

Info Capsule

NATIONAL FINANCIAL LITERACY ASSESSMENT TESTS (NFLAT)¹

Financial literacy refers to the ability to make informed judgments and to take effective decisions regarding the use and management of money. A combination of awareness, knowledge, skills, attitude and behaviour is necessary to make sound financial decision and ultimately achieving individual financial wellbeing.

Financial Literacy has become an important part in the present day, with many financial products available for investors. Financial education and awareness help individuals to do planning to achieve their financial goals, understand the risks involved in various financial products, ultimately contributing to their financial well-being. Financial awareness also helps investors keep away from Ponzi schemes (which promise very high return on investment).

Besides, financial education has become even more imperative due to increase in digital transactions post- demonetisation. Numerous apps and alternative instruments for investors have come up. It is extremely important to keep pace with these developments in order to reap the benefits of technology.

SEBI in its initiatives towards spreading financial literacy awareness started to conduct National Financial Literacy Assessment Tests (NFLAT). NFLAT is a financial literacy test to be conducted across the country for school students. NFLAT was launched in the year 2013-14 by the National centre for Financial Education (NCFE) which is setup as part of NISM, with support from all financial sector regulators i.e. RBI, SEBI, IRDAI & PFRDA for implementation of the National Strategy for Financial Education (NSFE). Until now almost five lakh students have taken the NFLAT since its inauguration and close to 4000 schools have participated in this test. Presently, students could take the NFLAT only during particular period when the tests are announced.

In this direction, SEBI through its press release dated April 23rd, 2017 announced that from now onwards students can take the National Financial Literacy Assessment Test (NFLAT) anytime. This new facility will not only encourage more students to take part in the tests, but will also help the students to take the online tests, at any time of the year, 24 x 7, as per their convenience.

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¹ Available at [http : //www.sebi.gov.in/media/press-releases/apr-2017/students-can-take-financial-literacy-tests-throughout-the-year-shri-ajay-tyagi_34738.html](http://www.sebi.gov.in/media/press-releases/apr-2017/students-can-take-financial-literacy-tests-throughout-the-year-shri-ajay-tyagi_34738.html)