THE EVOLUTION OF FINANCIAL MARKETS: KEY TRENDS AND THE FUTURE OF FINANCE EDUCATION

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ABSTRACT

INTRODUCTION

The turbulent environment and shortening economic cycles are influencing the evolution of financial markets, while also forcing changes in financial education. The topics covered concern two coexisting phenomena: (1) hidden inflation in Japan, with particular emphasis on the phenomenon of shrinkflation, which is a strategy used by manufacturers to reduce the size of products while maintaining their prices at the same level (2) financialisation, which involves increasing the scale of financial operations and phenomena, multiplying value for owners in isolation from production activities, and thus, to simplify, it can be said that 'money generates money'. Both phenomena have centuries-old historical roots, but are perceived as enabling the generation of value for owners in the modern world, and are relatively little recognised and disseminated in education

PURPOSE

The aim of the research is to identify the evolution of the financial market, with particular emphasis on shinkration and financialisation in the context of conceptualising the development of financial education.

HYPOTHESIS

The increasing pace of change in the environment (turbulence, shorter economic cycles) and the multitude of shocks on the market are causing owners to seek value through, among other things, the use of shrinkflation strategies and the process of financialisation. These changes require an innovative, conceptual approach to financial education.

ISSN: 2547-8516
ISBN: 978-9925-628-05-6

RESEARCH METHODOLOGY

The primary method used in the study is literature review, taking into account the keywords ‘financial markets’, ‘turbulent environment’, ‘economic cycles’, ‘shocks’, ‘financialisation’, “shrinkflation” and ‘finance education’. The work is based on resources from the following databases: Elsevier, Springer Link, Web of Science, Scopus and others. The number of citations of articles and their substantive content were taken into account.

RESULTS

In the new era of financialisation, households finance their own spending growth by taking on private debt rather than public debt (Pellandini-Simányi, 2020). For example, before the 19th century, clothes and furniture retained their value over time, allowing them to function simultaneously as consumer goods and as a form of savings. People bought them with their long-term resale value in mind (McCracken, 1988; Nenadic, 1994) cited in (Borch 2021). This can be seen as an example of the penetration of financial logic into the non-financial sphere, whereas today a purely hedonistic or aesthetic approach prevails for these goods (Pellandini-Simányi, 2020). The most commonly cited definition of financialisation is that which refers to the growing role of financial motives, financial markets, financial entities and financial institutions in the functioning of the national and international economy (Epstein, 2005). Today, financialisation affects financial markets and securities trading (with varying levels of risk), but it is also visible in commodity markets (raw materials, agricultural products, etc.). The process of financialisation is also visible in the land market, in particular agricultural land, including the maintenance of land without production, large-scale purchases (Clapp 2014); the purchase of land for the construction of roads, shops, schools, etc., and the economic development of peripheral regions (Langford, Smith, Lawrence 2020). In the case of financialisation in commodity markets involving precious metals (silver, gold, diamonds, platinum, etc.) or oil deposits, a negative phenomenon of land financialisation, known as predatory financialisation, is visible. This is expressed, for example, in the development of land without environmental protection or the predatory extraction of raw materials (Garcia-Arias, Cibils, Costantino, Fernandes, Fernández-Huerga 2021).

While financialisation has been a known phenomenon for at least several centuries, shrinkflation is a relatively new economic category. In this situation, it is not yet clearly defined. For example, Janssen and Kassinger (2025) define shrinkflation as: ‘a phenomenon consisting in a reduction in the size of products while maintaining or slightly increasing their prices’. Milan and Singh (2024) characterise

ISSN: 2547-8516
ISBN: 978-9925-628-05-6

shrinkflation as: 'a method of subtly reducing the size or quantity of packaging while maintaining the price'. When considering the phenomenon of shrinkflation, doubts arise as to whether these two approaches can be equated. It should also be emphasised that the above definitions of shrinkflation do not take into account issues such as changes in the composition or quality of products, which are considered to be a common manifestation of hidden inflation

CONCLUSIONS

Shrinkflation has become a tool for maintaining competitiveness and responding to rising production costs. Despite its popularity, it has received mixed reviews from consumers. Transparent communication about price changes should be a more effective strategy for building consumer trust in the long term. Financialisation, on the other hand, has become ubiquitous at the macro, meso and microeconomic levels, manifesting itself in many forms (multiplying value for owners through global financial operations; multiplying the wealth of households that take risks and invest their spare cash). Both phenomena coexist and their effects are ubiquitous.

LIMITATIONS

The research was conducted based on a limited number of literature sources and requires further analysis. The research mainly concerns the markets of the European Union, North America, Latin America and Japan and cannot be generalised.

Keywords: Financial markets, turbulent environment, economic cycles, shocks financialisation, shrinkflation, finance educations

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ISSN: 2547-8516
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ISSN: 2547-8516
ISBN: 978-9925-628-05-6