FINANCIAL LITERACY IN THE AMERICAS: A BRIEF COMMENTARY

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ABSTRACT

For a 21st century person, access to quality education, possession of decent housing, access to adequate health services, the possibility of entrepreneurship and investment, quality of life at different stages in the life cycle, and even closing the financial gender gap often depend on wise financial decisions from an early age, and on the wise financial decisions that parents make for their children. In this sense, the financial literacy of people is crucial for this decision making. The author reflects on the need for scientific production from Latin America on this subject.

REFLECTION

Financial literacy is a topic that gains relevance in scientific literature, as shown by the bibliometric analysis of Goyal & Kumar (2020), with only one publication in 2000 in the Web of Science but reaching 90 papers in 2019. In Latin America, the latest indexed publications originate mainly in Colombia, Mexico, and Costa Rica, although authors from outside the continent also analyze the region.

Such is the case of Karakurum et al. (2019), who compare a group of middle-income countries, including Lebanon and Turkey, and Mexico, Uruguay, and Colombia from Latin America. Authors find "*that women, younger adults, and individuals who cannot read or write in the official language of their country of residence have lower financial literacy scores*." Their "*results show that financial literacy increases with education*." They also show that "*it is not only the years of education but also the quality*".

That is why some studies compare financial literacy among students in Mexico and Colombia, finding that "college students do not have a high level of financial literacy" (Ramos et al., 2020). Another Colombian research focuses on students, too. Muñoz-Murillo, Álvarez-Franco, & Restrepo-Tobón (2020) set an experiment where they find that students "*with higher cognitive abilities are more financially literate*."

That is why Sunel (2020) proposes that financial education strategy in Costa Rica can be complemented with "Smarter Financial Education." The author concludes that "improving the financial literacy of Costa Ricans would also boost their financial inclusion," based on his findings that enhancing financial literacy can help tackle gender gaps and prevent large consumer debt build-ups.

Financial literacy also can help us make better financial decisions, as suggests another Colombian study. Cao-Alvira, et al. (2020) state that:

Numeracy skills are found to have a positive correlation with the decision to use debt and have a mortgage and with the total number of lending sources, debt-to-income, and net worth. Money management skills decrease the household's likelihood of using all the debt types considered in the analysis and increase with net worth.

The above is evidence that there is interest in the impact of financial literacy on different aspects of individuals' lives in Latin America. However, in their systematic review, Goyal & Kumar (2020) considered 502 papers published in peer-reviewed journals from 2000 to 2019. In the top 15 countries, none of the publications were of Latin American origin. That raises the question of why, in one region with the most significant inequality, there is not a more generous amount of research on financial literacy to serve as a basis for political, economic, and educational decision-making.

This special issue of the Journal for the International Academy of Case Studies can serve as an inspiration and call for more and better research in the Americas on this topic.

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