

Financial Education Action Plan KAZAKHSTAN



THE OECD/INFE TECHNICAL ASSISTANCE PROJECT ON FINANCIAL EDUCATION IN THE COMMONWEALTH OF INDEPENDENT STATES (CIS)

Context and purpose of this note

This document is a brief action plan for Kazakhstan proposed by the OECD in the framework of the CIS financial education technical assistance project. This action plan was prepared based on the overall CIS project action plan, desk research, the findings of OECD experts visit to Kazakhstan and the mapping exercise of existing financial education projects in the country. It briefly describes 1) the status of financial literacy and related initiatives in Kazakhstan and offers 2) a tailored action plan under the project for Kazakhstan.

1) Financial literacy in Kazakhstan

Financial literacy measurement

A survey of financial literacy in Kazakhstan was carried out in 2014 by the International Centre of Economic Literacy (ICEL), BRIF Research Group and TNS Central Asia, with support from Kaspi Bank. The survey comprised 55 questions adapted from World Bank surveys of Russia, Ukraine, Azerbaijan and Belarus, which covered the following areas: the use of financial services, self-assessment of financial literacy, financial behaviour, planning and budgeting, information used when choosing financial services. The results showed that 36% rated their financial literacy as 'unsatisfactory'; 63% 'often' or 'sometimes' ran out of money before they were paid. Almost half (48%) looked to relatives to borrow when they had run out of money; 7% used a credit card or sought a formal loan; 14% sought extra work. People were most likely to keep free cash at home (44%) or spend it (29%); only 8% saved it in a bank deposit. 3% paid off debts. 65% shopped around before signing a financial contract, but only 38% looked at the cost of credit, and only a third considered consumer rights.

National Strategy of Financial education

Kazakhstan is implementing a three-year "*National programme for improving the financial literacy of the population (2016-18)*". This programme is not formally described as a national strategy. The National Bank of the Republic of Kazakhstan (NBK) initiated the programme, which was endorsed by a resolution of its Board of Directors in September 2016. The national programme was developed as a part of a broader programme for the development of the financial sector, which is focused on establishing a competitive financial sector and increasing its effectiveness. The Concept document for

the financial sector programme sets out objectives of strengthening financial literacy and financial consumer protection, among other priorities.

NBK leads the financial literacy programme. It cooperates, or is planning cooperation, with a number of institutions, including the public and private sectors, industry associations, civil society and mass media.

Financial education in schools

There is no formal financial education in schools at present. Under the national programme, financial education will be phased in as an optional subject from 2017 onwards.

There are some financial education initiatives aimed at young people such as the publication of articles by NBK containing educational materials and stories on financial topics for schoolchildren; seminars and educational meetings by representatives of the financial sector; and publication and dissemination of books for youth. International organisations such as Aflatoun, CYFI and Junior Achievement have also run some small scale projects for children and young people.

Meeting the financial literacy needs of migrants and their families

In Kazakhstan, there is no specific financial education project for migrants. Further in depth analysis and desk research will be required to identify the financial education needs among migrants and discuss possible policy responses. According to UNICEF figures, in 2013 there were 3.2 million foreign born migrants living in Kazakhstan, and 3.6 million Kazakh nationals living abroad.

2) Suggested project contributions to financial literacy in Kazakhstan

- **Collect evidence using the OECD/INFE toolkit**

Several kinds of support will be offered through the project:

- A dedicated data collection exercise and analyses will be a good opportunity for Kazakhstan to assess the financial literacy from an OECD/INFE perspective and to benchmark the country regionally and internationally. Small adjustments to the 2015 OECD/INFE toolkit can be useful to adapt it to the Kazakh context. These adaptations could be made in two directions: design of additional questions on consumer rights protection and informality and revision of the content of some questions. Booster samples of entrepreneurs, rural dwellers and migrants could be considered to capture financial literacy levels in relevant segments of the population. For the survey implementation, the OECD plans to collaborate with an international survey agency that will coordinate the survey conduct in other CIS countries (in close cooperation with NBK and local survey agency).

Period: implementation of survey -2017 second half

- Use of findings to inform financial literacy initiatives, national strategy for financial education (see second component below) and further analysis at local levels. Creation of regional database on financial literacy and inclusion in CIS and dissemination of results.

Period: 2018-2019 first half

- Two regional workshops are planned to support this component in Minsk (measurement of financial literacy, 19-20 September 2017) and in Moscow (presentation of survey results, second half 2018).

- **Assistance on implementation and assessment of effectiveness of the “National programme for improving the financial literacy of the population”**

Two kinds of support will be offered through the project:

- Development of a roadmap in cooperation with NBK to implement and evaluate the “National programme for improving the financial literacy of the population (2016-18)” and make recommendations for a fully-fledged National Strategy from 2019 onwards (building on international best practices relevant for Kazakhstan and focusing on increase the effectiveness).

Period: 2017 second half - 2019 first half.

- Two regional workshops to support the NSFE development, implementation and evaluation/revision will be organised to provide direct guidance on this component in Minsk (19-20 September 2017) and in Moscow (2018 second half).

- **Support for the inclusion of financial literacy in schools and for youth**

Two kinds of support are planned under the project:

- A policy handbook on financial education in schools and youth in CIS will be developed, including guidance on the introduction and successful implementation of financial literacy in schools in the region, advice for the definition of core competencies for financial literacy in CIS, training of trainers and development of pedagogical tools for different age groups.

Period: 2017 second half – 2019 first half

- Two regional workshops are planned as part of this component for sharing best practices of integrating the financial education component in schools, in 2018 (first half, place TBD), and 2019 (first half, possibly in Kazakhstan depending on interest, to be discussed in Moscow)

- **Support to financial literacy for migrants and their families**

Considering the important role of migrants in the CIS region, two kinds of support will be provided through the project:

- A regional report will be produced to analyse the needs of migrants and their families in terms of financial education in CIS. The report would include an analysis of the Kazakh case and provide recommendations on financial education for migrants and their families in the region.

Period: 2018 first half – 2019 first half

- One regional workshop will support this component including discussion of the situation of migrants building on data collection and desk research developed through the project as well as the experience of countries. (2018 first half, place TBD)