

MAPPING EXISTING FINANCIAL EDUCATIONAL INITIATIVES IN **BELARUS**



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Summary:

The Belarus economy has stabilised since the economic downturn of 2015 and 2016. There are plans to undergo economic reforms of fiscal, monetary and structural nature aimed at tackling volatile exchange rate, weak public and corporate balance sheets, low productivity of state-owned sector, and negative demographic trends. Flanking initiatives include programmes for raising the financial literacy of the population, among others. In developing plans for the development of financial education, special attention is given to the formation of rational financial behaviour among citizens of Belarus in making decisions concerning personal finances, increasing the effectiveness of protecting their rights as investors and consumers of financial services, ensuring the participation of people's savings in the economic growth of the republic. Given the government's focus on strengthening the capacity of the private sector, it is important not only to increase individuals' financial literacy, but also to stimulate the development of skills necessary for the management of small and medium-sized enterprises.

Financial literacy surveys of 2016 and 2013 found that there is a lot of room for improvement. While there was progress in the past 3 years, the 2016 results showed that about 60% of adults surveyed scored a "satisfactory/good/excellent" score in financial mathematics and only 36% in financial awareness.

The work to increase the financial literacy of the population is carried out systematically at the state level and is coordinated by the National Bank of the Republic of Belarus. In order to implement measures to develop the potential of households in the field of financial education, an institutional structure was created that unites different departments at different levels of government. A **special division for financial literacy** has been set up in the National Bank. The Association of Belarusian Banks has a **Committee on Financial Literacy**, which unites representatives of the banking sector. To coordinate the efforts of all involved government agencies and financial market participants, the **Interdepartmental Coordination Council** on increasing the financial literacy of the population operates.

In January 2013 the Government of the Republic of Belarus and the National Bank approved the Joint Action Plan of Government Agencies and Financial Market Participants on Enhancing Financial Literacy of the Population of the Republic of Belarus for 2013-2018 and a package of actions to implement it.

The National Bank plays a leading role in improving the financial literacy of citizens. It will be useful to take measures to support the activities of the National Bank in the field of financial education, for example, to carry out a pilot project of financial education in schools, clarify the priorities of the national strategy, and develop a detailed further algorithm of action. An important role will be played by regional exchange of experience on the issues of dissemination of information, popularization of various initiatives, and effective use of limited resources.

I. Country context

Economic and social indicators

Belarus was among the most prosperous republic of the former Soviet Union before its break-up in 1990-91, with relatively strong industrial base and traditionally higher average living standards than average for the Soviet Union and post-1991 Russia. High investment enabled by central control and coordination of industry kept average GDP growth above 5% in the early-2000s and over 10% in 2004-2006. Fast growth enabled retention of near-full employment and a narrow fiscal deficit until strains began to emerge in 2009.¹

Belarus is currently classified as an upper middle income country (by the World Bank) with a GDP per capita that has grown from 12,343 (PPP, current international dollars) in 2007 to 17,740 (PPP, current international dollars) in 2015. Despite strong growth experience since 2000, the Belarussian economy is characterised by significant imbalances. The economy depends largely on resource exploitation and industrial exports to Russia and the CIS, based on low-cost labour and capital inputs. The industrial sector is dominated by state-owned enterprises (which account for over 60% of GDP largely in the industrial processing and basic manufacturing sectors), which may prove difficult to restructure when the limits of current determinates of growth are reached. So far, the economic reform process has been gradual.

Since 2016, however, a stated aim of the government has been a boost to reforms and a transition to an economy based on new technologies and new energy sources. A *Programme of Socio-economic Development of Belarus for 2016-2020* has set out the operational priorities for the *National Strategy for Sustainable Socio-Economic Development of Belarus until 2020*.² It emphasises the need to match skills demand and supply, opening new business opportunities for small and medium-sized enterprises (SMEs), investing in human capital and improving the labour resources and workforce competitiveness. One of the long term stated goals is to change the sectoral structure of the economy by reducing the proportion of the high energy and material consuming production and replace the current inefficient production processes with new, innovative ones, which depend on novel technologies and new materials.

Achieving these medium-to-long term plans will need to contend with present day economic difficulties. This amount to accumulated fiscal imbalances, which along with external shocks led to a shrinking economy by 3.8% in 2015 and by 2.6% in 2016. After a sharp fall in late 2014 - early 2015, the exchange rate continued to decline in 2016. Real wages are down substantially relative to 2014, and corporate losses are up. Unemployment has risen somewhat, though remains at relatively low levels.

Tighter financial and monetary policies in 2015-16 helped stabilize the macroeconomy. The transition to a more flexible exchange rate regime in early 2015 led to the stabilization of the exchange rate and reserves. The balance of foreign trade in goods and services in January-September 2017 amounted to 1.6 percent of GDP against 1.4 percent of GDP in the same period in 2016. In general, this figure is much better

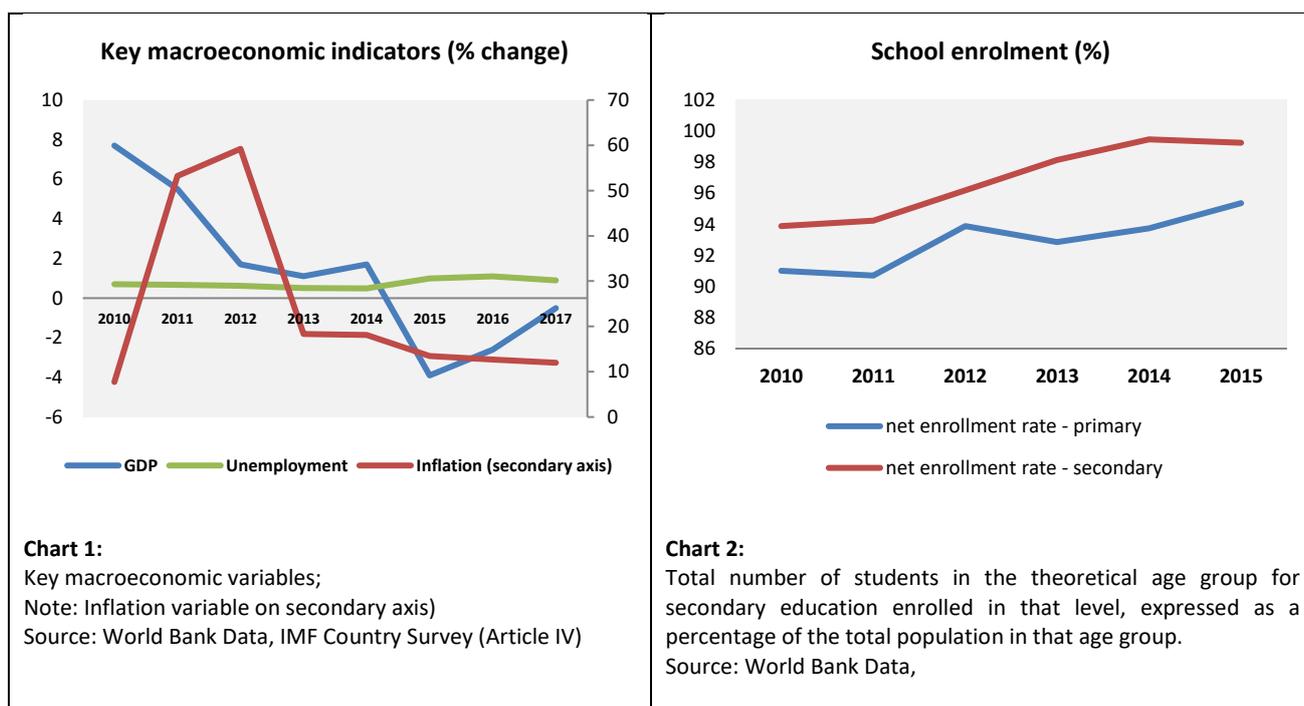
¹ Oxford Economics, *Country Economic Forecast – Belarus*, July 2017

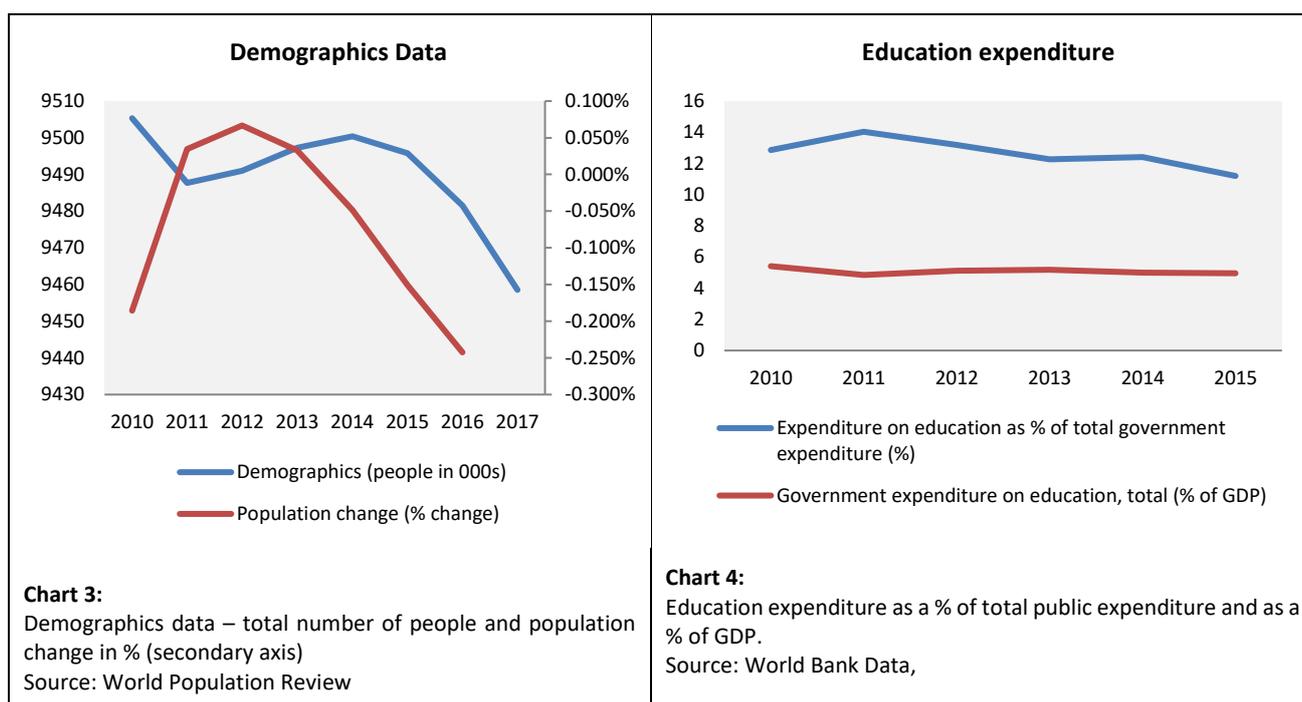
² ETF, 2017;

than a few years ago. Despite the increase in tariffs for utilities in early 2016 and their indexation in 2017, there is a gradual slowdown in inflation: in 2017, consumer inflation in annual terms is characterized by an unambiguous amount, and in December 2017 it will be no more than 6 percent.

The Government approved policy plan, described above, aims to regain competitiveness, reduce vulnerability to external shocks, and restore economic growth. More precise advocated measures include a further reduction in government-directed lending, the establishment of a toxic assets management agency in agriculture, the introduction of modern corporate governance practices for SOEs, the strengthening of the anti-monopoly functions, negotiations for World Trade Organization (WTO) accession, and further increases in utility tariffs to reach full cost recovery.

School enrolment, both primary standing at 95.4% and secondary at 99.3, is high and has been increasing for the past half a decade. On the other hand, education spending has been declining since 2011, falling by 2% as a fraction of total government spending. Demographics are negative, with population levels declining significantly during the 1990s and the continuing the negative trend into the period 2010-2017. Some of this is caused by emigration and some by a negative birth rate trend.





Belarus also has a low poverty rate of 0.6 in 2015, which is projected to increase slightly during 2017-18 due to a combination of weak labour market conditions and higher unemployment associated with transformations in the state-owned enterprises (SOE) sector and related structural adjustments in the labour market. Life expectancy difference between male (c. 65 years) and female (c. 77) is very large. The population is ethnically homogenous, while about half of the population reported Christian Orthodox religious beliefs and some 40% reported no religious affiliation.

TABLE 1: Key indicators	2016
Population, millions	9.505
GDP, current Euros billions	43.61
GDP per capita, current Euros	4,591
Poverty Rate (Us 5/day, 2005 PPP; 2015)	0.6
Life expectancy at birth, average (2015)	73.9
Life expectancy at birth, female (2015)	76.97
Life expectancy at birth, male (2015)	65.29
Religious beliefs in % of population (2011)	
Eastern Orthodoxy	48.3
Catholicism	7.1
Others	3.5
Non-religious	41.1

Financial sector and inclusion

On the back of economic volatility, financial vulnerabilities remain elevated. Credit to the private sector has slowed and banks' asset quality and profitability have weakened. This, together with a slow resolution of troubled loans, has resulted in rising non-performing loans. Systemic liquidity risks are elevated as banks are highly dollarized and carry an asset-liability mismatch in some key foreign currencies. Public debt has

risen, in spite of headline surpluses, in part due to rising realized losses in the state-owned enterprise sector. External debt has also risen, and reserves remain low by international standards.

Belorussian Government External Debt to GDP (%)

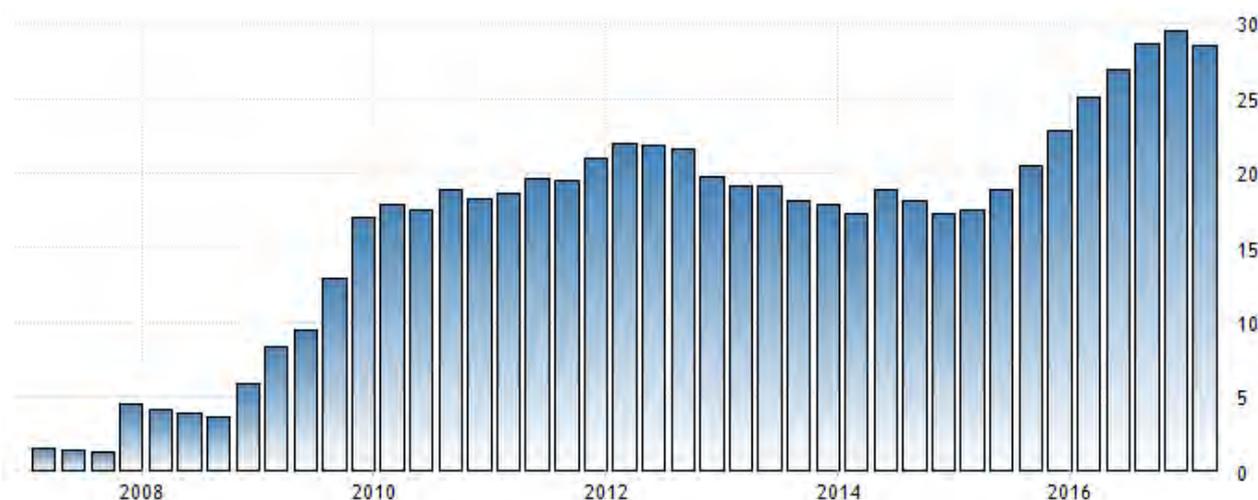


Chart 5:
External debt to GDP in percentages, 2008-2017;
Source: National Bank of the Republic of Belarus; tradingeconomics.com

Corporate and bank balance sheets and household confidence remain sensitive to any significant exchange rate movements, owing to high dollarization, currency mismatches, limited access to foreign exchange liquidity, and significant annual gross external financing requirements.

A number of measures to boost financial stability have been identified by a range of economic analysts, including IMF/World Bank/EIU. These include transitioning to independent and risk-based oversight of the financial sector, implementing a comprehensive resolution strategy for nonperforming loans combined with corporate restructuring, strengthening macro-prudential policies to mitigate foreign exchange liquidity risks from dollarization, and designing a well-functioning financial safety net. While these measures could play an important role on the supply side of finance, financial education can be the supporting policy pillar on the demand side.

The banking sector in Belarus is rather concentrated and the concentration is increasing. The three largest state-owned banks (Belarusbank, Belgroprombank, Belinvest), as well as the two banks with Russian capital (BPS-Sberbank, BelVEB), have been the top 5 largest banks by assets since 2010. They account for over 80% of total bank assets in Belarus. Non-government owned and non-Russian banks account for only 10% of the market share. Changes related to the merger and reorganization of banks, as well as the revocation of licenses from individual banks, led to a reduction in the number of operating banks from 31 in 2014 to 24 in 2016.

Both non-performing loans and deposits/loans in foreign currency have increased substantially. The deposit dollarization ratio peaked at almost 80% mid-2016, but the trend has recently reversed and both loans and deposits in foreign currency have started to diminish. The ratios are still rather high and mean there is low confidence in the local currency and/or the ability of the National Bank to regulate it in an inflation-free manner.

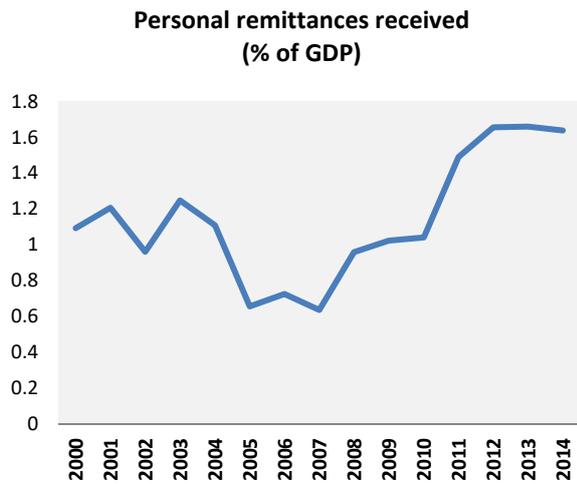


Chart 6:
Personal remittances received as a percentage of GDP;
Source: World Bank Data

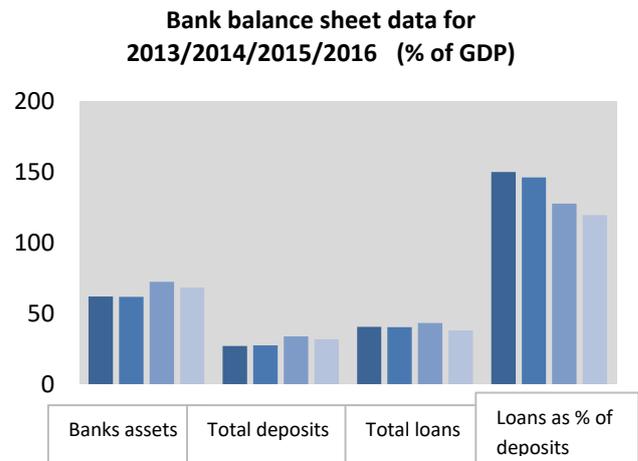


Chart 7:
Key balance sheet items for all banks (state-owned and private) in Belarus.
Source: National Banks

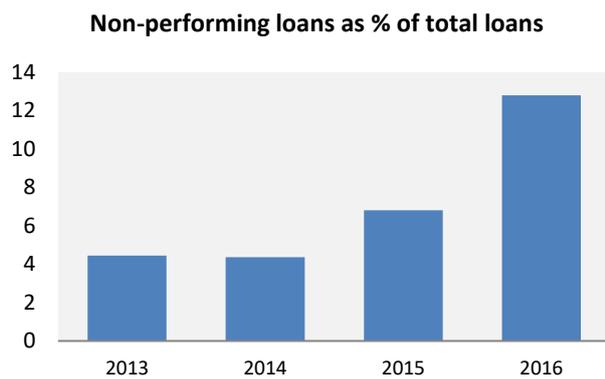


Chart 8:
Non-performing loans grew as a % of total loans over the past 5 years.
Source: National Bank of Belarus

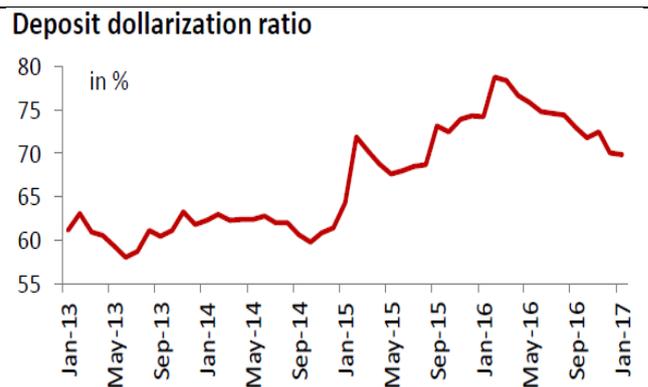


Chart 9:
Deposits in foreign currency have increased substantially.
Source: National Bank of Belarus

Chart 6 illustrates the trend of received remittances over the period 2000-2015. Belarus appears to have had historically low rate of received remittances as a fraction of GDP, on average 1% up until 2010. Then a significant and sustained increase can be observed up to 2%. This is still substantially lower than the ratios for Ukraine (4.8% of GDP), Tajikistan (48%), or Kyrgyz Republic (31%), for instance, and suggests that as a funding source, remittances are not very important especially when compared to other parts of the CIS³.

³ [World Bank Remittance Flows Outlook \(2013-2016\)](#).

Summary on financial stability and financial risks

As of mid-2017 Belarus has avoided an IMF deal by agreeing bilateral loans with Russia. The Government has financed the next year's external debt roll-over and renewed supplies of subsidies oil and gas have restored the Belarus economy to growth after two years of recession. The Government is targeting budget surpluses in order to diminish the large public debt in the coming years, however so far external borrowing has been used to finance more lending by domestic banks (largely state owned) and more money channelled to inefficient state-owned enterprises. This may have the effect of keeping inefficient firms in business as well as exacerbating the non-performing loans problem. Further private borrowing can be incentivised by a new government decree in July that promotes subsidised loans to build or buy new residential property. Overall, public and private indebtedness are risky in a global economy where interest rises are expected, and the threat of a credit crunch is real. Awareness of such risks in the private banking sector, but also among private commercial and personal borrowers would be a step towards increasing resilience.

Financial consumer protection

The regulatory environment on consumer protection in the Republic of Belarus is governed by the Law of the Republic of Belarus of January 9, 2002, N:90-Z (accepted by the House of Representatives in and approved by the Council of the Republic in December 2001) that was last amended on 29 October 2015.⁴ It is a general consumer protection law without explicit reference to financial services. There is no consumer protection law with explicit reference to financial services or a separate financial consumer protection law (that may build-in financial literacy), but there are consumer protection provisions within the regulations and mandates of various supervisory and regulatory bodies dealing with finance and financial stability.

The Ministry of Antimonopoly Regulation and Trade of the Republic of Belarus, local executive and administrative bodies, as well as judicial bodies have significant powers in the field of consumer rights protection. The Ministry of Antimonopoly Regulation and Trade of the Republic of Belarus sends proposals to the government bodies to repeal or change the regulatory legal acts that they adopt that are contrary to consumer protection legislation and exercise control in the field of consumer protection.

There is no specific financial consumer protection agency. In accordance with the Charter of the National Bank and the Banking Code of the Republic of Belarus, the National Bank is vested with functions in the field of financial supervision, prudential regulation and protection of the rights of consumers of financial services. The Ministry of Finance and the Main Department of Insurance Supervision (subordinated to the Ministry of Finance) supervise insurance activities. On the territory of the Republic of Belarus there is a well-functioning system of guaranteed compensation of bank deposits of individuals, which is financed by banks registered with the Agency for Guaranteed Indemnification of Bank Deposits of Individuals. This Agency provides guaranteed reimbursement of 100 percent of the amount of money in Belarusian rubles and foreign currency placed by individuals in the accounts and (or) deposits (deposits) with banks of the Republic of Belarus.

⁴ <http://www.pravo.by/document/?guid=3871&p0=h10200090>

Structure of supervision, regulation, and consumer protection institutions in Belarus in 2016

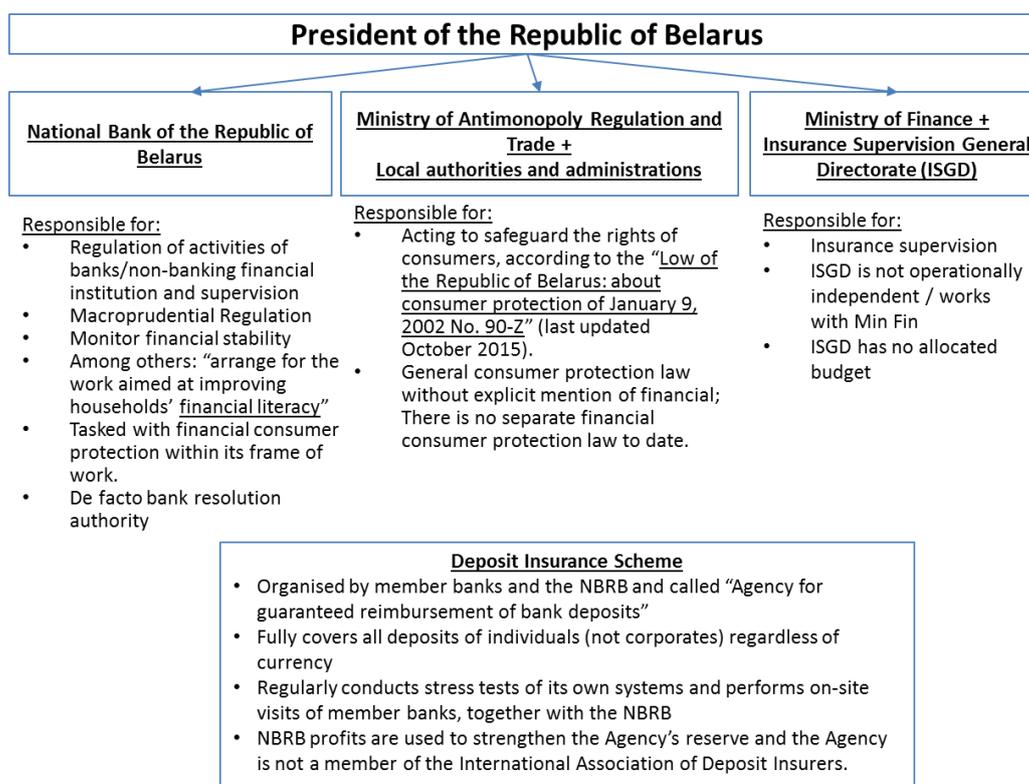


Fig 1:

Structure of supervision, regulation, and consumer protection institutions in Belarus, 2016.

Source: Various sources

The National Bank of Belarus is the financial monitoring, supervisory and regulatory body, which is also tasked with financial consumer protection in Belarus. It is a government agency and is accountable to the president of the Republic of Belarus. As a central bank, its key prerogatives are ensuring price stability, maintaining the stability of the banking system of Belarus and ensuring efficiently and secure functioning of the payments system of the country.⁵ In addition, it has a mandate to “arrange for the work aimed at improving households’ financial literacy”, which in practice means supervising financial education activities, training activities in financial literacy, as well as supporting content development. This role will be described further in this document in the section on institutional framework for financial education. The mandate of the National Bank includes financial consumer protection and there is a dedicated unit within the bank dealing with financial consumer complaints related to banks and non-banking financial institutions.⁶ Structural subdivisions of the National Bank of the Republic of Belarus within the limits of their competence

⁵ The NBRB is also the de-facto bank resolution authority, but it has no explicit responsibility for this function. It needs adequate staffing with this explicit purpose and legal protection for the dedicated team that is involved with resolution planning and execution within the National Bank.

⁶ National Bank of the Republic of Belarus: <https://www.nbrb.by/eng/today/about/general>

consider appeals of citizens and legal entities connected with violation of their rights as consumers of financial services.

Public Protection Public Consumer Associations

- ❖ Public Association “Belarusian Consumer Protection Society”
- ❖ Public Association “Consumer Society”
- ❖ Public Association “Minsk Consumer Society”
- ❖ Municipal Public Association “Legal protection of consumers”
- ❖ Minsk interregional public association of consumer rights protection society
- ❖ Grodno regional consumer public association of consumer rights protection

Public, non-governmental, non-profit organisations whose main aim is advising, legal and expert assistance to consumers, working towards improving legislation for consumer rights protection, providing consumers with information about goods/services, and protecting legal rights in the event of legal conflicts.

Further aims involve working towards improving the consumer education of citizens and youth, working with the Ministry of Education to ensure consumer rights knowledge is improved and disseminated.

No specific mandate to work in the area of financial education.

Fig 2:

Types of public consumer protection associations, 2016.

Source: Ministry of Antimonopoly Regulation and Trade of Belarus:

http://www.mintorg.gov.by/index.php?option=com_content&task=view&id=509&Itemid=144&lang=en

As of March 2017 there are plans to set up financial ombudsman service. The National Bank of the Republic of Belarus is working on a draft decree of the President of the Republic of Belarus on the protection of the rights of consumers of financial services. Based on this document, the institution of the financial ombudsman will be introduced in the Republic of Belarus, which should become an alternative legal instrument for protecting consumers in the financial sector along with a court operating under the rules of common law. The draft decree of the President on the financial services consumer protection is currently in the final stages of consideration with other government bodies concerned.⁷

Delivery channels: access and preference

Belarus possesses a deep and actively developing communications sector. The main news source is TV, where the nine national channels are state-controlled. Out of over 9.5mn population it is estimated that there are 3.7mn television households and approximately 4.5mn television sets in use in 2013. TV advertising spending was only 55mn dollars in 2012, which compares rather low to peer countries such as Ukraine (483mn dollars in 2012) and Georgia (100mn dollars in 2012).

The main competitors of state-controlled TV channels are Russian networks, most of which are not rebroadcast live. The majority of newspapers are also state-owned. The internet is the fastest growing

⁷ Belarus News / Belarus Telegraph Agency: <http://eng.belta.by/economics/view/plans-to-set-up-financial-ombudsman-service-in-belarus-99372-2017/>

The new institution is planned to be an alternative legal instrument for financial consumer protection, in addition to the courts of law. The draft is still at an early stage of development.

medium of communication and news access medium (see table 2 below). VKontakte is the most popular social network, followed by Russia’s Odnoklassniki and Facebook.

The mobile sector has also experienced some growth recently, with a rise in mobile penetration attributed to effective competition (there are currently four major operators: Belcel/Diallog, Mobile Digital Communications/Velcom; Mobile TeleSystems; BeST/life; MVNOs) which has helped drive down consumer prices. There is currently 124% of mobile SIM card penetration, which means that almost all adult in the country, when counting for double ownership, has access to mobile phones and mobile services. Operators have concentrated on developing mobile broadband and data services, which has helped advance internet penetration. Recent spectrum auctions have facilitated the development of mobile broadband access, particularly in rural areas, while the state-sponsored operator beCloud, charged with developing a wholesale-based LTE network, has enabled commercial fast internet services to be launched. In early 2015 the government decreed that the 1.5% tax on revenue derived from telecoms (which was put in place in 2007) should be channelled to developing universal telecom services, particularly aimed at rural areas. While increasing the cost of operating a mobile network, this measure incentivises mobile penetration to further and difficult to reach areas. Indeed, the internet and mobile services appear to be a cheap and increasing important delivery channel for any type of advertising campaign.

TABLE 2: Media penetration in Belarus (percentage of users per population)

Year	Internet	Mobile (SIM)	Fixed line telephony	Fixed line broadband	TV	Printing press
2016	62%	124.1%	49%	33.3%	n/a	n/a
2013	54.2%					
2005	25.3%					
2003	14.3%					
2000	1.8%					

Source: World Bank (various years); Internet World Stats (<http://www.internetworldstats.com/euro/by.htm>); BBC country media profile (<http://www.bbc.com/news/world-europe-17941331>); Freedom of the net (2016);

III. Status of the National Strategy on Financial Education

Institutional Context

Work to increase the financial literacy of the population is conducted systematically at the state level and is coordinated by the National Bank of the Republic of Belarus. In order to implement measures to develop the potential of households in the field of financial education, an institutional structure was formed that unites various departments at different levels of government. A special division on financial literacy has been set up in the National Bank. The Association of Belarusian Banks has a Committee on Financial Literacy, which unites representatives of the banking sector. To coordinate the efforts of all involved government agencies and financial market participants, the Interdepartmental Coordination Council on increasing the financial literacy of the population operates.

In January 2013 the Government of the Republic of Belarus and the National Bank approved the *Joint Action Plan of Government Agencies and Financial Market Participants on Enhancing Financial Literacy of the Population of the Republic of Belarus for 2013-2018* and a package of actions to implement it.⁸

Over 50 participants are involved in the implementation of this Joint Action Plan:

- government agencies (the National Bank of the Republic of Belarus, the Ministry of Finance, the Ministry of Economy, the Ministry of Education, the Ministry of Labor and Social Protection, the Ministry of Taxes and Duties, the Ministry of Antimonopoly Regulation and Trade, the Ministry of Trade, the Ministry of Information, and local authorities);
- the National Academy of Sciences of the Republic of Belarus and research institutes;
- educational institutions such as schools and universities;
- the association of banks, the association of insurance companies, the association of professional participants in the securities market, and the union of microfinance institutions; alongside banks and credit unions; and some private companies
 - Private sector is also involved in the implementation of the Joint Action Plan on Improving Financial Literacy. The key companies of the private sector are banks, insurance organizations, professional associations, which are both governmental and non-governmental participants of the financial market (the Association of Belarusian Banks, the Belarusian Association of Insurers), television station ONT (nationwide TV of the Belarus), the editorial boards of print media (for example, CJSC BelKP-Press), Visa, LTD "BELCART", CC "Republican Microfinance Center", OJSC "Non-bank financial institution "Single Settlement and Information Space" etc.
- some media representatives;
- Belarusian Republican Youth Union;
- others

⁸ National Bank Website: <https://www.nbrb.by/eng/Legislation/documents/JAP.pdf>

The Interdepartmental Coordination Council is the body responsible for coordinating and monitoring the effectiveness of the Joint Action Plan. The National Bank monitors the implementation of activities. Each participant of the Joint Action Plan independently finances its projects on financial literacy.

The National Strategy

The Joint Action Plan has the active support from international institutions (such as the International Monetary Fund, the World Bank, and the Alliance for Financial Inclusion) and foreign companies (such as Visa, Master Card, and Alpari).

The main objectives of the Joint Action Plan are to develop rational financial behavior of Belarusian citizens when making decisions about their personal finance and improve the efficiency of protection of their rights as investors and financial consumers.

Activities set down in the Joint Action Plan involve:

- measures to assess the level of financial literacy of various categories of citizens;
- actions to evaluate the level of financial literacy of households;
- actions to pursue a uniform information policy in the field of finance;
- actions performed in the mass media;
- actions to raise financial awareness among schoolchildren, the youth, and least socially protected target groups;
- actions to enhance financial literacy in such spheres as banking services, securities market, insurance, and taxation; and
- actions to raise financial literacy in the workplace.

The approach to increasing financial literacy takes into account the practical problems of specific target groups, among which the key are:

- youth and schoolchildren;
- pensioners;
- young professionals at the beginning of the career path;
- the least socially protected target groups;
- individual entrepreneurs who are just starting to do business.

Each participant of the Joint Action Plan carries out its activities within the framework of its competencies. The National Bank monitors the implementation of activities of various interested departments. Due to lack of dedicated government budget funds, outside of the budget of the National Bank, the latter is often cooperating with international institutions and non-government institutions/private sector in order to organise popularizing activities in Belarus.

It is currently planned to develop a Joint Action Plan on financial literacy for 2019-2024. This document addresses the issue of developing key performance indicators (KPIs) for financial education strategies. With

the help of KPI it will be possible to measure the effectiveness of the implementation of the Plan at all stages - from the starting point to the final stage. In developing the Joint Action Plan on Financial Literacy for 2019-2024, the National Bank will rely, among other things, on data obtained during sociological surveys conducted between 2013 and 2017. In addition, the National Bank is studying the feasibility of research to assess the work done to improve the literacy of the population, the need for its correction, the identification of key areas and groups, KPI, etc. The main theme of the new plan will be the implementation of initiatives in the field of financial education, and the involved structures will face a difficult task: not only to increase the level of financial literacy of the population of the Republic of Belarus, but also to build confidence in the National Bank and the republican banking system as a whole.

The National Bank of the Republic of Belarus reports that the work of writing, coordination, and approval of the Joint Action Plan on Improving Financial Literacy for 2019-2024 will take place during 2018. The project will be designed on the basis of proposals from all the relevant state government agencies, banks, research institutes, educational establishments, associations of financial market members, financial service providers, public organizations. The work on the development of the Joint Action Plan can benefit from the Technical Assistance Project by the OECD and this is an opportunity for the project to add value in a direct implementation of OECD/INFE works on national strategies.

Currently the specific KPI on this work have not yet been defined. The National Bank is planning to determine them at the development of the Joint Action Plan on Improving Financial Literacy for 2019-2024. This work presents a further opportunity for cooperation with the OECD Technical Assistance Project.

The Republic of Belarus (namely the National Bank) is actively cooperating with the Alliance for Financial Accessibility (AFI). Key measures in the field of financial accessibility:

- Within the framework of the joint project of the National Bank and AFI "Assessment of the degree of access to finance: the development of a sound policy for access to finance in Belarus" (2011-2013), a comprehensive national study on assessing financial accessibility in Belarus was conducted, detailed financial maps of the country the position of the supply of financial services, their use by the population in the context of various financial products and the level of financial literacy of users in different regions. The project budget is 275 855 euros.

Within the framework of the joint project of the National Bank and AFI "Promoting Regional Cooperation in Access to Finance in Eastern Europe and the CIS" (2014-2016), a regional forum for central banks of Central and Eastern Europe and the Commonwealth of Independent States was held, an international conference was held with the participation of international and local experts, the study "Assessment and Analysis of the Financial Literacy of the Population of the Republic of Belarus" (1500 respondents) and "Conducting a national public opinion poll on access to finance" (8000 respondents), a concept and a technical task for creating an information resource for subjects small business "Microcredit navigator." The project budget is 254651 euros.

Financial education in schools/for youth

Youth and school children are a core target group under the Joint Action Plan. The National Plan is collaborating with Child and Youth Finance International (an international NGO focusing on empowering youth through financial education and inclusion) on Global Money Week events held in schools. In 2014 the Ministry of Education and the National Bank adopted a long-term joint action plan to increase the level of financial literacy of children in the Republic of Belarus between 2015 and 2018.

The National Bank has been cooperating with the Ministry of Education in the organization of *National Olympiad of Financial Education among pupils* and *Competition among university students for the best research project* on economic issues, in addition to a number of education events related to Global Money Week, specialised exhibitions on the International Day of Savings. The key resource for financial education in Belarus is the one-stop gateway “National web portal on financial education” (www.fingramota.by).

Participants of the Joint Action Plan in the period from 2013 to 2017 held the following activities for youth and schoolchildren:

- A training manual "Financial Literacy" was developed on the basis of methodological materials on financial literacy prepared by the Higher School of Economics of Russia. Responsible organizations: Polesky State University, VISA, National Bank of the Republic of Belarus;
- Adaptation and promotion of the educational computer game "Financial Football". Responsible organizations: Association of Belarusian Banks, VISA, National Bank of the Republic of Belarus, Belarusian Republican Youth Union, Ministry of Education;
- Introduction of the practice of extra-curricular classes in financial literacy in educational institutions. Responsible organizations: Ministry of Education, Ministry of Finance, National Bank, Ministry of Taxes and Duties;
- Educational projects aimed at increasing financial literacy were implemented in Polesk State University (including trainings, courses, master classes) with Alpari;
- Development and distribution of financial and economic table games aimed at increasing the financial literacy of children and youth, with the participation of Igrik and the National Bank;
- Conducting youth competitions on financial topics. Responsible organizations: the National Bank, the Ministry of Education, the Association of Belarusian Banks, the Belarusian Association of Insurers, Belkart LLC, the Belarusian Republican Youth Union;
- Financial support for talented youth (awards for the best scientific publications and diploma work on economic topics for university students). Responsible organizations: National Bank, banks;

- Created social videos aimed at increasing the financial literacy of the population, which are broadcasted on the leading television channels of the Republic of Belarus. Responsible organizations: the National Bank, banks;
- Realization of joint projects with mass media, including for children's audience. Responsible organizations: National Bank, banks, LLC "BELKART".

Migrants

Migrants are not currently considered to be a socio-economic group requiring special attention in terms of financial education. Nevertheless, personal remittances received have been consistently averaging 1% of the country's GDP until 2010 and have since increased by 50% to 1.5% for the past 6 years.

IV. Financial literacy measurement

At the request of the National Bank in the framework of joint projects with AFI in 2013 and in 2016 the Institute of Sociology of the National Academy of Sciences of Belarus conducted studies of the financial literacy of the population of the Republic of Belarus using the [OECD/INFE toolkit for measuring financial literacy and financial inclusion](#). These covered the adult population of the country and aimed to find out the levels of financial literacy, as well as patterns of financial behaviour.

- There was an overall progression between the two surveys. For example, the number of respondents having the good level of familiarity with the matters of financial mathematics is currently twice higher than in 2013.
- The 2016 results showed that about 60% of adults surveyed scored a “satisfactory/good/excellent” score in financial mathematics and only 36% in financial awareness. Overall more than 50% of the respondents gave a wrong or no answer to most of the test questions. There was also a disparity between the real scores and self-professed knowledge with 70% predicting their knowledge and awareness being above the satisfactory score.
 - In 2016, respondents overestimated their level of skills in financial matters as compared with their real ability to understand them. For example, about 70% of respondents estimated their financial literacy level as “satisfactory”, “good” or “excellent”, with real result significantly poorer: about 60% in the test in financial mathematics and about 36% in the test in financial awareness. More than half of respondents gave wrong or no answers to most of test questions in finance.
 - The respondents in 2016 demonstrated the best results in questions covering interest rates (where 84% of respondents gave correct answers), the guarantor's liability (about 75% of respondents), and the inflation level (over 65% of questioned persons).
 - The worst results were demonstrated in questions covering the income on bonds (less than 10% of answers were correct), guarantees for deposits in credit unions, investment guarantees and bank deposit guarantees (about a quarter of questioned persons gave correct answers). Special attention should be paid to the fact that the Belarusians are informed quite poorly about the differences between credit cards and debit cards (37.3%

of correct answers), while these financial services are quite common for the Belarusian population.

- About 15% of respondents have negative experience in financial services. In most cases, this experience results from use of a bank deposit (about 37%) and a consumer's credit (about 30%).
- Over 47% of respondents supposed that the interests of both parties will be taken into consideration in case of possible disagreement with a financial institution. About 30% of respondents have a pessimistic opinion: they are sure that a conflict will be resolved in favour of the financial institution. Almost every fifth of respondents gave don't know answers for this question, and less than 5% of respondents expect that the conflict will be resolved in their favour. Facing a problem, the Belarusians in most cases took no actions (almost 45% of respondents) or terminated the service usage before the contract termination date (about one third of respondents).
- The respondents' ideas about the conditions when it makes financial sense to buy on credit are the following: Almost 25% noted that it is reasonable to use a credit to pay for education or to buy necessary goods advantageously during sales. Over 20% expressed an opinion that it is reasonable to take the credit if the credit interest rate is less than the deposit interest rate.
- Most Belarusians do not give great importance to the detailed recording of their incomes and expenditures; however, many appear to understand the need for budgeting and recall the difference between their earnings and expenditure (about 70% of respondents).
- The respondents who had unspent money remaining at the time when they earn the next income preferred to keep this money in cash (about 55%) or to spend this money for buying consumer's goods (about 50%). Much less common were the cases when the respondents deposited the saved amounts in a bank and/or kept these amounts not withdrawn from their accounts (12%) or lent to their friends or relatives (9%). The rarest were the cases when the respondents used unspent money to buy securities, invested this money into their own business, purchased gold or jewels (less than 3%).

In addition, at the initiative of the National Bank in 2012 - 2016, research was conducted at the state level to assess the affordability of households and small businesses to financial services.

V. Initial conclusion and suggestions for next steps

- Financial literacy is relatively low and increasing financial literacy of the population by raising its awareness of the financial instruments, products and services in particular for young people, for the unemployed, students, pensioners, entrepreneurs is essential;
- Financial literacy differs across different districts, levels of education, rural/urban location of people.
- Youth and schools children are a core group and a pilot project, as well as a full roll out of a financial education programme in schools in Belarus ought to be welcome by the national policy makers and the National Bank.

- Technical assistance to SMEs/MSMEs (in particular those in the agricultural sector) seem relatively important in Belarus. The work on financial education for MSMEs may be relevant in this respect.
- Raising financial education in insurance products and (more generally) has been highlighted by the Joint Action Plan and the notes taken during discussions with stakeholders.
- Technical assistance in the area of delivery of financial education to effectively achieve the aim of raising financial literacy will be of key importance. In this regard, what roles of delivery channels, but also for inter-institutional cooperation, non-government and private sectors.
- There is also focus on developing a strategy on financial inclusion for which financial education and financial literacy are essential components.

oecd.org/finance/financial-education/

