

**PERCEPTION OF FINANCIAL FREEDOM: IS FINANCIAL LITERACY A RELEVANT
BACKGROUND?**

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Introdução

Financial freedom, is defined as a means for empowering the population, expanding opportunities for choice and control within the social environment (Brüggen et al., 2017; Nikolaev & Bennett, 2016; Rego & Pinzani, 2013; Riitsalu et al., 2023). For the existence of financial freedom, a Financial literacy - understood as the ability to apply financial knowledge, behavior, and attitude (OECD, 2013) - is essential because, without financial knowledge, one cannot apply it in practice, thus preventing the occurrence of financial freedom (Cabuag, 2023).

Problema de Pesquisa e Objetivo

This study aimed to evaluate the impact of financial literacy and its dimensions on the individual's perception of financial freedom. In addition, we aimed to evaluate how both are perceived by different genders and races.

Fundamentação Teórica

There is still no consolidated literature on what it means to have financial freedom. For the CFPB (2015), financial freedom consists of making financial choices that allow the individual to enjoy life. As for the relationship between financial freedom and financial literacy, two studies arguing from a theoretical point of view the existence of a positive impact of financial literacy on the perception of financial freedom (Clichici and Moagăr-Poladian ,2022; Cabuag, 2023). Furthermore, there is a scarcity of studies assessing the relationship between financial freedom and profile variables.

Metodologia

The survey was carried out with 2,920 respondents. As analysis techniques, we used confirmatory factor analysis, structural equation modeling, and mean difference tests. The instrument contained financial attitude, financial behavior, and financial knowledge, which was elaborated based on the study by Vieira et al. (2021) and Lusardi (2015). While for financial knowledge, three multiple-choice questions developed by Annamaria Lusardi and Olivia Mitchell, were used. Perception of financial freedom was prepared based on the study by Vieira et al. (2022).

Análise dos Resultados

Results demonstrated the positive impact of financial literacy and its dimensions on the perception of financial freedom. Respondents had average levels of financial knowledge, behavior, and attitude and sometimes feel financially free. Difference tests indicate that women and black and brown individuals are less financially literate and have a lower perception of financial freedom.

Conclusão

It is essential that public administrators and financial agents adopt strategies to guarantee the expansion of literacy levels and financial freedom and, at the same time, the reduction of inequalities. Governments need to act strongly on issues related to personality traits such as self-confidence, self-efficacy, self-control, financial empowerment, and on issues related to social norms of participation in the economy and in the labor market so that these most vulnerable groups make better financial decisions and can feel more financially free to enjoy life.

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