, and at least as high as the advanced countries of that period.<sup>4</sup>

These episodes would suggest that Japan had broad intellectual base for financial education.

At present, despite an aforementioned environment being conducive to financial education, the level of financial literacy in Japan is not high enough in comparison to other advanced economies. Details pertaining to this will be presented later.

In my view, this could be explained as a paradox of high education. During the Meiji era, most people had to find jobs after graduating from primary schools, which would call for basic financial education for children. Now that almost all people attend high schools and around 80% of them attend universities or vocational colleges, such necessity may have diminished. On the other hand, education regarding money in universities is provided in the context of academic courses of economics or finance, and not considered as a basic curriculum to be learned by all students.

The title of this paper is "Financial Education Renaissance," which hints towards the importance of reviving the spirit of old Japan where the importance of money and finance was stressed by prominent figures and widely recognized by the general public.

In this paper, I would like to present an outline of

<sup>2</sup> United Nations. 2015

<sup>3</sup> Okazaki 2004

<sup>4</sup> Dore 1984

the current financial education system in Japan, followed by the results of the recently conducted Financial Literacy Survey. I will then try to address the issue of where we should go from here.

## II. Financial Education System in Japan

The Central Council for Financial Services Information is the vehicle by which various organizations co-operate with each other for promoting financial education<sup>5</sup>. These organizations include the local councils for Financial Services Information, the central government, local governments, the Bank of Japan (BOJ) as well as private institutions.

In other words, the Japanese financial education system is quite comprehensive based on the three-tier structure comprising of the central, local, and grassroots levels. The Central Council consists of 41 members, who are representatives of the industries, such as the chairman of the bankers association, members from economic and consumer organizations including the President of the Japan Economic Federation and the representative of the consumer federation, press, academia, and the central bank or BOJ.

Also, nine councilors are designated from director-generals of related ministries, such as the Financial Services Agency (FSA) and the Ministry of Education, Culture, Sports, Science and Technology, and BOJ, while the Commissioner of the FSA and the Governor of the BOJ serve as advisors.

Secretariat of the Council is located within the Bank of Japan's Public Relations Department and most of the staff are from the BOJ, having concurrent post in the Council's secretariat. Thus, this is a broad based entity, and BOJ supports the Council in providing with human resources and expertise in financial knowledge.

On the other hand, local committees are located in all 47 prefectures. They are formed primarily of local governments, branches and offices of the BOJ (24 local committees are located in the BOJ offices and 23 in local government offices). These local councils are devel-

oping financial services information activities in local areas by maintaining a close relationship with the Central Council.

This system may reflect the post-war reform undertaken by the Japanese society based on the principles of local autonomy. Each local council designates financial services advisors who will be sent to schools or universities as lecturers and support the financial education system at the grassroots levels. At present, there are approximately 500 financial services advisors, cooperating voluntarily with the councils.

The basic principles upon which the Central Council is based are;

***Fair and neutral***, i.e., we avoid promoting the interest of specific financial sectors or institutions. For example, when a representative of the securities industry comes to a meeting hosted by us, he or she is asked not to use that opportunity to encourage participants to buy specific financial products.

***Keeping the network open***; most of the teaching materials or related documents can be obtained from the website of the Council and they are also available as hard copies for educational use.

***Encouraging grassroots and local movements***; as already explained, local councils serve as a vehicle of grassroots efforts aimed at enhancing financial literacy, from primary schools to universities, and from younger generation to senior citizens.

This system may be a bit unique. This is due to the history of the system (Figure 1).

Although the Council originated in the governmental initiative to encourage savings after the Second World War, Japan's savings promotion movement had its birth at the beginning of the Meiji era. The major characteristic of the movement in the period from the Meiji era until the Second World War was that it was carried out under the government's initiative in order to achieve national goals. Since savings were regarded as an important funding source for new industries, supporting policies were adopted by the government to catch up with advanced Western countries. After the Second World War, savings were encouraged by the government as a means to rehabilitate the Japanese economy and to contain vicious inflation, which resulted in the launch of the Central Council for Savings Promotion in 1952. Although it was under the strong initiative of the government, the establishment of the Council changed the nature of the savings promotion

<sup>5</sup> For further information about the Central Council, please refer to its website <https://www.shiruporuto.jp/e/>

movement from being more or less an officially sponsored movement to being under the control of private organizations. Thus, such dramatic changes after the war resulted in the current comprehensive system based on a nationwide network.

After Japan overcame the economic plight of the post war period, the imminent need for savings gradually diminished and the role of the Council became somewhat diversified.

For example, in the 1980's, Japan's large current account surplus was attributed to excess savings and the economic policy was oriented towards achieving the right balance between savings and consumption rather than savings promotion.

Under these circumstances, there was a fundamental review of the Council and the name of the Council was changed from the Central Council for Savings Promotion to the Central Council for Savings Information in 1988 and further to the Central Council for Financial Services Information in 2001.

It would be fair to say that with such changes in its mandate, the status of the Council gradually changed. In response, the council has tried to reinvent itself as the center for promoting financial literacy. After the financial crisis of the late 1990's, the new role of the Council has been clearly established and recognized.

In this connection, many initiatives have taken place after the turn of the century as is shown in Figure 1. In 2005, the First Year of Financial Education was declared and the *Agenda for Finance and Economics Education* was published, seen as a basic national strategy. Based on this strategy, the *Financial Education Program* of 2007 was published. The OECD High Level Principles in 2012 gave further momentum to these activities and

resulted in the creation of the *Financial Literacy Map* of 2014, which is a more extensive version of the *Financial Education Program*. The Council also conducted the Financial Literacy Survey in 2016.

### III. Why financial education matters

In this connection, two specific factors could be pointed out as to why financial education has become a central issue in Japan in the 21<sup>st</sup> century.

The first is the rapid aging of the society and the associated uncertainty about the future. As evidenced by Figure 2, in 2013, for the first time in the past 60 years, "after retirement" becomes the largest factor explaining the purpose of owning financial assets. Education, housing, and retirement are said to be three major expenditure items in one's life, but in Japan, retirement is now by far the most important one. Before 2013, general contingency was the largest factor, which might suggest that now ordinary Japanese citizens have begun to take longevity over 80 years as a natural way of life rather than a contingent event.

In a sense, this might imply the necessity of a new type of savings promotion to cope with the era of the 100-year life. The Japanese government has introduced a series of financial schemes with preferential tax treatments to encourage asset formation, such as iDeCo (the Individual Defined Contribution Pension Plan), and Tsumitate NISA (the installment-type Nippon Investment Savings Account).

In addition, increase in financial fraud is an important

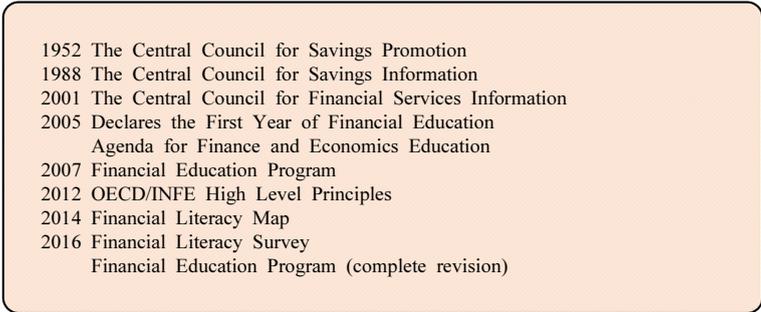
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- 1952 The Central Council for Savings Promotion
  - 1988 The Central Council for Savings Information
  - 2001 The Central Council for Financial Services Information
  - 2005 Declares the First Year of Financial Education  
Agenda for Finance and Economics Education
  - 2007 Financial Education Program
  - 2012 OECD/INFE High Level Principles
  - 2014 Financial Literacy Map
  - 2016 Financial Literacy Survey  
Financial Education Program (complete revision)

Figure 1. Evolution of the Central Council for Financial Services Information

element necessitating the promotion of financial education (Figure 3). Although many public and private institutions, including the Council have undertaken initiatives to educate the general public about fraud, the amount and extent of financial fraud has been on the rise. Particularly worrisome is the telephone fraud which may reflect the unique family relationship in Japan. A typical case is a telephone call to a housewife of a wealthy family by someone pretending to be her son living away from home asking for money because his wallet was stolen or providing some other excuse. It is unbelievable how many well-

educated parents are deceived by such stories and transfer money to fictitious bank accounts designated by criminals.

Financial fraud is also given special attention in the area of consumer education particularly after the establishment of the Consumer Affairs Agency in 2009 and the consumer education legislation in 2012.

Under these circumstances, the recent Civil Code amendment, which will lower the age of adulthood from 20 to 18 years old after 2022 onward, may serve as a further momentum for financial and consumer education at schools. Lowering of the age of adulthood would elimi-

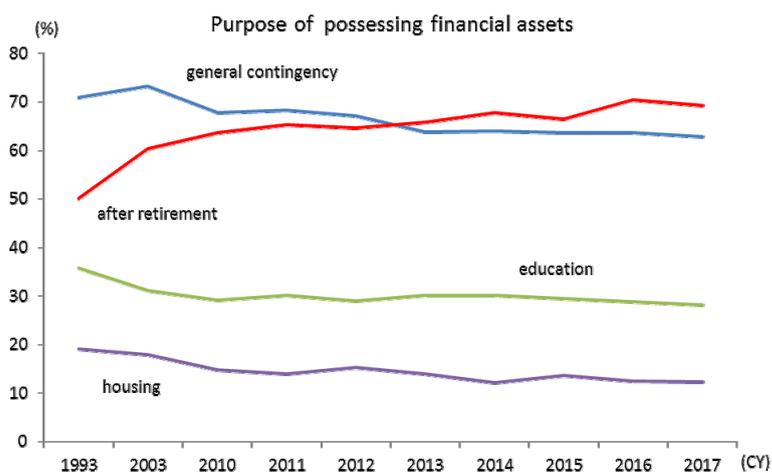


Figure 2. Survey of Household Finances by the Central Council for Financial Services Information, 2016

Source: The Central Council for Financial Services Information, 2016b Households with at least two members

Fraud		2010	2011	2012	2013	2014	2015	2016	2017
Fraud by telephone	number (cases)	6,637	6,233	6,348	9,204	11,256	12,741	13,605	17,926
	amount (¥ billion)	10.1	12.7	16.0	25.9	38.0	39.4	37.5	37.8
By financial products	number (cases)	112	773	1,986	1,875	1,228	663	346	104
	amount (¥ billion)	0.7	6.9	18.6	17.9	12.5	6.7	2.5	0.7

Figure 3. Increase in Financial Fraud

Source: The National Police Agency

nate the so-called minors' cancellation rights for some high school students and they will face the threat of financial and consumer fraud without the protection in place for minor people.

Events in recent years demonstrate stronger need for financial education. First, as mentioned at the outset, financial literacy became a global agenda after the global financial crisis. In fact, the crisis which followed the collapse of Lehman Brothers is attributed to the lack of financial literacy. On the domestic front, the consumer education legislation in 2012 also served as a driving force for financial education. As mentioned earlier, consumer education and financial education are deeply related each other. The Central Council is actively involved in the various consumer-education-related meetings such as the Consumer Education Promotion Council hosted by the Government.

#### IV. Activities of the Central Council

##### A. Financial Literacy Map

This section addresses the activities of the Central Council more in detail. One of the most important products of the Council is *the Financial Literacy Map* which describes necessary knowledge and skills regarding money and finance, classified by different age groups (Figure 4). As mentioned earlier, the map is an extensive version of *the Financial Education Program* published in 2007. While the program covered primary, secondary, and high

schools, the Map was extended to universities and adults.

According to the Council's website, basic attributes of the Map are as follows;

The standard learning goals designated for high school students and younger students in the Financial Literacy Map are consistent with the financial education goals for the same age groups designated in the Financial Education Program, which has already been put into use in school education. Accordingly, education on financial literacy at primary school to high school will be promoted based on the "Financial Education Goals by Age Group" designated in the Financial Education Program

The Map may be seen quite detailed for practical use. However, it is essential to prepare this type of detailed materials for teachers because the majority of them, particularly at the primary school level, do not necessarily possess the expertise on financial issues. In other words, the issue of financial literacy is not only for students but also for teachers.

##### B. Financial Literacy Survey

The Financial Literacy Survey 2016 is Japan's first large-scale questionnaire survey conducted with the aim of understanding the current state of financial literacy, i.e., financial knowledge and financial decision-making skills, of individuals aged 18 and above (Figure 5).

We believe that this survey is useful in many respects, such as its local breakdown and behavioral economics

	Categories	Primary School	Secondary School	High School Students	University Students	Young Adults:	Adults:	Senior Citizens:
		Students <sup>(Note)</sup>	Students					
		Forming the foundation of the capability to live in society.	Cultivating the basic capability to live independently in the future.	Cultivating basic skills to live independently when they become adults.	Establishing the ability to live independently as adults.	Starting to live independently in terms of lifestyle and financial aspects.	Living independently and assuming full-fledged responsibility as working people.	Covering living expenses mainly with pension income and money obtained by cashing out financial assets.
Family budget management	Family budget management	Being able to recognize the difference between needs from wants and buy things according to a plan.	Gaining a better understanding of household income and expenditure, and managing income and expenditure practically through school activities.	Learning how much money is spent on oneself, and being able to make better choices and decisions while bearing in mind one's family budget as a whole.	Understanding the necessity of income and expenditure management and being able to spend money according to a plan in order to improve one's skills, while improving the balance of payments by earning more from a part-time job as needed.	Being able to spend money on one's hobby or improving one's skills according to a plan, while properly managing income and expenditure to support one's household income.	Being able to understand income and expenditure as well as assets and liabilities of one's household by keeping a household account book as the breadwinner of the household, and improve the balance as necessary.	Being able to manage income and expenditure and take necessary action for improvement according to a post-retirement plan.

Figure 4. Excerpts from the Financial Literacy Map

Source: The Central Council for Financial Services Information 2015b

related questions. In fact, the result of the survey is widely reported in the press.

According to the website of the Council, the basic characteristics of the Survey are as follows;

#### Purposes

- The Financial Literacy Survey is a questionnaire survey conducted with the aim of understanding the current state of financial literacy, i.e., financial knowledge and financial decision-making skills, of individuals aged 18 and over in Japan.
  - The Central Council for Financial Services Information conducted the first survey in 2011, and for this second 2016 round, the Council made a sweeping review of the contents and methodology, reflecting changes in the situation surrounding financial education, such as the release of *the Financial Literacy Map*\* in 2014, which was compiled based on a report of the Study Group on Financial Education (Secretariat: Financial Services Agency in Japan).
  - As a result, the 2016 survey is Japan's first large-scale survey in this area, covering all categories of *the Financial Literacy Map*.
- \* The "Standard Learning Goals for Different Age Groups" from the "Minimum Level of Financial Literacy That Should Be Attained" prepared by the Committee for the Promotion of Financial Education (Secretariat: the Central Council for Financial Services Information. See next page for details).

#### Methodology

- An online survey was conducted on 25,000 individuals aged 18 to 79 who have been chosen in proportion to Japan's demographic structure.
- The previous (2011) survey was conducted by extracting samples aged 18 and over from 500 locations nationwide and obtaining responses through face-to-

face interviews, postal mail, or the Internet. The sample size was 3,531.

#### Characteristics of questions

- The questions were a combination of true/false questions on "financial knowledge and financial decision-making skills" and questions on "characteristics of behavior and attitude" relating to the eight categories of *the Financial Literacy Map*. About half of the questions were made similar to those in surveys conducted by the U.S. Financial Industry Regulatory Authority (FINRA) Investor Education Foundation and the Organisation for Economic Co-operation and Development (OECD) so that the results could be compared.

On the international comparison, we are somewhat disappointed by the fact that, despite the efforts made so far, the level of financial literacy in Japan is not high enough compared with the US and other INFE member countries (Figure 6).

However, the results also tell us that the level of the literacy is higher in those who received financial education in the past, than those who did not, which corroborates the benefit of financial education (Figure 7).

On the other hand, Figure 8 shows the strong loss aversion bias of Japanese households. For an investment with an expected return of 5%, 80% of the respondents answered they would not invest. Also, 60% of the respondents did not invest in any of three financial products that were considered risky.

On the other hand, Figure 9 shows that there is a strong correlation between the share of those who invested in such assets and the number of correct answers to the survey questions, which would suggest smaller risk aversion bias for those who have higher literacy.

#### Online Survey

Survey period: from 29<sup>th</sup> February to 17<sup>th</sup> March 2016

Sample size: 25,000 individuals aged 18 to 79

International comparability: as many questions from INFE toolkit and FINRA Survey possible

Behavioral economics: questions from behavioral economics were introduced and brought interesting results

Publication of the data for each prefecture: gathered interest of media and the general public

To be conducted again in 2019

**Figure 5.** Financial Literacy Survey

Source: The Central Council for Financial Services Information 2016a

	Japan		U.S.	
Average of correct answers for five true/false questions	46	53		
(1) Compound interest (after 5 years) (Q19)	43	75		
(2) Inflation (Q20)	56	59		
(3) Mortgage (Q21-2)	68	75		
(4) Diversification effect (Q21-4)	46	46		
(5) Bond prices (Q22)	24	28		
(6) Rule of 72 (Q31)	41	33		
Male	53	58		
Female	39	48		

		Japan	Germany	U.K.
Knowledge (average for five questions)		58	67	65
(1) Interest rate	Q18	66	64	61
(2) Compound interest	Q19	43	47	37
(3) Definition of inflation	Q21-1	61	87	94
(4) Risk and return	Q21-3	75	79	77
(5) Diversified investment	Q21-4	46	60	55

Comparison with Europe

Figure 6. International Comparison; Comparison with the US.

Source: ibid

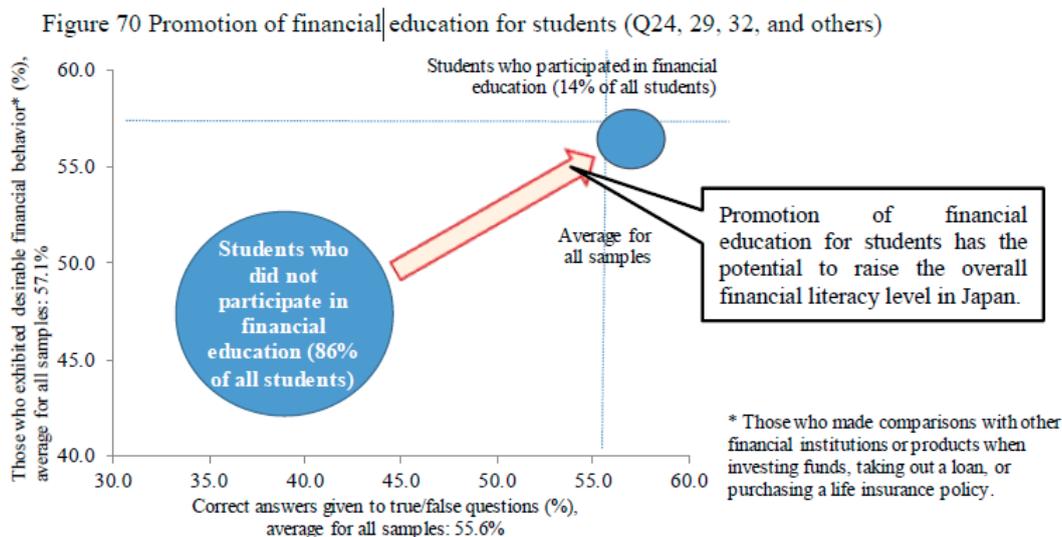


Figure 7. Benefit of Financial Education

Source: ibid

### C. Daily Activities in Financial Services Information

Daily activities in financial services information are aimed at promoting financial education at schools, universities, as well as among senior citizens, thereby enhancing the financial literacy of the general public. These activities can be classified roughly into: (i) nationwide activities, conducted mainly by the Central Council; and (ii) local activities, initiated mainly by local councils.

#### 1. Nationwide Activities

##### (a) Newspapers, videotapes

The Central Council actively supplies to the press and magazines a variety of information related to financial services. It also produces videotapes designed to relate social education and better living.

##### (b) Publications

The Central Council compiles various publications and

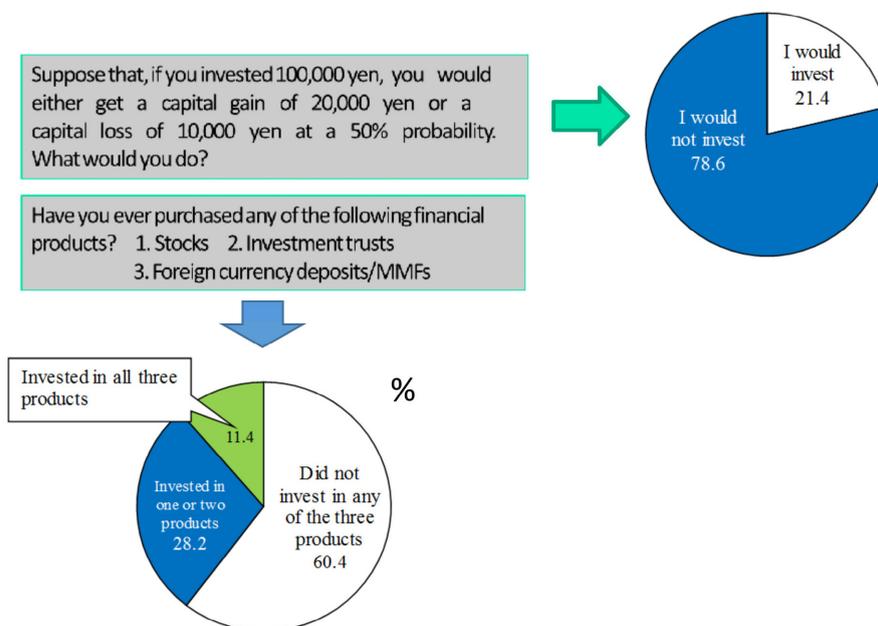


Figure 8. Loss aversion bias of Japanese households

Source: ibid

	All samples	Those who invested in all three products*(Q34)	Those who did not invest in any of the three products*(Q34)
Correct answers (25 questions)	55.6	68.5	47.2
Related to wealth building	54.3	73.5	42.9
Risk and return (Q21-3)	74.8	86.4	65.8
Diversification effect (Q21-4)	45.8	69.8	32.1
Deposit insurance (Q33)	42.3	64.2	30.8
Those with strong loss aversion (Q6)	78.6	50.9	89.1
Those who participated in financial education at school, etc. (Q39)	6.6	15.3	4.2

Figure 9. Risk aversion is smaller for those who have higher literacy

Source: ibid

reference materials that give an easy access to financial and economic information.

(c) Website

The Central Council provides the following financial services information through its website, launched in October 1997, renewed in 2017;

- basic financial knowledge related to daily life
- information on drafting life plans
- data concerning "Public Opinion Survey on Financial

Assets of the Households".

(d) Life Planning Computer Consultation Service

To assist the public in drafting individual life plans or to judge how appropriate a plan is, a free computer consultation service is available.

(f) Survey

In order to ascertain the actual situation, "Public Opinion Survey on the Financial Assets of the Households"

is regularly conducted.

## 2. Local Activities

- (a) To foster and strengthen life planning and financial services information activities in local area. Local councils designate "Study Group on Financial and Economic Matters" as grassroots organizations comprising 50-100 persons in total and provide guidance through discussion meetings and the distribution of financial services information materials.
- (b) To foster "Study Adviser on Financial and Economic Matters" and to cooperate with related groups. Local councils appoint "Study Adviser on Financial and Economic Matters" to be at the forefront of financial services information activities, requesting them to: (i) foster Study Groups and give guidance, and (ii) guide the public in their life planning and pecuniary education. Additionally, in close cooperation with government offices and leaders of various organizations responsible for social education, local councils seek to expand the financial services information activities.
- (c) Activities for youth and children  
Local councils hold discussion meetings for the young to promote life planning and a healthy view of money and goods. For children, model schools for pecuniary education are designated to promote a healthy view of money and goods.

## V. International Implication of Japan's Experience

As already mentioned, financial education became a global agenda and governments worldwide have established national strategies for financial education. As already mentioned, in Japan national strategy for financial education was established earlier than the other advanced countries. As a matter of fact, according to OECD (2015), among 64 countries that were reviewed, Japan belongs to one of the eleven most advanced countries as far as the national strategies are concerned (i.e., national strategies are being revised or second national strategies are implemented). OECD (2013, 2015) provide a good sum-

mary of financial education system in major countries. Although governance structures vary according to national circumstances, they generally allow the leading authority/committee to involve relevant stakeholders from the public, private and not-for-profit sectors.

On the other hand, in many countries, increasing sophistication of financial markets, and aging populations necessitate a new approach in the area of financial education. For example, Tennyson (2016), discusses the use of "libertarian-paternalistic" policies or "nudges". In Japan, as already mentioned, the Government has introduced new financial schemes such as iDeCo and Tshumitate NISA. Actually, these nudge based, automatic investment schemes were common in Japan's high growth period when a lot of companies offered employees' savings account with premium interest rates.

## VI. Challenges facing Financial Education

As mentioned so far, in Japan, the level of financial literacy does not seem to be commensurate with the comprehensive system aimed at promoting financial education, which is the legacy of Japan's economic history. On the other hand, results of the Financial Literacy Survey clearly display the benefit and necessity of financial education. The last section, therefore, addresses the challenges posed to imparting financial education.

The Central Council has already succeeded in promoting financial education at schools through various initiatives. In addition to the daily financial services information activities mentioned so far, the Council has been actively involved in the review of the education system at the government level. For example, one of the secretariat members of the Central Council serves as a member of a working group for reviewing the national study guideline.

As a matter of fact, the latest national study guideline, which was published in 2017 for primary and junior high schools, and this year in 2018 for high schools, reflects quite a lot of the contents of *the Financial Education Program*.

However, given the time constraints in school curriculum and other obstacles, we should promote financial education taking account of practical needs at schools

to further extent.

In fact, there are quite a few obstacles at schools, such as time constraints in teaching and preparation, lack of expertise in practical application, need for more insightful study methods such as active learning, lack of resources flexibly adaptable to various environments. In sum, good financial education requires good teaching materials that can be flexibly applied to various needs as well as innovative methods.

Meanwhile, at universities, there is a strong need for financial education to provide self-help skills for being able to make appropriate judgment by oneself after graduation. The Council is providing lectures and brochures designed specifically for university students based on *the Financial Literacy Map*.

For ordinary citizens and senior citizens, to compensate for the lack of information delivery channels, and to cope with the negative sentiment against financial education, the council published an instructive brochure with the title of "Financial Literacy for Adults", and sponsors lectures at public institutions. Furthermore, given the need to prepare for retirement, we collaborate with the Ministry of Health, Labor and Welfare and the Financial Services Agency, on education programs on iDeCo and Tsumitate NISA.

In this connection, the issue of how to enhance financial literacy under new environments emerges. First, in Japan not only students but also young teachers do not have the experience of "positive interest rates." Second, how could the financial literacy of teachers be enhanced under the rapid pace of financial innovation represented by FinTech and InsureTech? As a good example, when the author of this paper was a visiting professor at Waseda University, one of the students asked about the algorithm of Bitcoin. The author could provide him only a simple answer and later found that he was a miner of Bitcoin. Thus, FinTech has the effect of causing reverse literacy gap between teachers and students.

In fact, Governor Kuroda of the BOJ mentioned that, financial literacy and education are needed to promote the sound development of the FinTech<sup>6</sup>. Also, given its far-reaching implication, the BOJ established the FinTech Center in 2016.

On the other hand, FinTech is also one of the essential

challenges in the area of consumer protection. According to the White Paper on Consumer Affairs, FinTech is not well known, but users give it a high ranking, which would imply that consumer education should play a role in dealing with the fourth industrial revolution.

Sir Walter Bagehot, one of the most insightful economists of the 19<sup>th</sup> century, said "Money will not manage itself and Lombard Street has a great deal of money to manage"<sup>7</sup>. Today I would say money will not manage itself and we should learn how to manage money and how to avoid abusing money. As I mentioned at the outset, in the Meiji era, prominent figures such as Eiichi Shibusawa and Empress Shoken stressed the importance of money in life. We should revive the original spirit of Japanese capitalism as such in order to enhance financial literacy in the 21<sup>st</sup> century by realizing financial education renaissance.

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