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EDITORIAL

Financial Literacy and Education in an Era of Unprecedented Disruptions

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The global economy has faced a series of profound disruptions in recent years—from the COVID-19 pandemic to surging inflation and growing political instability. These shocks have significantly affected economic activity, productivity, consumption, and investment, while also straining financial systems, markets, and industries. Notably, they have intensified household and corporate indebtedness, increased default risks, and heightened financial instability. Thus, the need to understand the role of financial literacy and education in mitigating the financial fragility of both households and firms has become more urgent than ever.

This special issue of the Italian Economic Journal presents a collection of theoretical and empirical studies that examine how financial fragility intersects with financial education across various sectors and demographics. A central theme throughout these papers is the premise that improving financial literacy is not merely about individual empowerment, but a broader policy tool for economic resilience and financial stability.

1 The Role of Institutions in Financial Education

The first three papers in the issue examine the role of institutions and incentive structures in shaping appropriate policies for financial education.

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Guerini et al. (2024) adopt a political economy and educational marketing perspective, complemented by text analysis, to conceptualize financial education as a credence good—a service whose quality is difficult for consumers to assess, in a context where financial literacy is a country state–contingent endowment that deteriorates. The authors argue that third-party certification, especially by public agencies, can help ensure education quality but may be influenced by political and bureaucratic incentives. Their analysis, supported by text mining techniques, finds that financial instability concerns often drive political activism in financial education.

Bacchiocchi et al. (2025) use an evolutionary game theory model to investigate the dynamics between household financial education and banks' lending behavior. Their findings indicate that while households invest in informal education to improve credit access, banks may underinvest in educational initiatives due to misaligned incentives, instead "free-riding" on households' efforts. The study reveals that informal financial education can either complement or substitute formal education, thereby affecting overall financial literacy and credit market outcomes.

Lamboglia and Stacchini (2025) analyze data from the 2012 and 2018 waves of the OECD– PISA to investigate two key determinants of young people's financial skills: mathematical proficiency and school-based financial education. Their findings are twofold. First, financial literacy is significantly higher among students with stronger mathematical abilities. Second, access to financial education in schools varies across countries, and students who receive such education demonstrate better financial outcomes. These results underscore the importance of embedding financial education within school curricula.

2 Financial Education as a Buffer Against Economic Shocks

Several contributions in this issue deal with the interactions between financial education and shocks on household and firm financial fragility.

Marconi et al. (2024), drawing on a novel dataset of approximately 4,000 individuals surveyed across two waves (2019 and 2021), demonstrate that digital skills and financial knowledge jointly influence behaviors related to savings and digital financial services. Digital and financial skills enhance capabilities in budgeting and expense tracking. However, digital skills do not significantly impact investment decisions. Both digital skills and financial knowledge are positively correlated with education and income levels. Nonetheless, a persistent gender gap remains, with women often less equipped to fully benefit from these services.

How financial literacy mitigated the negative impact of the pandemic on households and firms financial fragility is at the core of three papers.

D'Ignazio et al. (2025) examine a representative sample of 1,998 Italian micro-entrepreneurs during the COVID-19 pandemic to assess their financial and digital competencies and explore whether these skills contributed to their ability to cope with unexpected shocks. The study finds that overall levels of financial literacy and digital proficiency are relatively low, particularly among sole proprietors and entrepreneurs with lower educational attainment. However, the findings also reveal a posi-

tive association between financial literacy and both the adoption of more digitalized business models and greater resilience to external shocks.

Bertola and Lo Prete (2024) demonstrate that competent access to financial markets can help households smooth consumption in response to idiosyncratic income shocks. Analyzing household-level data from Italy during the initial phase of the COVID-19 pandemic, they find that individuals with higher financial literacy were better equipped to maintain stable consumption patterns despite income disruptions, indicating stronger financial resilience.

Aristei et al. (2025) examine the impact of financial knowledge on individuals' financial fragility during the COVID-19 pandemic. Drawing on novel longitudinal data covering Italian adults from 2020 to 2023, the authors provide robust evidence that higher levels of financial knowledge are strongly associated with lower levels of financial fragility. Their analysis also reveals important heterogeneity in these effects, with the greatest benefits observed among women and low-income individuals—groups typically more vulnerable to financial shocks.

The effects of inflation on wealth distribution are the focus of Infante et al. (2024). Drawing on experimental statistics from the Distributional Wealth Accounts and preliminary data from the 2022 wave of the Survey on Household Income and Wealth, the authors show that inflation in 2022 eroded real financial wealth across all household groups. However, they also find that some high-income households with low net wealth benefited from a reduction in the real value of their debt, highlighting the uneven effects of inflation on household balance sheets.

3 Wealth, Debt, and Inequality in the Post-Crisis Landscape

Finally, some papers deal with the relationship between financial education, financial literacy and financial fragility.

Mussida and Sciulli (2024) explore the relationship between arrears and income poverty in Italy by using the longitudinal 2016–2019 EU-SILC data. Their empirical analysis suggests that being in arrears can become a trap that worsens future poverty—a cycle that financial education may help break.

Condino and Domma (2025) aim to measure Italian households' inability to cover their expected annual expenses with their disposable income by analysing the probability that these expenses exceed household disposable income. The authors propose a new measure of financial fragility by assessing the likelihood that household expenses exceed disposable income. They identify key socio-demographic drivers of this mismatch, offering new insights into households' financial fragility.

Affinito et al. (2025) dissect the composition of household debt, distinguishing between residential mortgages and consumer credit. Their analysis, using granular bank and provincial data, shows differing drivers for each debt type and finds a negative relationship between debt growth and accumulated debt for both types of debt. This finding reduces concerns about over-indebtedness risk.

4 Policy Implications

The issue concludes with a policy-focused contribution by Korczak (2025), who evaluates the preventive role of financial education in curbing over-indebtedness and financial fragility. His work underscores the importance of early and targeted education strategies in building long-term resilience and preventing financial distress.

Together, these studies contribute to a growing body of evidence that financial literacy is not only a matter of personal responsibility but also a structural pillar of macroeconomic stability. Whether by shaping prudent consumer behavior, supporting small businesses, or informing public policy, financial literacy and education have a critical in a world increasingly defined by uncertainty, complexity, and unprecedented disruptions.

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