Organization for Security and Co-operation in Europe

From risk to resilience: The role of financial literacy in youth crime prevention

Preliminary findings

Youth crime is on the rise in participating States across the OSCE area, with perpetrators becoming ever younger. Organized crime groups strategically target and recruit minors below the age of criminal liability as a means to evade prosecution.

Understanding the risk factors that drive youth involvement in organized crime is crucial to developing effective prevention measures. Several studies have highlighted the link between financial illiteracy and susceptibility to crime. Yet, empirical evidence focusing specifically on youth financial (il)literacy and its link to juvenile crime across the OSCE area remains absent.

To address this gap, the OSCE is conducting research to explore this relationship and identify how financial literacy can act as a preventive factor.

Financial literacy is the ability to create and maintain a budget, save strategically, effectively manage debt and recognize financial exploitation and scams.

This brief presents the preliminary findings of this research, assessing how a lack of financial literacy can create or exacerbate the vulnerabilities that make young people more susceptible to involvement in criminality. It also examines how financial literacy can strengthen the resilience of young people to recruitment into organized crime. The OSCE plans to publish the full results of its research in spring 2025.

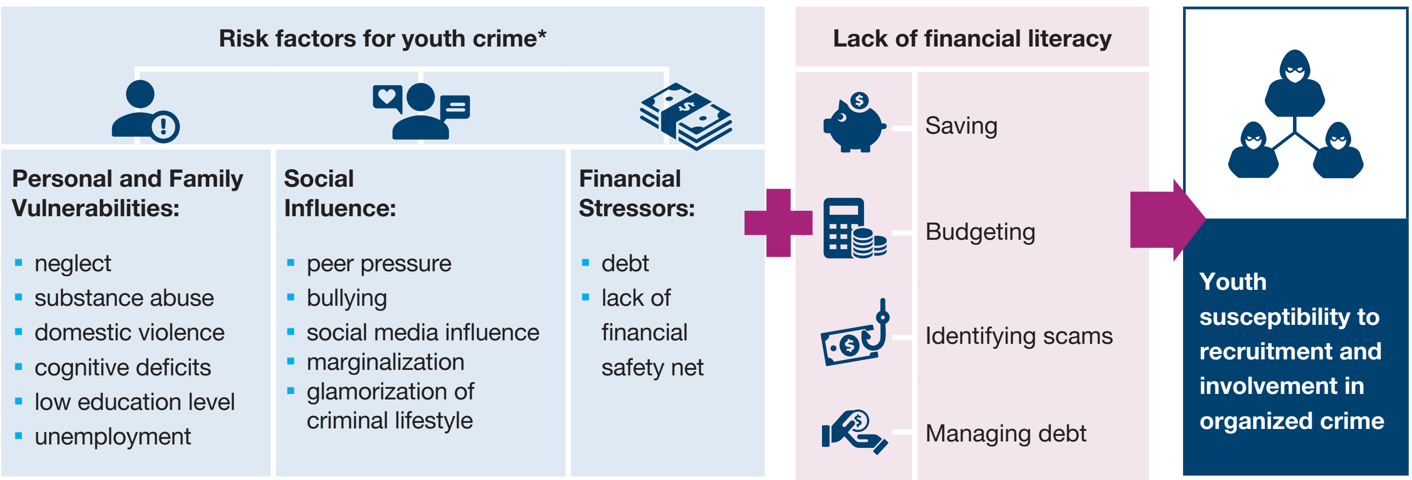

Figure 1: Impact of juvenile delinquency risk factors and lack of financial literacy on youth susceptibility towards crime

Source: OSCE (2024). Authors' analysis of questionnaire and interview answers.

* *Note: the risk factors outlined above are based on data provided to the OSCE by the participating States contributing to this study. It is important to note that this list is not exhaustive and does not necessarily capture the full range of potential factors contributing to youth involvement in organized crime. Additional risk factors may depend on individual, social, and contextual circumstances.*

Methodology

To date, 21 OSCE participating States have contributed data to this assessment in the form of completed questionnaires, case studies and semi-structured interviews with selected law enforcement practitioners, social workers and civil society.

These are: Albania, Andorra, Bosnia and Herzegovina, Canada, Czech Republic, Estonia, Finland, Germany, Italy, Kyrgyzstan, Malta, Moldova, North Macedonia, Poland, Portugal, Romania, Slovakia, Spain, Sweden, Turkmenistan and the United Kingdom.

The wide range of responses ensures the collection of comprehensive data on perceptions and experiences of the role of financial literacy in youth susceptibility and resilience towards involvement in organized crime across the OSCE area.

Financial illiteracy as a factor in youth involvement in crime

OSCE data highlights a clear link between financial illiteracy and youth susceptibility to involvement in crime. It shows that limited financial literacy – among both juveniles and their families – significantly contributes to and amplifies risk factors for youth participation in crime through heightened family stress, greater vulnerability to debt-based recruitment and the allure of quick money.

Financial illiteracy increases the likelihood that young people, both boys and girls, will be recruited into criminal activities. However, OSCE data also identifies gender-specific vulnerabilities associated with financial illiteracy, with young girls facing increased risks of sexual exploitation and young boys having higher exposure to violence.

Heightened family stress

Initial analysis of the data provided by participating States indicates that across the OSCE area:

- Low financial literacy among juveniles and their families significantly increases the risk of youth criminalization;
- Financial illiteracy among parents exacerbates domestic violence, neglect, sexual abuse and substance abuse, in turn driving youth involvement in crime;
- Lack of financial management skills and the resulting financial stress lead many parents to migrate for work, reducing support for children, which heightens vulnerabilities towards involvement in criminality;
- Traditional gender roles increase vulnerabilities. Girls are often expected to take on more household duties during periods of financial stress, exposing them to greater risk of domestic violence, a leading cause of youth crime. Meanwhile, societal pressure on boys to be providers can push them toward criminal activities in times of crisis.

Debt as a recruitment tool

The preliminary analysis suggests that across the OSCE area:

- Financial illiteracy leaves young men and women vulnerable to debt by undermining their ability to identify financial risks and scams, such as seemingly attractive loans offered by organized criminal groups, leading to unmanageable debt and increased susceptibility to criminal recruitment;
- Organized criminal groups exploit debt as a youth recruitment tactic. "Debt bondage" is used by criminal groups to lure, entrap and retain vulnerable young boys and girls in criminal activities and networks;
- Debt-based recruitment has important gender dynamics: organized criminal groups use debt to recruit young men for criminal exploitation and young women for sexual exploitation;
- Sexual exploitation of boys for drug transport is also reported, but often overlooked due to gender stereotypes.

Instant money and financial dependency

The initial findings indicate that across the OSCE region:

- The allure of quick money and a luxury lifestyle are key factors in youth recruitment into organized crime, alongside existing risk factors.
- Girls are particularly vulnerable to the prospect of instant money due to lower average financial literacy and being overlooked by prevention initiatives, which focus more on boys as potential criminal actors;
- Young women and men are increasingly lured into organized crime through false promises of financial success, freedom, power and status;
- Criminal networks exploit social media as a recruitment tool, glamorizing criminal lifestyles to attract youth;
- A lack of financial literacy, including the ability to recognize scams and the risks of quick money and the criminal lifestyle, leaves young people vulnerable to being drawn into criminal networks;
- Once involved, youth often become financially dependent on criminal money and the lifestyle, making it difficult for them to leave criminal groups.

Financial literacy as a tool to build youth resilience to crime

In contrast, OSCE evidence shows that strong financial literacy skills act as a preventive factor for youth crime. At the family level, financial management skills help families achieve stability, prepare for financial shocks and reduce vulnerabilities related to family stress. For young people, these skills provide tools to identify and avoid debt traps and predatory scams, increasing resilience against organized crime groups' debt-bondage schemes. Financial literacy also enables youth to critically assess the allure of quick money often glamorized on social media, helping them recognize the risks associated with a criminal lifestyle.

Practitioners identified three key elements for strengthening financial literacy skills:

- Integrating financial literacy education into school curricula;
- Providing one-on-one, individualized financial advice for at-risk families and young people;
- Conducting outreach and raising awareness through individuals with lived experience.

OSCE findings indicate that, while criminal justice practitioners acknowledge the importance of financial literacy as a crime prevention tool, there is a lack of targeted initiatives to enhance financial skills among youth and parents. Gender gaps also persist, as prevention efforts often focus more on young men than young women. Lastly, there is an absence of whole-of-society approaches to strengthening financial resilience, including a lack of co-operation with the private sector and civil society.

Initial takeaways

This preliminary analysis underpins a number of initial takeaways for the OSCE and its participating States:

- The complex and intersecting drivers of youth involvement in crime needs greater recognition. Vulnerabilities within the family, often exacerbated by financial illiteracy, increase the allure of quick money and a luxury lifestyle, often glamourized on social media.
- This recognition should be the basis for holistic approaches to youth crime prevention that encourage more targeted, systematic and effective criminal justice responses to youth recruitment and involvement in organized crime.
- A cultural shift is needed to embed financial literacy in youth crime prevention initiatives: teaching young people how to be financially independent and manage their finances responsibly empowers them to pursue alternatives to a life of crime.
- Financial literacy education should also include individualized financial advice for at-risk families and juveniles, and outreach and awareness-raising through individuals with lived experience.
- Prevention efforts must address gender-specific vulnerabilities and ensure equitable access to resources and support for both young men and women.
- The criminal justice system, schools, civil society and the private sector need to collaborate to deliver impactful prevention efforts for juveniles at risk, including in building financial literacy.

The full assessment report will include detailed recommendations.

OSCE Organization for Security and Co-operation in Europe