Financial education: a position paper

Berlin 17. October 2025

bankenverband

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Financial education: a prerequisite to economic autonomy and social participation

Financial education is an essential prerequisite to economic autonomy and social participation. It allows people to make well informed financial decisions and protect themselves against financial risks. A solid financial education promotes responsible use of money, reduces debt ratios, supports establishment of appropriate pension provisions and can, over the long term, provide relief to social services. It is therefore essential that we set an overarching goal of establishing financial education as a core mandate in the minds of both government and private bodies.

Financial education is more important than ever, particularly in light of the threat of poverty in old age and increasing burdens on the statutory pension system, all exacerbated by demographic change. This is especially true in times of economic uncertainty, which we are facing due to years of economic stagnation, price increases and geopolitical instability. But of course, financial education effects more than just pension provisions: people have to think about and understand money in order to protect and grow their financial assets. And yet, although it is more important than ever, there is still simply not much attention paid to financial education in Germany.[1] It is therefore crucial that public and private entities take coordinated measures in order to ensure that a solid financial education is widely understood as important, while also working to improve access to financial

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[1] OECD (2024), Financial literacy in Germany: Supporting financial resilience and well-being, OECD Business and Finance Policy Papers, https://doi.org/10.1787/bf84ff64-en.

Cover picture source: Adobe Stock #926196474

Image P. 2 Source: Adobe Stock #662664174 education. Here, Germany's private banks can function as a competent partner, and they are already taking on this responsibility.[2]

The first priority must be to clearly define national goals and ensure said goals are used to guide all subsequent activities.

Financial education: definition

According to the OECD, financial literacy is "a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions."[3] They define "financial well-being" as follows:

> "Financial well-being is the ultimate objective of financial literacy. Financial well-being takes into account both objective and subjective elements and makes reference to various aspects, such as:
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> - Having control over one's finances in terms of being able to pay bills on time, not having unmanageable debt and being able to make ends meet.
> - Having financial resilience against unexpected expenses and emergencies. Having savings, health insurance and good credit, and being able to rely on friends and family for financial assistance can increase consumers' capacity to absorb a financial shock.
> - Being able to meet financial goals, such as paying off one's student loans within a certain number of years or saving a particular amount towards one's retirement, and being able to make choices that allow one to enjoy life, such as taking a vacation, enjoying a meal out now and then, going back to school to pursue an advanced degree, or working less to spend more time with family."[4]

[2] See also Deutsche Bank AG study from (15 October 2024). Zielgruppen für Finanzbildungsmaßnahmen: Wissenslücken, Bedürfnisse, Ansprache [internal study]. *[not available to the public]*.

[3] OECD Recommendation on Financial Literacy (2020), https://www.oecd.org/en/networks/infe.html#:~:text=Global%20and%20regional%20reach,Previous%20Next , accessed on 17 June 2025.

[4] OECD (2024), Strengthening Financial Literacy in Germany: Proposal for a National Financial Literacy Strategy, OECD Publishing, Paris, https://doi.org/10.1787/81e95597-en. P.11:

Germany needs clear objectives

Germany will need to set clear objectives in order to improve financial literacy and well-being. We could take an example from the Netherlands, which has placed the idea of 'financial health' at the centre of all their financial education activities. Financial health is more than just having information on financial subjects, it also encompasses the ability to live a stable, self-determined financial life.

> The Dutch "National Coalition for Financial Health" wants to cut the number of households subject to financial stress in half by 2030.

A comparable goal in Germany could contribute to ramping up the efforts of various entities while also clearly defining their respective roles. Here, too, private banks can and indeed want to take on an important and, crucially, philanthropic role in improving financial literacy within Germany. Their efforts towards financial education are strictly separate from product sales.

Source: Association of German Banks

Financial education challenges in Germany

Financial education in Germany is facing a variety of challenges that must be addressed on a variety of different levels.

- Financial education is not well integrated into the educational system: it is not, across Germany, a core constituent of the curriculum or even education for teaching staff.[5]
- Financial education is not "inherited" equally: the childhood home is not a continual, reliable source of financial education. On the contrary, a lack of financial education is often passed down through the generations. The result is that the overall social situation is skewed in favour of those who receive such an education. Over the long term, this has led to – and will continue to cause – an imbalance in the distribution of wealth.[6]
- Complex financial system: many people find financial topics difficult to understand, or are not even interested in them in the first place.[7]
- Lack of role models and reliable sources: a lack of knowledge is often exacerbated by a lack of access to information, or worse, incorrect information.
- Lack of financial education and awareness campaigns regarding government policy: many governmental financial initiatives are only effective if people understand how these initiatives work and what they as individuals can and indeed must do in order to ensure that they make effective use of these instruments (e.g. Frühstart-Rente (retirement investments for children), Riester-Rente (Riester pension scheme). For example, only a person who understands the size of their pension gap can take concrete steps to close the gap using other types of retirement provisions. Understanding the pension gap, however, requires access to additional financial education content.
- Lack of continuing education options for all members of the population: there are very few freely accessible, quality financial education options that promote long-term learning and are aimed at all members of the population. There is a

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[5] See also ÖBIX-Studie 2024, https://ioeb.de/de/beitrag/aktualisierte-oebix-studie-erschienen.html , accessed on 13 May 2025.

[6] See also the study from the Frankfurt School of Finance & Management 2025, carried out as part of the course "Angewandte Forschungsmethoden" (Applied Research Methods) and lead by Prof. Dr. Marcus Giamattei, https://blog.frankfurt-school.de/de/vererbtes-risiko-wie-eltern-unsere-finanzentscheidungen-pragen/ , last accessed on 13 May 2025.

[7] See also "Finanzwissen der Deutschen" (German's financial knowledge) on behalf of the Association of German Banks (2024), accessed on 13 May 2025: https://bankenverband.de/en/finanzbildung/worrying-gaps-financial-education .

particular need for options for those in precarious situations, asylum seekers and older people.[8]

- Inadequate coordination: there is simply no coordinating body for financial education. There are of course many individual cooperative efforts between private and public providers, but they are not consistent. We would particularly recommend cooperation between the federal and state governments in Germany.[9]

Taken together, these factors mean that many people in Germany simply do not have enough information on financial issues, which can, over the long-term, lead to financial problems. Public and private entities will have to put their best foot forward in order to overcome these challenges.

Improving financial education will create better opportunities for Germany

Stable, private retirement provisions
Demographic change is destabilising the pension system in Germany. Fewer and fewer workers are paying for ever more retirees, who are living much longer into their retirement. The amount people are required to pay into the statutory pension is rising; despite that, statutory pensions alone will only be enough to secure standards of living during retirement in a very small number of cases. As such, the only option is to improve funded old age provision schemes in addition to occupational retirement provisions. However, a recent study by the Association of German Banks shows that in Germany, the majority of people do not concern themselves with pension provisions until they reach 30 years of age, on average.[10] Access to financial education at a young age can help people to address the issue much earlier.

Access to capital markets
In terms of private retirement provisions, it will be particularly important to help Germans overcome existing concerns regarding the capital markets. While it is true that capital markets are not completely free of risk, a long investment period – as has been proven by past decades – can, in conjunction with a balanced portfolio, achieve a good return on investment. Over the long-term, therefore, the capital markets are a decisive factor for accumulating personal assets, particularly for young

[8] See also Aprea, Carmela/ Suna, Merve (2024): Finanzbildungsangebote in Deutschland - Bestandsaufnahme, kritische Würdigung und Perspektiven für die nationale Strategieentwicklung. Published in: Zeitschrift für ökonomische Bildung, Edition 13, 238-335.

[9] see OECD (2024), Financial literacy in Germany: Supporting financial resilience and well-being, OECD Business and Finance Policy Papers, https://doi.org/10.1787/bf84ff64-en.

[10] See also the study "Rente und Altersvorsorge" (pensions and retirement provisions) on behalf of the Association of German Banks (2025), accessed on 13 August 2025: https://bankenverband.de/verbraucher/rente-und-altersvorsorge .

people. We must improve incentives for private retirement provisions. Financial education helps people to find their footing and make sensible investment decisions.

Lower debt ratio
An over-indebtedness ratio of around 8 percent was measured for Germany on the reference date 01 October 2024. That means that about 5.56 million citizens over 18 years are overleveraged and have problems making payments.[11] Improved financial education for citizens will help them to make long-term financial plans, avoid debt and improve financial security and wellness.

Relief for the welfare state
The burden on welfare in Germany could be reduced over the long-term with financial education, which could motivate the population to do more to provide for themselves financially, meaning that fewer welfare services would be required.

Measures for improving financial education

1 Germany badly needs a national financial education strategy, to be implemented as quickly as possible. The current OECD draft should serve as a guideline, as it provides a comprehensive review of the current state of financial education in Germany while simultaneously highlighting the most useful measures and supports.

2 There are many institutions active in financial education. In order to network them effectively and take advantage of synergy effects, Germany should create a coordinating body to function as a link between governmental, public and private stakeholders. One best-practice example is the Koordinierungs- und Kooperationsgremium Finanzbildung in Austria, which is anchored in their financial education strategy. The core of this idea is a financial education council supported by a steering committee. The latter, in turn, includes working groups with members from the financial education community. On top of all that, it also includes an academic working group.

3 Financial education must be understood as community education. To this end, we need to define focal points that can be best implemented by both public and private bodies.

- Economics and financial education as a compulsory subject
  Finance must be introduced to schools as a compulsory subject, as school students already need access to this information. Until this has been introduced,

[11] Source for population data 2004 bis 2024: Federal Statistical Office of Germany, GENESIS-ONLINE database; Bevölkerung auf Grundlage der Zensusdaten 2011 (Ergebnisse der Fortschreibung des Bevölkerungsstandes). Amended values for 2023; Value for 2024: Creditreform Hochrechnung. Accessed on 10 March 2025 at https://de.statista.com/statistik/daten/studie/166338/umfrage/anzahl-der-schuldner-in-deutschland-seit-2004/ .

financial education must be integrated into existing subjects (such as economics and law, social studies, etc.).

- Teacher training
  Teachers must receive financial training, so that they can effectively teach these subjects. They should be provided with educational materials that they can use in different types of schools and for different ages, allowing them to teach the subject independently.

- Public awareness campaigns from public institutions, both national and state
  Financial education cannot be treated as an isolated, self-contained issue, as there are so many intersections with other issues, such as mental health. Many studies (including study results from Sweden[12]) indicate that a lack of financial education (and the accompanying poor financial situation) can lead to a decrease in mental health. It's clear that these topics must be considered together: for example, federal public awareness campaigns focused on mental health could refer people to complementary financial education offers. It would be similarly useful to include such references in informational brochures on pregnancy or during an initial appointment with the Federal Employment Agency.

- Media and public outreach
  Public awareness campaigns and partnerships with the media could be used to ensure that private entities work as multipliers for promoting financial education, significantly expanding the reach of these campaigns. On social media, it is essential that those spreading the message be objective and professional in order to distance serious public awareness work from dubious financial advice and promote trust and learning.

  It will also be important to boost the Federal Ministry of Finance's "Mit Geld und Verstand" (Money and Mind) platform, which provides a summary of existing educational offers. In the future, high quality educational materials from private entities should also be available on this platform.

- Subsidies for educational programmes, both in and out of schools
  Workshops, seminars and online resources should be subsidised and designed in such a way that they can be used in both formal educational settings and by other institutions such as Volkshochschule (adult education centres), NGOs, continuing educational institutions and media providers.

- Employer initiatives
  Businesses could offer financial education programmes to their employees as workshops or informational events, including during working hours. This would be another chance for a knock-on effect, in which adults with financial education pass on the information to the children and young adults in their lives, exposing them to financial subjects early on.

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[12] See also Samuelsson E, Levinsson H, Ahlström R. Financial literacy, personal financial situation, and mental health among young adults in Sweden. *Journal of Financial Literacy and Wellbeing*. 2023;1(3):541-564. doi:10.1017/flw.2024.3.

Quality assurance in financial education

Financial education must be high quality to ensure that it promotes financial competency in a neutral, fact-based and easy to understand manner. Not every publication on finances is automatically going to ensure a high degree of financial education, particularly when you consider the many varied multimedia channels available for publication of such information. In fact, it is often the case that 'financial education' is anything but.

Objective, balanced transmission of information based on established standards which actively contributes to transmitting knowledge is key, and a guideline that every private bank adheres to. These standards include the **Beutelsbach consensus** (a minimum standard for civic and religious education established in Germany in 1976), which is designed to avoid overwhelming learners and dictates that controversial subjects be treated as controversial, as well as the **code of conduct for Austrian financial education initiatives**, which emphasises independent, non-commercial transmission of information.

Consumer protection organisations could play a role in promoting the distribution of trustworthy financial education sources. Resources on media literacy would provide further support for financial education. Guidelines could be created to ensure that financial education is not based on various interests, but rather helps to strengthen citizen's financial responsibility and empowerment.

Source: Adobe Stock #1538642474

What next?

Short and medium term: Creation of a national financial education strategy for Germany and implementation of a national coordinating body, clear definition of national goals (such as financial health) and establishment of the necessary training for teaching staff. Improve public outreach and cooperation with teaching staff, employers and formal and informal educational institutions.

Long term: Make financial education a compulsory subject in all general educational schools in Germany.

Conclusion

Financial education is so much more than just an individual concern. It has to be understood as a societal duty. We must firmly anchor it in political guidelines, curriculums and everyday structures. We simply cannot treat it as a marginal issue; we must consider it a fundamental component of a responsible future. Many private banks have already seen the need to act and are active in transmitting financial competencies. Now is the time for the state, schools and civil society to work together with private entities and do their part to contribute to financial autonomy for everyone.

Published by
Bundesverband deutscher Banken e.V. (Association of German Banks)

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Lobby Register No R001458
EU Transparency Register No 0764199368-97
USt-IdNr.: DE201591882

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