

**OECD-SPAIN CONFERENCE ON FINANCIAL
EDUCATION**

***“Challenges Ahead: Turning Policy Guidance into
Efficient Practices”***

**The Russia’s National Financial
Literacy and Financial Education
Project: on the pathway to the
National Strategy**

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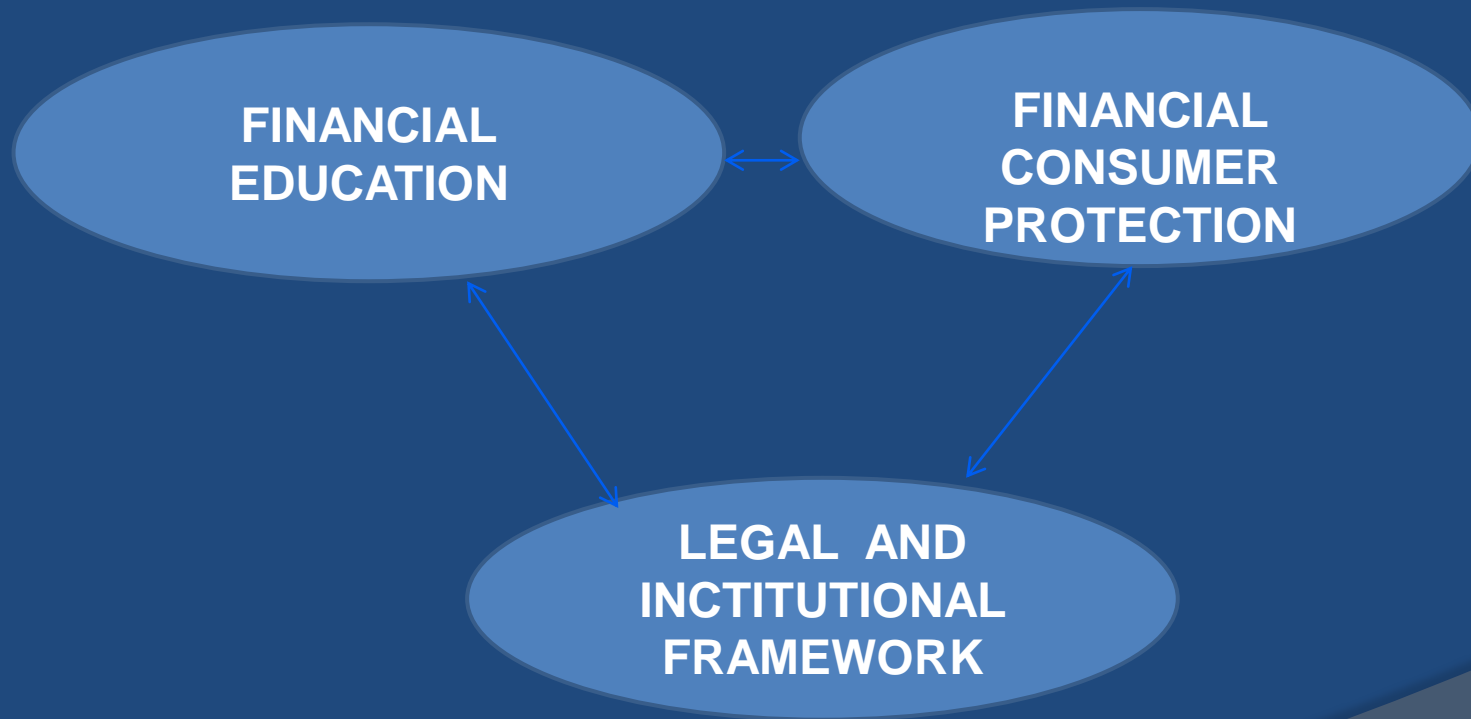
FINANCIAL LITERACY IN RUSSIA

- Low level of trust in financial sector.
- Paternalism: Individuals do not accept their responsibility for own financial decisions. 28% believes that government should compensate their personal losses caused by decline of market price of their shares in mutual funds or real estate prices decline.
- 50% of Russians do not believe in the quick and just resolution of a conflict with financial organizations.
- Planning horizon doesn't exceed one month for 65% citizens.
- Only 10 % of non-retired Russians has strategies for pensions, while only 5% believe that state funded pensions would allow them to make ends meet.

RUSSIA'S NATIONAL FINANCIAL LITERACY PROJECT – BASIC FACTS

- **5 years project: July, 2011-June,16.**
- **\$113m funding (\$25m WB loan).**
- **Target groups:**
 - **school- and college-age children and youth,**
 - **active and potential low- and middle-income users of financial services.**
- **Project objectives:**
 - **improve the financial literacy, efficient and responsible financial behavior of Russians,**
 - **improve financial consumer protection.**

HOLISTIC APPROACH



I. INSTITUTIONAL AND POLICY FRAMEWORK, STRATEGY, MONITORING AND EVALUATION

- ⦿ **Interagency Commission (Supervisory Board).**
- ⦿ **International Expert Council.**
- ⦿ **MoF is assigned Agency within Government: Project Director and Working Group, established Project Group leading by Head/ Project Coordinator.**
- ⦿ **Strengthening the policy framework for the Financial Literacy and Consumer Protection.**
- ⦿ **Development of the National FL Strategy which would go BEYOND the Project timeline.**
- ⦿ **Surveys, monitoring and evaluation.**

II. INSTITUTIONAL AND HUMAN CAPACITY BUILDING

- ⦿ training national experts in FL;**
- ⦿ training regional teachers and tutors;**
- ⦿ development of educational materials for all target groups;**
- ⦿ providing ongoing methodical support to the educators.**

REGIONAL FOCUS

- ◎ **2 pilot + 8 participating regions for the comprehensive programs: support to regional priorities + piloting federal programs;**
- ◎ **Federal and regional co-funding:50/50;**
- ◎ **Regional Centers for FE&FL;**
- ◎ **Cooperation with private sector;**
- ◎ **Monitoring and evaluation of pilot initiatives;**
- ◎ **Dissemination in 40 regions;**

III. FINANCIAL EDUCATION PROGRAMS

- ◎ **Focus on basic financial literacy;**
- ◎ **Special focus on:**
 - **ensuring adequate post-retirement income;**
 - **avoiding excessive debts;**
 - **creating financial cushion for life emergency and crisis situations;**
 - **Disputes resolution with financial institutions.**

NATIONAL PUBLIC AWARENESS CAMPAIGN

- ⦿ **National coverage;**
- ⦿ **Clear messages, target groups and channels based on behavioral researches findings;**
- ⦿ **Traditional media + new: internet/ social media;**
- ⦿ **Social networks;**
- ⦿ **Entertainment approach;**
- ⦿ **Training of journalists.**

IV. FINANCIAL CONSUMER PROTECTION

- ⦿ **Strengthening the Consumer Protection Agency and the regulatory framework,**
- ⦿ **Improving dispute resolution mechanisms for financial consumers, including financial ombudsman,**
- ⦿ **Enhancing information disclosure,**
- ⦿ **Prohibiting unfair business practices and strengthening business conduct,**
- ⦿ **Independent monitoring of financial institutions (e.g. surveys, mystery shopping, ratings).**

INNOVATIVE “FUND OF GOOD IDEAS” (10 mln US\$)

- ⦿ **Supporting and scaling up the best ideas and effective initiatives of civil society, public and private sector in financial education and consumer protection;**
- ⦿ **Regions;**
- ⦿ **Companies/Individuals;**
- ⦿ **Competitive selection.**

NEXT STEPS IN DEVELOPMENT OF THE NATIONAL STRATEGY

1. Development of the core financial competencies learning framework (May-Sept. 2012) for school children and adults.
2. National Surveys (2012):
 - National financial capability baseline survey (Sept.2012);
 - OECD PISA financial literacy survey for 15 years old high school students (April-May, 2012);
 - National longitude panel survey of consumer finance and behavior (Oct. – Nov. 2012).

THE DESIGN OF THE BASELINE SURVEY

Nationwide: 6000 individuals from 14 years old:
+ oversamples of school - and college students;
+ two pilot regions (Kaliningrad and Volgograd oblasts) and two control regions, 1500 per region
+ oversamples of target groups (500).

Methodology based on WB/OECD questionnaires plus UK and Australia surveys.

Survey method: face-to-face interviews.

Participation of leading international experts in designing.

Timing: September 2012.

EXPECTED RESULTS OF BASELINE SURVEY

- By assessing needs and gaps the survey will support the development of national strategy.
- The results will provide the first measure of Russians' level of financial capability according to international methodology setting a benchmark to be used in future.
- The financial capability of Russians will be measured every 2-2,5 years, with the next national survey scheduled for 2014 and 2016.

NATIONAL SURVEY OF CONSUMER FINANCE

- Will be conducted in Russia for the first time.
- Goal is to gather information on finances and financial behavior of Russian households.
- The collected information will form the basis for understanding financial behavior of Russian households as a whole, and specific groups in particular, and decision making in such areas as savings, pension, housing, credit, etc.

THE METHODOLOGY OF CONSUMER FINANCE SURVEY

**All-Russian Sample: 6000 households,
stratified multistage random address sample**

**Face-to-face interviews with all adult (18+)
members of households**

**Two rounds (in 2012 and 2014) of a
longitudinal (panel) study.**

**Advantages: Because of previous interactions
there are established trusted relationships
with panel participants which increases the
validity of their answers on sensitive
questions.**

CHALLENGES AND LESSONS LEARNED FROM RUSSIA AND

APEC ECONOMIES

- Leadership;
- Coordination, especially with the Ministries of Education as the financial education for young people is critical;
- Measurement and impact evaluation;
- Engagement of the private sector and issue of the conflict of interest;
- Use of the behavioral economics for better understanding of the target audiences behavior, decision making process and developing priorities and messages.

RUSSIA'S INTERNATIONAL INITIATIVES

- ◎ The Russia/WB/OECD Trust Fund;
- ◎ Russia's APEC Presidency - Improving Efficiency of FL National Strategies:
 - APEC Experts' Workshop, April 2012;
 - **APEC Conference in partnership with WB/OECD (26-27 of June, St-Petersburg);**
 - Launch of the Trust Fund FL web-portal;
 - Developing policy note for the Finance Ministers;
- ◎ Financial literacy agenda for G20.

THANK YOU FOR YOUR ATTENTION!

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