

The Impact of Financial Education at Home and School on Asset Formation Among Married Men and Women: A Comparison Between Japan and Norway

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Abstract

This study investigates how financial education at home and school influences the financial behavior of married men and women in terms of asset formation and management. The author commissioned a research company to conduct a web survey in December 2021, targeting 2,000 married individuals aged 35-55 in Japan and 600 in Norway. The results showed that Japanese couples had lower individual incomes and financial assets compared to Norwegian couples, and the total household financial assets were also lower. Regarding asset management, many Japanese respondents, both men and women, reported not engaging in asset management, while many Norwegian respondents reported managing assets together as a couple. The number of respondents who had received financial education at school or work was 3.7 times higher in Norway than in Japan, highlighting the lack of financial education opportunities in Japan. The presence or absence of financial education significantly affected income, awareness of the need for asset management, and life planning, supporting previous research. Furthermore, those with financial education experience had more frequent discussions about savings and stocks with their parents. Financial education experience may have promoted conversations about savings and investments between parents and children at home.

Keywords: Financial Education, Asset Formation, Household Financial Assets

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Introduction

Japan's "Lost 30 Years" refers to the period of economic stagnation following the burst of the bubble economy in the early 1990s (Murase, 2022). During this period, Japan experienced prolonged deflation and low economic growth rates, with many Japanese facing employment difficulties and stagnant wages.

Specifically, looking at the trends in Japanese financial assets, the "Public Opinion Survey on Household Financial Behavior 2023 (Survey of Households with Two or More Persons)" published by the Central Council for Financial Services Information collected responses from 5,000 households nationwide (households with heads aged 20-79 and at least two members). The average savings amount for households with financial assets was 17.58 million yen for households with two or more people, and the median savings amount, which is the savings amount of the household that is exactly in the middle when arranged in order of the smallest savings amount, was 7.15 million yen. Including households without financial assets, the average was 13.07 million yen, and the median was 3.3 million yen. The average can be significantly raised by a small number of high-asset households, giving an impression that is far from the reality of many households. To compensate for the shortcomings of the average, the median is also considered. The median is the financial asset amount of the household that is in the middle when the surveyed households are arranged in order of the smallest (or largest) amount of assets (The Central Council for Financial Services Information 2023). The median can be considered as a representation of the typical household. The average financial asset amount in 2023 is not significantly different from the figure 10 years ago. The median financial asset amount in 2023 was 7.15 million yen, down from the peak of 9 million yen in 2013 (The Central Council for Financial Services Information, 2013, 2023). This indicates that the number of households with low financial assets has increased over the past 10 years. Meanwhile, the consumer price index has steadily increased year by year.

In Norway, where gender equality is more advanced than in Japan, the average household financial assets have more than doubled in just over 10 years. The average household financial assets in Norway were 10.84 million yen in 2010, but the average value in 2022 was 24.43 million yen, more than doubling in just over 10 years (Statistics Norway, 2023). Since it is average, it is possible that a small number of wealthy households have raised the average, but when viewed over time, it has been increasing year by year, reaching the 20-million-yen range since 2020 (Statistics Norway, 2023). Like Japan, the consumer price index has been rising. In the case of Norway, 1 NOK (Norwegian Krone) is converted to thirteen yen based on the exchange rate at the time of the survey (December 2021).

In Japan, where the traditional division of labor between husband and wife remains strong, the assets built by the working husband are considered family property, and the husband's income is managed by the wife as family money. After the husband's death, the assets become the wives, so many wives did not see it as a problem. Under the gender-based division of labor, married women (wives) find it difficult to secure assets, suggesting a disparity in financial assets between husbands and wives.

In Japan, despite the continued rise in prices, the growth of household financial assets for households with two or more persons has stagnated. In this situation, savings for retirement, which will require significant medical and nursing care expenses, are insufficient. It is necessary for Japan to address the actual situation and problems of asset formation for both

husbands and wives, and to increase the financial assets of both husbands and wives to raise the total household financial assets.

While the median household financial assets in Japan have remained almost unchanged over the past 30 years, the average household financial assets in Norway have doubled over the past 10 years. What factors contribute to the wealth gap between Norway and Japan? One important factor to focus on is the impact of financial education at home and school.

Literature Review

There are numerous previous studies on the factors influencing asset accumulation. Factors that promote asset accumulation and management include educational background, annual income, amount of assets held, and financial literacy (The Central Council for Financial Services Information, 2019; Kitamura & Uchino, 2011; Lusardi & Mitchell, 2011; Lusardi et al., 2011; Okamoto & Komamura, 2018; Sekita, 2020; Shioji et al., 2013). All these factors tend to be lower for women than for men.

From the first survey on Japanese women and property, "Wife and Husband Property Survey" by the Tokyo Women's Foundation (1997), Mifune (1999) pointed out that if the total assets of a couple are considered as 100%, the wife's share is 29% and the husband's share is 71%, indicating a significant disparity in nominal assets between spouses. Despite the disparity in assets between spouses, the issue of the disparity in property between wives and husbands has not been addressed due to the "family jointness" consciousness, which considers the husband's assets as family property. From the same survey, Uemura (2004) revealed that wives could not form their own nominal assets due to a strong sense of sharing, where wives considered "the husband's property as their own" based on their contribution to household chores. Following this survey, from the Institute for Household Economy, in the "Survey on Family Life" (The Institute for Research on Household Economics, 2000), Mifune (2004) compared the nominal assets of wives by employment type and found that even in households where the wife was a full-time employee, the wife's nominal asset ratio was lower than the cumulative income ratio, household chore sharing ratio, and contribution to asset formation.

Since 1987, the number of dual-income households in Japan has surpassed the number of single-income households (mainly households where the husband works and the wife is a full-time housewife), and dual-income households are now the mainstream (Sano, 2023). Analysis of the recent "Survey on Household Finances and Attitudes of Dual-Income Couples" (2014) showed that the higher the household income of the couple, the higher the wife's own asset formation, and the wife's nominal financial assets were influenced by the household income of the couple (Suzuki, 2015). Shigekawa (2020) pointed out that Japan's separate property system attributes earned income to the earner, and there is no problem if both spouses can earn equally. However, under the gender-based division of labor, where the wife mainly works part-time or is a full-time housewife, the wife finds it difficult to secure assets.

In addition to the employment type of the couple, who holds the decision-making power in household finances is also important in creating the disparity in nominal assets between spouses. Pahl (1989) emphasized that asset formation between spouses is not only determined by who earns more but also by who "controls" the household money, i.e., the power dynamics between spouses. Grabka and colleagues (2015) analyzed the factors of the disparity in nominal assets between spouses from the German panel data (Wagner et al., 2007) of 7,200

couples and found that who makes the household financial decisions had the most significant impact on the disparity in financial assets between spouses.

In addition to the gender-based division of labor, the impact of financial literacy has also been pointed out. Kamiya (2018) reported that while men had higher financial knowledge than women, women had relatively higher correct answer rates for questions on "how to improve financial situations" and "household management," indicating that men, who have more opportunities to acquire financial knowledge through employment, and women, who often take on the role of daily household management and operation under the gender-based division of labor, build different financial literacy. Achieving gender equality in asset formation is also one of the biggest challenges in Norway. The Norway Reports (2020) stated that it is important for Norwegian women to receive appropriate support, encouragement, and training, and that women have a high ability to engage more deeply in investment activities and improve the profitability of assets.

Purpose and Subjects

This study targeted married men and women in Japan and Norway, where gender equality is more advanced, to investigate their own and their spouse's (partner's) income and financial assets, as well as their financial behavior (supported by the "Japan Center for Economic Research Grant" and the Grant-in-Aid for Young Scientists (Project Number 18K12924) (Principal Investigator: Junko Sano), and the "Murata Science Foundation Research Grant". Currently, the labor force participation rate of women in Norway is 69.5% (Statistics Norway, 2023) (54.2% in Japan, Ministry of Health, Labor and Welfare, 2022). Furthermore, Norway introduced a quota system for corporate executives in 1993 (requiring that the ratio of men and women on the board of directors be at least 40% each). As a result, Norway has a percentage of women in managerial positions at 41.5%, while in Japan, it is 12.6% (Ministry of Health, Labor and Welfare, 2022). On the other hand, in Japan, strategies have been continuously implemented to increase the labor productivity of male workers, with wives taking care of non-work-related matters, especially household chores, so that male workers can concentrate on their work. It is known that the current social security system still retains the remnants of "supporting the husband" (the "spousal deduction" in income tax and the "Category 3 insured person system," which allows wives to receive pensions without paying premiums, were established to evaluate the wife's "supporting the husband"). This study aimed to compare how gender-based division of labor and financial literacy affected asset formation between spouses.

Project Design/Methodology

A web survey on financial behavior and gender awareness was conducted. The survey, conducted in December 2021, targeted married men and women aged 30 to 55 (including common-law marriages, excluding divorced or widowed individuals) from across Japan and Norway who are currently working and forming assets. In Japan, women were divided into three groups: 334 full-time employees, 333 part-time employees, and 333 full-time stay-at-home spouses. To verify the difference in financial assets held in each spouse's name, only cases where responses were obtained for both the individual's and the spouse's financial assets were extracted. As a result, the analysis included 471 Japanese men, 469 Japanese women, 230 Norwegian men, and 189 Norwegian women. Descriptive statistics and t-tests were conducted for the analysis.

Main Results or Findings

Both male and female respondents in Norway had higher household income, wife's income, household financial assets, and wife's financial assets than those in Japan. Household financial assets were approximately 1.6 times higher for male respondents and 1.5 times higher for female respondents in Norway compared to Japan, which was consistent with national statistics. The wife's financial assets in Norway were approximately 9.73 million yen for male respondents and 8.84 million yen for female respondents, while in Japan, the wife's financial assets were approximately 4.83 million yen for male respondents and 5.46 million yen for female respondents. The higher income of wives in Norway, where dual-income households are standard and there are fewer full-time stay-at-home spouses, as well as the higher number of women in managerial positions, contributed to the higher household financial assets. However, the allocation of Japanese women into three equal groups of full-time employees, part-time employees, and full-time stay-at-home spouses also influenced the results. When comparing only dual-income households (with the wife as a full-time employee) in Norway and Japan, the wife's financial assets were 10.933 million yen for female respondents in Norway and 7.27 million yen for female respondents in Japan. For part-time employees in Japan, the wife's financial assets were 4.23 million yen, and for full-time stay-at-home spouses, the wife's financial assets were 4.87 million yen.

In Japan, the high "wife's household decision-making power" reduced the difference in financial assets between spouses. Decision-making regarding living expenses, savings plans, and asset management in Japan was "always the wife" or "mostly the wife" in 64.2% of cases for living expenses, 46.1% for savings plans, and 31.6% for asset management. In Norway, responses indicated that decisions were made "jointly" by both spouses in about half of the cases for all three categories. It was clear that in Japan, the wife mainly decided on the daily handling of money. This was similar to the results of the "7th National Family Trends Survey" (National Institute of Population and Social Security Research, 2023), where 62.3% of respondents said the wife decided on "household distribution and management," 22.8% said "together," and only 14.9% said "the husband" (Sano, 2023, 2024).

The proportion of those who agreed with the male breadwinner role, where men should support the family's economy, was predictably higher in Japan than in Norway. In Japan, there was a strong tendency to consider "the husband's income as family income" and to see the husband's breadwinner role as natural, with the wife taking on the role of household management. This led to the wife mainly making household decisions. Japanese wives seemed to feel less inconvenience in daily money management. In contrast, in Norway, the income and financial assets of spouses (partners) were managed jointly. One reason for the joint management of financial assets in Norway is the high proportion of common-law marriages. In this survey, all Japanese respondents were legally married, while in Norway, 72.5% were legally married (435 people), 13.5% were in common-law marriages (81 people), and 14% were cohabiting (84 people). Due to differences in the marriage system, it is believed that individuals manage their own income, share the costs necessary for living, and form assets with their remaining income.

Next, the breakdown of financial assets was examined. Respondents were asked to select all financial assets held in their name, including savings, trusts, stocks, investment trusts, bonds, securities derivatives, and others, or to indicate if they had none. Comparing Japan and Norway, Japanese couples' financial assets were heavily concentrated in savings. When asked about the breakdown of financial assets (multiple answers allowed), 88.6% of Japanese men

and 86% of Japanese women had savings, with the next most common asset being stocks, owned by 31.5% of Japanese men and 14.6% of Japanese women. In contrast, Norwegian men and women had a more diverse breakdown of financial assets. Norwegian men had 77.7% in savings, 49.3% in investment trusts, and 47% in stocks, while Norwegian women had 67.7% in savings, 33.7% in stock investments, and 32% in investment trusts. The preference for savings in Japan was prominent in the comparison between the two countries.

Regarding financial assets, respondents were asked, "Does your household manage assets through means other than savings or deposits?" The most common response among both Japanese men and women was "not managing assets," excluding savings. Particularly, 48% of Japanese women responded that they were not managing assets. In contrast, the response rate for not managing assets in Norway was 13.7% for men and 22.3% for women, with Norwegian women also being more reluctant to manage assets.

When asked why they were not managing assets, the most common response for both men and women in both countries was "because I don't want to lose money." Notably, the highest response among Japanese women was "securities investment is difficult." Why do so many Japanese women find securities investment difficult?

Next, the impact of education on asset formation and asset management in Japan and Norway was examined. Among respondents, 18.4% (out of 1,016) in Japan and 69.7% (out of 419) in Norway reported having opportunities for financial education at school or work. The response rate for financial education opportunities in Norway was about four times higher than in Japan.

Next, using a five-point scale, the impact of financial education opportunities on individual financial assets, annual income, financial literacy (1 point for two correct answers, 0 points otherwise), frequency of discussions with parents about savings (from very frequent, 5 points, to never, 0 points), frequency of discussions with parents about stocks, whether they think investment is necessary (from very necessary, 5 points, to not necessary at all, 0 points), and whether they have a life plan (from very much, 5 points, to not at all, 0 points) was examined. T-tests were conducted to confirm differences based on the presence or absence of financial education opportunities. In both countries, those with educational opportunities had higher average incomes and significantly higher frequencies of discussions with parents about savings and stocks. In Norway, those with financial education opportunities were significantly more likely to agree that stock investment is necessary. In both countries, especially in Japan, those with educational opportunities were more likely to have a life plan. The group with educational experience showed significantly higher values in all items except financial literacy in Japan.

Conclusion

The results showed that Japanese couples had lower individual incomes and financial assets compared to Norwegian couples, and the total household financial assets were also lower. Additionally, there was more support for gender-based division of labor in Japan than in Norway. In Norway, both spouses are typically full-time employees and manage money together, whereas in Japan, earning money is considered the husband's role, and managing money is the wife's role. Regarding asset management, many Japanese respondents, both men and women, reported not engaging in asset management, while many Norwegian respondents reported managing assets together as a couple. The most common reason for not managing

assets in both countries was the fear of losing money, but many Japanese women also cited the difficulty of asset management. The number of respondents who had received financial education at school or work was 3.7 times higher in Norway than in Japan, highlighting the lack of financial education opportunities in Japan. The presence or absence of financial education significantly affected income, awareness of the need for asset management, and life planning, supporting previous research. Furthermore, those with financial education experience had more frequent discussions about savings and stocks with their parents. Financial education experience may have promoted conversations about savings and investments between parents and children at home.

Discussion

In Japan, both men and women generally have lower financial assets in their names compared to Norway. Many Japanese are more reluctant to invest than Norwegians. Having financial education experience can increase conversations about savings and investments between parents and children, positively impacting asset formation and management. In the future, Japan needs to increase opportunities for financial education at schools and workplaces to the level of Norway, raise financial asset amounts, and actively engage in savings and asset management.

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