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

Anna Zelentsova, PhD, FEFLP Coordinator

10 May, 2012
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 the 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

FINANCIAL EDUCATION

FINANCIAL CONSUMER PROTECTION

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

- Interagency Commission (Supervisory Board).
- 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.

   - National financial capability baseline survey (Sept. 2012);
   - OECD PISA financial literacy survey for 15 years old high school students (April-May, 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!

Anna Zelentsova,
annaz@fer.ru
+7(495)7923010