From Policy to Classroom: J-FLEC & the Distance Japan Still Has to Cover



Author Arihant Lodha

By Arihant Lodha

Japan has made one of the clearest policy bets of any advanced economy: that a nation of savers can be taught to become investors, and that the teaching should begin in school. The architecture of that bet is now largely in place. Financial education sits inside the national curriculum. A dedicated public body, the Japan Financial Literacy and Education Corporation (J-FLEC), exists to deliver it. The expanded NISA has given households a powerful tax-free reason to act. What remains uncertain is whether the policy has reached the place it was always meant to reach, which is the classroom. From inside one, the honest answer is: partly, and unevenly.

The Three-Year Mark

The useful anchor here is not J-FLEC, which is barely more than a year old, but the curriculum reform that preceded it. Since April 2022, Japan's Ministry of Education has embedded financial education into the national curriculum from elementary through high school. Younger pupils learn the basics of money and the difference between needs and wants. Older students are expected to engage with financial products and long-term planning, and high school home economics now formally covers asset formation and investment for the first time.[1]

That was a genuine shift. For decades, money was something Japanese schools largely left alone, on the implicit assumption that thrift was virtue enough. The reform reflected a hard demographic logic. With an aging population and a strained pension system, the state can no longer afford for households to leave their savings idle. Yet roughly 54% of Japan's enormous pool of household financial assets still sits in cash and deposits, a figure that has barely moved despite years of official encouragement.[2]

So the three-year question is fair to ask: with the mandate now well into its second cohort of graduates, what has actually changed at desk level? The data offers a sobering baseline. In the most recent national Financial Literacy Survey, only about 36% of Japanese adults answered the standard set of core financial-knowledge questions correctly,[3] a rate that continues to trail the United States.[4] More striking, when J-FLEC was set up, the supporting analysis noted that only around 7% of people felt they had ever received any financial education at all.[5] A curriculum line is not the same as a learned skill.

J-FLEC: the Institutional Layer

J-FLEC is the structural answer to that gap. Established in April 2024 and fully operational from August of that year, it was created to consolidate efforts that had previously been scattered across the Financial Services Agency, the Bank of Japan (BOJ), and industry associations. The BOJ contributed funding and folded in the work of the Central Council for Financial Services Information, which it had long housed.[6] Former Prime Minister Fumio Kishida attended the launch ceremony in Tokyo,[7] a level of political attention that tells you how the project is regarded in policy circles.

Its mission, in J-FLEC's own framing, is to promote financial and economic education through public-private collaboration. In practice that means three things: producing teaching materials, training teachers, and dispatching certified instructors to schools and workplaces free of charge.[8] The certification system is the genuinely distinctive feature. By vetting the advisors it sends out, J-FLEC is trying to guarantee neutrality, so that a classroom session on investing is not a sales pitch for a particular product. For a country where mistrust of financial selling runs deep, that design choice is shrewd.

The limitation is one of reach and time. A single national body, however well designed, cannot personally instruct every high school in a country of this size within its first year. The free-instructor model is excellent for the schools that request it and invisible to those that do not. And because J-FLEC is so new, there is little public outcome data yet on how many classrooms it has actually touched or whether literacy among reached students has measurably improved. The institution exists. The evidence that it is closing the gap is still being built.

What the Classroom Actually Looks Like

The most persistent obstacle is not policy or institution but the people expected to teach. Financial education in Japanese high schools is delivered largely through home economics and civics, by teachers who were not trained as finance specialists and in many cases never expected to discuss compound interest or risk diversification. This is not a new complaint. Professor Naoyuki Yoshino, among the most prominent voices on Japanese financial education, has long observed that many teachers are simply not well trained in the subject.[9] An earlier nationwide teacher survey found that a large share felt the time allotted was insufficient, and around 40% judged the content itself inadequate.[10]

The reform did not resolve this. It arguably sharpened it, by adding investment content to subjects taught by non-specialists without

proportionally expanding training or hours. A home economics teacher can convey budgeting with confidence. Explaining why a diversified portfolio behaves differently from a single stock, or what an index fund is, asks something the original teacher training never provided. J-FLEC's instructor dispatch is meant to plug exactly this hole, and where it operates it does. But it functions as a supplement summoned on request, not as a default that reaches every student as a matter of course.

The result, observed from a Tokyo classroom, is unevenness. Some students encounter a knowledgeable outside instructor and a teacher who has leaned into the new material. Others receive a single rushed lesson treated as a box to be ticked before returning to subjects that carry weight in university entrance exams. The mandate guarantees exposure. It does not yet guarantee competence, and the difference between the two is the whole point.

The NISA Paradox

While the schools have been catching up, household behavior has raced ahead, and the gap between the two is now visible in the national conversation. The expanded NISA, launched in January 2024 with indefinite tax exemption and a far larger lifetime allowance,[11] produced an immediate surge. Monthly new sign-ups in 2024 averaged around 530,000, roughly three times the prior year's pace. Accounts held by people under 40 climbed past 7 million.[12] Among Japanese in their 20s, the share holding mutual funds or stocks has reached roughly 36%, up from about 13% in 2016.[12] A generation with no memory of the bubble's collapse is investing in a way its parents did not.

The trouble is that enthusiasm has outrun literacy. A new term, *NISA bimbo*, loosely "NISA poor", has entered circulation to describe young people who cut everyday spending to an unhealthy degree in order to keep investing.[13] According to consumer-finance survey data, the average monthly amount invested by people in their 20s has risen sharply while their discretionary spending has fallen.[14] The phenomenon was serious enough to be raised in the Diet in March 2026, where the finance minister acknowledged the concern and stressed the importance of proper, objective financial education and life-planning guidance.[13]

That exchange is the cleanest illustration of the policy sequencing problem. Japan opened the investment door wide and incentivized walking through it before it had reliably taught people how to size a position, weigh risk, or distinguish saving for a goal from sacrificing a life to a contribution schedule. Behavior is a lagging proxy for understanding, and the lag is now showing up as a social cost rather than a private one.

Closing the Distance

None of this is an argument against the project. The direction is correct, and Japan deserves credit for treating financial literacy as economic infrastructure rather than a personal hobby. The point is narrower: a mandate and an institution are necessary, but they are inputs, not outcomes. Three years in, Japan has built the supply side of financial education impressively and has measured the demand side far too little.

Three steps would help. First, treat teacher capability as the binding constraint it is, and resource training on the scale of the curriculum's ambition rather than leaving it to summer seminars and goodwill. Second, make J-FLEC's instructor support a default that schools opt out of, not one they must know to request, so that reach does not track only the most motivated schools. Third, and most importantly, measure. Without regular, student-level data on what young people actually learn, the country cannot tell whether it is producing literacy or merely attendance.

There is also a role here that policy cannot fill on its own, which is peer-led and student-built. Running a cross-border finance initiative as a high school student has taught me that young people engage with this material most readily when it comes from people close to their own experience and when it is framed as something they can do rather than something done to them. Institutions set the floor. The ceiling tends to be raised by students who decide the subject belongs to them. Japan has, commendably, built the floor. The next three years are about whether anyone is standing on it.

References

1. *The Japan Times*, "Japan is looking to strengthen financial education, but are schools ready?" May 17, 2022.
2. Deloitte, "Building Prosperity: Japan's ambition to become a leading asset management center" (2025-2026).
3. Central Council for Financial Services Information, Financial Literacy Survey 2022 Results. www.shiruporuto.jp
4. "The importance of financial literacy: Evidence from Japan", *Journal of Financial Literacy and Wellbeing*, Cambridge Core (2023).
5. World Economic Forum, "Public and private financial education initiatives in Japan" (2025). www.weforum.org
6. Bank of Japan, capital subscription release, March 1, 2024. www.boj.or.jp
7. Prime Minister's Office of Japan, "Launching Ceremony of the Japan Financial Literacy and Education Corporation (J-FLEC)", Aug. 2, 2024. www.japan.kantei.go.jp
8. J-FLEC, "Overview of the J-FLEC". www.j-flec.go.jp
9. N. Yoshino, "Financial Education in Japan", FSA materials. www.fsa.go.jp
10. "Financial teaching by parents and financial education at school", *Family Science Review* (citing Financial Education Promotion Study Group, 2014).
11. Nikko Asset Management, "Bold and fundamental changes to Japan's NISA", 2023.
12. QUICK Asset Management Research Center / Nikkei, "Survey on Individual Asset Formation" (2025-2026).
13. *News On Japan*, "Young People Fall Into 'NISA Poverty'", March 17, 2026.
14. *Seoul Economic Daily*, "Japan's 'NISA Poor' Youth Cut Spending to Fund Tax-Free Investments", May 30, 2026.

JS

Arihant Lodha is a Grade 10 student at St. Mary's International School in Tokyo and the founder of the International Finance Challenge (IFC), a free global finance competition for high school students active across 12 countries. He is also a research assistant and co-author with Prof. Leonid Pugachev at the University of Missouri-St. Louis, where he contributed to building a federal banking enforcement dataset across the OCC, FDIC, Federal Reserve, and OTS.