

Improving financial literacy via social media: the case of Kogumispäevik

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Summary

Introduction

The objective of this research was to determine the kind of financial tips and advice people have received from the Facebook group *Kogumispäevik* (Savings Diary) and find out whether and how they have implemented those tips in their daily lives. The authors were also interested in the role played by other members of the *Kogumispäevik* group. The objective was set based on the premise that the level of financial literacy among residents of Estonia is mediocre compared to that of people in other countries (OECD, 2016; Turu-uuringute AS, 2019). Namely, there is a discrepancy between the financial knowledge and behaviour of residents of Estonia; the main shortcomings lie in insufficient budget planning, failure to make long-term plans, lack of savings and little interest in using investment opportunities (Turu-uuringute AS, 2019).

Aims

The following research questions were compiled to achieve the objective of the research at hand:

- 1) According to group members themselves, what kind of financial tips and advice have they received from the group?
- 2) According to group members themselves, which of the tips received from the group have they implemented in their daily lives?
- 3) Based on the group members' opinions, what role have other group members of *Kogumispäevik* had in their financial literacy development?

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Methods

A focus group interview method was used to find answers to the research questions. Accordingly, four group interviews were conducted with 15 members of the *Kogumispäevik* group. A cross-case analysis was used to analyse the data gathered, after which the results were synthesised with the theoretical and empirical premises of this research.

Results

The first research question focused on specific financial tips and advice. The results showed that people received advice on practical everyday topics, such as food, budgeting, children, travelling, clothing, etc. Respondents also highlighted finding information on loans, leasing and various types of insurance. It is noteworthy that in the case of most tips, people were quick to bring examples of how they have already put the advice to use and incorporated it into their daily lives. However, some respondents used recommendations from the group solely for informational purposes (without implementing them). People also commented that they use the group to search for information on topics that they find interesting, thereby using the group as a search engine. Thus, the *Kogumispäevik* group is considered a reliable source of information regarding financial topics.

The second research question focused on implementing the advice received from the group in the respondents' daily lives. The results showed that advice received from *Kogumispäevik* had motivated respondents to open a second savings account, conclude a standing order agreement to automate the act of saving, start keeping track of their income and spending, begin investing and cut back on car use, etc. Therefore, it can be said that there was a connection between the financial knowledge obtained from the group and the group members' actual financial behaviour, which some previous empirical studies have also established. However, this was a non-linear connection as other factors (such as other group members, social norms in the group) were also at play in implementing the advice.

The third research question aimed to determine what role the members themselves think other group members have had in improving their financial literacy. The interviews revealed that respondents deem the opinions and experiences of other *Kogumispäevik* group members to be important as such information increases awareness and broadens horizons. Participants also mentioned inspiration and motivation – the group helps keep its members on track and motivates them in situations where they are tempted to overspend. It was also interesting to find that the group is seen as a community, where

people get confirmation that it is normal to have a sustainable mindset and lead an economic lifestyle, and where there are certain social norms in place that promote financial literacy. Therefore, it is evident that other group members have played a significant role by providing motivation, inspiration and a supportive environment, all of which are undoubtedly essential aspects of improving financial literacy.

Future directions

The results of this research can be used for further promotion of financial literacy by implementing those aspects that were determined to have increased group members' knowledge and motivated them to change their behaviour for the better. The analysis is also necessary for the planning and implementing the next phase of the national strategy for financial education (2021–2035).

This topic could be examined further. The authors identified behavioural changes that could, in theory, increase a person's financial well-being in the long term. Thereof the focus could be on identifying the long-term impact of implementing the advice received from the group. It could also be examined how the best practices that promote budget planning and saving money spread in the group. The group was created by the bank. Future research could look at social media groups in the field of education and analyse the acquisition of financial literacy from social media by other segments (e.g. students).

Keywords: financial literacy, financial education, social media, Facebook, non-formal education