

SECTION: ECONOMIC SCIENCES.

SEKCJA: NAUKI EKONOMICZNE.

How to cite: Hasan, M. F. (2024). Navigating Financial Literacy in the Post-COVID-19 Era: Challenges and Opportunities. *International Conference on Science, Innovations and Global Solutions*. (pp. 133-140). Futurity Research Publishing. <https://futuraity-publishing.com/international-conference-on-science-innovations-and-global-solutions-archive/>

Navigating Financial Literacy in the Post-COVID-19 Era: Challenges and Opportunities

Mohammed Faez Hasan¹

¹*Ph.D in Financial Management, Associate Professor, Financial & Banking Sciences Dept., University of Kerbala, IRAQ, Mohammed.faiz@uokerbala.edu.iq, <https://orcid.org/0000-0002-4579-3214>*

Accepted: June 19, 2024 | **Published:** July 7, 2024 | **Language:**English

Abstract: In the post-COVID-19 era, there are some challenges and opportunities to enhance financial literacy. The pandemic has increased economic instability, access disparities and changed the way people make financial decisions. It also offers chances that come with technological improvement, policy intervention and community effort. Some necessary strategies include integrating financial education in formal systems; increasing accessibility and promoting continuous learning. Through digital tools utilization and establishment of inclusive programs it is possible to create a society that is financially strong enough to withstand any shockwaves. This study gives suggestions on how best to go about creating effective initiatives which will see people become more knowledgeable on matters concerning their finances so as they become prepared enough to deal with both present-day problems related with money management as well future ones too.

Keywords: Financial Literacy, Post-COVID-19, Economic Stability, Digital Financial Education, Financial Inclusion, Lifelong Learning.

Introduction

In today's complicated financial world, knowing how to manage money — personal finances, budgeting, saving and investing — is necessary for survival (Lusardi & Mitchell, 2014). Saying that financial literacy is important would be an understatement; it gives people the power to make choices based on knowledge about their finances which helps them avoid risks and achieve stability in the long run too (Lusardi & Messy, 2023). Even before COVID-19 hit us all hard last year there were already worries over levels of financial education being low – studies have shown this across various communities (Musau et al., 2022). Global economies have been hit hard by the COVID-19 pandemic. It has interrupted financial systems and worsened financial literacy problems already in existence. The loss of jobs across the board, reduction of income for many people worldwide, and increased market instability are among the key ways this virus has economically disrupted individual as well as family money habits (Coibion et al., 2021). Not only do these disturbances emphasize how crucial it is to be financially literate; they also reveal just how unprepared most people are when it comes to understanding anything about finance (Chhatwani & Mishra, 2021).

To recognize the consequences of COVID-19 on financial literacy, we must look at how people have changed their financial habits during this global health crisis. For example, many folks encountered money-related problems like never before thereby causing more debts and changing their usual ways of saving (Chetty et al., 2024). Additionally, when work was abruptly shifted online and digital banking services became more popular than ever before due to the pandemic; it brought about both new difficulties as well as chances in terms of educating individuals on finances (Kelecic, 2020).

With the COVID-19 pandemic coming to an end, this review paper seeks to investigate financial literacy in a world of uncertainty. Our main focus is on understanding where we stand now with financial knowledge, what has been made worse by this global event and what can help improve our future. To do so we will be reviewing many sources such as books or articles alongside policies and past cases which will allow us gain more knowledge about this subject matter based off facts rather than opinions alone.

The aim of this review is wide, considering different areas of expertise in financial literacy such as financial education accessibility; technological developments; policy initiatives and community-based approaches. The research will therefore discuss these factors with the intention of adding to ongoing conversations about financial literacy while at the same time suggesting ways through which governments, teachers and banks can respond to problems and take advantage of opportunities that exist after the pandemic. Therefore, any understanding obtained here should help come up with good plans for fostering knowledge on money matters and strengthening peoples' ability to withstand economic shocks in the aftermaths of COVID19.

II. Challenges in Financial Literacy Post-COVID-19

Financial literacy has faced its own problems in the face of the COVID-19 pandemic that have been exacerbated by longstanding issues and new obstacles. Generally, these challenges will be discussed in relation to financial education access, economic instability/uncertainty, and the changes in behavior that people make when they are making their decisions on finances.

A. Economic Instability and Uncertainty

The financial literacy has been affected by the economic instability caused by pandemic. Most individuals and households have gone through financial stress as a result of sudden and wide unemployment as well as income reductions (Bartik et al., 2020). This economic uncertainty is making it harder for people to be able to make sound judgments relating to their finances. People are forced to

intricate and complicated financial environment without any background or sufficient knowledge because of unstable markets, income streams that are unpredictable (Coibion et al., 2021). Saving effectively, planning for the future and investing wisely in the face of such precariousness becomes much more difficult thereby enhancing people's lack of security concerning finance.

B. Access to Financial Education

The COVID-19 pandemic has exacerbated one of its biggest challenges, which is inequality in the provision of financial education. The gap between those who have and those who do not have access to the digital world has significantly widened ever since education and services went online (Van Lancker & Parolin, 2020). Despite being a source of more convenient ways to teach finance lessons, this is not available to all. For instance, poor families living in rural parts and neglected urban areas often lack steady internet supply as well as gadgets for accessing it thus; they cannot experience e-commerce literacy programs (Gonzales et al., 2020). Furthermore, financial literacy quality varies greatly in different regions or institutions and thus results in uneven awareness about finance (Lusardi, 2019).

C. Behavioral Changes and Financial Decision-Making

The pandemic has also made people's behavior erratic, thereby affecting their financial literacy and decision-making capabilities. One of the most striking changes has been a rise in levels of borrowing. With income streams being interrupted, many people have resorted to loans to sustain their daily lives (Chetty et al., 2024). This indebtedness together with ignorance about financial tools and interest rates could lead to future financial hardships. Additionally, saving habits have changed. For instance, some people are increasing their savings as a precautionary step while others have depleted their reserves to survive the economic consequences of COVID-19 (Sayed & Peng, 2021). This contrast indicates different levels of financial literacy and underscores the need for targeted financial education based on specific requirements and conducts associated with it.

Additionally, it is noteworthy that digital payments are an aspect of the ongoing revolution in financial services across the globe. However, due to these platforms' adoption by a majority of people, there has been a concern about their ability to facilitate inclusion as much as they would have wished (Kelecic, 2020). The transition to electronic transactions and banking necessitates new skills and knowledge leaving financial literacy more difficult than ever. After COVID-19 pandemic, a number of problems associated with money management rose. These complexities have come about because of economic instability and uncertainty; disparities in access to financial education; plus major shifts in how we make decisions regarding our money (Society for Financial Education and Professional Development, 2016). Responding to them needs various strategies from policies, technology support as well as community interventions so that everyone acquires the necessary abilities and competencies needed for effective navigation into one's future finances.

III. Opportunities for Enhancing Financial Literacy

There are many chances of enhancing financial literacy in the post-COVID-19 period via technological advances, institutional interventions and policies as well as community and grass root initiatives. These prompt bridge of financial literacy exposed by COVID-19 pandemic leading to a more financially sustainable society.

A. Technological Innovations

The pandemic has speeded up the adoption of digital technologies and created new ways of giving financial education. Online learning platforms have become an important method of increasing financial literacy by offering cheap and convenient means of learning (Furrebøe & Nyhus, 2022). These platforms come with a wide range of resources such as interactive courses, webinars and tutorials which can be customized to meet individual learning requirements. Financial apps and tools are also gaining popularity as they help users manage their money better. Spending trackers, budgeting apps and financial advice

providers are now essential for many people who need immediate answers to their problems backed up by personally relevant information in real time (Demirguc-Kunt et al., 2018). The use of artificial intelligence (AI) and machine learning in financial education is an exciting development too; these technologies can analyze what users do or don't do then give them advice accordingly so that the user finds it more useful than when given generic tips (Panos & Wilson, 2020). Additionally virtual reality (VR) combined with augmented reality (AR) could make understanding difficult topics easier by allowing learners immerse themselves into situations where they would otherwise struggle with comprehension.

B. Policy and Institutional Interventions

The financial literacy of the people can be improved greatly by the governments and other financial institutions. Some of the policy interventions may involve including financial education in school curriculums and making sure that individuals get necessary money management skills at an early stage (Lusardi, 2019). Financial programs for students can be made broad-based covering areas such as basic budgeting through to saving or even investing and planning for retirement which are more complex. This creates a strong base for making sound decisions about money matters when one becomes an adult. Equally important is free provision of financial education resources together with workshops by different banks among other institutions dealing with finance. Many banks have now resorted to giving online lessons while others have adopted traditional seminars in their bid to ensure clients understand various products as well as services they offer (Lusardi & Mitchell, 2014). Furthermore, collaborations between educational organizations and these institutions could see many people benefit from financial literacy programs than it would be possible if only schools implemented them alone.

Another area where policy makers should put much effort is safeguarding consumers against fraudulent activities related to finances or information misrepresentation. It is therefore imperative that regulatory bodies set tougher rules on how disclosure statements for different financial items should look like so that buyers are not misled into taking wrong decisions regarding their money investments (Musau et al., 2022).. Such moves will discourage predatory lending as well as any other form of misuse involving funds thereby creating safer grounds within which everyone operates financially.

C. Community and Grassroots Efforts

When it comes to underserved populations, there's nothing more important for promoting financial literacy than community-based organizations and grassroots movements. Tailored financial education programs should be provided by non-profit organizations that can adjust them according to the needs of their communities (French & McKillop, 2016). They may take different forms such as workshops or one-on-one counseling sessions among others which makes them available for wider number of people. Moreover, what grassroots efforts do is they utilize local networks in order to improve financial literacy. Therefore, community leaders along with influencers play significant roles not only in creating awareness but also encouraging individuals' involvement in finance-related trainings. Such schemes gain more recognition within society when implemented by trusted figures from the area itself. Further, financial literacy programs based on the community can overcome these barriers by culture and language that usually impede such efforts. Financial education can be made more comprehensive and impactful by providing multilingual materials and considering cultural peculiarities (Oseifuah K, 2010).

IV. Case Studies and Best Practices

Analyzing real-life stories and good-quality habits, which are often found in financial literacy initiatives can be useful for finding out what is successful and why. Many successful programs have some things in common including customized material, creative ways of delivering it as well as strong support systems. You will be shown a few exceptional examples in this section which also impart the most significant lessons learnt from them.

A. Successful Financial Literacy Programs

For instance, there is the example of the ‘MyMoney’ campaign designed for high school children in Australia. These classes, which include interactive modules and real-life scenarios to help students understand money matters within their own contexts better, were found to greatly enhance financial literacy as well as self-assurance among them (Thomson et al., 2020). MyMoney’s achievement highlights what should be done in terms of making finance education part of the curriculum; it must be made interesting for students through involvement.

The “Your Financial Future” program is a good example. It was developed for poor people living in America. This program gives instructions through online classes and has a personal coach. They offer relevant advice and follow-up care; this has resulted in tangible changes to saving behavior such as decreased debt levels or increased savings rates (Riitsalu & Raaij, 2020). What needs to be emphasized about these programs are they work better when there’s an individual approach involved.

The “Money Advice Service” provides a range of tools at various stages of life. Students who have borrowed money are well catered for while people planning for retirement can also access information from this organization. User-centered design has made it possible to provide personalized recommendations depending on one’s circumstances leading to service popularity. In focusing on specific life-cycle needs, this scheme demonstrates how customization and relevance can enhance financial education (Gladstone et al., 2020).

B. Lessons Learned from the Pandemic

The COVID-19 pandemic showed us how flexible and tough as nails financial literacy programs can be, among other things. One of the most essential of these is being digital ready. When lockdowns and social distancing measures were put in place, online programs were still able to offer necessary services. For example, in Canada the initiative “Financial Literacy for All” quickly transferred its workshops onto the internet so that people could still learn about money non-stop (Kaiser & Lusardi, 2024). This has also taught us about taking a holistic approach towards making decisions based on numbers with feelings involved somewhere along the line too – especially during times like pandemics when everything’s up in air anyway. Many programs during this time incorporated financial wellness into their curriculums which meant addressing stress; stress which was caused by not knowing if there would be enough cash flow coming through next week or even tomorrow sometimes. The UK based “Money and Mental Health Policy Institute” created resources designed specifically for helping individuals deal with mental health support while also giving them some tips on what they should do with their money if they’re feeling down or anxious about it all too much. This way works best because people need all-encompassing strategies that will help them figure out what to do financially when everything around them falls apart due to unforeseen circumstances such as those brought upon by Covid-19 et al (Simonse et al., 2022).

C. Long-Term Impacts

Long-term possibilities of those very programs that succeeded and the adjustments made during the pandemic imply a plan for prospective financial education initiatives. The things to consider are combining digital resources, personalized content and taking a comprehensive outlook which takes into account participants’ emotional welfare. Such future schemes can be more effective if they adopt these methods so that people can become well equipped with skills to deal with their money matters within progressively intricate economic settings.

V. Future Directions and Recommendations

To answer the problems and utilize the chances found in the time after COVID-19, it is important to establish financial literacy as part of our system. To do this there should be some strategic recommendations and future directions which will help promote it. This implies that there is need for them

to concentrate on such areas like making sure that everyone gets involved; continuous learning and being able to adapt accordingly are encouraged among all people so as they acquire these skills.

A. Integrating Financial Literacy into Education Systems

Embedding financial literacy into formal education systems is one of the most effective ways to improve it. When financial education becomes part of school curriculums, students can learn important money management skills early in life which help them make better financial choices later on (Lusardi, 2019). For instance, this may involve creating broad sets of modules about different aspects of money such as basic budgeting through advanced investment plans. Furthermore, teacher training programs ought to be improved so that teachers are well equipped with knowledge and tools for delivering good financial teachings (Mandell & Klein, 2009). Also, working hand in hand with finance institutions alongside professionals in the field will enable learners gain firsthand experience on how various financial concepts apply in real world situations.

B. Enhancing Accessibility and Inclusivity

Among the most important things is enhancing financial education for everybody, but especially those who have been left out or are at risk. This means using technology to expand the number of people reached and bridge the digital divide. Creating financial literacy applications that can be used on mobile devices as well as internet platforms which are friendly to them would allow persons with other learning opportunities outside formal education (Demirguc-Kunt et al., 2018). It should also be considered that different communities speak different languages therefore there ought to be many language options for these programs so as they become culturally relevant to various societies' needs (Kojo Oseifuah, 2010). Additionally policy makers along with other stakeholders need not forget about affordability issues; they must find ways like; providing cheap or free educational materials and ensuring connectivity even in remote areas where costs tend to be high.

C. Promoting Continuous Learning and Adaptation

Financial literacy is not something that can be achieved in one go; it has to change as the financial world changes. It is therefore important for lifelong education systems to encourage people to continuously update their financial knowledge, abilities and skills (Lusardi & Mitchell, 2014). Among the ways this can be done is through community workshops, workplace training programs or even adult education classes. Financial institutions should provide ongoing support and resources such as webinars, newsletters with interactive tools etcetera which will help individuals stay up to date with new financial products services and regulations (Musau et al., 2022). Another vital thing towards continuous learning is being able to adapt oneself according to emerging trends. Much has been said about digital finance lately; these include things like cryptocurrencies and fintech solutions among many others — all these require updated curricula on financial literacy so that they can be covered adequately within the subject itself (Kelecic, 2020). The current adoption of online banking also falls under this category too because it entails some unique features that were never there before thus making them unfamiliar grounds for most users.

VI. Conclusion

It's more important now than ever to improve financial literacy in the post-COVID-19 world. The pandemic laid bare many problems such as economic fragility, uneven access to money smarts and changes in how people behave when making financial decisions. But it also created chances for things like tech breakthroughs, policy fixes and community-driven campaigns. Making sure that schools teach kids about dollars and cents at all levels of education; making sure everyone can learn wherever they are; never stopping learning – these are some ways we might tackle those problems. Through the use of digital tools, creating comprehensive educational programs and promoting lifelong learning can create a stronger financially stable country. In order to establish useful financial awareness campaigns, policy

makers need to work together with educators as well as financial institutions. Such endeavors will equip people with knowledge necessary for sound money management skills thus enabling them make informed choices about their personal finance matters even during times when there is economic instability around them thereby securing their future financially forever. The findings and suggestions outlined through this assessment are designed to direct upcoming efforts on literacy in terms of money policies so that everyone is ready for various financial difficulties and chances within an ever changing global environment.

References

- Bartik, A. W., Bertrand, M., Cullen, Z., Glaeser, E. L., Luca, M., & Stanton, C. (2020). The impact of COVID-19 on small business outcomes and expectations. *Proceedings of the National Academy of Sciences*, 117(30), 17656–17666.
- Chetty, R., Friedman, J. N., & Stepner, M. (2024). The economic impacts of Covid-19: Evidence from a new public database built using private sector data. *Quarterly Journal of Economics*, 139(2), 829–889. <https://doi.org/10.1093/qje/qjad048>
- Chhatwani, M., & Mishra, S. K. (2021). Does financial literacy reduce financial fragility during COVID-19? The moderation effect of psychological, economic and social factors. *International Journal of Bank Marketing*, 39(7), 1114–1133. <https://doi.org/10.1108/IJBM-11-2020-0536>
- Coibion, O., Gorodnichenko, Y., & Weber, M. (2021). The cost of the COVID-19 crisis: Lockdowns, macroeconomic expectations, and consumer spending. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3603849>
- Demirguc-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. (2018). The Global Findex Database 2017: Measuring financial inclusion and the fintech revolution. *World Bank Publications*. <https://doi.org/10.1596/978-1-4648-1259-0>
- French, D., & McKillop, D. (2016). Financial literacy and over-indebtedness in low-income households. *International Review of Financial Analysis*, 48, 1–11.
- Furrebøe, E. F., & Nyhus, E. K. (2022). Financial self-efficacy, financial literacy, and gender: A review. *Journal of Consumer Affairs*, 56(2), 743–765.
- Gladstone, J., Nieboer, J., & Raghavan, K. (2020). Understanding consumer financial wellbeing through banking data. *FCA Occasional Paper*, 58.
- Gonzales, A. L., McCrory Calarco, J., & Lynch, T. (2020). Technology problems and student achievement gaps: A validation and extension of the technology maintenance construct. *Communication Research*, 47(5), 750–770. <https://doi.org/10.1177/0093650218796366>
- Kaiser, T., & Lusardi, A. (2024). Financial literacy and financial education: An overview.
- Kelecic, P. (2020). Covid-19 crisis: Opportunity for banks to reshape service models and foster digital transformation. *International Journal of Contemporary Business and Entrepreneurship*, 2020(1), 50.
- Kojo Oseifuah, E. (2010). Financial literacy and youth entrepreneurship in South Africa. *African Journal of Economic and Management Studies*, 1(2), 164–182. <https://doi.org/10.1108/20400701011073473>
- Lusardi, A. (2019). Financial literacy and the need for financial education: Evidence and implications. *Swiss Journal of Economics and Statistics*, 155(1), 1–8. <https://doi.org/10.1186/s41937-019-0027-5>

Lusardi, A., & Messy, F.-A. (2023). The importance of financial literacy and its impact on financial wellbeing. *Journal of Financial Literacy and Wellbeing*, 1(1), 1–11. <https://doi.org/10.1017/flw.2023.8>

Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5–44. <https://doi.org/10.1257/jel.52.1.5>

Mandell, L., & Klein, L. S. (2009). The impact of financial literacy education on subsequent financial behavior. *Journal of Financial Counseling and Planning*, 20(1), 15–24.

Musau, S. M., Muathe, S. M., & Mwangi, L. W. (2022). Financial literacy and consumer protection: A road map to digital financial access by SMEs in Kenya. *The Journal of Entrepreneurial Finance*, 24(2), 103–127. <https://doi.org/10.57229/2373-1761.1412>

Panos, G. A., & Wilson, J. O. S. (2020). Financial literacy and responsible finance in the FinTech era: Capabilities and challenges. *European Journal of Finance*, 26(4–5), 297–301. <https://doi.org/10.1080/1351847X.2020.1717569>

Riitsalu, L., & van Raaij, F. (2020). Self-control, future time perspective and savings: The keys to perceived financial well-being. *Technical Report*. <https://www.thinkforwardinitiative.com/research/self-control-future-time-perspective-and-savings-the-keys-to-perceived-financial-well-being>

Sayed, A., & Peng, B. (2021). Pandemics and income inequality: A historical review. *SN Business & Economics*, 1(4), 54. <https://doi.org/10.1007/s43546-021-00059-4>

Simonse, O., Van Dijk, W. W., Van Dillen, L. F., & Van Dijk, E. (2022). The role of financial stress in mental health changes during COVID-19. *npj Mental Health Research*, 1(1), 1–10. <https://doi.org/10.1038/s44184-022-00016-5>

Thomson, S., De Bortoli, L., Underwood, C., & Schmid, M. (2020). PISA 2018: Financial literacy in Australia.

Van Lancker, W., & Parolin, Z. (2020). COVID-19, school closures, and child poverty: A social crisis in the making. *The Lancet Public Health*, 5(5), e243–e244. [https://doi.org/10.1016/S2468-2667\(20\)30084-0](https://doi.org/10.1016/S2468-2667(20)30084-0)