Financial Literacy for Investment, Growth, Help and Teamwork

#FLIGHT

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About the project

A project *#FLIGHT*, *Financial Literacy for Investment, Growth, Help and Teamwork*, finds it vital to develop digital finance skills of Eastern European female expatriates for their better socio-economic inclusion into host communities, effective self-employment, financial independence as well as sustainable saving and investment patterns in Digital Age.

Digital financial literacy (DFL) becomes an increasingly important aspect of adult education in the Digital Age, especially in a COVID-19-ravaged world where women find themselves among the most vulnerable groups due to she-cession, a gender-based withdrawal from labour markets around the world.

If You are a woman, she-cession makes it an even bigger priority to manage Your income, savings, insurance, investments and other economic activities smartly and safely. Digitally and financially literate women are more skilled, resilient and self-confident, and therefore more successful in securing a safe and sustainable financial future for themselves, their children and their families, thus reducing their poverty risk. With the help of *#FLIGHT* they will be able to have a higher level of financial sophistication to make effective use of fintech products & services, avoid miss-selling, frauds such as phishing, hacking or romance fraud, unauthorized use of data, discriminatory treatment and other costly mistakes.

The main inspiration for the *#FLIGHT* came from the financial behaviour and saving habits of Eastern European women. These are highly dependent on the economic maturity of the state expatriates come from, their financial literacy skills, accumulated wealth, and the socio-economic policy measure the hosting country imposes. For these reasons, the countries of the EU have quite significant structural differences, with the citizens from Eastern European member states or those outside the EU exhibiting poor diversity in the structure of the financial assets. This is determined by the painful historical experiences of post-Soviet societies. The digital financial market instruments are still a source of concern and fear for many, and they are choosing investments that can be grasped and made easier to understand, e. g. real estate or low-interest bank deposits.

With its first objective, the project is about to improve the overall DFL of female Eastern European expatriates, especially settled down in geographically remote areas of Norway and rural ones in the rest partnering countries. Three training curricula (intellectual outputs) will be developed on DFL improvement for participant personal needs and/or self-employment (IO1); on investment, especially eco/sustainable/green ones, and on increasing one's level of personal risk tolerance (IO2); on digital identity safety and fraud, with an innovative tool for romance fraud simulation, based on human psychological patterns (IO3).

All the above-mentioned curricula will undergo intense piloting in a Help club (IO4), an informal network for female expatriates' mutual support, including, but not limited to psychological one, sharing and caring, and teamwork in practicing saving, investment, self-employment, effective professional networking and other economic activities.

These will represent the second objective which is focused on providing female Eastern European expatriates with better opportunities for their deeper socio-economic inclusion into host communities as all training and piloting will be in local official languages, with participants expected to have German/Danish/Polish/Lithuanian/Norwegian level A2 as a minimum. In addition to supplementary tools developed by Partnership within the project framework, an ©*Online Personal Risk Tolerance Test* and © *Romance fraud simulation Tool*, the combination of digital financial training along with practicing the local official language makes the *#FLIGHT* deliverables unique and innovative.

Partners

NGO VERSLI MAMA

Lithuanian non-governmental organization *VERSLI MAMA* focuses on women empowerment through both classical and online marketing communication, public relations, adult education as well as project management, especially in the areas of female entrepreneurship promotion and health-enhancing physical activity *(HEPA)*. *NGO* also runs an internet portal *VERSLI MAMA* which serves as a platform for spreading of women empowerment ideas and practices in Lithuania daily.

WE ARE ENTREPRENEURS

We Are Entrepreneurs offers adult training programs in the fields of entrepreneurship, digitalization and financial literacy, that help vulnerable segments of society (women, migrants, NEET's, etc.) who want to acquire highly demanded skills for free and in a non-formal environment that can adapt to their circumstances. These skills offered can increase their employability by obtaining a European certification, can help them with their personal and business finances, and provides them with access to international support groups.

WSEI UNIVERSITY

WSEI University (WSEI) is a non-state higher education institution, funded in 2001. *WSEI* offers full university degree programs in a range of academic disciplines. With 6,500 students (of which approx. 80% are extramural learners), is a nationally recognized university, demonstrating a commitment to engage in partnerships with EU organizations and institutions to support education, training and research. The international group of students represents 25 different countries as well as cultures: Ukraine, Kazakhstan, Afghanistan, Azerbaijan, Spain, Portugal, Turkey, Nigeria, Georgia, Guinea Bissau, Uzbekistan, Norway, Nepal, Belarus, Bangladesh, Malaysia, Belize as well as representatives from Poland. *WSEI* is the only university (among private and public ones) offering full study programs in English and the only one in Lubelskie Region having four study programmes open to international students. The high level of the educational process is maintained by almost 400 diligently selected didactic staff with proper academic degrees and necessary academic experience. All programs offered by *WSEI* are accredited by the Ministry of Science and Higher Education and qualified for relevant grants.

WELTGEWANDT

German *Weltgewandt* ("open to the world"), Institute for Intercultural Civic Education, provides citizenship education on social, political and economic issues for everyone. The Institute focuses on making current developments in politics and society understandable, fostering an awareness of what democracy is and which values are needed to keep it running, and encouraging citizens to actively participate in social and community life.

Weltgewandt e.V. also strengthens the dialogue between people of different cultures, social contexts, generations and lifestyles. Institute runs seminars, theatre workshops, language cafés and training combining complex issues of societies with creative approaches, provides information and stimulates discussions regarding current issues of public interest, e. g. women's perspectives, economy, digitalization, climate change, perceptions of history/culture of remembrance, social inclusion. The Institute also produces teaching material for trainers and teachers encompassing information and didactical inspirations for positive and fruitful learning experiences. The organization acts in a residential area Marzahn in Eastern Berlin, in which people from different cultures live, and structural unemployment, as well as social exclusion, are widely spread.

PRIOS KOMPETANSE

Prios Kompetanse was established by several collaborative competence environments in central Norway around VET and consulting activities but has expanded its activities into software development and European project management in recent years. *Prios* as a research center aims to implement the idea of lifelong learning, support, and conduct development projects. The center is open to all who wish to develop their talents, refresh their knowledge, improve their business, need new or better digital tools or have ideas in need of support to be fulfilled. The main sectors and activities *Prios* operates in:

• Educational activities, focused on adult learners and labor market service within basic skills training, VET, entrepreneurship training and tailored training for businesses,

• Development of new digital solutions based upon requests and needs in different projects Prios participates in, including, but not limited to "*Prios"* own Follow-Up® concept,

• Consulting activities that mostly support *Prios* business clients within internal innovation & HR processes, economic advice, and management improvements.

Introduction

We live in a world in which financial knowledge has an impact on our quality of life. Being able to buy a mortgage-financed property or privately finance a desired level of pension, to name just two examples, is important to one's well-being. Yet, the majority of the EU population does not benefit from these options. And as a rule, women and migrants perform financially worse than non-migrant men.

The project *#FLIGHT* ("Financial Literacy for Growth, Help and Teamwork") aims to improve the financial education of a double-marginalized group: female migrants from Eastern Europe, either from newer members of the EU or neighbour countries of the EU, who live in North, Western or Central Europe.

Due to the Russian assault on Ukraine in February 2022 and the subsequent war, our efforts focus to a large degree on female refugees from Ukraine in Lithuania, Poland, Germany, Denmark and Norway. Nevertheless, the project remains valid to other migrants from this part of Europe too.

Female migrants from Eastern Europe are a very heterogeneous group. The lowest and the highest skilled persons in the incoming societies make part of it. However, a large part of this group works below their qualifications and has deficits in financial education, especially as concerns financial institutions, policies and behaviors in the incoming societies. This hampers their economic integration and is not beneficial for their host societies, either.

The following intellectual output (IO) helps to close this gap in financial knowledge. The IO characterizes thoroughly *#FLIGHT's* target group, lists resources for financial education in Lithuania, Poland, Germany, Denmark and Norway, outlines characteristics of our economic system and economic policies, including inflation policy, and contains basic information related to taxation, loans and mortgages, banking, including online banking, investing, pensions and the mechanism of inflation.

Research of the Situation of Eastern European Women in the Labour Market in the European Economic Area Related to the Partner Countries

Research of the Situation of Eastern European Women in the Labour Market in Germany

Prepared by Ewa DABROWSKA

The group of migrants with Eastern European origin in Germany is heterogeneous. We can identify a large group of people of German ethnic origin who often brought their non-German families – *"Spätaussiedler"*, people migrating from the EU countries that entered the EU in 2004, 2007 or 2008 – Poland, Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Slovenia, Bulgaria, Romania, Croatia – and immigrants from non-EU countries (post-Soviet countries, such as Russia, Ukraine, Belarus, Moldova, as well as Serbia, Bosnia and Herzegovina, Albania, Montenegro, North Macedonia, Kosovo) who are not *Spätaussiedler*. Out of these groups, there are most data on the migrants from the EU countries, including on their situation in the labour market.

Spätaussiedler

A large group of so-called *"Spätaussiedler"* – resettlers of German ethnicity who had migrated to Eastern Europe and Central Asia in the 18-20th century and assimilated there, and their families – migrated to Germany in the course of 1950s-2020s – 4.5 million people. In 2020 – 2.5 million people were identified as *Spätaussiedler* in the national census. Of these, 1.46 million people came from countries of the former Soviet Union, mostly from Russia (584,000 people) and Kazakhstan (673,000 people). Other resettlers came from Poland, the Czech Republic, Romania, and countries of the former Yugoslavia. 547,000 *Spätaussiedler* were over 65 years old and received pensions in 2020. In 2013, 27.5% of *Spätaussiedler* pensioners were at risk of poverty, that is they had less than 60% of the average income. In the population without migration history, this share was 12.5%. In 2008, the share of *Spätaussiedler* over 50 years old who possessed real estate amounted to 33.5%, whereas it was 66.1% in the non-migrant population. This evidence shows that migrants are at a higher risk of poverty than non-migrants, which is a case for the financial education of people who could still make provisions for old age.

Migrants From EU Member States

In 2021, Polish citizens were the largest group of within-the-EU-migrants in Germany, with 870,997 people who had a Polish passport (German citizens of Polish descent are excluded here), followed by 844,535 Romanians, 434,609 Croatians, 410,886 Bulgarians, and 212,737 Hungarians, 63,281 Czechs, 62,236 Slovaks, 58,457 Lithuanians, 40,748 Latvians, 28,175 Slovenians and 7,215 Estonians. Romanians are the largest growing group among EU migrants, with 150,000-195,000 people arriving per year since 2014 (but 60,000-105,000 people per year returning to Romania). The migration of Poles slowed down since 2015 (147,000 people arrived, 70,740 people returned), in 2021, 75,401 Poles arrived in Germany (61,472 people returned to Poland). Bulgarians are a growing group too, with 60,000-72,000 people arriving per year since 2014 (20,000-43,000 people returning), as are Croatians (20,000-50,000 people per year since 2014, 9,000-20,000 people returning) and Hungarians (20,000-50,000 people per year since 2014, 18,000-28,000 people returning). People between 25 and 35 are the largest group of migrants among these national groups, except for Lithuania, where Lithuanians who are between 16 and 25 years old are the largest group. The share of women among East-Central and Southeastern migrants fluctuates between 33.9% (Poland) and 45.8% (Estonia). Thus, women are less than half of migrants from the East-Central and Southeastern EU member states. We can assume from this statistic that the East-West migration within the EU is largely work migration.

Migrants from other EU member states represented seven percent of all employees in Germany in 2021 who are socially insured. They are 51% of all non-German employees. Ninety percent of these employees are people coming from countries that entered the EU in 2004, 2007 or 2008 (Poland, Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Slovenia, Bulgaria, Romania and Croatia). Among them, 39% were women (34.8% of women among Romanian employees and 40.8% of women among Croatian employees) in 2020.

Migrants From Post-Soviet Countries and Western Balkans

In 2021, 395,308 people from the Western Balkans were employed in Germany, 102,292 people from Bosnia and Herzegovina, 93,556 people from Serbia and 93,080 people from Kosovo. As for post-Soviet countries, 94,428 Russians were employed and 55,660 Ukrainians. The recent wave of war-related migration from Ukraine is not included in this statistic. The share of women among migrants from the Western Balkans was 36.8%. In contrast, 59.2% of Russians and 62.5% of Ukrainians were women.

The Situation of Migrant Women in the German Labour Market

Before going into the situation of migrant women in the German labour market, and especially women coming from the Eastern European region, it is important to outline the situation of women in the German labour market in general. There is still a substantial amount of inequality between men and women in Germany. The Gender Pay Gap in Germany is up to 18.3% and is the fourth largest in the EU (after Latvia, Estonia and Austria). The reason for it is that women tend to have part-time jobs and work in the low-pay sector, with the German low-pay sector being the largest in Europe since the so-called *Hartz IV reform* in 2003-2004. Forty-eight percent of women and only nine percent of men work in part-time jobs in Germany. Due to this discrepancy, women are exposed to a larger risk of poverty, including old-age poverty. Among these women, there are migrant women too. According to a study that was made by the Institute for the Study of the Labour Market and Profession (IAB), 33% of migrants who came to Germany less than 10 years ago work in the low-pay sector (in comparison to 11% of employees without a migration history), 16% have a fixed-term contract (seven percent of German employees), whereas nine percent are subcontracted labour (two percent of German employees).

The Situation of Eastern European Women in the German Labour Market

Traditional occupations for women of Eastern European origin are the nursing sector, especially home care, the cleaning sector, and agriculture. According to the Institute of Nursing Studies, between 150,000 and 300,000 Eastern European women work in the home care sector in Germany, mostly Polish women, but also some Czech and Hungarian women. Many of them work in Germany for a few weeks or months and spend the rest of the year in their country of origin, with their families and often working in a different job, for instance as a teacher. In general, women from Eastern Europe often work in Germany below their formal qualifications.

Apart from these traditional occupations, there is a growing "intellectual" migration to Germany – doctors, scientists, IT experts, engineers, managers, etc. (Loew, 2017). Many of them came to Germany to study and stayed there afterward. Women with a migration history are more often in possession of a university diploma (14.4%) than men with a migration history (12%) and both women and men without a migration history (12.3% and 12.7%, respectively). At the same time, the share of people without a professional education is the highest among women with a migration history (40%). 35.2% of men with a migration history do not have a professional education, 8.5% of German women and 11.2% of German men (Farrokzhad, 2017).

Thus, women migrants and among them, women coming from Eastern Europe include the best and the least educated employees in Germany. Financial education projects, such as *#FLIGHT*, should address these groups separately – people with low qualifications and low financial education and people with high qualifications and potential deficit in financial education.

In general, migrants, especially refugees, tend to be more often unemployed than Germans. In 2013, 21% of refugees were unemployed, 10% of Germans and six percent of Germans. The monthly income of refugees was in 2013 €1,140 on average. Other migrants had €280 more at their disposal, whereas Germans without a migration history had €530 more than refugees. Almost 30% of migrants worked in 2013 below their qualifications. These tendencies are likely to apply to migrants from Eastern Europe too, both men and women.

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Processes of Immigration in Lithuania

Prepared by Vilma DAINIENE

Immigration in Lithuania experienced a turning point taking on new forms more than 20 years ago. Migration of people to Lithuania from Russia, Belarus, Ukraine and other post-Soviet countries became international after the restoration of Lithuania's independence.

Belarusians, Russians and Ukrainians are the largest immigrant groups in Lithuania. Although until 1990 (in the context of migration inside post-Soviet countries) Lithuania had become a destination country for immigrants from the eastern republics of the Soviet Union, from the perspective of international migration trends it can be said that after the restoration of independence, the enlargement of the EU and the Schengen area, Lithuania did not become a destination country, and the scale of immigration (comparing with the countries of European Economic Area) remained small.

Analyzing the structure of Lithuanian immigration, it is necessary to take into account the largest immigrant groups: the Belarusians, Russians and Ukrainians. Immigration from Belarus, Russia, Ukraine and other post-Soviet countries took place before and after the collapse of the Soviet Union. Thus, given the historical context of immigration, the immigration of Belarusians, Ukrainians and Russians can be analyzed in the context of both international and inter-republican migration or in the context of national minority issues (due to the social, economic and other ties with the Lithuanian state and society that remained after the collapse of the Soviet Union).

According to the data of the Migration Department, both in terms of the overall immigration flow and for Belarusians, Russians and Ukrainians, family reunification is the predominant basis for immigration, followed by immigration for work, studies and legal activities.

More than 20,000 third-country nationals, mostly from Ukraine, Belarus and Russia, come to Lithuania every year for work. 12,476 temporary residence permits were issued in 2018, followed by 24,949 ones in 2019, 26,610 – in 2020 and 51,800 – in 2021. In 2021 temporary residence permits were issued mainly for Belarus – 20.6 thousand and Ukraine – 19.6 thousand. The most common grounds for issuing temporary residence permits are work, family reunification or study.

At the beginning of 2022, 100.2 thousand foreigners had temporary residence permits or national visas. As in previous years, in 2022 the largest number of temporary residence permits was issued to Belarusians, Ukrainians and foreigners from Russia.

Immigrants who want to find or change jobs face challenges in finding this information in languages other than Lithuanian. Seventy percent of businesses employing immigrants also rely on references to find new employees. Only two percent of businesses find employees through the Employment Service Center.

When analyzing integration processes, the main barriers for Belarusians, Russians and Ukrainians are not knowing the language, difficulties in getting a job and dealing with the paperwork for the legal status of immigrants. Occupations for immigrants: concreters, bricklayers, road builders, plumbers, electricians, tailors, long-distance drivers, forestry planters, etc. Currently, immigrants are mainly employed by companies in the transport and construction sectors.

The results show that some groups of foreigners are more independent in their job search than others. For example, those who do not speak Lithuanian or Russian do not have the means to look for a job on their own and rely on the advice and services of employment specialists from the Employment Service and Integration programmes. Meanwhile, other foreigners, such as those from Belarus, Russia and Ukraine, rely more on alternative channels for finding a job: friends, acquaintances and community members. However, even then, there is a lack of information about job opportunities available in languages other than Lithuanian.

As regards the immigration of women from Eastern European countries to Lithuania since its accession to the EU, we can see that since 2004, women from the following Eastern European countries have been immigrating to Lithuania in the largest numbers: Belarus, Ukraine and Russia. In the table provided by Eurostat, we can see the distribution of female immigrants. Here we can see a steady increase in the number of female immigrants from Belarus and an increase in the number of female immigrants from Ukraine. Meanwhile, the number from Russia varies.

A high proportion of immigrant women are concentrated in a few sectors, such as hotels and catering (cafés, restaurants), family and domestic services, etc. They tend to work part-time, with more short-term fixed-term contracts, low wages and poor working conditions. Cultural barriers within the family and community can also hinder them in finding work.

According to the Employment Service 2021, the geography of job seekers from third-country nationalities has expanded since 2017, but the majority of job seekers are from Russia, Belarus and Ukraine, and a higher proportion of jobseekers are women now, whereas, the majority of the labour flow to Lithuania was male in 2014 and migration of women was not encouraged.

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The Situation of Eastern European Immigrants in Denmark

Prepared by Tatiana GAVRILOVA

Most of the research made about Eastern European immigrants in Denmark does not focus specifically on women, but rather builds conclusions about nationalities and job market tendencies in general.

One of the recent analyses of Eastern European employment figures all over Denmark done by Thorsen (2018) has shown, that Eastern Europeans have nearly the same chances to get employed as immigrants from the west of Europe: from 2010 to 2017 the number of Eastern Europeans employed in Denmark have grown +166% (from 37,000 to 59,000 people).

Thorsen also concludes that the majority of these Eastern Europeans tend to settle, also as a family or a couple when finding a job – only 40% leave again, compared to 59% from other countries. Probably the reasons for this are high job security and job satisfaction, which are higher than in their home countries. The high mobility of the Danish job market is also generously balanced by unemployment benefits and active policies, like elsewhere in Northern Europe, which is a part of feeling secure. Eighty-one percent of the time Eastern Europeans stay in Denmark they work, which is the same as other immigrant categories.

However, the number of Eastern Europeans employed for manual jobs not requiring specific skills or knowledge is three times higher than for other immigrants. Most of them prefer stable employment and social security – going on support, rather than looking for new opportunities and stretching their capabilities – as immigrants from European Economic Area do.

The figures analyzed by Andersen and Harbo (2020) draw a typical eastern-European-in-Denmark profile in rural communities: the majority of immigrants from Romania, Poland, Ukraine and Lithuania settle work for farmers or production (78%). Typically, more than half of them are 20-39 years old, many of them are 30-40 years old, and a family or a couple lives in a small town with less than 10,000 people or countryside in small rented houses or flats (68-90%). Employment figures are equal for Poles and Ukrainians, the highest are for Lithuanians and the lowest are for Romanians. Some of the agricultural areas have benefited from population growth doubling due to immigrants which come as the result of EU/EEA directives to work/study or in connection with business development – especially from Ukraine.

If Ukrainians mostly work as agricultural workers, 76% of Polish workers are involved in the production, with 50% of Romanians and Lithuanians. One-third are employed in service, with the least of Ukrainians in these branches. This reflects the differences in education level, foreign language skills and probably ambition levels. The percentage of these people who do their own business is much lower than the average self-employment percentage in Denmark (Andersen and Harbo, 2020).

The recent development of granting residency to 30,000 Ukrainian refugees (June 8, 2022) finding their new home all over Denmark will definitely add more numbers. Nowadays the majority of these people are women and children. By August 2022, 4,200 Ukrainian refugees found their first employment, mostly in the service sector.

Historically, two-thirds of Eastern Europeans seeking employment in Denmark were from Romania and Poland last time. According to Felbo-Kolding and Leschk research (2021), which is a dynamic 7-year-long comparison of Polish and Romanians profiles with similar Danish profiles, some tendencies are typical for this group. For example, very few of these immigrants are inspired to go on with their vocational, higher secondary or university Bachelor or Master's degree, as this demands passing the Danish Advanced language test (*"Studieprøven"*, equal to Council of Europe test level C1). Twenty-seven percent of these immigrants have not taken any Danish language courses in seven years at all.

The reason probably is that Danish language courses are provided for free in case of family reunions, but not for other categories of immigrants. Copenhagen still has the highest percentage – 50% of migrants that do not know any Danish at all. It is also the fact that 40% speak Polish or their native language at work – in construction, manufacturing, farming, transport, etc. Denmark still has the lowest figures when it comes to language training provided by employers, and the lowest percentage of workers who receive any job-related training, as well as many workplaces that have very low levels of safety training if ever. For example, building entrepreneurs rarely provide training, and safety equipment as they work on a grey-employment basis.

Even when provided, the quality of the Danish courses is questionable – it is only one-third of the students are happy about their Danish language courses (KVINFO research, 2021). Danish language courses are quite expensive in the sense of value for money and often turn out to be an unaffordable luxury for Eastern Europeans, who receive a much lower income than Danes working in the same industries. According to previous dynamic research for 2008-2015 by Felbo-Kolding (2019), the gap between the annual gross income of Eastern European immigrants compared to Danes keeps the same, around DKK110,000-120,000.

Therefore "...employment status does not mean full integration" (Felbo-Kolding, 2019, 10). Neither does it mean equal opportunities: a majority of these immigrants continue to experience difficulties with finding employment that would somehow match similar jobs taken before in their home country, both because of Danish language skills and also because of the value of their education taken in their home country is of very little value (Ibid, 11). Typically, an official re-evaluation of Eastern European education is lowering the degrees, despite the majority of Eastern European countries have joined the Bologna ECTS-based process many years ago. For example, a completed post-graduate education of eight years can only receive recognition of a Danish Bachelor's 4-year equivalent, as a post-graduate thesis does not get 60ETS points as in the case of UK-based research. This situation is not only about the nominal discrepancy between the actual job and the applicant's academic degree. It is about the mismatch between actual qualifications, skills and competencies, and the actual job available. Their qualifications are not recognized, as a result, many Eastern European immigrants end up taking any job – often these jobs are in demand because of their low salaries, and also manual, occasional, part-time jobs just to put their foot into the door of the job market. The mismatch is typical for immigrants in general, but it is specifically Central and Eastern European immigrants that suffer from this mismatch, compared to immigrants from other countries (Felbo-Kolding 2016).

So even if the same number of Eastern Europeans are employed (Thorsen, 2018), it is questionable if there is equality of employment opportunities in place. The real-life stories confirm the fact. For example, a Polish job security freelance trainer can be offered DKK170 per hour, while a Danish colleague will get a minimum DKK500 per hour. A woman engineer from Kazakhstan ends up putting bottles into boxes in a beer factory, an engineer from St Petersburg gets a *SOSU* job in an old people's home, a doctor becomes a pedagogical assistant in a day-care – and many other stories point to the pattern.

As for the last years the most job market demand was construction and farming, the most immigrants from Eastern Europe were men from Poland, Lithuania and Romania. Social dumping became an issue: 20% of immigrants in Denmark had 'grey' or illegal jobs and 34% were working for private clients, cleaning and repairing things without any contract and not paying tax. Polish construction workers in Copenhagen appear to be less well-off compared to their Danish co-workers, earning on average only 65% of the overall average in the industry. Eastern European women were even less lucky – only 38% found any job, mostly in service or health care. This is lower than average figures for women with non-western backgrounds (Politiken, 28.11.2020).

Despite high figures of *OECD* reports, with Denmark having the highest Gender Inequality Index (0.013, ranking it the first out of 170 countries in 2021), the problem is that actually in Denmark women generally earn less than men. Eastern European women employees get even less, this referring to jobs demanding knowledge and skills. Eastern European women receive much fewer jobs matching their qualifications and skills. They are still overrepresented in service occupations, like cleaning, demanding low skills, which are low paid and demanding hard, routine labor, flexible schedules, which result in less free time and holidays, and are rarely supported by fringe benefits. Many migrants taking these jobs do not enjoy even certain social benefits (atypical employment). Migrants are subject to being cheated with pay (30%), and overtime hours are often not paid (27%). Fourteen percent of employees are working without any written contract. Thirty-seven percent of migrants in Copenhagen have reported that they cannot take paid sick leave, and only half know they have the right to it. Many questionnaires have revealed that immigrants cannot report job abuse to trade unions or claim their rights, fearing being fired. It is the highest percentage of migrants (20%) that experienced threats from employers – up to 62% of migrants have experienced these situations. In many cases, the reason is that migrants are hired by a temporary agency. None of the Nordic countries have statutory regulations that put an obligation on temporary agencies to treat their employees equally to those in the hiring company when it comes to wages and working conditions.

According to *Danish Statistics* (2019), eastern European women have 30% worse employment opportunities than men from the same countries – only 70% of women get employed in contrast to other countries (2019, 47). The situation for women from Poland, Baltic countries and Hungary is better than for women from Romania, Ukraine, Russia and Bulgaria. The level of becoming a company founder is also lower for Easter Europeans than for other immigrants (2019, 50). It is mostly Eastern European women that are stuck without a job for more than 10 years (2019, 57). The reason is the lack of social and professional networks. In Denmark, which is a relatively small country, it is very difficult to get a job without a network reference. Even if migrants succeed in getting a job, it is often in the service sector, with few contacts with ethnic Danes. The paradox is that many Eastern European women in service jobs are over-educated and often better educated than their Danish colleagues and leaders. Many women are pressed to change their family name and hide their qualifications and education in their CV to get any job. It is also fewer Eastern Europeans who get full-time jobs that could secure unemployment benefits. Therefore the majority are subject to being economically dependent on their male partners and become subject to experiencing abuse in this relationship.

According to the *KVINFO* report, 27% of migrant women, including Eastern Europeans, experience problems with getting a job because of undeveloped Danish language skills. Therefore they end up in low hierarchies and low-paid jobs, like cleaning.

Danish Refugee Help underlines that most populations cannot even imagine migrant women as having more ambitions and better jobs (2020).

KVINFO also points to the high education level of Eastern European women: one-third of well-educated women find themselves overqualified for the job they can get – if any (p.41). Other research (Jakobsen, 2013) and *OECD* reports (2018, p.150-153) also show that very often well-educated women's skills and competencies are not used in their actual job. The reason cited by KVINFO (53) is still that "foreign qualifications do not seem to be valued very highly by Danish employers" (Nielsen, 2007, p. 24). This leads to inequality: 26% of migrant women are overqualified for their jobs, compared to five percent of Danish women finding themselves in a similar situation.

The problem of recognizing foreign education and qualifications results in problems with finding a matching job and any job at all. Even work experience from the country of origin or abroad is not considered to be an argument for recognition (Nielsen, 2007). Candidates with good Danish skills have better chances to be employed, even if the enterprise language is English. The number of overqualified women is the highest in cleaning, hotels and restaurants, transport, and daycare, a little better situation is in healthcare and education. Many overqualified women end up in small companies with 10 or fewer employees. A Danish employer respondent (2020) has described female Eastern European profiles working for his real estate as "De er meget dygtige - også billige" ("They are very skillful – also cheap"). Only these women working for large international companies enjoy the best match, and these are few.

Three-fourths of women with humanitarian, business or pedagogical education are overqualified for their job, as well as half of the women with technical or natural sciences education. The chances of finding a job through job posts are lower for overqualified women (28% compared to 50%), and one-third of them find a match only through a personal network. "Networking is one of the most important factors when it comes to female immigrant and refugee employment. A lack of social and professional networks is a major problem both for women looking for work and for women who are employed and want to advance their careers" (Mealor, 2020: 85).

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Migration Processes in Poland

Prepared by Andrzej CWYNAR

Every tenth Pole lives in emigration – the highest percentage in the European Union. In absolute numbers, this means just over 4 million people (the share of Polish women in total Polish migration slightly exceeds 50%). The main migration destinations in the European Economic Area are Germany, the United Kingdom, the Netherlands, Ireland and Norway. What is important, these numbers are mainly the effect of the last 15 years, i.e. the changes that have taken place since Poland joined the European Union. The pandemic of COVID-19 and the war in Ukraine have only intensified these trends, which are visible in public opinion polls.

Female emigration – including the economic emigration of Polish women to the European Economic Area – has its peculiarities that should be taken into account when evaluating this phenomenon. On the one hand, it is treated as a sign of the growing independence of women and a confirmation of progressing emancipation, which is certainly a positive phenomenon.

On the other hand, research shows that the experience of migration is difficult, painful, and sometimes even dramatic for many women. Although the literature increasingly points to the fact that there is a certain fraction of Polish immigrant women who assimilate quickly and quickly achieve life stability and even professional success, the economic migration of Polish women is still overshadowed by the magnitude of the negative experiences associated with it – from social discrimination to violence to trafficking in women.

Studies show that a still large number of Polish women are placed in jobs far below their education and qualifications. This is coupled with the still frequent cases of fraudulent practices on the job placement market, which promise completely different working conditions from those that women find on the spot. It is estimated that in Germany alone, the number of Polish women working as carers for the elderly is half a million. Their work requires total submission to the needs of the person under their care and almost round-the-clock availability. Some of them speak directly of experiencing modern slavery.

Some studies indicate the negative balance of economic migration of Polish women to the European Economic Area, citing as justification the poor conditions of employment, especially if the work is undeclared (which is still the case) and the burden on the physical and mental health of the female caregiver. At the same time, the large scale of emigration from Poland means the loss of domestic caring potential, which leads to a similar phenomenon in Poland – Poland becomes an important immigration country for example for Ukrainian women, who fill the niche of work in households, finding themselves in a similar situation as Polish immigrants in European Economic Area.

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The Situation With Immigrants in Norway

Prepared by Lovisa ULFARSDOTTIR

Three out of four migrant workers from the EEA area who live in Norway are from one of the newest EU countries in Eastern Europe. By far the largest share is from Poland, with more than one in two from the newest EU countries, while Lithuania and Romania follow behind. Just under 300,000 of Norway's immigrants have origins in Eastern Europe, either as first or second-generation immigrants.

Also, according to SSB, there are 120,000 first-generation immigrant women from Eastern Europe living in Norway in 2022, with just under 77,000 active women in the labor market. See the table below to see the distribution of jobs categorized by sector/profession:

Table 1. The distribution of women jobs categorized by sector/profession:

Women at age of 15–74 years old

0b Unspecified / occupations that cannot be identified	3,687
0-9 All professions	76,782
1. Managers	2,274
2. Academic professions	14,647
3. University and military occupations	5,918
4. Office jobs	5,597
5. Sales and service occupations	21,977
6. Farmers, fishermen, etc.	641
7. Craftsmen	1,006
8. Process and machine operators, transport workers, etc.	4,959
9. Cleaners, helpers, etc.	16,076

There are some interesting perspectives to take into consideration when looking at immigrants in the Norwegian labour market, but most of the articles and research found that they were not gender specific.

Firstly, there are great differences in labour participation amongst immigrants depending on their reason for migrating to Norway. Immigrants that move to Norway for work or education have the same labour rate as the general public, with 78% being active in the labour market. On the other hand, amongst immigrants with a family immigrant or refugee background, only 65% and 54% are active in the labour market. This does not reflect specifically on the gender or country of the individual, but considering today`s situation with a war in Ukraine, and a bigger number of refugees migrating from Eastern European countries to Norway than previously, this might be relevant information to take into consideration.

Another interesting fact is that labour immigrants from the EU-11 are the group of labour immigrants who have the highest proportion still living in the country, with 72% of those who immigrated in the entire period 1990-2020.

SSB numbers from 2020 also show that immigrants from the Eastern European countries outside of the EU, who work within sectors 9 and 5 as defined in the table above, have the highest percentage of measurable sick leave. This group has had some of the highest high sick leave percentages every year since 2015, and considering the high numbers of women in these sectors, it is reasonable to assume those are relevant facts for our target group.

Education

Women and men from the EU countries in Eastern Europe are very different when it comes to educational levels. Forty-eight percent of women have completed a university or college education in comparison to 26% of men.

Women from the east of the EU have an occupational distribution that differs from the majority of women and women from the west of the EU. Despite many of them being highly educated, as many as 35% work in professions without special requirements for education, such as cleaners and support workers. Among women from the European Economic Area, there is only nine percent in such occupations and only four percent among the majority of women.

It is paradoxical that while Norway needs more highly educated workers, many highly skilled immigrants encounter huge challenges getting a relevant job. High-skilled immigrants need advanced language proficiency to be able to negotiate their skills and competencies. Access, quality and organization of language training seem crucial, as well as majority-oriented networks and knowledge of local labour life, history, politics and public debates concerning social and cultural processes in general.

Researchers have defined six factors, split into two categories, as possible obstacles for female immigrants entering the labour market in Norway:

Category 1 – Traits of the women themselves:

1.1. Lack of relevant expertise

1.2. Cultural understandings of gender and family

1.3. Little access to job-relevant social networks

Category 2 – Traits of the employers:

2.1. Prejudices and stereotypical perceptions

2.2. Discrimination

2.3. Lack of recognition of qualifications

Salary

If we compare the monthly salary of immigrants with the rest of the population in the same profession, we can find that immigrants have a lower salary on average than other residents. The occupational categories where immigrants earn the least compared to other residents include farmers and fishermen, managers, process and machine operators, and transport workers. Within each occupation, there are immigrants with a background from EU countries in Eastern Europe and from Africa who particularly stand out with a lower average salary than both the general population and immigrants with other national backgrounds.

Regarding wages in general, women generally earn less than men in Norway. Looking at the gross average monthly wage for the entire population, women earned 88% of men's wages in 2021. Among immigrants, however, women earned 93% of what men earned on average per month in 2021.

Immigrant men earn on average 83% of what other resident men do. The wage differences between immigrant women and women who have not immigrated (other residents) are smaller. Immigrant women earn 90% of what non-immigrant women earn.

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A critical review of existing materials on digital financial literacy for adult women

A Critical Review of Existing Materials on Digital Financial Literacy for Adult Women in Germany

Prepared by Ewa DABROWSKA

There is a variety of financial literacy materials in Germany, but only a small portion of it is addressed to women. The concept of "digital financial literacy" has not been presented yet in Germany in the context of education on digital finances, however, some of the materials relate to digital tools of investing, e-commerce, Internet safety, etc. *"Digitale Wirtschaftsbildung"* (digital economic literacy) promoted by the Centre for Economic Education at the University of Siegen is meant as economic education by digital means.

INSTITUTIONS AND COMPANIES PROMOTING (ELEMENTARY) FINANCIAL LITERACY:

Deutsches Institut für Erwachsenenbildung *(DIE)*, Bonn

DIE offers comprehensive teaching material for elementary financial literacy classes. They are made for adult education professionals, but some of them can be used for self-study. They cover topics, such as income and budget, consumer rights, consumer loans, pensions insurance, and payments are available in a variety of forms: quizzes, podcasts, books, board games, etc. Besides, *DIE* provides links to materials from other providers. The materials *DIE* offers are of very good quality, however, autodidacts might have problems finding suitable content, as most of them are intended for teachers. Furthermore, the materials prepared by *DIE* serve almost exclusively elementary financial literacy, i.e., not advanced financial literacy and not literacy in political economy.

Many other institutions, such as ***Bildungsserver Berlin Brandenburg**, **Der Deutsche Volkshochschulverband*** or ***Präventionsnetzwerk Finanzkompetenz*** offer modules on elementary financial education in their elementary education for adults programs or focus on elementary financial education for adults (*Präventionsnetzwerk Finanzkompetenz*). These materials are dedicated to teachers of elementary (financial) education classes.

Flossbach von Storch Foundation, Institut für Ökonomische Bildung at the *Carl-von-Ossietzky-University Oldenburg* together with ***The Handelsblatt*** (the leading economic newspaper in Germany)

These institutions are engaged in promoting elementary economic and financial education for school pupils. However, the elementary financial education curriculum they prepared – *"Unterrichtseinheit "Finanzielle Allgemeinbildung"* (written by Michael Koch and Stephan Friebel) is comprehensive and can be used in financial education classes for adults too. The curriculum covers both personal finances and macroeconomic aspects of money and finance, including the work of the central banks. Some aspects of digital financial literacy, such as online banking and online payments, are included.

The ***Institute for Socioeconomics*** **at the University Duisburg-Essen** offers a learning platform on economic policy – Wirtschaftspolitik.cc. The platform covers not least aspects of monetary and financial policy, financial crises, etc. It offers a useful introduction in macroeconomic aspects of economics and finances, which is an important and often neglected element of financial education.

Exploring Economics is a similar project offering macroeconomic knowledge on money, inflation, money creation, banks, and financial crises.

A consulting institution of the ***Sparkasse*** group – ***"Geld und Haushalt"*** (Money and Household)

Sparkasse, a network of popular savings banks, promotes financial education for pupils and adults. It offers a series of guidebooks and planning tools on aspects of personal finance, including saving, insurance, checking accounts, running an ecological household, etc. The guidebooks are available in English, French and Arabic, but these materials do not contain much information on transnational households and finance that would be suitable for migrants.

ING

ING is one of the few institutions in Germany that is simultaneously offers check accounts and share portfolios. In parallel, it writes articles about different aspects of finances and addresses some of them specifically to women. These articles give primary knowledge about investing in *ETFs*.

BLOGS, VLOGS, PODCASTS, AND MICROBLOGS RUN BY WOMEN AND/OR ADDRESSED TO WOMEN:

Geldbiographien

Geldbiographien connects financial education with a search for an individual money biography. The assumption here is that once one knows one`s preferences, predispositions, and beliefs regarding money, one can work on them and develop a more effective financial strategy. *Geldbiographien* focuses on women, especially mothers, who tend to neglect the financial inequality they are exposed to in their marriages and make too few provisions for old age.

Finanzielle Freiheit in 5 Jahren

Finanzielle Freiheit in 5 Jahren is a vlog on *YouTube* covering a personal experiment by a 35-year-old woman. She tries to become financially secure within 5 years, experimenting with different approaches to money and finance (i.e., frugalism), running a budget, investing in *ETFs*, controlling her expenses, running a business on YouTube, and sharing her knowledge on it. The vlog is a useful source of knowledge on finances. Women who watch the vlog can easily identify with a protagonist, who invested many years of her life in formal education but who had yet neglected financial education. When becoming a mother, her priorities shifted to a more responsible lifestyle. A vlog is an effective medium for promoting financial education and accepting a multitude of views on personal finance. However, women following this vlog may decide to look for more academic materials to make sure the vlog author is reliable and competent.

Madame Moneypenny, ***Finmarie***, ***Goldfrau*** and ***Summa Summarum – Finanzen Verstehen*** are podcasts and blogs run by women and addressed to women, based on the assumption that women need to be addressed separately as concerns finance and investing. They work more often part-time, rely on their partners as concerns financial decisions, and do not make provisions for old age. At the same time, various studies have shown that women invest more cautiously and effectively. Many of these podcasts and blogs thematize the subconscious assumptions about money and try to help their clients change them. They offer to coach, consult on different aspects of finance and invest too. The podcasts and blogs offer a great diversity of topics related to finance, investing, taxes, pensions, women and finance, etc., and are often made in the form of interviews with finance professionals. They are very good to broaden one`s horizon on the issues of finance and investing, but women lacking elementary financial education are likely to look for more systematic materials. In any case, they are a useful addition to more formal financial education materials and are helpful to maintain one`s interest in financial topics.

FINANCIAL APPS FOR WOMEN:

Your Juno

Your Juno is an app made by young women for young women (and developed during the first stage of the COVID-19 pandemic) who would like to improve their knowledge of finance. The form of the app is very attractive, containing videos, direct speech, interesting visuals, tasks, etc. It is likely to convince many women to give their finances more attention. However, the app has not been downloaded very often until now – just more than a thousand times.

The Situation With Financial Literacy in Lithuania

Prepared by Vilma DAINIENE

Financial Literacy is the knowledge and understanding of finance and financial risk, the ability, motivation and self-confidence to use and understand it to make effective decisions in a variety of financial contexts and to participate actively in economic life.

Having sufficient financial knowledge, a person can understand financial information better and make decisions related not only to daily consumption but also to saving, investing, lending, pension accumulation, life insurance and other issues. This leads to better financial behaviour: a person does not spend all the money earned on current consumption but saves and invests some part of it. The available knowledge can help analyze the situation, more objectively evaluate the financial situation, and help protect a person from financial problems.

Financial literacy issues are revealed through the prism of lifelong learning. Managing personal finances is a part of lifelong learning https://ec.europa.eu/epale/en/resource-centre/content/manage-personal-finances-are-part-lifelong-learning. In recent years, many tools and sources of information have appeared, making it possible to follow the current affairs of personal finance, to make knowledge deeper or develop practical skills, and to manage personal finances. One of them is the non-formal adult education module "Financial education for adults" developed by the Educational Development Center together with *Swedbank* and the audiobook "Financial education advice" prepared on its basis. It covers a variety of personal finance topics, such as what personal finance is, what the financial life cycle is, how to balance wishes with needs, how to save, how to budget, how to invest, when to insure and when to borrow.

In 2022, the Bank of Lithuania established the Financial Literacy Centre to strengthen financial and economic literacy in Lithuanian society. The Financial Literacy Centre aims to ensure that consumers are aware of alternatives to financial services and make informed choices by comparing them. It also focuses on fraud and its prevention. The Centre's activities aim to raise people's awareness of public finances and to make them aware of the importance of the taxes they pay to the State and their finances.

Useful information about managing personal finances is also available on the website of the Bank of Lithuania https://www.lb.lt/lt/asmeniniu-finansu-valdymas-nuo-ko-pradeti#ex-1-1. The most important steps in personal finance can be found on this website. Part of the information is also available on the *YouTube* channel of the Bank of Lithuania https://www.youtube.com/c/LietuvosBankas/videos.

The website https://zinauviska.lt/finansai/asmeniniai-finansai/ also contains a lot of information related to personal finances, where you can find personal finance management apps.

A lot of interesting information about personal finances, starting a business, investing, crypto-economics and financial behavior recommendations at various periods of the life cycle is available on the website https://investicijosirfinansai.lt/asmeniniai-finansai.

Relevant information can be found not only on websites but also on social networks. Interesting information about finances, borrowing options, training and seminars on this topic can be found at the Academy of Personal and Family Finances, Personal Finances, e.g. https://www.facebook.com/didziojiseimosfinansuknyga.lt and other Facebook pages.

Financer.com is compiled with a list of the TOP 8 personal finance blogs to help you get better.

1. Besočiai
2. Finansai Paprastai
3. Finansiniai Tikslai
4. Finansų Gidė
5. Kaip-Užsidirbti
6. Lėtas Pelnas
7. Raising Free Kids
8. Šeši Nuliai

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Financial Initiatives in Poland

Prepared by Andrzej CWYNAR

The *OECD* 2016 study (OECD, 2016) reveals an interesting pattern: in all but one EE country (i.e., Lithuania) gender differences in financial knowledge scores were statistically insignificant, while the significant gender gap in the scores has been found in almost all (i.e., in 18 out of all 20) remaining countries included in the survey. This may suggest a uniqueness of Eastern Europe concerning the effect gender has on financial literacy. The likely explanation of the pattern may be related to common experiences shared by the EE countries for more than 40 years following the Second World War. Strong support for the hypothesis has been brought by Bucher-Koenen, Lusardi, Alessie, & van Rooij (2017) who showed that women and men do not differ significantly in their financial literacy scores in those German federal states (*Länder*) that were formerly included in the German Democratic Republic (East Germany), while there is a statistically significant gender gap in former West Germany. Bucher-Koenen et al. (2017) speculate that the lack of gender gap in financial literacy in former Eastern European socialist countries may result from more egalitarianism as to social gender roles in these states. Such speculation is consistent with the explanation referring to cultural differences between the West and East of Europe: peculiar living conditions under the Soviet regime may have caused the differences between typical masculine and feminine tasks have got blurred. Living in a country suffering from permanent and ubiquitous deficits required a large dose of everyday, household entrepreneurship from both genders – not only males. Perhaps, keeping up with their male partners in this respect made it easier for women to acquire and absorb financial knowledge later, i.e. when their households, along with economies as a whole, underwent a system-wide transformation and finally became a part of a larger, European capitalistic system. Interestingly, the most recent OECD survey (OECD, 2020) brought different results, i.e. it showed the presence of a gender gap in financial knowledge in some countries (Croatia, Estonia, Moldova, Montenegro, North Macedonia, Russia and Slovenia) and its absence in the others (Bulgaria, Czechia, Hungary, Poland and Romania).

With a few exceptions, the OECD 2020a study hasn't found significant differences between female and male respondents neither in financial attitudes nor in financial behaviour. The OECD 2016 survey established that women display better financial attitudes in three EE countries – Albania, Belarus and Hungary (in the OECD 2020a survey it was only Russia) – and that they perform significantly more healthy financial behaviour than men in two states – Belarus and Latvia (Poland and Russia in the OECD 2020a survey). There is a large room for further research on the link between gender and distinct aspects of financial literacy in EE countries in general, and research exploring the causes of this region's specificity as to this issue in particular.

Regarding the financial literacy of adult women in Poland, a meta-analysis by Cwynar (2021a) using results from five large surveys showed that there is no empirical basis for the claim that women score lower than men on financial literacy tests. However, this study showed statistically significant differences between men and women when it came to self-assessed financial literacy. These results can be taken as indicative of lower financial self-confidence among women in Poland. Another study (Cwynar, 2021b) found no significant gender differences in the overall financial behaviour index or in any of the subdomains of this behaviour distinguished by the scale used (cash management, saving and investing, credit and debt management, insuring).

In Poland, there is no formal financial education program for women (by the way: there is still no National Strategy for Financial Education in Poland). However, educational initiatives are undertaken, moderated mainly by women bloggers/coaches coming from the financial sector. In addition to educational materials published on the web, they consist of organizing workshops and conferences addressed to women and dealing with topics important for them and related to financial management. The most highly regarded projects of this kind are collected here:

Anna Smolinska: https://kobietainwestuje.pl/

This blog is maintained by Anna Smolinska, a Ph.D. economist and stock market investor. It focuses on investing. On the website, a person can buy books on investment topics and order educational courses or online consultations.

Kasia Iwanoska: https://finanseodkuchni.pl/

The more diversified website in terms of the content presented on it, which is not only about finance but also about business and women's activities in general. The author also hosts her podcast for women on financial and business topics. The website also allows you to sign up for online training and workshops.

Danuta Duszenczuk-Chmiel: https://kobiecefinanse.pl/

The blog is devoted to a wide range of topics relating to personal financial management – from controlling the current household budget to saving and investing to insurance and risk management.

Alicja Zalewska-Choma: https://oszczednicka.pl/

As with the blogs described earlier, this one also contains a wide range of posts on financial topics – but not only. One can also find sections on travel, children, and cooking. The author also hosts a podcast available on this website and has written a book, which can be purchased here. An interesting feature is the "Thrifty Budget Worksheet" – a simple personal budget management tool that can be downloaded from this site.

Diana Litwin-Dolezinska: https://www.pieniadzjestkobieta.pl/

This is another website created for women's personal finances, offering multiple functionalities: blog, vlog, and podcast, but also free downloadable calculators and templates for self-management of finances.

Milena Polak: https://oszczednapolka.pl/

The typical financial blog allows downloading of additional materials after registering – including a workbook for home financial audits, financial planners, and a passage of financial products.

Anna Czereszewska: https://www.dzieci-i-pieniadze.com/

Financial resourcefulness, resilience blog focused on parental financial education for children.

Ula: https://prostoofinansach.wordpress.com/

The typical blog is devoted to practical advice on managing personal finances – especially referring to the most current economic events.

Magda: https://finansenaobcasach.info/

Another typical blog with a variety of topics ranging from managing own finances to running own business.

Agnieszka Skupienska: https://tosieoplaca.pl/

The blog contains advice on running your own business. You can buy e-books, online courses, and tools to support budding entrepreneurs designed by the author.

Dominika Nawrocka: https://kobietaipieniadze.pl/

There is the blog, an online store, but also a place where females can sign up for the "Women and Money" Club and the "Women and Money" Academy.

Justyna Kwiatkowska: https://zadbanafinansowo.pl/blog/

The website is rich in resources and content. You can find a blog, a podcast, online courses, a book, and sign up for coaching/mentoring classes.

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The Financial Situation in Denmark

Prepared by Tatiana GAVRILOVA

There are several different financial institutions and informational resources about finance in Denmark:

1. Own **Bank**;

Each individual has an advisor assigned to their bank. The advisor can provide support and guidance with personal budgeting, loans, and investment opportunities and provide a contact for the business department.

2. **A-kasse**;

By having an *A-kasse* (private association) and/or *Fagforening* (Trade Union) membership, one can get unemployment benefits and support in understanding their taxes. Lawyers from the Trade Union can explain to members how they pay taxes (by reviewing their payslips) and point out mistakes. Some of the biggest *A-kasse* are *3F, Krifa, Ftfa,* and *Frie.*

3. **SKAT**;

SKAT is the Danish Tax Authority. On its official website www.skat.dk there is plenty of information and video guidelines for both private individuals and companies about how to report one's income expectation, deductions, property ownership & others.

4. **Female Invest**;

Female Invest (https://femaleinvest.com/) is a community of women from over 60 countries that want to learn more about achieving financial success and learn how to invest. They also offer masterclasses and live webinars.

5. **Borger**;

www.borger.dk is a digital platform on which residents can read information about holiday money, maternity leave, and pension. For direct meetings, it is required to meet at one's Citizen Service in their municipality.

6. **Investment Platforms**;

Saxo Bank (https://www.home.saxo/) and *Nordnet* (https://www.nordnet.dk/) are the most popular platforms for online trading and investment. The platforms provide access to a wide range of intuitive trading tools and market insights to help execute trading strategies.

7. **Finance Denmark**;

Finance Denmark (https://financedenmark.dk/) offers guidance and direction about your personal finances, mortgage investments and securities trading. They also produce statistics and instruments that provide insight into mortgages, interests, and much more. Individuals can also receive help consulting their bank.

Danish Money Week (*Pengeuge*) is also organized by Finance Denmark.

8. **Accounting Software**;

Women entrepreneurs that have a company can keep their books in the following accounting software: *Dinero.dk; Billy.dk; E-conomic*. Their support team can help learn more about accounting, bookkeeping, VAT rules and regulations and deductions in a company.

9. **Danmark Statistik**;

The *Danish Statistic* (https://www.dst.dk/da/Statistik/emner/oekonomi) is a Danish governmental organization that reports to the Minister of Economic and Internal Affairs. The organization is responsible for creating statistics on Danish society, for example, employment statistics, trade balance and demographics.

10. **Private Consultants**;

Private consultants such as *IDconsult* (www.idconsult.dk) provide tax advisories and guidance on becoming self-employed.

The Financial Situation in Norway

Prepared by Lovisa Ulfarsdottir

Savings, Investments, and Funds

Some studies show that women are overrepresented among those who save in savings accounts, while men are overrepresented among share savers (*DNB*, 2019). Data from Statistics Norway nevertheless show that men have larger sums in savings accounts. In 2018, women accounted for 45% of bank deposits to domestic banks, while men deposited the remaining 55%. Most other types of interest income (such as, for example, interest income from outstanding claims, bonds and shares in bond funds) are also made up mostly by men. The exception is life and non-life insurance, which is roughly gender-balanced.

When it comes to sharing dividends, men receive far more than women. Only 18% of the total share dividend in the population in the 20-66 age group belongs to women. Women only receive 23% of the amount that men receive. This is the type of capital income where the differences between women and men are the greatest, and this suggests that men invest to a greater extent, and with larger sums, in shares.

When studying the knowledge of the stock market, the results showed that women have poorer knowledge of the stock market. This applies to both how to trade shares, what affects share prices, risk, how to get reliable information, and the return. When tested, only 44% of women answer questions about shares and funds correctly, while 70% of men do the same. Also, far fewer women answered correctly to the question of whether high returns are associated with high risk. Here, 84% of the men knew that this is connected. Fifteen percent more men than women answered correctly. Fewer women also knew that you can reduce risk by buying several different shares or mutual funds. Here, half of the women answered correctly, while three out of four men knew the answer.

(Digital) Financial Literacy

Financial management has become significantly more complicated over the years, and handling personal finances became an increasingly complex task. Men invest more in the stock market than women, and there are more men than women who work in finance. Surveys also show that these are men who are the "minister of finance" at home.

Technology comes in here as an important and necessary aid. Digital tools play an important role in imparting knowledge, and the learning benefit from such tools is ranked quite highly and important by users. With technological developments, financial management and handling have become more dependent on digital aids. Such tools contribute with smart tricks and practices and lead to learning for many various areas of knowledge, such as loans, savings, planning and investment. People also learn from a bank and financial advisors, but not to the same extent as from digital sources. People get a lot of knowledge about mortgages from the bank, and knowledge about savings is also conveyed through this channel to a considerable extent. One reason why the bank is considered to have a less important role than digital sources may be that banks have prioritized developing digital tools and presence (and thus contributes to strengthening digital sources as a knowledge channel), and lower priority traditional service offerings in physical banks with advisory functions.

It is especially the youngest women who know less about finances, with those under 30 scoring the lowest. There is the least gender difference between 45 and 59 years old. But men know the most in all age groups. Knowledge of economics increases with education in both sexes. Also, those who earn more know more about personal finances.

Facts About Women and Financial Literacy in Norway:

• Equal numbers of women and men have capital income.

• In terms of value, men have 53 billion more in capital income than women.

• Of the capital income, men receive 75% and women – 25%.

• The fact that women choose to invest less of their income in shares is one of the most important reasons for the difference in capital income.

• Due to the discrepancy in capital income, it is consequently the case that even if men and women had had equal wages, women would have earned 53 billion less than men.

• Over 70% of the privately owned shares on *Oslo Børs* are owned by men, and nearly 80% of them the values.

• The average woman invests a lower sum on the stock exchange than the average man does.

• For women's portfolios on the stock exchange, it is a value-wise share in equity certificates

greater than among men.

• Traditionally, women choose lower risk and are calmer investors in turbulent times.

• Last year, over NOK58 billion was paid out in dividends from both listed and unlisted shares,

distributed among nearly 369,000 people.

Ongoing Initiatives and Programs to Reduce the Gender Gap:

Norwegian authorities work actively to minimize the financial gender gap. This is done by supporting initiatives that spread knowledge and offer training and resources to any woman that wishes to increase their financial literacy, digital or otherwise. Here are some of the biggest initiatives:

• https://moneypennyandmore.no/

• https://huninvesterer.no/

• https://aksjenorge.no/

• https://www.finansportalen.no/ Over 80% of the dividends went to men.

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Banks and their Services

Prepared by Vilma DAINIENE

According to Rebecca Lake, Mitch Strohm (2022) banks and other financial institutions offer products and services to help people manage their money. If a person has a checking account, savings account, credit card or loan, banks are integral to a person's financial life. Banks and the financial services industry are an important part of the economy because they provide the means for people to borrow money, make investments, save for the future, and handle smaller tasks (like making deposits and paying bills).

Based on the same authors the primary role of banks is to take deposits and make loans. But banks can offer a wide range of products and services, like accepting deposits, issuing loans and credits, performing local and international orders, issuing payment and credit cards, currency changing, serving online payments, and many more.

Internet Banking (Net-banking, Web-banking) and Mobile Banking

Internet and mobile banking is a method of banking based on web pages and mobile apps that helps users to conduct financial transactions remotely. Opening an Internet or mobile bank account, the user is given access to all banking services via the Internet.

In the case of Internet and mobile banking, people are responsible for managing their financial transfers and must do it all directly. And it does not require any specific knowledge or exceptional experience in financial technology management. It is enough to pay using their computer on the website or activate the mobile app on their smartphones.

In recent times, digitization has accelerated further due to changing habits and the increasing supply of electronic services. After the arrival of Internet banking, almost all services and products can be reached online: from fund transfers to requesting demand drafts, Internet-banking facilities, and all banking essentials. It is not just convenient but also a secure method of banking.

Banks try to ensure that as many services as possible are available to customers electronically and offer them not only online banking services but also the opportunity to use mobile banking – a smartphone application that allows people to connect conveniently to their personal bank accounts and manage them, check completed payment transactions, accounts balance, make instant payments.

According to the Consultative Group to Assist the Poor *(CGAP)* report (2015) banks and a widening array of non-banks have begun to offer digital financial services. And as a result, a lot of customers are moving from exclusively cash-based transactions to formal financial services — payments, transfers, savings, credit, insurance, and even securities — using a mobile phone or other digital technology to access these services.

Internet banking, also known as net banking or online banking is an electronic payment system that enables the customer of a bank or a financial institution to make financial or non-financial transactions online via the Internet. This service gives online access to almost every banking service, traditionally available through a local branch including fund transfers, deposits and online bill payments to customers.

According to the data of the Lithuanian Banks Association (*LBA*) (2021), the market already has about 70% of citizens of Lithuania whose questions were resolved remotely, and the number of smart app users has increased by five in 2021.

PRACTICAL TASK 1	E-banking
Type of the activity	Group work
The aim of the activity	To strengthen knowledge about e-banking
Skills that the activity develops	Digital literacy and Internet banking
How many people the activity is suited for	Individually or in groups at least of 2
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Small sheets of paper, pens/pencils, portable board
Process	1. Discuss why we should use Internet banking; 2. Talk about what experience you have using Internet banking; 3. Think about what fears you have about using Internet banking.
Benefits	Deep knowledge about e-banking will motivate you to use e-banking more often.

The important thing is that with the help of smart apps, a person can not only comfortably solve the questions that arise, but also save smartly, and in common mobile banks a person can also find an electronic money saver where it is possible to save small amounts until the desired or necessary amount is saved.

Question for discussion	How do you save money? What are the money-saving traditions in your country?

Features of Internet banking

PRACTICAL TASK 2	Features of Internet banking
The aim of the activity	To strengthen knowledge about features of Internet banking

Skills that the activity develops	Digital literacy and Internet banking
How many people the activity is suited for	Groups at least of 2
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Sheets of paper, pens/pencils, portable board
Process	1. Think about the advantages of Internet banking
Benefits	Deep knowledge about Internet banking will help to understand the benefits of Internet banking
Extra information	Make a list of the disadvantages of Internet banking

Internet banking is a quick, secure, and convenient banking system. Many people prefer online banking for its convenience and security. There are some features of Internet banking:

1. Faster transactions
2. Lowers transaction cost
3. Provides 24×7 Service
4. Reduces the chances of error
5. Develops loyalty in customers
6. Removes geographical barriers
7. Provides better productivity
8. Reduces fraud in transactions

As we can see, Internet banking is an opportunity to have personal account balances, pay for goods or services, and to carry out other daily banking operations without leaving one's home or office desk in a safe, fast and cheaper manner compared to the rates applied at the bank. People can save money using Internet banking because most of the transactions a person carries out with Internet banking entail lower fees compared to other ways to bank.

Services Available Through the Internet Banking

Online banking offers customers almost every service traditionally available through a local branch including deposits, transfers, and online bill payments. Every banking institution has some form of Internet banking, available both on desktop versions and through mobile apps.

Services Available on the Internet Banking Portals

The table with online-services that banks prepose for their clients is presented below.

Table 2. Services, available on the Internet banking portals.

Account Balance Check	View Bank Statements	NEFT & RTGS Fund Transfer
IMPS Fund Transfer	Utility Bill Payment	Start a Deposit
Open/Close a Fixed Deposit	Make Merchant Payments	Issuance of Chequebook
Start to invest	Buy General Insurance	Recharge Prepaid Mobile/DTH
Check Mortgages, Loans	Set-up/Cancel Automatic Payments	Manage/Change Account Details
Book Online Tickets	Buy/Sell on E-Commerce Platforms	Invest and Conduct Trade

PRACTICAL TASK 3	Services of my Internet banking
The aim of the activity	To strengthen practical skills in Internet banking
Skills that the activity develops	Digital literacy and Internet banking
How many people the activity is suited for	Individual work
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Sheets of paper, pens/pencils, portable board
Process	1. Sign in to your Internet banking. 2. Analyze the services of your Internet banking.
Benefits	Improved practical skills in Internet banking will let a person use Internet banking more effectively.

According to Piyush Khaitan, Armaan Joshi (2022) digital payment is the transfer of value from one payment account to another where both the payer and the payee use a digital device such as a mobile phone, a computer, and a credit, debit or prepaid card. This means that for digital payments to take place, the payer and payee both must have a bank account, an online banking method, a device from which they can make the payment, and a medium of transmission, meaning that either they should have signed up to a payment provider or an intermediary such as a bank or a service provider.

A digital payment sometimes called an electronic payment, is the transfer of value from one payment account to another using a digital device such as a mobile phone, a computer, a digital channel of communication such as mobile wireless data or *SWIFT (Society for the Worldwide Interbank Financial Telecommunication)*. This definition includes payments made with bank transfers, mobile money, and payment cards including credit, debit or prepaid cards. Digital payments offer significant benefits to individuals, companies, governments and other organizations.

Virtual Banks and Virtual Bank Accounts

Online banking is a kind of banking conducted virtually, either through a website or mobile application without physical branches.

As online institutions don't have to pay for the cost of maintaining branches, they are often able to pass the savings on to their customers in the form of higher interest rates. Online banks require customers to be comfortable with technology, but they also tend to provide robust customer service options to help users resolve any issues.

A virtual bank account is a type of bank account that exists only online. Most banks offer some form of online banking, but true virtual banks usually don't have physical branches. With a virtual bank account, most transactions are done online. Many types of bank accounts can be virtual, including checking accounts, savings accounts, etc. Consumers typically use the Internet to check their account balances, transfer funds, and perform other routine transactions.

Question for discussion	What online (virtual) bank or banks do you have in your country?

Mobile Banking

Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or a tablet. Unlike related Internet banking, it uses software, usually called an application, provided by the financial institution for the purpose. Mobile banking is very convenient in today's digital age with many banks offering impressive applications.

Question for discussion	Do you use mobile banking? Explain your reasoning.

Cybersecurity in Mobile Banking

According to James Chen (2020), cybersecurity is very important in many mobile banking operations. Cybersecurity involves a wide range of measures taken to keep electronic information private and avoid damage or theft. It is also used to make data not misused, extending from personal information to complex government systems.

Three main **types of cyber attacks** can occur. These are:

Backdoor attacks, in which thieves exploit alternate methods of accessing a system that doesn't require the usual means of authentication. Some systems have backdoors by design; others are the result of an error.

Denial-of-service attacks prevent the rightful user from accessing the system. For example, thieves might enter a wrong password enough times that the account is locked.

The direct-access attack includes bugs and viruses, which gain access to a system and copy its information and/or modify it.

Steps financial advisors can take to protect their clients against cyber attacks include:

Helping educate clients about the importance of strong, unique passwords (e.g., not reusing the same password for every password-protected site), along with how a password manager like Valt or LastPass can add an extra layer of security.

Never accessing client data from a public location, and being sure the connection is always private and secure.

PRACTICAL TASK 4	Password creating
The aim of the activity	To strengthen skills in the correct password creating
Skills that the activity develops	Digital literacy and Internet banking
How many people the activity is suited for	Individual work
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Sheets of paper, pens/pencils
Process	1. Try the password managers and create the correct password.
Extra information	Password manager could be as a handout

To fully understand Internet banking benefits one needs to practice them in real life. So if people doubt about doing their banking online or through a mobile app, it is the right time to get started now.

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Basic Taxation and Social Insurance Principles, Transnational Aspects, Tax Declaration Support Programs

Prepared by Ewa DABROWSKA

To demonstrate how immigrant women can approach the topic of finance, we use two fictitious biographies of women from Eastern Europe who used to work in Poland, Norway or Denmark and live in Germany now.

Vilma comes from Hungary. She has recently moved to Germany after having worked in Denmark for two years. In Hungary, she studied arts and worked in a museum in Budapest. She moved to Germany for personal reasons. She is a designer. She is self-employed and has two major clients. Her net earnings per month vary between €1,500 and €3,000. Her earnings were much better in Denmark. **Vilma** is 40 years old. She has started thinking about her pension recently. She would only have a small pension, as after moving out of Hungary she did not pay social insurance. She considers providing for her old age privately. She is thinking about buying an apartment, as she has some savings and her parents would support her financially when she decides to take out a loan. **Vilma** has no children.

Maria comes from Ukraine. She studied Ukrainian philology in Ukraine. **Maria** has been living in Germany with her husband and two children for three years. Before becoming a mum, **Maria** worked as a teacher in Ukraine and had seasonal jobs in Poland and Norway. Since **Maria**'s children are going to kindergarten, she looks for a job in Germany. She speaks German on a B2 level. Since she has no work experience in Germany, finding a job is not easy for her. However, she would like to have her earnings to gain financial independence. **Maria** is 32 and she has recently started to think about her future pension.

Taxes in Denmark

Income tax is progressive in Denmark, which means that the higher one's income, the more taxes one has to pay. An individual can be taxed up to 52.07% in Denmark. Danish people are reputed to be willing to pay high taxes because they can benefit from free education, healthcare and social security instead.

The Danish Tax Agency gets information from one's employer, banks and unions/unemployment funds about one's pay, capital income and membership fees, respectively, therefore tax declaration is made easy for employees. Expatriates are taxed according to a special tax regime in Denmark. For up to 84 months, they pay a flat rate of 27% of their income, and telephone, Internet, car and health insurance are provided by the employer.

Taxes in Norway

In Norway, there is a 27% flat rate on so-called *ordinary income* – wages, pensions, income from shares, and business income. People who are temporarily employed in Norway are subject to a special tax regime – *PAYE*. Non-resident workers under *PAYE* pay a flat rate of 25%. Norway belongs to European countries with high taxes and high tax revenue with respect to the GDP, however, its taxes are lower than in Denmark.

Taxes in Germany

Germany has 40 different taxes that are levied at three different administrative levels (federal, Land and local level). Four of them are the most important for self-employed **Vilma**: income tax, local business tax (*Gewerbesteuer*), capital tax and value-added tax (VAT). Income tax is the most relevant for employment-seeking **Maria**. Capital tax can become relevant in the future.

Tax Categories (S*teuerklassen*)

There are six tax categories in Germany. Category 1 applies to single and divorced people, category 2 applies to single parents. Categories 3, 4 and 5 are for married persons and registered partnerships. In case one person in a marriage earns 50% more than the other partner, they use categories 3 and 5. In category 5 there is no personal exemption and no children allowance.

When married people earn similar incomes, they are automatically placed in category 4. When married to a person living abroad, one is in category 1. Couples living in unregistered partnerships pay taxes separately according to category 1.

Category 6 is for taxpayers having more than one employer. In their first job, they pay income tax according to category 1. For their second job, they pay taxes according to category 6, which has a higher tariff than category 1.

The rate of income tax ranges between 14% and 42%. A 45% income tax is levied for incomes over €270,500. In addition, German taxpayers pay between five percent and nine percent of church tax, if they have a confession. When paying more than €973 of income tax, a solidarity tax for East German *Länder* is additionally levied, reaching maximally 5.5% of income.

For self-employed people, their revenues minus costs (operating income minus operating costs) are their profit that needs to be taxed. In case of an operating loss, no taxes must be paid. Expenses for donations, travel costs, work materials, private health insurance or other employees can be subtracted.

All self-employed people who have registered a company must pay a local business tax (*Gewerbesteuer*). It is relevant for **Vilma**, if she registered a *Gesellschaft bürgerlichen Rechts* (GbR) or *offene Handelsgesellschaft* (OHG). For a profit above €24,500 per year, the local business tax must be paid.

Local business tax is different for every local authority (*Gemeinde*) in Germany. A local authority chooses a tax factor between 200 and 900 and multiplies it by 3.5%, which yields the local business tax rate of this specific tax authority.

Self-employed **Vilma** transfers shares of her income tax to the tax authority in four instalments (*Vorauszahlungen*) a year.

If **Vilma** is investing a share of her income, she needs to pay capital tax. In Germany, this tax is transferred automatically by the bank to the tax authority.

If **Vilma** has a company with revenues over €22,000 per year, she has to include VAT in invoices on her services or products – seven percent or 19% depending on the service or product. From the VAT sum **Vilma** earns in this way, she can deduct the VAT share of her expenses on work materials. She must declare this net VAT flows to the tax authority and pay the difference between VAT she has earned and one she already returned to other providers of goods and services or if this sum is negative, receives an equalisation. **Vilma** has to do it every month, but she can apply for extending every such deadline by one month.

Maria is currently receiving an unemployment benefit that does not need to be taxed. In case she gets employment, her salary tax, which is a form of income tax, will be directly deducted from her salary and paid automatically. Nevertheless, it is in her interest to do a tax declaration. By indicating income-related expenses (*Werbungskosten*) she might receive a share of taxes back from the tax authority. Personal expenses related for instance to raising a child can be indicated, too.

When **Maria** receives her salary regularly and decides to invest a share of it in *ETFs*, for instance, or other financial market instruments, she will have to pay capital tax. In Germany, capital tax is transferred directly by the bank to the tax authority.

Family's Taxes

In Germany, there is a child allowance of €8,388 that is split between two parents. The allowance is deducted from the taxable income of parents to calculate potential tax. If taxes economized in this way are more than the child benefit (*Kindergeld*) the couple receives – €2,628 per year for the first child – the child allowance is in force. If it is less than the child benefit, it is more profitable for the couple to keep the benefit and renounce the allowance. The tax authority chooses the option that is more profitable to the couple.

Tax Declaration Support

Tax software *Steuergo* provides tax declaration support in several foreign languages, such as English, Russian, Polish, Croatian, Bosnian, Serbian and Turkish and its customer service is available in these languages. Other tax programs, such as *Smartsteuer, TAXMAN, Quicksteuer* and *Steuerbot* are available in German. *Elster* – the default program of the German tax authority – is available in German, too.

When preparing tax declarations, taxpayers in Germany are allowed (and encouraged) to consult tax advisers. Their services will cost between €67.8 and €406.80 for a yearly income of €20,000 and between €87.20 and €523.20 for an income of €35,000. Organizations, such as *Lohnsteuerhilfe e.V.* offer tax declaration support at a small price.

Double Tax Agreements

Germany has signed double tax agreements with most countries of the world, not least Eastern and Southeastern European ones, such as Poland, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Romania, Bulgaria, Serbia, North Macedonia, Kosovo, Montenegro, Lithuania, Latvia, Estonia, Russia, Moldova, Belarus, Ukraine. Taxes of people commuting between Germany and one of these countries will be levied by just one country.

As a general rule, an income of a self-employed person living in one of two states that signed such an agreement should be taxed in the state where she lives, except in a case in which she has a facility (*Einrichtung*) in the other state at her disposal and her work has a connection to this facility.

The income of an employed person should be taxed in the country where she lives except when work is done in the other country that signed the agreement. This income can only be taxed in the first country when the worker does not spend more than 183 days in the other country, when the employer is not based in the other country and when the income does not come from a facility that the employer maintains in the other country.

Social Insurance in Germany

Relevant for **Maria**: employers of companies in Germany are subject to social insurance, covering healthcare, unemployment, and accident insurance as well as pension insurance. Employees and employers share the costs of these insurances. **Maria**'s contributions to social insurance happen automatically, the employer provides her every month with a list of items that her salary consists of. The employer's share in **Maria**'s insurance is invisible to her.

Vilma, who is self-employed, has to provide for her social insurance herself. Many self-employed people do not do it. The likely consequences are, for instance, that they are not eligible for unemployment benefits and will earn a low pension. People working as artists or in creative professions may use social insurance for artists (*Künstlersozialkasse*). The contributions to social insurance for artists are lower than contributions to standard social insurance.

PRACTICAL TASK 5	Variety of taxes
Type of the activity	Group work
The aim of the activity	To strengthen consciousness about different taxing principles related to employed and self-employed people
Skills that the activity develops	Ability to compare advantages and disadvantages of employment vs. self-employment in relation to taxes

How many people the activity is suited for	Individually or in groups of at least 2
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Small sheets of paper, pens/pencils, portable board
Process	1. Discuss: Why do different tax categories exist? To whom do they apply? 2. Discuss: How do approaches to taxing employed and self-employed people differ? Why is that?
Benefits	Knowledge about general principles of taxation makes one more confident when doing a tax declaration

Taxes in Lithuania

Prepared by Vilma DAINIENE

A person who wants to manage his finances needs to know what taxes need to be paid, how much they need to be paid and how they are calculated. You need to know everything about taxes and it is much more useful to pay them as much as you are due and on time.

A list of laws forming the Lithuanian taxation system is provided in Article 13 of the Republic of Lithuania Law on Tax Administration. The following taxes and duties are considered to be the main ones: income tax of individuals; corporate income tax; value-added tax; excise duties; real estate tax; land tax; inheritance tax; and lottery and gambling tax.

Systematized information on taxes paid by natural persons and companies is provided:

1. https://finmin.lrv.lt/en/competence-areas/taxation/main-taxes
2. https://www.vmi.lt/evmi/en/mokes%C4%8Diai
3. https://www.renkuosilietuva.lt/en/taxes/
4. https://www.grantthornton.lt/en/insights/Key-Lithuanian-tax-changes-as-of-2021/
5. https://kc.inovacijuagentura.lt/pradek-versla/start-business?lang=en

Various video materials on tax issues can also be found on VMI YouTube channel. Unfortunately, currently, the information is provided only in the state language – Lithuanian.

Taxes in Poland

Prepared by Andrzej CWYNAR

In Poland, taxes and related obligations are regulated by the Constitution of the Republic of Poland and the Tax Ordinance of 1997. The system consists of 11 tax titles – including nine relating to direct taxes (including in particular PIT – personal income tax, and CIT – corporate income tax) and two relating to indirect taxes (VAT – value-added tax and excise tax).

In the past two years, Poland has seen a series of changes in the tax system related to the introduction of the so-called Polish Deal. Regarding PIT, in 2022 the legislature is once again reducing the tax rate in the first tax threshold for taxpayers who apply general taxation (tax scale). It was originally 18%, and in October 2019 it was reduced to 17%. According to Polish Deal 2.0, from July 2022 the tax rate in the first tax threshold was reduced to 12%. The tax rate for the second tax threshold is 32%. Taxation of individuals provides for a so-called tax-free amount – only the excess over this amount is subject to PIT. The tax-free amount is currently PLN30,000 (ca. €6,000). Poland is one of the countries with relatively low tax-free amounts.

The basic CIT rate in Poland is 19%, but a preferential rate of nine percent is also applied for small taxpayers and taxpayers starting up.

There are four VAT rates in Poland: 23% (the basic rate covering most products), eight percent (e.g., construction and renovation works), five percent (e.g. agricultural products and specialized magazines) and zero percent (e.g. export of goods).

Entrepreneurs setting up a business in Poland for the first time may choose one of three forms of taxation: (i) general taxation according to the tax scale (rates of 12% and 32%), (ii) flat tax of 19% or (iii) registered lump-sum taxation (the rate depends on the type of business conducted and income earned).

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1. https://www.podatki.gov.pl/dzialalnosc-gospodarcza/forma-opodatkowania/
2. https://www.paih.gov.pl/prawo/system_podatkowy
3. https://kapitalni.org/pl/artykuly/podatki-i-system-podatkowy-w-polsce-od-a-do-z,73,289
4. https://magazynprzedsiebiorcy.pl/podatki-w-polsce

There is a quiz below to check the received information.

Exercise 1. Mark the sentences true or false:

1. In some countries, temporary workers and expats are subject to a special tax regime.

2. There are five tax categories in Germany.

3. Denmark and Norway belong to European countries with lower taxes.

4. As a rule, it is easier to pay taxes for employees than for self-employed people.

5. Due to the Polish Deal, Polish citizens with the lowest income will have to pay less taxes than before.

6. In Lithuania, there is no VAT tax.

Answer key: 1. True, 2. False, 3. False, 4. True, 5. True, 6. False

Understanding of Self-Employment

Prepared by Vilma DAINIENE

According to Maya Dollarhide (2022), a self-employed person does not work for a specific employer who pays them a consistent salary or wage. Self-employed individuals earn income by contracting with a trade or business directly. Self-employed persons may be involved in a variety of occupations but generally are highly skilled at a particular kind of work.

A self-employed person refers to any person who earns their living from any independent pursuit of economic activity, as opposed to earning a living working for a company or another individual (an employer). A freelancer or an independent contractor who performs all of their work for a single client may still be a self-employed person.

The idea of being your own boss is attractive but also risky. In any case, when you are self-employed, the possibilities are endless. The benefits of being self-employed include being your own boss, creating your schedule, flexibility, working towards your dreams, taking enjoyment in the challenges of starting something from scratch, choosing the people you work with, and creating your work environment.

According to World Bank Group Flagship Report data from Germany and the Netherlands indicate that only 0.4 percent of the labour force of those countries is active in the gig economy. Worldwide, the total freelancer population is estimated at around 84 million or less than three percent of the global labour force of 3.5 billion. A person counted as a freelancer may also engage in traditional employment.

Self-employment can be very rewarding. It means you can:

- Do something that interests you or that you're passionate about;
- Choose your hours;
- Work around other commitments, such as your children;
- Have more control over your income.
- But there are also some downsides, including:
- Working long hours and at weekends;
- Dealing with an irregular income;
- Having to do your own bookkeeping and tax return;
- Limited or no access to employment benefits, such as paid leave.

Skills for Self-Employment or Business Success

According to the Institute for employment studies research, the self-employed are a very heterogeneous group of people working on their own, from entrepreneurs and small business proprietors to freelancers and subcontractors. At one end of the spectrum, there is no clear boundary between the self-employed and employees, while at the other end, the boundary between the self-employed and owner-proprietors of small firms is often equally blurred. Only one in five self-employed people have any employees and most of these have only very few.

The self-employed are also diverse in their reasons for becoming self-employed. They include growth-driven "opportunity" entrepreneurs, "lifestyle" self-employed, and "necessity" entrepreneurs, driven into self-employment by the inability to secure a well-payed job.

According to the same research the general competencies required for success in self-employment, the evidence suggests that a wide range are important, including:

Values, beliefs and attitudes (e. g. action orientation, desire for independence, initiative, creativity, etc.);

"Soft" skills including interpersonal, communication and networking skills;

Realistic awareness of the risks and benefits of self-employment;

Functional business skills (financial, HR management, market research);

Relevant business knowledge (legislative, taxation, sources of finance, etc.)

PRACTICAL TASK 6	Personal approach to business
The aim of the activity	To strengthen knowledge about self-employment/business.
Skills that the activity develops	Raise awareness of self-employment/business
How many people the activity is suited for	Work in groups of 2
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Portable board
Process	1. Discuss your personal opinion on self-employment/business.
Benefits	Deep knowledge of self-employment
Extra information	You can ask to do the test of Required Skills in the workplace. https://crew-assessment.web.app/?fbclid=IwAR0W4hwl-xGDTDorBIj9nPc1-taCxIbkY0x-rY1PxKiXzPp_2TVwokdWmwo
Question for discussion in groups	What do you think what personal features, values and beliefs are important for self-employment/business?

Different Self-Employment Options

Successful self-employment is a self-rewarding journey in anyone's career. Self-employment may include being an entrepreneur, a small business owner, a sub-contractor or a freelancer. Going independent is an excellent choice, but you need to think about carefully which type will suit you.

The world is full of business opportunities, but the forms of business organization in a specific country and the rules for establishing companies in each country differ, so before starting to work independently or starting a company, it is necessary to delve into the national characteristics of the country. Regarding the establishment of companies in EU countries, it is possible to contact the relevant national contact centre.

More information on setting up companies in the EU can be found here: https://europa.eu/youreurope/business/running-business/start-ups/starting-business/index_en.htm

PRACTICAL TASK 7	Setting up companies in the EU
The aim of the activity	To strengthen knowledge about self-employment/business.
Skills that the activity develops	Raise awareness of self-employment/business
How many people the activity is suited for	Work in groups of 2
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Sheets of paper, pen/pencils
Process	1. Discuss in pairs about possibilities of setting up business in different countries
Benefits	Improved knowledge about setting up companies in the EU will raise awareness of self-employment/business in the EU

Freelancing is another form of self-employment. Freelancers give their skills and talents many clients on a flexible basis. They aren't employed by a company or committed to a single customer – freelancers have the freedom to choose the projects they'd like to work on and the clients they'd like to work for. They usually work from home, although some of them rent a studio or an office space.

Freelancers do not work based on an employment contract in Lithuania, but they work based on a business certificate, an individual activity certificate or an author's contract.

Question for discussion	Discuss freelancing possibilities. Answer the question: 1. On what basis can freelancers work? 2. What jobs do freelancers usually do?

Setting up a Business Online

In some countries, it is possible to establish companies remotely. For example, in Lithuania, establishing a company electronically is probably the most common choice today. You should not bother physically preparing documents, but use all the available and convenient services that are provided on the Internet. The process of setting up a company can take about an hour if the important steps before setting up the company are prepared beforehand. If the data is filled in correctly, a confirmation is received within 2–3 days.

If you are willing to work on a business certificate or an individual activity certificate basis, these activities can also be registered online.

Question for discussion	Discuss possibilities to set up your business online in your country.

Best Apps for Self-Employed Freelancers and Small Business

Smartphones and tablets are invaluable resources to manage your business effectively on your mobile phone. Using the best apps makes keeping track of your daily financial records much easier.

Many business owners were comfortable with digital payment tools and accounting software, using their gadgets. In a post-pandemic world, small businesses have come to rely on these tools and it will be harder to run a business without them successfully.

Apps for Accounting

According to Kathryn Yanchycki (2022), the latest technology can be a game-changer when it comes to managing the day-to-day details of one's business. There is a variety of apps for everything from tracking time and invoicing clients to generating reports.

Small business owners need mobile accounting apps that make it easy to monitor business activity when they're away from their offices. A mobile accounting app should let its users access, encode, and process accounting data wherever and whenever, regardless of the device used, so you want one that's easy to use and accessible through different platforms.

Questions for discussion	1. Discuss tools for accounting and try them. 2. If you already use any tools, share your experience. 3. Describe the advantages and disadvantages of apps for accounting.

Resources:

1. https://contentsnare.com/apps-for-accountants/

3. https://www.nase.org/about-us/Nase_News/2022/06/17/digital-tools-key-to-self-employed-and-small-business-growth

4. https://www.businessnewsdaily.com/5709-android-accounting-finance-apps-small-business.html

5. https://www.registrucentras.lt/p/671

6. https://rimuut.com/blog/tips/best-tools-and-platforms-for-freelancers/?utm_medium=cpc&utm_source=google&utm_term=&utm_campaign=&gclid=Cj0KCQjwguGYBhDRARIsAHgRm4-itBdDR9eVp0bceI9nSE-RNOocqqYlV-riqdB5vCb0GBzxuzzf-pJMaAt4kEALw_wcB

7. https://www.investopedia.com/terms/s/self-employed.asp

Loans and Mortgages. How to Get out of Debt? Private Insolvency. Where to Get Support?

Prepared by Ewa DABROWSKA

Interest Rate

When envisaging taking a loan, it is vital to understand what **interest** and **interest rates** are and what risks are related to that. **Interest** is a payment that the debtor owes the lender for giving him/her a loan. The lender incurs a risk by lending and interest is a reward he or she obtains for incurring this risk. The **interest rate** is a percentage of the total amount of the loan that needs to be paid back to the bank together with the loan.

The **annual interest rate** is the most popular form of showing the cost of a loan. Another important category is that of **effective interest rate** which expresses a de facto interest rate including the bank's provisions and fees.

Lending is a business of banks. It is not as risky for banks to give out loans as it is for private persons. Banks can create loans quasi out of nothing and the loans then become banks' deposits. Nevertheless, banks still need the interest to remain profitable.

Due to the **competition** among banks, the **rule of law** that guarantees that loans must be paid back, and increasing **efficiency** in banks' work, the **interest rate** they demand is usually low in developed countries. Low-interest rates are more likely when **the state's official interest rate** is low as well, which is when inflation is not high. The state's interest rate is relevant for banks because they have financial transactions with the Central Bank.

The cost of a loan – the interest rate – is usually the **nominal interest rate**. The **real interest rate** emerges when the yearly inflation is deducted from it. In some circumstances, when the state's official interest rate is low and there is low inflation, the loan appears affordable. In this case, when the loan's nominal interest rate is two percent and inflation is two percent as well, the real interest rate is zero percent.

Nevertheless, it is important to keep in mind that inflation is a relative entity, and some households may be more exposed to inflation than others. Besides, when the debtor does not pay the loan back as arranged in the loan contract, the debt rises due to the **compound interest** dynamics**. Compound interest** is the interest on a loan calculated both on the initially borrowed sum and the accumulated interest from the previous periods (Investopedia)**.**

Furthermore, the inflation trend may change, too, as the economic reality of 2022 shows, with wars, shortages of energy, rising energy prices, shortages of food and other factors affecting it. Finally, a loan can have either a fixed interest rate over the whole period of lending or a variable one. Especially in countries with less stable economies, banks tend to insure themselves against the risk of inflation by giving loans with interest rates that change with inflation.

Sorts of Loans

There are three basic sorts of loans:

- account overdraft,
- instalment loans
- mortgages.

An overdraft is a de facto loan that is given to the owner of a bank's account when one overdraws one's account. When opening an account, the bank and the client decide whether the client wants to use the overdraft facility and whether his or her financial situation allows for it. Later, this decision can be changed according to the client's demand.

An instalment loan is granted when one decides to buy a product, for instance, a washing machine, and pay for it in instalments.

A mortgage is a loan intended to finance buying a house or an apartment.

Another possible distinction is one between **consumption** and **investment loans**. Consumption loans serve to cover expenses for consumption, investment loans finance investments in propriety, shares of stock or other.

Credit Scoring

Credit scoring is a statistical analysis done by a bank or another financial institution to determine whether a person or a company applying for a loan is creditworthy. Personal data, data related to one's profession, area of living, use of bank, credit cards and insurance are included in such an analysis. In some countries, a specialized institution is responsible for collecting data relating to the debt behaviour of consumers.

To facilitate the functioning of the debt market in Germany, the organization ***Schufa (Schutzgemeinschaft für allgemeine Kreditsicherung)*** is collecting data about people residing in Germany. The organization collects data from banks, trading enterprises or mobile service providers about illegal behaviour, misuse of accounts and loans, etc. In this way, it generates a so-called ***scoring*** for every German resident which expresses one's **creditworthiness**. When applying for an apartment in Germany, an impeccable score increases one's chances of getting it.

Schufa does not use Internet data to generate one's scoring, contrary to the company ***Kreditech*** which functions in the legal grey area. However, we can assume that many banks use credit scores based on data generated on the Internet, which sometimes leads to unfavourable decisions concerning granting a loan.

How to Get out of Debt?

Taking a loan is a decision involving a risk that should only be taken when sufficiently informed about the conditions of the loan, competitive offers, legal consequences, etc. In general consumer loans, although in most cases smaller, are riskier than investment loans, including mortgages. **Vilma** and **Maria** should be especially wary of incurring a loan when they already possess one or more of them.

Nevertheless, ending up in such a situation, it is important to follow a structured approach to paying them back. More costly loans and those incurred for a shorter period should be repaid first.

The bank should be consulted for the possibility of repaying the loan quicker than originally arranged. Sometimes banks offer to bundle one's liabilities and transform them into one loan – such a deal is not always beneficial to the borrower and should be examined before deciding upon it. When foreseeable that one's income will not be enough to repay loans, the possibility of private insolvency should be considered.

Private Insolvency in Germany

To become **insolvent**, a borrower must /outline an insolvency plan with the help of an insolvency consultant. The lender must be integrated into the process of drafting such a plan and has to accept it. The borrower determines individually which share of the debt he or she is willing and able to pay and outlines a plan for doing it. When the lender agrees, the borrower can become insolvent within a few months.

Being insolvent means that one does not have one's finances at one's command. The borrower's financial means after covering the rent and the most essential expenses are at the disposal of the insolvency administrator. Such a period can last up to six years, including insolvency proceedings.

Other options for becoming insolvent are to apply for insolvency proceedings at the insolvency court for a three years or five years insolvency process. In the case of a three-year process, which enables a person to become insolvent in three years, one must cover 35% of the debt plus insolvency administration costs. For the five-year process, the consumer must pay solely for the insolvency administration, which is mostly between €1,500 and €2,000. In both cases, when becoming insolvent one loses control over one's finances for a specific period.

Consultancies for Debtors in Germany

Multiple social organizations in Germany consult people who have difficulties with paying back their debt. In Berlin, the following organizations offer such a consultancy for all inhabitants of Berlin:

AWO Schuldnerberatung, Mahlower Str. 23, 12049 Berlin, 030 319 872 00, schuldnerberatung@awo-suedost.de

Arbeiterwohlfahrt Berlin Spree-Wuhle e.V., Yorckstr. 4-11, 10958 Berlin, 030 90298 3694, inso@awo-spree-wuhle.de

Caritasverband Berlin e.V., Große Hamburger Str. 18-19, 10115 Berlin, 030 6663 3420, sib.mitte@caritas-berlin.de

DILAB e.V., Rigaer Str. 103, 10247 Berlin, 030 422 7794, info@dilab.de

Landesarbeitsgemeinschaft Schuldner- und Insolvenzberatung Berlin e.V. (LAG SIB), Schönstedtstr. 11, 12043 Berlin, lag@schuldnerberatung-berlin.de

Schuldner- und Insolvenzberatung (offensiv' 91 e.V.), Hasselwerderstr. 38-40, 12439 Berlin, 030 631 50 66, schuldnerberatung@offensiv91.de

BerlinSchuldnerberatung, Hubertusallee 45, 14193 Berlin, 030 475 940 912

The following organization consults self-employed people, such as Vilma, and owners of small enterprises:

Schuldner- und Insolvenzberatung für Solo- und Kleinselbständige, Frank Wiedernhaupt, 030 69 033 3103, wiedenhaupt@berliner-stadtmission.de

PRACTICAL TASK 8	Variety of interest rate
Type of the activity	Group work
The aim of the activity	To strengthen knowledge about loans and mortgages
Skills that the activity develops	Analytical skills; ability to analyze the benefits and disadvantages of loans and mortgages
How many people the activity is suited for	Individually or in groups at least of 2
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Small sheets of paper, pens/pencils, portable board
Process	1. Discuss the role of the interest rate in the financial system 2. Discuss: In which situations Vilma and Maria are likely to take loans? When did you take a loan? 3. Imagine a scenario in which Vilma or Maria have financial difficulties and cannot repay their debts. What would you advise them to do?
Benefits	Deep knowledge about loans and mortgages enables participants to be more considerate when taking them

Additional literature:

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Consumer Debt and Private Insolvency in Poland

Prepared by Andrzej CWYNAR

In Poland, people who have become overly indebted and lost their ability to repay their financial obligations have several options to choose from that give them a chance to deal with the situation. First, an amendment to the Bankruptcy Law in 2019 provides the possibility of declaring consumer bankruptcy and then reaching an agreement with a creditor to repay the debt under a repayment plan. The debtor has the option of reaching an agreement with the creditor even without declaring consumer bankruptcy. Before the amendment, such a debt relief settlement was only possible after bankruptcy. The debtor also has the option of establishing a plan to repay the remaining debt after the court disposes of the property jointly with the creditors.

Grant-funded (co-financed by public funds) foundations also provide great assistance to debtors in financial distress. They primarily offer legal assistance. Among the best-known foundations of this kind in Poland there are *Krajowe Biuro Pomocy Zadłużonym, Fundacja Pomocy Zadłużonym, Fundacja Pomocy Dłużnikom „Antywindyk", Fundacja Zaradni, Fundacja Cognosco, Fundacja Wsparcia i Pomocy Zadłużonym „Lady Liberty".*

There are also many private companies on the market offering help to debtors. However, it is important to know that debt relief is not free in this case. Among the most well-known companies of this kind are: *Nowoczesne Centrum Antywindykacji, Conectum, eMediator,* and *PoCo*.

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There is a **quiz** below to check gained knowledge, which is presented in the article above.

Exercise 2. Test. Choose the correct variant.

1. What can be used to calculate the cost of a loan?

A nominal interest rate B real interest rate C effective interest rate D all of the above

2. What is the reason for the relative affordability of bank loans in developed countries?

A rule of law B high competition among banks C low inflation D all of the above

3. Who collects information on the debt behaviour of consumers?

A private banks B specialized institutions, such as Schufa in Germany C other private companies D all of the above

4. What is the potential consequence of not being able to pay back one's debt?

A jail B private insolvency and losing control over one's finances C there are no serious consequences D layoff

Answer key: 1. D, 2. D, 3. D, 4. B.

Exercise 3. Mark the sentences **true** or **false:**

1. The nominal interest rate is usually higher than the real interest rate.

2. Private banks give loans to every citizen independently from his or her financial situation.

3. Companies can become insolvent, but not private people.

Answer key: 1. True, 2. False, 3. False.

Investing Savings: Different Currencies, Digital Currencies, Financial Instruments; *ETFs*, Green Investment, Shares of Stock vs. Property. Why Do I Not Invest? Tools and Apps

Prepared by Ewa Dabrowska

Many people in the EU still have reservations concerning investing savings in the financial market. Events, such as the financial crisis in 2007-2008 and the subsequent debt crisis in the EU contributed to citizens' mistrust vis-à-vis the financial sector. Yet, the world of finance became more accessible due to the digital revolution. It is possible to start investing with one euro and access one's shares portfolio on a smartphone now.

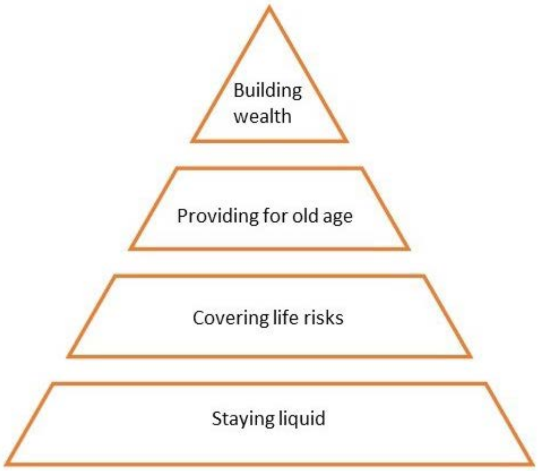
General Principles of Investment

Why is an investment in the first place? To increase one's savings, save for old age or become wealthy, it is important to continue increasing the asset position in one's finances and keep the liabilities in check. Shares in a company, shares of stock or real estate are assets, among others. Increasing the assets so that they generate regular and automatic cash flow is the goal of investing. That is why saving from every paycheck and starting to invest at a young age increases one's odds of becoming wealthy at some point and being able to retire earlier than most of the population.

Before investing, it is important to put some money aside in a so-called emergency fund to cover expenses related to the repair of technical devices, refurbishment of apartments, health expenses or similar. Furthermore, it is rational to put a share of one's finances into a fixed deposit account or instant access fixed deposit account before starting a shares depot. These accounts offer higher interest rates than cheque/giro accounts, the longer one puts one's money into such an account, the higher the interest rate.

Putting this money with the interest rate gain once again on a fixed deposit account, the interest rate will apply to this larger sum. This is the effect of compound interest, which explains why investing is so profitable.

Figure 1: Healthy finance



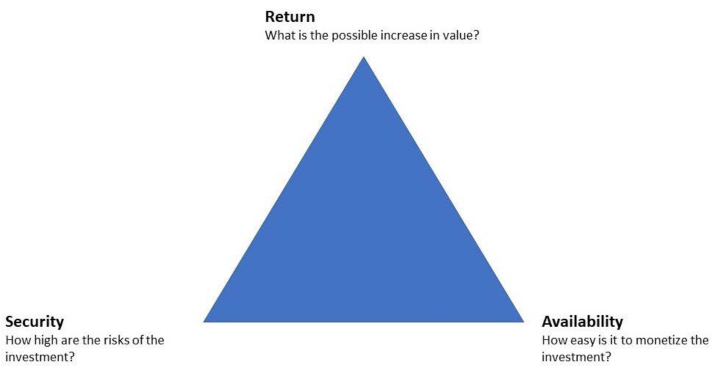
Source: Finanzgruppe Beratungsdienst Geld und Haushalt, Budgetkompass fürs Älterwerden, Deutscher Sparkassen- und Giroverband e.V., Berlin, 2020.

These principles apply likewise to **Vilma** and **Maria**. However, **Vilma** being self-employed is likely to be more conscious about her finance, whereas **Maria** is likely to focus on her profession. **Maria** needs to bear in mind that a job, even one with a permanent contract, does not release one from caring about one's financial situation and especially saving for old age.

Investing and Risk

Investing in the financial market always involves risk, but with knowledge and proper strategies, one can significantly diminish it. There is a general rule as far as the profitability of financial instruments is concerned: the riskier they are, the more reward they offer.

Figure 2: The "magic" triangle



Source: Kühn, Stefanie; Kühn, Markus, Alles über Fonds, Stiftung Warentest. 2021.

Having shares of stock in one company or several companies is risky. Having a diversified portfolio depicting for instance the German *DAX* index or even a world economy index is much less risky. Even when some companies whose shares we possess run into difficulties, there will be other companies performing well and offsetting the bad results of the former. That is why investing in so-called *ETFs* (exchange-traded funds) has become so popular in the last few years.

ETFs are portfolios of thousands or more shares that are traded on a national or global stock exchange. The principle of risk diversification that lies behind *ETFs* ensures that they are likely to yield returns, especially when invested over a longer period, like several years. *ETFs* are attractive to both **Vilma** and **Maria**, especially if they are interested in saving additional money for one's pension or their children's future education.

Sustainable Investment

Meanwhile, *ETFs* exist that consider sustainability criteria and include only companies that care for the environment and workers' rights. However, as Thomas Kehl points out, such *ETFs* are less diversified than regular *ETFs*, which increases the risk. Nevertheless, investing in such companies is a good way of supporting social and green companies that are likely to be rewarded by their orientation by the consumers as well. In the face of the current pressure for sustainability, such companies might perform better than their non-social competitors, especially if the latter gets punished by stricter environmental and social regulations.

Robo-Advisors

Investing has become easier in the digital age, and it offers more options now. Online brokers, mobile trading or robo-advisors – artificial-intelligence-based investment advisors – make it easier to start a shares depot, start investing with low sums and automatically pick shares according to recommendations done by artificial intelligence. It is an option for both **Vilma** and **Maria** to get oneself acquainted with mobile investing and collect financial experience and knowledge.

The German financial magazine *Finanztip* recommends investing autonomously, as it is the least costly option that forces one to take responsibility for one's finances and risk preferences. However, journalists from *Finanztip* concede that robo-advisors may help one figure out one's preferences regarding risk and portfolio composition. Besides, robo-advisors are a more affordable option than bank consultants. They recommend three robo-advisors: ***Quirion***, ***Growney*** and ***Raisin Invest***, where one can start with €500 and develop a savings plan with regular contributions of at least €25 monthly (***Growney***).

Investing in Real Estate

The second popular trajectory of investing is investing in real estate. It is important to underline that buying a flat or a house for oneself is not considered to be an investment in the financial education literature. Such a property is likely to be based on a liability – a loan – and cause huge expenses, such as for refurbishment.

Investing in real estate is an option for **Maria**, once she is employed and has a regular income – banks are more likely to give credit to people with permanent contracts. However, by choosing this option, **Maria** can fall into what Robert Kiyosaki, an expert on financial education, calls the middle-class trap. A house generates various expenses and might contribute to a deterioration of **Maria**'s financial condition if her income does not rise adequately.

Vilma's financial situation will either not allow her to take credit and buy some property or, if she has a large income, she could either go **Maria**'s way or invest in real property for profit. Some financial education advisors, such as Thomas Kehl and Mona Linke, warn that unexpected expenses or a highly regulated housing market prevent profit generation, but in general, this is a popular option for investors in many countries.

Another form of investment that is becoming increasingly popular is crowdfunding investment in real estate. It is important to bear in mind, however, that the crowdfunding form of investment does not guarantee the good intentions of the developer and the project's success.

Foreign Currencies

Holding one's savings in foreign currencies is important for citizens of countries with less stable currencies. It protects against inflation. Professional participants of the financial market trade currencies and sometimes speculate actively with them. Such transactions involve much larger sums than those that are at the disposal of private investors. For them, currencies are less interesting (Kostolanyi 2015).

Cryptocurrencies

Investment in cryptocurrencies is a popular form of investing nowadays. Investors in cryptocurrencies praise the quick and substantial gains they offer; sceptics warn against the risk of losing money. The basic financial market rule applies to cryptocurrencies as well: there is a trade-off between risk and return. **Vilma** or **Maria** might decide to take risk into account and invest in the crypto market. However, they should bear in mind that this market might not be the most suitable for long-term investments as the future of cryptocurrencies is unknown.

Assumptions About Money

Given the accessibility of mobile investing and a multitude of options to invest one's money, why do so many people not invest, neither in the financial market nor in real estate? Money is still subject to negative cultural assumptions. People engaged in investing are sometimes perceived as greedy, materialist, driven by private interests and endangering the stability of the economy, immoral, cheating or short-sided.

For yet other non-investors, the subject of investing might seem to be excessively technical, mathematical, and complicated. It is important to become conscious of one's prejudices concerning money before taking the first steps in the subject of investing.

Tools and Apps

- ***Your Juno*** (in English, only for iPhone users)
- ***Finanzguru*** (in German)
- ***Moje finanse*** (in Polish)

PRACTICAL TASK 9	Do I need to save or invest?
Type of the activity	Group work
The aim of the activity	To strengthen awareness about one's hidden assumptions relating to saving and investing
Skills that the activity develops	Ability to observe and analyze one's prejudices about investing
How many people the activity is suited for	Individually or in groups at least of 2
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Small sheets of paper, pens/pencils, portable board
Process	1. Find a person among your acquaintances who invests in the financial market. Ask a person about their way from not investing to investing. 2. What are your assumptions about money and investing/investors? Scrutinize them critically. Are they rational or not? What would be the rational reasons for not investing?
Benefits	Knowledge about hidden assumptions relating to saving and investing leads to more informed decisions in this area

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Pension Schemes

Prepared by Ewa DABROWSKA

Variety of Pension Systems

There is a variety of pension systems across Europe that reflect the historical development of the welfare state and diverging social policy traditions in different European countries. We can distinguish tax-financed pensions, so-called *pay-as-you-go pensions* that are part of social security systems, in which current pensioners are paid by today's workforce and capital-market-financed pensions. Capital-market-financed pensions are sometimes supported by the state using tax reduction schemes. In the face of an aging population and changing structures of the labour market, pension systems of certain countries show flaws that are likely to be thematized in the policy-making process in the coming years. Most of all, certain groups of the population earn no or only a minimal pension that does not allow a life of dignity.

The Pension System in Denmark

In Denmark, the pension system consists of three pillars. The first one is a social pension paid to every citizen who has spent 40 years in Denmark. It is means-tested and adjusted upwards for population groups with no other income. The second pillar is the occupational pension which covers nearly 90% of Danish employees. The employer finances two-thirds of contributions to this pension and one-third of contributions makes the employee. It is equivalent to the *pay-as-you-go pension system* in other countries. The third pillar is personal and supplementary pensions. It is possible to negotiate a higher personal pension with one's employer in the framework of the occupational pension. Furthermore, an Employees-Capital Pension Fund is investing a share of pensions in mutual funds.

The Pension System in Norway

In Norway, there is a state pension, with supplements, and an occupational pension. In addition, Norwegians can arrange a personal pension that is financed by private savings. The state pension is financed by the National Insurance Scheme, which is a *pay-as-you-go system*. Full pension is given to Norwegians who had worked 40 years, if they worked less, the pension is accordingly diminished. A mandatory occupational pension was introduced in 2007 to complement state pension.

The Pension System in Lithuania

The pension in Lithuania consists of the flat-rate benefit that is reached after 31.5 years of contributions and earnings-related, points-based part. The Lithuanian State Social Security Fund *SoDra* manages the pensions. Lithuania is not only part of the EU social security coordination, but it concluded bilateral agreements on pensions with Russia, Belarus and Ukraine. Lithuania pays pensions for pensioners who permanently move to Lithuania from Russia. For Russians who have not yet reached pension age and moved to Lithuania, Lithuania includes their accruals from the Russian pension system in calculating their pensions in Lithuania. In the case of Belarus and Ukraine, however, these countries continue paying pensions to their citizens who move to Lithuania.

The Pension System in Poland

Poland's pension system is based on the pay-as-you-go principle managed by the Agency of Social Insurances *ZUS*. 25 employment years for men and 20 employment years for women are required to obtain a minimal state pension. The second – formerly obligatory – capital-market-based pillar of the Polish pension system – the Open Pension Funds (OFE) – is being dissolved. Instead, Individual Pension Accounts and Individual Pension Insurance Accounts have been created. One-off or regular monthly or yearly payments to these Accounts are invested in the capital market. These payments can be deducted from taxes. Costs accumulated on these accounts can be inherited.

Ukrainians coming to Poland as refugees are allowed to receive a pension in Poland if they had worked in Poland at least for a year. For people born before 1949, the years they had been employed in Ukraine are added to the calculation and a respective pension is paid out by the *ZUS*. For people born after 1949, the amount of the pension will depend on the Polish employer contributions to the *ZUS*, years worked in Ukraine are not included. Thanks to a bilateral agreement between Poland and Ukraine, Ukrainians can receive pensions from both countries, one for years of employment in Ukraine, and the other for work in Poland.

Pensions in the EU

Since the EU encourages labour mobility, EU citizens can claim their pension rights in several countries they have worked in. Even if a EU citizen had worked in a certain country less than it is required by this country's law to receive a pension there, the citizen's working years in other EU countries are added up and the citizen can claim a corresponding share of his or her pension from this country. In practice, however, labour mobility may lead to lower pensions, which is why it is advisable to provide for one's old age by investing in Exchange Traded Funds or property.

The Pension System in Germany

In Germany, pension is covered by social insurance. The contribution amounts to 18.6% of one's gross salary up to €84,600 annually (€81,000 in Eastern *Länder*). 9.3% of the salary is paid by the employer, and the same share is paid by the employee. For **Maria**, once employed, these contributions happen automatically. She is likely to think that her pension is secured and that the German state will pay it.

Problems in the German *pay-as-you-go* pension system should be mentioned. Originally, this system relied on a large number of workers paying into the pension state fund. However, only two workers finance one pensioner's pension nowadays and this number is likely to shrink. Correspondingly, the pensions the German state can afford diminish gradually. The German government assesses that an average pension in 2033 will cover only 45% of the last gross salary before retiring.

Compensating for an Insufficient Pension

That is why employees like **Maria** need to complement their future pensions by investing on their own in the financial market or real estate. It is in her interest of **Maria** to assess which sum of additional pension she would like to earn and act accordingly.

The pension insurances regularly send assessments of employees' future state pension if they continue to pay in similar amounts as in the recent past. These assessments should serve **Maria** to calculate her personal goal as concerns her additional pension. A pension gap usually emerges between the last salary and the first pension. Based on the remaining years and assessed return of investment when investing for instance in *ETFs,* she can calculate which amount she needs to invest nowadays to attain this goal.

Table 3: Calculation of the saving rate to fill the pension gap

How to calculate a pension gap? (Poland)	
The age at which you go on pension	60
Your life expectancy (average for women in Poland)	80
Duration of your pension period	20
Pension gap (example)	€400
Needed capital income	€80,000

Calculation of the needed saving rate	
Your age	30
Years until the pension begins	30
Expected yield	5% per annum
Your monthly saving rate	€122.12

People can calculate the monthly saving rate that enables them to attain their financial goals with compound interest rate calculators that are available on the Internet, for instance here:

1. https://www.finanz-tools.de/zinseszinsrechner
2. https://www.nerdwallet.com/article/banking/savings-calculator
3. https://www.investor.gov/financial-tools-calculators/calculators/compound-interest-calculator

Providing for One's Old Age as a Self-Employed Person

Vilma, as a self-employed, has to pay her pension contributions herself. Many self-employed people do not pay them and have to save for old age in different ways. If she is not part of the pay-as-you-go system or uses it in a limited way, however, **Vilma** has to invest much more to obtain the same amount of pension **Maria** would obtain.

Women's Pensions

Both **Vilma** and **Maria** should try to complement their state pension especially if they follow the traditional female pattern of participating in the labour market – having pauses in their working life due to care obligations and working predominantly part-time. In this case, their pension will probably not suffice to cover their expenses in old age. Whether married, divorced or single, women should make efforts to increase their future pension without having to rely on their partners, family or friends.

State Support to Private Pension in Germany

The German state supports people who provide for their additional pension with an allowance of €175 per year plus €300 (€185 for children born before 2008) for every child. Additionally, German taxpayers who have certified bank-based or fund-based savings schemes enjoy tax significant reductions. People with higher incomes, either employed or self-employed, are de facto beneficiaries of this program – Riester pension (*Riester-Rente*), as people with lower incomes often do not have enough resources to regularly put aside a certain share of their salaries.

There are differengt tasks below to check received information:

PRACTICAL TASK 10	State and private pension schemes
Type of the activity	Group work
The aim of the activity	To strengthen knowledge about state and private pension schemes
Skills that the activity develops	Ability to analyze risks of relying on the state pension alone
How many people the activity is suited for	Individually or in groups at least of 2
The time requirement of the activity	Up to 30 min.
Other requirements for the activity (space, equipment, etc.)	Small sheets of paper, pens/pencils, portable board
Process	1. Discuss: Why is private provision for old age a topic that should be especially interesting to women? 2. Discuss: Why does the state support people with private savings plans?
Benefits	Knowledge about private pensions insurance enables participants to take a respective decision in practice

Exercise 4. Choose the correct variant.

What is a pay-as-you-go pension system?

A A system where pensioners are paid by current employers

B A system that is financed by taxes

C A capital-market-based pension system

D A supplementary pension system

Which country has a tax-based pension?

A Germany B Norway C Denmark D Poland

What is a pension gap?

A The difference between your private and public pension

B The difference between your last salary before pension and the actual pension

C The difference between your desired pension and your actual pension

D A pension budget deficit

Why do women usually have a larger pension gap than men?

A They do not make provisions for their old age

B They frequently work part-time

C They have gaps in their employment history

D All of the above

Answer key: 1. A, 2. C, 3. B, 4. D.

Exercise 5. Mark the sentences **true** or **false:**

EU citizens working in multiple countries can claim their pension rights in all countries.

Many states support the private pension efforts of their citizens.

Investing in *ETFs* is not a popular way to earn a private pension.

Answer key: 1. True, 2. True, 3. False.

What Does Inflation Mean?

Prepared by Sophia BICKHARDT

Inflation refers to a permanent increase in the overall price level of an economy. Not only the prices for individual goods or services are affected, but all prices and thus the price level (the average of goods prices) as a whole. This is a process of rising prices. People can buy less and less for the same amount of money.

How Is Inflation Measured?

A price index is used as a basis. There are different ones. The price index for the **gross domestic product** (GDP) reflects the price development of all goods and services that are included in the GDP of a country. The price index for the **standard of living** or the consumer price index reflects the goods and services of daily use. A so-called basket of goods was determined. It consists of approx. 650 goods and services (in Germany). The **Harmonised Index of Consumer Prices** applies to the European Union. This reflects the data of the national statistical offices of the Eurozone and the entire EU. The data are comparable due to the "harmonized methodology".

What are the Reasons for Inflation?

They are usually complex and controversial; there are various opinions on the subject.

Some economists argue that an expansion of the money supply concerning the supply of goods must inevitably lead to inflation. This view is rejected, among other things, by stating that there should already have been a big inflation in the last 20 years then. After all, the volume of money in the world is many times larger than the value of the world's gross social product.

There is widespread agreement that inflation can be demand- and/or supply-driven.

Inflation triggered by the demand side of an economy can occur, for example, when many citizens stop saving and spend money on consumer goods at the same time. Or when companies invest in large numbers and demand machines in return. Or when a country's products are bought abroad in particular quantities and production cannot keep up.

Similarly, a strong price increase affecting all prices can be triggered by the supply side of an economy. An example is the so-called *wage-price spiral*: due to the market power of companies, profit expectations dominate price formation (profit push inflation). Conversely, trade unions can push through wage increases due to their power (if any). If companies do not accept to make lower profits or if they can not compensate for the increased wages through higher productivity, they will pass these higher costs on to prices. They rise. Workers' representatives, for their part, try to compensate by raising wages. And so on.

Inflation Leads to Price Increase

A price increase should not be confused with inflation. It affects only individual goods or occurs only in some segments of an economy. A price increase can also lead to an increase in the general price level, since individual products are components of many other products, such as oil or gas.

The Situation in 2022

At present, the prices for energy (especially gas and oil) and food are rising. Since energy is needed for the entire production and since without the (fossil) energy sources an economy is not possible under capitalism, many other prices are rising as a result.

What are the reasons? When Russia initiated a full-scale invasion of Ukraine in February 2022, gas prices jumped. This is due to a gas shortage as a result of the sanctions against Russia and the reduced supply of oil and gas by Russian operators. The reduced supply meets a liberalized market for example in Germany, so it seems that even long-term supply contracts of gas are linked to the stock exchange price of gas. In this situation, the German government commissioned a private company, *Trading Hub Europe (THE)*, to buy gas on the stock exchanges in large quantities. This strong demand from a large customer on behalf of the government drove prices up artificially. They are distorted. Critics argue that this could have been avoided if *THE* had regulated the buying and selling of gas through future contracts as usual.

In addition, there is the so-called merit order principle on the electricity stock exchange: all suppliers charge according to the price of the most expensive producer. At present, this is the gas-fired power plants. As a result, much cheaper suppliers, for example, green electricity suppliers, nevertheless sell their electricity at high prices. By calculating the electricity prices, they make high profits, which can be equated with non-performing income (rents). They are paid by the consumers through their bills.

Inflation is therefore not something that suddenly befalls a society. It can be caused by different developments and activities of different players. It can also be caused by wrong political decisions.

Consequences of Inflation for an Economy

Inflation affects people differently. If their income does not rise at least as much as prices, they can buy less for the same money. This hits people with „small wallets" particularly hard. They include the unemployed, families affected by child poverty or people in old-age poverty. Inflation damages their livelihoods.

Inflation leads to losses for creditors and gains for debtors. Those who have invested money or assets lose them. This is because it is worth less when prices rise, but not when interest rates rise. In a mirror image, debtors gain who have taken out a loan. If the inflation rate is higher than the interest rate at which a loan was taken out, they pay back less debt. This can also affect the state, which can thus reduce its public debt.

What Does Deflation Mean?

This refers to a reverse development. Prices fall over a long time and in different sectors of the economy so that the overall price level falls. Companies stop investing because they expect prices to fall even further and they do not make a profit. Likewise, consumers hold back because they expect products and services to become even cheaper. A recession threatens. But the value of money is rising.

How to Cope With Inflation?

Tackling the Causes

The first step is to address the causes of the constantly rising prices. In the context of the current situation (2022), this means a) gaining access to cheap oil and gas and b) changing the pricing mechanisms in the oil and gas markets.

Central Bank Policy

The central bank of an economic area shall ensure a stable price level. (The US Federal Reserve also has to consider the effects of monetary policy on the labour market). In "normal" times, the European Central Bank aims for an inflation rate of close to two percent. This is seen as necessary to enable growth. If inflation occurs, it can raise interest rates. As a result, less credit is taken out, less is invested, and less is produced, sold and demanded. This can have a dampening effect. But it can also usher in deflation. This danger exists if the causes cannot be remedied with such an interest rate policy.

Tips for Each Individual

The recommendations depend on the wealth situation of each individual. In addition, they might be considered as being controversial. Everyone may decide herself/himself which of the suggestions might be put into practice. And for sure, the choice is made according to the duration and the intensity of the inflation.

- Try to understand the situation, recognize the causes and assess possible developments,

- If inflation is forecast to continue over the long term: purchase long-term consumer goods now (e. g. printers, PC, duvets, bicycles),

- If medium-term or temporary inflation is expected: refrain from buying durable consumer goods,

Both strategies are rational from the point of view of an individual. If many people act in this way, this can have a crisis-reinforcing effect.

- If there is some wealth (money, a house, investment funds, pension funds, etc.):

* Acquisition of real estate or/and territory, preferably such that can also be used for agricultural purposes,

* Joining with others to form cooperatives or active circles of friends who support each other and grow their food,

* Acquire silver and/or gold as a store of value, but also to have a means of exchange in the extreme case of currency failure,

* Keeping cash on hand, as there may be a bank run due to several crises going on at the same time,

* If necessary, purchase shares or bonds after consultation with various providers and e.g. consumer protection organizations; take into account ethical aspects (no shares for war and armaments industry) as well as economic developments (future of medium-sized companies).

- Stockpiling for crises: Information should be provided by the Ministry of the Interior of each country. Other advice can be found in numerous Internet sources. In general:

* Have water filters ready, stock water (at least 2 litres per day per person),

* Store food that has a long shelf life - e.g. almonds (protein), dried fruit such as figs (calcium, iron), apricots, dried peas, oatmeal, rice, dried milk powder, tins of fish and meat, potatoes, preserved fruit and vegetables, cooking oil, noodles, glass noodles (cooking time of only three minutes max.), etc.

* Keep camping cookers and cartridges in stock so that food and hot water can be prepared independently if necessary,

- Don't buy brand-name products, others are just as good but cheaper,

- Buy energy-saving household appliances,

- Take out only necessary insurances and contracts and cancel them if necessary, for example, mobile phone contracts, newspaper subscriptions, repair insurance, insurance for glass, glasses, mobile phones, etc.

- Get politically involved in an economic policy in which inflation and deflation are unnecessary. Democracy needs participation! The power of citizens is often bigger than they often think.

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General Data Protection Regulation

Prepared by Sophia BICKHARDT

General Data Protection Regulation (GDPR) is a regulation of the European Union to

protect the personal data of natural persons,

regulate the free movement of personal data within the European Union.

The regulation entered into force on May 24, 2016 and applies since May 25, 2018. The aim is to harmonize the rules governing personal data by public and private data processors throughout the EU.

The European Commission provides general information on data protection in the EU by an according website (https://commission.europa.eu/law/law-topic/data-protection/data-protection-eu_en) and in all EU official languages.

The 99 articles of the General Data Protection Regulation can be found on the European Commission's website (https://eur-lex.europa.eu/legal-content/DE/TXT/?qid=1528874672298&uri=CELEX%3A32016R0679) and combined with an overview on a website dedicated to the GDPR. Both are in all EU languages available. Explanations with FAQ, a checklist for data controlers and updates are gathered on the GDPR website.

An introduction of 2:55 min. is given by the Wall Street Journal on Youtube (https://www.youtube.com/watch?v=j6wwBqfSk-o).

Criticism

Criticism was given by lawyers, among others. For example, the head of the Department of Public Law with a focus on the law of technology and environmental protection at the University of Kassel/Germany, Prof. Dr. Alexander Rossnagel, said: "All modern challenges to data protection such as social networks, Big Data, search engines, cloud computing, ubiquitous computing and other technology applications are ignored by the text of the regulation". (Roßnagel, 2016)

Moreover, the regulation contained more than 70 opening clauses, which allowed Member States to maintain existing data protection rules or to adopt new ones. This would result in different rules in all member states. (Roßnagel, 2016)

In an expert opinion by a professor from November 2019, it is stated that the EU regulation contains many too vague provisions that do not do justice to the goals of higher consumer protection (Roßnagel/provet, 2019).

According to Wikipedia, Members of the European Parliament have criticized strong lobbying by representatives of the US government and US IT companies. They would have feared stricter data protection rules also in the USA (Wikipedia, General Data Protection Regulation).

The internet platform LobbyPlag.eu (https://lobbyplag.eu/governments) lists "Major Issues" about the GDPR.

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Dictionary of Terms

1. The **annual interest rate** is the interest rate for an entire year.
2. The **annual percentage rate** is the annual cost of the loan, including fees.
3. The **checking/giro/transaction/demand deposit/current account** is a deposit account held at a bank that allows cash withdrawals, transfers and deposits. It is available on demand, i.e. it is very liquid.
4. The **child benefits** or **children's allowance** is a payment by the state to parents or guardians of children. In some countries, the size of child benefit changes with one's income or with the number of children.
5. **Competition** is the condition of striving to be more successful than others or to gain something by defeating others.
6. **Compound interest** is the interest on a loan calculated both on the initially borrowed sum and the accumulated interest from the previous periods or the interest you earn on the interest when applied to savings.
7. The **corporate income tax** is the tax levied on taxable income or capital of corporations.
8. Credit **scoring** is a statistical analysis done by a bank or another financial institution to determine whether a person or a company applying for a loan is creditworthy. Personal data, data related to one's profession, area of living, use of bank, credit cards and insurance are included in such an analysis. In some countries, a specialized institution is responsible for collecting data relating to the debt behaviour of consumers.
9. **Creditworthiness** is the extent to which a lender determines whether one is worthy of receiving a new loan. Repayment history and credit score are considered in this process.
10. **Cryptocurrency** is a digital currency that does not rely on banks and central authorities to verify transactions but is decentralized and encrypted, i.e. secured by cryptography/advanced coding. Cryptocurrencies can be gained for work done on a blockchain, mined or bought from cryptocurrency exchanges. The first cryptocurrency was Bitcoin – founded in 2009. Bitcoin remains a popular cryptocurrency that is mostly used for investing and trading, sometimes for currency exchange. It is thus more an asset than it is a currency.
11. The **DAX** (stands for **Deutscher Aktienindex**) is the major German equity index. It measures the development of the 40 largest and most liquid companies on the German stock exchange.
12. The **double taxation agreements** regulate the taxation rights of countries, between which taxpayers commute or in which they do business. When there are competing tax revenue claims, a double taxation agreement specifies which country is allowed to tax and which is not, to avoid double taxation.

13. The **effective interest rate / effective rate / annual equivalent rate** is the actual percentage rate owed in interest on a loan
14. **Efficiency** is the quality of achieving the largest possible amount of work or profit using as little effort, energy, money or other resources as possible.
15. The **emergency fund** is one's money meant for covering expenses related to the repair of devices, refurbishment of apartments, expenses related to one's or family members' disease or similar.
16. An **exchange-traded fund (ETF)** is an investment fund that is traded on stock exchanges. Typically, an ETF duplicates the value of stock exchange indexes, such as the US American S&P 500 or the German DAX index. Such an index contains high-performing companies that fulfill certain performance criteria. Since *ETFs* diversify risk over a large number of companies, they are relatively low risk relative to the shares of stock.
17. The **excise** is an indirect tax, a duty levied on manufactured goods that were manufactured inland. Typical excise taxes are taxes on fuel, alcohol and tobacco.
18. The **income-related expenses** are all costs that incur during pursuing a professional path, such as transport costs, costs of education, office, work clothes, business-related trips, and others.
19. The **income tax** is a tax imposed on individuals or businesses correlatively to their income or profit. Income tax is a product of a tax rate and the taxable income.
20. The **inheritance tax** is a tax levied by some states on property and money acquired by gift or inheritance
21. The **instalment loan** is granted when one decides to buy a product, for instance, a washing machine, and pay for it in instalments.
22. The **interest** is a payment that the debtor owes the lender for giving him/her a loan. The lender incurs a risk by lending and interest is a reward he or she obtains for incurring this risk. The interest rate is a percentage of the total amount of the loan that needs to be paid back to the bank together with the loan.
23. The **land value tax** or **land tax** is levied by the municipality on the market value of land independently from what is located on it.
24. The **local business tax** is collected by the local city or town and is a tax on machinery and tools, i. e. business tangible personal property.
25. The **lottery and gambling tax** is a tax paid by companies that have a license for the organization of lottery and gambling activities, such as video games, roulette, card and dice game, bingo, and others.
26. A **mortgage** is a loan intended to finance buying a house or an apartment.
27. The **occupational pension** is a salary-linked pension that is financed partly by the employer and partly by the employee.
28. The **overdraft** is a de facto loan that is given to the owner of a bank's account

when one overdraws one's account. When opening an account, the bank and the client decide whether the client wants to use the overdraft facility and whether his or her financial situation allows for it. Later, this decision can be changed to the client's demand.

29. The **pay-as-you-go pension** is a social security system, in which current pensioners are paid by today's workforce.
30. The **Pension Fund** is a fund that is accumulated from contributions from employers and employees, and from which pensions are paid.
31. The **pension gap** is the gap that emerges between one's last salary and one's first pension. In many countries, the pension is much smaller than the salary the employee used to earn.
32. The **personal income tax** is a tax levied on the net income and capital gains of individual taxpayers.
33. The **personal property tax** is a tax on moveable property items, such as cars, machinery, furniture, etc.
34. **Private/personal insolvency** means that one is unable to pay one's debt. A personal insolvency agreement is then concluded with one's creditor.
35. The **progressive tax** is a tax in which the tax rate changes progressively, i. e. increases for higher-income groups.
36. The **real estate tax** is an annual tax an owner of real estate has to pay on the market value of it. The fair market value of a real estate is multiplied by a percentage determined by the municipality in which the real estate is located.
37. The **real interest rate** emerges when the yearly inflation is deducted from the nominal interest rate.
38. The **return / financial return** is the money earned on investment after a certain period.
39. The **Riester pension** is a complementary capital-based pension available for recipients of the German state pension. It was introduced in 2002 and named after Walter Riester, former Minister of Labour and Social Affairs. The government subsidizes this additional private old-age provision – Riester pension – with tax allowances depending on whether the person/family has children and how many of them (€175 as a basic allowance, €300 as an additional allowance per child). In addition, capital contributions of up to €2,100 per year count as special expenses in the tax declaration.
40. The **risk** is the quantifiable chance of something negative happening.
41. The R**obo-advisors** are artificial intelligence-based investment advisors.
42. The **rule of law** refers to a system or a situation in which arbitrary exercise of power is restricted and all citizens and institutions are accountable to the same laws.
43. Social **insurance** is a form of insurance against economic risks provided by the

state. It includes such elements as health insurance, pension and care insurance, unemployment insurance, and others. Individuals' claims at the moment they face economic risk in the form of unemployment or disability will be dependent on their contributions to the social insurance fund.

44. The **tax class** is one of six categories into which German taxpayers are divided, depending on their marital status, their spouse's income, the number of children, and whether they have one or multiple sources of income.
45. The **tax scales** are the basis for calculating the exact tax that employees have to pay on their income.
46. The **value-added tax (VAT)** is an indirect tax on goods and services levied at each stage of production, distribution or sale to the consumer.
47. The **tax-free amount** is a level of income up to which no taxes have to be levied. A tax-free amount or tax allowance is granted to ensure taxpayers' subsistence or to attain some political goals, such as improving demography, making citizens spend or save more, etc.
48. The **tax rate** is a percentage at which an individual taxpayer or a corporation is taxed.
49. A **financial institution** is a company that provides financial services. A financial institution exists to provide a wide variety of deposit, lending, and investment products to individuals, businesses or both.
50. **Self-employment** is the state of working for oneself as a freelance or the owner of a business rather than for an employer.

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Research of the Situation of Eastern European Women in the Labour Market in Germany

Myriad Pro, Semibod, 2

Prepared by Ewa DABROWSKA **Myriad Pro, Regular, 12 pt.**

The group of migrants with Eastern European origin in Germany is heterogeneous. We can identify a large group of people of German ethnic origin who often brought their non-German families – *"Spätaussiedler"*, people migrating from the EU countries that entered the EU in 2004, 2007 or 2008 – Poland, Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Slovenia, Bulgaria, Romania, Croatia – and immigrants from non-EU countries (post-Soviet countries, such as Russia, Ukraine, Belarus, Moldova, as well as Serbia, Bosnia and Herzegovina, Albania, Montenegro, North Macedonia, Kosovo) who are not *Spätaussiedler*. Out of these groups, there are most data on the migrants from the EU countries, including on their situation in the labour market.

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Spätaussiedler

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A large group of so-called *"Spätaussiedler"* – resettlers of German ethnicity who had migrated to Eastern Europe and Central Asia in the 18-20th century and assimilated there, and their families – migrated to Germany in the course of 1950s-2020s – 4.5 million people. In 2020 – 2.5 million people were identified as *Spätaussiedler* in the national census. Of these, 1.46 million people came from countries of the former Soviet Union, mostly from Russia (584,000 people) and Kazakhstan (673,000 people). Other resettlers came from Poland, the Czech Republic, Romania, and countries of the former Yugoslavia. 547,000 *Spätaussiedler* were over 65 years old and received pensions in 2020. In 2013, 27.5% of *Spätaussiedler* pensioners were at risk of poverty, that is they had less than 60% of the average income. In the population without migration history, this share was 12.5%. In 2008, the share of *Spätaussiedler* over 50 years old who possessed real estate amounted to 33.5%, whereas it was 66.1% in the non-migrant population. This evidence shows that migrants are at a higher risk of poverty than non-migrants, which is a case for the financial education of people who could still make provisions for old age.

Migrants From EU Member States

In 2021, Polish citizens were the largest group of within-the-EU-migrants in Germany, with 870,997 people who had a Polish passport (German citizens of Polish descent are excluded here), followed by 844,535 Romanians, 434,609 Croatians, 410,886 Bulgarians, and 212,737 Hungarians, 63,281 Czechs, 62,236 Slovaks, 58,457 Lithuanians, 40,748 Latvians, 28,175 Slovenians and 7,215 Estonians. Romanians are the largest growing group among EU migrants, with 150,000-195,000 people arriving per year since 2014 (but 60,000-105,000 people per year returning to Romania). The migration of Poles slowed down since 2015 (147,000 people arrived, 70,740 people returned), in 2021, 75,401 Poles arrived in Germany (61,472 people returned to Poland). Bulgarians are a growing group too, with 60,000-72,000 people arriving per year since 2014 (20,000-43,000 people returning), as are Croatians (20,000-50,000 people per year since 2014, 9,000-20,000 people returning) and Hungarians (20,000-50,000 people per year since 2014, 18,000-28,000 people returning). People between 25 and 35 are the largest group of migrants among these national groups, except for Lithuania, where Lithuanians who are between 16 and 25 years old are the largest group. The share of women among East-Central and Southeastern migrants fluctuates between 33.9% (Poland) and 45.8% (Estonia). Thus, women are less than half of migrants from the East-Central and Southeastern EU member states. We can assume from this statistic that the East-West migration within the EU is largely work migration.

Migrants from other EU member states represented seven percent of all employees in Germany in 2021 who are socially insured. They are 51% of all non-German employees. Ninety percent of these employees are people coming from countries that entered the EU in 2004, 2007 or 2008 (Poland, Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Slovenia, Bulgaria, Romania and Croatia). Among them, 39% were women (34.8% of women among Romanian employees and 40.8% of women among Croatian employees) in 2020.

Migrants From Post-Soviet Countries and Western Balkans

In 2021, 395,308 people from the Western Balkans were employed in Germany, 102,292 people from Bosnia and Herzegovina, 93,556 people from Serbia and 93,080 people from Kosovo. As for post-Soviet countries, 94,428 Russians were employed and 55,660 Ukrainians. The recent wave of war-related migration from Ukraine is not included in this statistic. The share of women among migrants from the Western Balkans was 36.8%. In contrast, 59.2% of Russians and 62.5% of Ukrainians were women.

The Situation of Migrant Women in the German Labour Market

Before going into the situation of migrant women in the German labour market, and especially women coming from the Eastern European region, it is important to outline the situation of women in the German labour market in general. There is still a substantial amount of inequality between men and women in Germany. The Gender Pay Gap in Germany is up to 18.3% and is the fourth largest in the EU (after Latvia, Estonia and Austria). The reason for it is that women tend to have part-time jobs and work in the low-pay sector, with the German low-pay sector being the largest in Europe since the so-called *Hartz IV reform* in 2003-2004. Forty-eight percent of women and only nine percent of men work in part-time jobs in Germany. Due to this discrepancy, women are exposed to a larger risk of poverty, including old-age poverty. Among these women, there are migrant women too. According to a study that was made by the Institute for the Study of the Labour Market and Profession (IAB), 33% of migrants who