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The Determining Factors of Financial Culture, Financial Literacy and Financial Behavior

SUMMARY: Non-financial culture is a key factor in the field of economy, including in the operation of financial markets. Products of financial markets are characteristically mutually advantageous for all parties. Therefore, marginalizing of products for cultural reasons only will have adverse effects on economic development. In the last few years, measurement and development of financial education has become increasingly important. This writing introduces the basic fields of non-financial culture. The relevance of financial culture pertains to not only clients, but also, to players on the supply side. Despite of the fact that financial culture and financial literacy share some fields, both categories have separate and exclusive fields, too. In this context, values, beliefs, standards and attitudes shared by the community are exclusive to culture. Individual financial knowledge and attitudes are exclusive to financial literacy. Whether it is about the emergence and subsistence of individual or community attitudes, values – especially beliefs – play a key role. In the development of financial culture, beliefs and stereotypes must be factored in. At the same time, striving to allow for the emergence and reinforcement of new beliefs is also necessary. In these efforts, key roles are played by the supply side of financial markets, the Hungarian Central Bank, the Ministry of Finance, the State Audit Office of Hungary, and the education system in the widest sense possible.¹

KEYWORDS: financial culture, financial literacy, values, beliefs, attitudes

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It is a long-standing fact that in modern market economies, economic growth and development goes hand in hand with a proper operation of financial markets (Stiglitz, 1989). At the same time, to favorably affect the operation of the economy, financial markets must continuously develop (Greenwood, Smith, 1997). Financial

markets kind of co-exist with the rest of the segments of the economy, and none of those segments can sustainably dominate the others (Caouette et al., 2011). Financial markets operating optimally in terms of economic growth and development are able to facilitate the financial success of clients' business activities in the most versatile ways possible, and at the same time, sustainably provide their own lucrativeness (Caouette et the, 2011).

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However, some financial products – otherwise suitable to provide adequate advantages and/or profit – may be avoided by clients. This can happen for several reasons. Out of these, one of the most important reason is that clients don't possess an adequate financial literacy to recognize that the given financial product is actually beneficial for them. (OECD, 2018). One of the reasons financial literacy is key is that if clients are lacking it, they may decide to purchase products that are otherwise – absolutely or relatively – disadvantageous for them. This will result in negative effects on both their own financial management, and – especially on the long run – the financial management of the supply side. (OECD, 2005). However, financial literacy is only one of the important factors usually affecting clients' financial behavior (i.e. not only the decisions regarding financial product purchases). *'The less explorable and less adjustable elements of established mindsets and behavior patterns, beliefs and routines, i.e. the culture may affect financial decisions permanently, on a long term.'* (Vass, 2017, p. 82). It is also observed in Switzerland that clients with largely identical levels of financial literacy demonstrate distinctly different financial behaviors, if their financial culture is different (Brown, Henchoz, Spycher, 2018). This paper will focus on these two factors, namely financial culture and financial literacy. In the Hungarian language, culture and literacy are much closer to each other as they are for example in the English language, as the Latin word 'cultura' originates from the verb 'colere' (cultivate, plow), and the Hungarian equivalent of this ('művel'), amongst others, is still used for cultivating the soil. This quasi synonym relation resulted in the fact that in the Hungarian financial language uses the term financial culture to express both financial culture and financial literacy. Essentially, this fact was – though not deliberately – declared by the Hungarian

Central Bank (2008), and following this, the professional public accepted this as applicable. As we will see, the two fields overlay each other to a significant extent, but both fields have large fields that are not shared by the other.

The first chapter of this writing introduces the relevant definitions and fields of non-material culture and literacy to allow for their practical use. The second chapter directly focuses on financial culture, while the third chapter on financial literacy. Additionally, this latter details the data of a recent, relevant Hungarian survey. The last chapter – as a conclusion – outlines the significance of the practical use, development and research of financial culture and financial literacy in Hungary.

NON-MATERIAL CULTURE AND LITERACY

Culture

Considering 164 different definition of culture, *Kroeber and Kluckhohn* (1967, pp. 357) defined the concept of culture as follows: *'Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values'* By non-material culture, we mean a set of subjective values, attitudes, beliefs, orientations and underlying assumptions affecting people's behavior, conduct and relationships (Huntington, 2000, p. 15). The elements of culture are not necessarily in full synch with each other, and they are not supporting the development of productivity, efficiency or economic or social development in general by default. (Porter, 2000). Listing of

the main elements of non-material culture will help decision-makers to recognize and identify these building blocks, and to leverage them in their efforts to achieve their goals.

According to *Krech, Crutchfield and Ballachey* (1962), values will generally affect actions of members of a community; this community declares these values of its own, and lives by these values. These values should be general to a great extent and with a wide scope of applicability, as these values must ensure realization of a more advantageous and useful course of action in various situations (Hofstede, Hofstede, Minkov, 2010). *Schwartz* (2012) distinguished ten universal categories of virtues: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity and security.

Beliefs are part of a non-material, implicit culture, the set and composition of which fundamentally distinguishes a culture from the rest of the cultures (Krech, Crutchfield, Ballachey, 1962). Beliefs generally accepted by and permanently ingrained in the community manifest in ideas, theses, superstitions, legends, myths and customs, i.e. usually in a knowledge not structured along the lines of today's scientific rigor. Of course, this doesn't mean that their emergence wouldn't more or less be based on facts experienced by the community (Krech, Crutchfield, Ballachey, 1962). *O'Connor and Weatherall* (2019) argues that belief doesn't mean that a statement believed to be true could not be supported by facts at all. In most cases – especially in retrospect, with a more thorough knowledge regarding the facts – one can clearly decide which belief was based on actual facts (earlier experiences), enhancing the development of the community, and which belief had the opposite results. *Max Weber* published his book entitled 'The Protestant Ethic and the Spirit of Capitalism' in 1905 (Weber, 1982), in which he described

how fundamentally religious beliefs and values shape the operation of economy. Accordingly, the new belief attributable to Protestantism, namely that God appreciates efforts to reach one's full potential in his profession, i.e. manage the talents bestowed upon him, changed the operation and development of the affected economies.

SOCIAL NORMS are applicable standards pertaining to individuals' activities, enforcement of which is done by the community itself, as opposed to the government or the ruling power (Ellickson, 2001). Participating in the enforcement of such norms is limited to persons who accept these norms as binding for themselves. However, in the case of personal norms, sanctioning and rewarding, and the resulting enforcement can only be ensured by the individuals themselves. *Ellickson* (2001) contends that there is no distinct boundary between social and individual norms, as most of the social norms internalize as individual norms. In other cases, individual norms may become social norms. Accordingly, norms establish theoretically binding expectations for individuals or the community regarding important acting situations, and enforcement of these may be done through informal tools of power.

The subject of **ATTITUDES** can be anything individuals think is their business and feel the need to take an individual stance in the issue (Krech, Crutchfield, Ballachey, 1962). However, it's important to emphasize that similarly to beliefs, in terms of culture, only attitudes generally accepted by and characterize the given community are relevant. Psychologically, attitudes are the manifestations of the fact that some things are deemed supportive by individuals, thus attract individuals, while others are evaluated negatively and trigger the opposite. (Philips, Johnson, Maddala, 2002). Human attitudes reflect the way individuals picture their actions

using the given acting situation and the associated goods and persons to gain at least a relative advantage (Porter, 2000). Attitudes may pertain to any unique object, acting situation or intellectual construction (idea) or groups of these, therefore, an individual with full capacity will have an infinite number of attitudes. Obviously, the majority of these are barely or not supported by own experiences or actual theoretical knowledge (Hayden, 1988).

Literacy

In our era, the definition of the term literacy focused on writing and reading. According to OECD's definition (2016, p. 19) literacy is *'the ability to understand and employ printed information in daily activities at home, at work and in the community – to achieve one's goals, and to develop one's knowledge and potential'*. Lack of literacy is described with the term 'illiteracy'. People who don't have for example sufficient financial literacy are called financially illiterate both in Hungary (Horváthné Kökény, Széles, 2014) and in the United States (Anthes, 2004). Having achieved literacy in a given specialization, one is able to conduct activities associated with the given field in a way to reach his goals relatively successfully, depending on the level of the actual level of literacy. One is able to recognize and understand basic correlations, code and decode information in line with the rules of the trade, and – if motivated – to expand his expertise. It is important that according to the OECD's definition, literacy is primarily achieved and used to attain one's own individual goals as successfully as possible, as opposed to attaining social goals. 105 years ago, in the Austro-Hungarian Empire, literacy meant the possession of certain general or specialized expertise or parts of expertise, the

use of which will make individuals a useful member of society, while the individual will also make an adequate living (Nagy, 1913).

In the definition of UNESCO (2005, p. 17), literacy is *an individual, and at the same time social phenomenon of fundamental importance regarding an active social, economic and political life and development, especially in today's knowledge-based societies'*. Literacy is key in improving individuals' capabilities and in gaining a wide range of advantages – such as critical thinking, better health and family planning, education of children, eradicating poverty and an active citizenship. Accordingly, individual literacy lays the foundations of individuals' reaching their full potential, their intellectual and physical growth, improvement of their health, and development as citizens. This will affect their families, their broader community, and the economy and society. Through literacy – regardless of financial assets – individuals' opportunities expand, they will be able to leverage these opportunities to attain their own goals. This will drive further development, and the whole process turns into an upward spiral.

Financial Culture

Tadasse and Kwok (2005) maintain that though many assume globalization would unify individual countries' financial systems, in fact, different cultures alone will result in financial systems with different characteristics. The example they mention is the different approach each culture takes on uncertainties. They opine that some countries intend to oppress the future; they want to minimize uncertainties. To do this – amongst others – strict rules and restriction of competition is necessary. In such countries, insurances, including savings insurances are very much in demand, and in the financial interrelation

system, commercial banks are preferred. *Herger, Hodler and Lobsiger* (2008) argue that in addition to costs, development of the financial system is primarily contingent upon culture. Concerning almost all individual financial markets, it was proven that their structure and operation is largely determined by culture, affecting banks' risk appetite (Ashraf, Zheng, Arshad, 2016), external financing of corporate growth (Boubakri, Saffar, 2016), the demand for life insurances (Chui, Kwok, 2008), even propensity to save (Kessler, Perelman, Pestieau, 1993). Development level and characteristics of the insurance market are determined by culture to a great extent (McFall, 2014), just like the proportion of cash flow (Liewellyn, 2016). *Breuer and Salzmann* (2012) analyzed the extent households' financial portfolios are determined by culture. They found that the proportion households distribute their sources between bank savings, government securities, other securities, insurances and other financial options is largely determined by their national culture. Hungarian researchers also pointed out that possessing financial information means only the knowledge in financial matters, while financial literacy means the ability to process and apply this knowledge and the capability to make beneficial financial decisions (Husz, Szántó, 2011, p. 9). At the same time, the largest part of financial culture shouldn't even be deemed 'real' lexical knowledge, and application thereof is not conscious. Financial culture – just like any culture – can basically be acquired through socialization. However, a significant part thereof is school-based education, and academic achievements are also possible in this field (Zsótér, Big, 2012). Adults may be left out of the benefits of this socialization environment, therefore, to meet demands of adults to develop their financial culture, adult education should be provided (Németh et al., 2016a).

Though no accepted one-sentence financial

culture definition exists to date, a consensus is reached in international professional discourse, namely that financial culture is a sub-field of culture (Reuter, 2011). Thus, analysis of characteristics such as values, beliefs, norms and attitudes is essential for the analysis of financial culture. Amongst others, for example the approach taken to assess the risks associated with financial institutes is also in line with this definition. The Basel Committee on Banking Supervision (2011, p. 5) recommendation goes: *'The internal operational risk culture is the combined set of individual and corporate values, attitudes, competencies and behaviour that determine a firm's commitment to and style of operational risk management.'* The Institute of Risk Management, (2012, p. 7) opines: *'Risk culture is 'the values, beliefs, knowledge and understanding about risk, shared by a group of people with a common purpose'.*

The publication issued by the Prudential Regulation Authority of the Bank of England (2018, p. 14.) on bank oversight dedicates a chapter point to culture, wherein it deems the following as determining in terms of bank risks: *'We expect firms to have a culture that supports prudent management. We do not have any 'right culture' in mind when making our assessment; rather we focus on whether boards and management clearly understand the circumstances in which the firm's viability would be under question, whether accepted practices are challenged, and whether action is taken to address risks on a timely basis'.*

Lo (2016) argues that a company's risk culture is part of the corporate culture, and individuals' risk culture in general is part of the social culture. Concerning financial culture, with special regards to the financial industry aspects, *Lo* (2016) named the possible values in *Table 1*. Therefore, the activities of financial institutes are greatly determined by culture, including the aspects of accepted values or the lack thereof. The President of the Hungarian

Table 1

VALUES OF FINANCIAL CULTURE FROM AN INDUSTRY ASPECT ACCORDING TO LO (2016)

Maximalism	Loyalty	Honor among thieves	Commitment
Greed for power	Taking risks	Endurance of uncertainty	Adaptability
Competing spirit	Greediness	Solidarity	Elitism
Confidentiality	Thinking ahead	Optimism	Can be motivated
Creativity	Honesty	Reciprocity	Devotion

Source: Edited by the author

Central Bank also alluded to this when speaking about the practices of the era before 2010: *'The Hungarian bank system ignored the requirements of prudent crediting, resorting to the basic tendencies of the financial system, i.e. considering greediness as the only value, thus banks provided loans without restrictions.'* (Matolcsy, 2015, p. 207).

Just like no nation's culture can be deemed fully homogenous in terms of the various social casts, we cannot speak of a homogenous financial culture in the case of banks, insurance companies, collective investment funds, oversight organs, the Ministry of Finance, legislation, and clients of these same segments either, not even in the case of a small country like Hungary. Individual organizations, distinguishing themselves from the environment, may also create different, unique financial cultures or subcultures (Feldman, O'Neill, 2014). Conflicts may arise between some subcultures, especially, if one group or organization intends to gain advantages on the expense of another group or organization. For example, banks in several countries could exploit loopholes in the regulation and conduct a so called predatory lending, misuse asymmetric information to their advantage or their dominant position, however, in the most places, the majority of banks does not engage in such practices

(Kaplow, 2018). The reason for this is that these organizations have a financial culture that doesn't tolerate these practices. Klontz, Britt, Mentzer and Klontz (2011) named an array of beliefs concerning financial matters prevalent in the United States, classifying them in four categories: Table 2 summarizes the five most accepted beliefs of each category.

In Hungary, no complex research with a proper methodology has been conducted to expressly analyze common financial beliefs or attitudes. At the same time, though focusing on different issues, numerous other researches deemed reliable in their own fields included substantive results in terms of financial beliefs and attitudes. Out of these, the most significant ones are the local researches conducted by the OECD (Zsótér, Németh, Luksander, 2017) and the European Commission (2004 - Eurobarometer). Out of the countries joining the European Union in 2003, without Cyprus and Malta, the use of ten countries' financial services and the associated consumer protection was examined (European Commission, 2004).

By this time, the Hungarian population accumulated a sufficient amount of negative experiences regarding financial matters to express a substantiated opinion on financial issues. The most dominant attitude was depressing, followed by difficult. Out of all

Table 2

THE MOST COMMON GENERAL FINANCIAL BELIEFS IN THE UNITED STATES

The Repelling Force of Money	Respect of Money
If less money is left for others, I am not deserving more either.	More money would make me happier.
Rich people are greedy.	If I had more money, my affairs would look better.
Having more money than necessary is not okay.	One can never have enough money.
Only those who take advantage of others get rich.	It can be hard to be happy when you are poor.
Good people don't have to worry about money.	Money is power.
Money and status	Transparency of finances
Most poor people don't even deserve more money.	Others don't have to know how much money you have.
You can have love or you can have money, but you can't have both.	It's wrong to ask about others' financial situation.
I am only willing to buy new things (including for example a house or a car).	Money should be accumulated, not spent.
Poor people are lazy.	It is important to save for a rainy day.
Money is the purpose of life.	Never boast of having much money.

Source: Own work based on Klontz, Britt, Mentzer, Klontz, 2011, pp.10-11.

subjected countries, the dominant 'depressing' description does not allude to the lack of money, much rather on the way financial issues are conducted. The description 'difficult' occurred with the third highest proportion, and out of the subjected countries, mostly Hungary had a negative attitude regarding financial matters in 2003 (Table 3).

For the most part, non-religious beliefs are based on previous experiences, even if part of these experiences was not a first-hand experience. Based on the data (Table 3), the picture of a Hungarian bank system of 2003 is outlined, where clients are forced in a subordinated position. Clients didn't understand, and in many cases, they didn't have the possibility to understand them. And, if they requested information, they faced obstacles. In arising disputes, clients

could not represent their claims, even if substantiated. Formally, banks were of course customer-focused, and in theory, they protected consumers' interests, but in practice, clients in 2003 could not expect much equity. Loans were perceived by clients as necessary evil, as opposed to an opportunity. Accordingly, based on the data, the population had not availed excessive loans in 2003, and indebtedness was much less of a problem than paying bills.

The interviews outline a more profit-oriented and aggressive than average business policy, wherein the Hungarian bank system of 2003 misused its dominant position. At the same time, it is also obvious that in the case of most bank products, including mortgages, significant market potentials were present, that is, if financial institutes were able to leverage

**THE POPULATION'S FINANCIAL BELIEFS IN TERMS OF BANKS
AND THE MOST CHARACTERISTIC ATTITUDES IN HUNGARY IN 2003**

(European Commission, 2004) Financial services in 10 newly joining countries		
Attitude concerning personal finances (1): depressing	39% (average 31%)	Highest
Attitude concerning personal finances (2): difficult	24% (average 20%)	3./ Highest
Hit1: bank account conditions are (very) hard to compare	63% (average 41, EU15: 50%)	Highest
Hit2: It's (very) hard for me to prevail in disputes with banks	88% (average 78, EU15: 76%)	Highest
Hit3: The characteristics of loans are (very) hard to familiarize with prior to availing the loan	70% (average 47, EU15: 43%)	Highest
Hit4: The essence and risks of mortgages are (very) hard to understand	71% (average 59, EU15: 59%)	Highest
Hit5: Different mortgages are (very) hard to compare	66% (average 50, EU15: 47%)	Highest
Hit6: It's (very) hard for me to prevail in disputes with insurance companies	90% (average 78, EU15: 51%)	Highest
Hit7: It's (very) hard for me to change banks	26% (average 13, EU15: 21%)	Highest
Hit8: It's (very) hard to find out what an insurance really covers	80% (average 50, EU15: 76%)	Highest
Hit9: The bank accounts are expensive	43% (average 38, EU15: 45%)	3./ Highest
Hit10: Banks' marketing techniques are way too aggressive	49% (average 47, EU15: 57%)	Highest
Hit11: The information I receive is clear and understandable	26% (average 33, EU15: 29%)	Lowest
Hit12: Transactions are secure	53% (average 47, EU15: 55%)	4./ Lowest
Hit13: The bank handles clients' data appropriately	47% (average 42, EU15: 81%)	4./ Lowest
Hit14: Availing loans for purchases is rather useful	28% (average 43, EU15: 35%)	Lowest
Hit15: It would be good to be able to take as much loans as we want to	8% (average 10, EU15: 12%)	Average
Hit16: Indebtedness is not a problem in our country	20% (average 22, EU15: 14%)	Lowest
Hit17: Consumers' rights are adequately protected against financial institutes	34% (average 35, EU15: 34%)	Average
Hit18: There is a way to easily resolve disputes between clients and financial institutes	4% (average 9, EU15: 17%)	Lowest
Hit19: It can be expected from financial institutes to provide me with advice	39% (average 61, EU15: 74%)	5./ Lowest
Hit20: Everyone should make their own decisions concerning their own money	91% (average 88, EU15: 92%)	Average
Hit21: The advices of financial institutes are usually safe to follow	29% (average 32, EU15: 47%)	Average

Source: Edited by the author based on European Commission, 2004

clients' financial cultural characteristics. Later, this actually happened. Despite of the previous negative experiences, the wave of hope emerging towards the bank system in the wake of the accession to the European Union in 2004 advanced confidence again, which made Hungarian population even more helpless and vulnerable from a cultural point of view. This, paired with the aggressive business policy of commercial banks contributed to a very unfavorable combination for the population, and on the longer term, for the Hungarian bank system and the economy, too. This led to the crisis of foreign currency loans, wreaking the greatest havoc in Hungary in the region until 2010.

Analysis of financial personality types creates an interesting transition in the direction the research of financial culture is taking. As *Samuelson* (1948) pointed out, consumers' preference systems and cultural traits usually cannot be directly estimated. These can only be inferred from consumers' behaviors. In certain cases, individuals' financial behaviors and conduct can be more accurately defined than their underlying beliefs. *Furnham, Wilson and Telford* (2012) generated financial personality types along the lines of four emotional personality trait dimensions, namely security, freedom, power and love. *Mellan* (1994) distinguished nine financial personality types: hoarder, spender, money monk, money avoider, money amasser, binger, money worrier, risk-taker, and risk-avoider. Based on a large-sample survey, a Hungarian research (*Németh et al.*, 2016b) refined these categories further. Their nine categories were the following: Economizers with little money, money-devourers (opposite of Moderate), 'order creates value' people, price sensitive people, collectors, planners, ups and downs, diligent ones, and the ones who cannot control their finances.

FINANCIAL LITERACY

Financial literacy was defined and introduced in scientific use by Jump\$tart Coalition for Personal Financial Literacy in 1997 (*Stolper, Walter*, 2017). According to their definition, financial literacy is the capability to use financial knowledge in a way that enables individuals to manage their finances throughout their lives, thus attain financial security. The OECD (2014) prioritized the creation of a definition in connection with the PISA survey. This definition aimed to facilitate practical measurements of financial literacy. In their definition. (OECD, 2014, p. 33) *'Financial literacy is the knowledge of financial linkages and risks, along with the skills, motivation and self-confidence necessary to understand and apply these to make efficient financial decisions in various financial fields to enhance one's own and the society's wellbeing and to facilitate an actual participation in the economy.'* Later, (OECD, 2018, p.4), this was adjusted and clarified a little, as follows: *'Financial literacy is a combination of financial awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being'*.

Essentially, this definition of financial literacy – apart from attitudes – is in line with the stance taken previously by the Hungarian Central Bank (2008, p. 1). There is one, significant difference: quite uniquely, it uses the term financial culture instead of financial literacy: *'Financial culture is a level of financial knowledge and skills that enables individuals to obtain the essential financial information necessary for them to make informed and prudent decisions, and then, after obtaining such information, to interpret it and decide on this basis, assessing the possible future financial other consequences of their decision.'*

Atkinson and Messy (2012), the leaders of OECD's financial literacy research, emphasized

that in addition to financial knowledge, behavior and/or skills, the attitudes regarding financial products, services, processes, statuses and terms also form an important field of financial literacy. Individuals' negative attitude towards the subject of the attitude will result in future avoidance of any conduct associated with said subject. If this attitude is positive, the opposite will happen. OECD's international research involved 14 countries on four continents, including Hungary. Amongst others, attitudes paramount in terms of the use of financial markets and at the same time sufficiently general to trigger taking a relatively completed stance for all participants were analyzed (see *Table 4*).

OECD's Hungarian researches from 2010 and 2015, (Zsótér, Németh, Luksander, 2017) outline that the population rejects the '*carpe diem* style' financial management to a less and less extent, and is increasingly thinking in shorter-term goals. By 2015, financial literacy has somewhat declined, manifesting in the fact that the correlation between risks and yields is recognized by less consumers. As it is a prominent field of the social responsibility taken on by the State Audit Office of Hungary, in 2015, it surveyed the trainings, events, initiatives laying the foundation of and expanding financial literacy, along with the relevant fields of expertise they affect. The survey's scope covered both the public and the organizations playing an important

role in the development of financial literacy (Németh et al., 2016c). The research found that the relevant training programs primarily focused on the planning of households' and individuals' budget, the development of adequate financial self-awareness and to turn the public into conscious financial consumers. At the same time, trainings characteristically only a few hours of duration are less suitable to expand financial knowledge and skills. Apparently, acquisition of financial knowledge is a critical factor in Hungary. According to the findings of the research consortium of the State Audit Office of Hungary, apart from middle school financial studies, almost all socio-demographic variables affected the levels of financial literacy. (Béres et al., 2013). Financial literacy, knowledge and experiences also affect financial culture – especially beliefs of a financial nature –, which determines the extent of confidence for example in the bank system (Kovács, Terták, 2016).

CONCLUSION

The Act on the Hungarian Central Bank [Act CXXXIX of 2013, Subsection 3 of Section 44 and Subsection 3 of Section 170] sets forth that the Hungarian central bank has to contribute to the strengthening of financial culture, and part of the revenues from the fines it imposes as an oversight authority shall be spent on

Table 4

ATTITUDES ANALYZED IN OECD'S FINANCIAL LITERACY RESEARCH

Conscious nature of purchases	Importance of savings
Timely payment of bills	Focusing on here and now
Continuous monitoring of finances	Taking financial risks
Long-term financial goals	Living off of all money

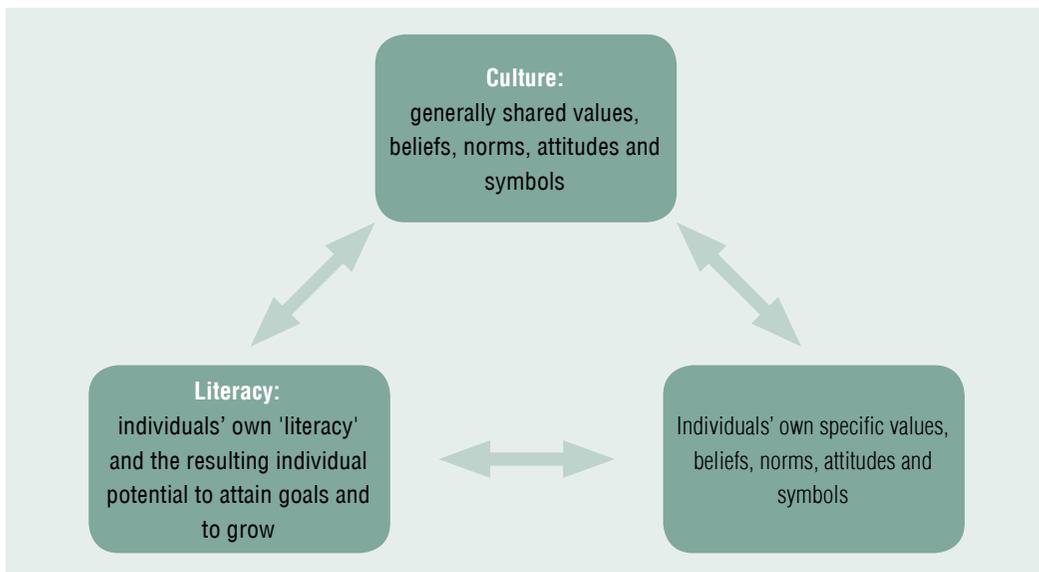
Source: Edited by the author based on Atkinson and Messy (2012)

strengthening and propagating financial culture, on enhancing financial awareness and to allow for the realization of both, i.e. the development of relevant education- and research infrastructure. Reassuringly, the Hungarian central bank reorganized after 2013 clearly sees the difference between financial culture and financial literacy, as *'the strategy of social responsibility sets out the main direction of the Hungarian Central Bank's engagement in the field of development of financial culture, financial awareness and the underlying economic and social thinking, in creating values, in the preservation of intellectual and cultural heritage and in relaying values'* (Hungarian Central Bank, 2014, p. 69). However, the building blocks of social culture are largely part of those exact informal institutions that are temporally the most stable, as they are the most embedded

ones (Willimason, 2000). Establishment thereof is also very time-consuming. For the most part, formal institutions, i.e. laws, just like economic policy in an indirect way, and ultimately, the internal institutions of companies are contingent upon these embedded institutions. On the other hand, these will directly or indirectly effect the culture of the society on the long run. While, due to the shared cultural characteristics, social and community culture cannot be created as a simple aggregate of individual relevant characteristics, literacy can only be interpreted on the level of individuals. In other words, culture exists on the macro- or meso levels, whereas literacy requires a micro-level analytical framework. Of course, individuals may have – and actually, they do have – beliefs, norms, values and attitudes not generally shared by others (*Figure 1*). However,

Figure 1

THE INTERRELATION OF CULTURE, LITERACY AND INDIVIDUAL VALUES, BELIEFS, NORMS, ATTITUDES AND SYMBOLS



Source: Edited by the author

these directly – not yet or no longer – don't form part of the culture of the given society or community. On the other hand, these individual characteristics of cultural nature significantly and directly affect individual literacy. With the increase of literacy, individuals' specific beliefs, values, norms and attitudes change, which causes a shift in their relation to the cultural characteristics of the society or community. However, this changed relation – see the Williamson model above – only affects cultural characteristics indirectly and on the longer run.

'Development of financial culture is a process with many participants' (Jakovác, Németh, 2017, p. 200). Not only in the sense that in addition to oversight and controlling organizations, namely the Hungarian Central Bank and the State Audit Office of Hungary, legislation and the government also has a substantial influencing power. At the same time, as we saw, these effects can only be realized on the longer term. Changing individual beliefs, values, norms and attitudes through affecting literacy is promising more rapid results. Beliefs, values norms and attitudes of individuals who are more literate, i.e. are more experienced and have better development opportunities (learning and adapting capabilities) will be more realistic. Over time, as these individual cultural characteristics institutionalize, they may integrate into the culture. To do this, of course its necessary to have repeated good individual experiences in availing financial services or products.

The financial culture characteristic to organizations or members of the organizational community bears obvious resemblances to that of the general public, however, it still demonstrates unique traits not shared by either the public or other organizations.

Consideration of these corporate cultures is essential, because these factors usually greatly determine how these players operate or how they handle their relations with their clients or partners. In terms of the social responsibility of central banks, the following position (Lentner, Szegedi, Tatai, 2015, p. 43) is very supportable and forward: *'employees' behavior is affected by corporate culture, and the norms and values characteristic to banks to a great extent. Through regular oversight activities and regulation, central banks have the power to change at least the attitudes of middle- and upper management, if not the entire corporate culture'*.

Therefore, if the Hungarian Central Bank and the State Audit Office of Hungary continues to commit to the development of the population's financial culture, this would entail the following intervention areas:

① Budgetary institutions and financial organizations need to be developed further in terms of the conducted procedures and requirements to ensure that their consumer protection roles are fulfilled to allow individuals with an average level of financial literacy to gain steady positive experiences in the management of their finances.

② The level of relevant financial literacy of individuals affecting the corporate cultures of financial organizations should be enhanced further through mandated trainings to allow for the emergence of corporate cultures, and indirectly, a general financial culture that support a more efficient operation of financial markets.

③ The public's financial literacy should also be strengthened further primarily through public education, but also, in higher educational levels, and not only in terms of consumer protection, but also, to achieve a longer term change of financial culture to the better.

NOTE

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