

ROADMAP FOR A NATIONAL STRATEGY FOR FINANCIAL EDUCATION IN **BELARUS**



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EDUCATION IN BELARUS**



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Document description

This document provides a summary of the financial education needs and challenges in Belarus, and of the existing the Joint Action Plan for a National Strategy for financial education. It then proposes a Roadmap for the further implementation and revision of the new Joint Action Plan.

This is a first draft of the Roadmap prepared with all currently available information, and will be further developed once the results of the OECD conducted data collection exercise become available.

The Roadmap was developed on the basis of information obtained in the framework of consultations with specialists during country visits, conducting specialised seminars, and the results of relevant research and includes the main conclusions on the results of these activities, which allows using it as an independent document.

The Roadmap is designed to be shared with national stakeholders and potentially published, once feedback has been taken on board.

Summary

Economic background

The economic situation in Belarus has stabilised after a downturn in economic activity in 2015–2016. Economic growth resumed in 2017 amid an increase in the share of public debt relative to GDP. Some banking and financial system stability risks remain, due to the high dollarisation and the share of non-performing loans. There are plans to implement 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.

Financial education needs and challenges

Financial literacy surveys of 2013, 2016 and 2017 found that there is a lot of room for improvement. The OECD/INFE financial literacy survey conducted in 2017 showed that about 44% of adults in Belarus achieved the minimum target score for knowledge. This confirms results from a 2016 National Bank-commissioned survey showing that about 60% of adults surveyed scored a “satisfactory/good/excellent” score in financial mathematics and only 36% in financial awareness, and overall more than 50% of the respondents gave a wrong or no answer to most of the test questions. Over the past few years, the number of respondents having a good level of familiarity with financial mathematics has increased - it was twice higher in 2016 than in 2013. There is a need to boost financial literacy as part of the economic reform package to combat the challenges of financial/banking stability, high dollarisation of loans and deposits, the high ratio of bad loans, the ongoing reforms to boost the private sector share of the economy and the proclaimed need to work with SMES and entrepreneurs, as well as the ageing demographics which require special attention to young people.

Status of financial education initiatives and the National Strategy

Advancing 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. The Interdepartmental Coordination Council on increasing the financial literacy of the population coordinates the efforts of all involved government agencies and financial market participants.

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. Currently, the National Bank is coordinating the preparation and approval of the Joint Action Plan on Improving Financial Literacy for 2019-2024, which will represent a review and update of the earlier plan.

Priority steps in revising/implementing the National Strategy

In developing plans for 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, and ensuring the participation of people's savings in the economic growth of the republic.

The National Bank plays a leading role in improving the financial literacy of citizens. When revising the Joint Action Plan, it will be useful to clarify the priorities of the national strategy, and to develop actionable key priority areas (KPA) and key performance indicators (KPIs) for monitoring and evaluation. Establishing an independent financial ombudsman, which is currently in preparation and considered a priority, will be important in monitoring the financial sector practices. 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.

Given the government's focus on strengthening the capacity of the private entrepreneurial sector, it is important not only to increase consumers' financial literacy and focus on young entrepreneurs as the next generation of Belarus employees/employers/investors, but also to stimulate the development of financial skills necessary for the management of small and medium-sized enterprises, which tend to constitute the largest share of a transition country's private sector.

1. Short background of the CIS project and the OECD/INFE work on NSFE

Building on internationally-recognised expertise and longstanding commitment to advancing financial literacy around the world, the OECD/INFE is leading a three-year technical assistance project on Financial Education in the Commonwealth of Independent States (CIS)/Eurasia. The project will provide dedicated guidance and technical support for the design, implementation and review of evidence-based financial education strategies and policies in six CIS/Eurasian economies: Armenia, Azerbaijan, Belarus, Kazakhstan, the Kyrgyz Republic and Tajikistan. This project will draw on OECD/INFE outputs and the expertise and experience of its wide membership to support the design, implementation and evaluation of effective financial education strategies and policies as a complement to financial consumer protection and inclusion approaches.

The project involves four work streams focused on the following priority areas to be adapted to each country context and particularities:

- Advanced data collection and analysis of financial literacy levels and gaps
- Developing, implementing and reviewing effective national strategies for financial education
- Addressing youth's financial literacy needs through schools and out-of-schools initiatives
- Identifying and meeting the financial literacy needs of migrants and their families

Where relevant, the project will benefit from the global expertise of the G20/OECD Task Force of Financial Consumer Protection. This project is being undertaken with financial support from the Ministry of Finance of the Russian Federation and benefits from its technical expertise and participation in project activities.

II. Relevant context - country-specific information

Key economic and financial indicators

Belarus was among the most prosperous republics of the former Soviet Union before its break-up in 1990-91, with relatively strong industrial base and traditionally higher average living standards than in the Soviet Union and post-1991 Russia overall. 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 a 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 (SOEs - 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 growth determinants 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. Accumulated fiscal imbalances and 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 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 December 2017 it was 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.

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

² ETF, 2017;

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 the international Monetary fund (IMF), the World Bank and the Economist Intelligence Unit (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 of the Republic of Belarus is characterised by a high level of concentration. As of October 1, 2018 (Belarusbank OJSC, Belagroprombank OJSC, BPS-Sberbank OJSC, Bank BelVEB OJSC, and Belgazprombank OJSC) accounted for the top five banks in terms of assets, 7% of the total banking portfolio of assets of the Republic of Belarus. The number of operating banks decreased from 31 in 2014 to 24 in 2016.

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.

Key social indicators

In the Republic of Belarus, general secondary education is compulsory. The Resolution of the Council of Ministers of the Republic of Belarus of November 8, 2006 No. 1493 determines the procedure for local executive and administrative bodies to register children to be trained at the level of general secondary education, as well as the mechanism of their interaction with educational institutions and other organizations in the process of accounting for children.

From 2013 - 2014 academic year, the number of students enrolled in institutions of general secondary education, increases.

Belarus also has a low poverty rate of 0.6 in 2015. This is projected to increase slightly during 2017-18 due to a combination of weak labour market conditions, higher unemployment, transformations in the state-owned enterprises sector and related structural adjustments in the labour market. Life expectancy difference between men (c. 65 years) and women (c. 77) is very large. The population is ethnically homogenous. 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

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

Life expectancy at birth, female (2015)	76.97
Life expectancy at birth, male (2015)	65.29
Religious beliefs in % of population (2011)	
<i>Eastern Orthodoxy</i>	48.3
<i>Catholicism</i>	7.1
<i>Others</i>	3.5
<i>Non-religious</i>	41.1

Source: World Bank Data, <https://data.worldbank.org/country/belarus>

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 “On consumer protection” (accepted by the House of Representatives and approved by the Council of the Republic in December 2001) that was last amended on 29 October 2015.⁴ It is a general 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.

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 Reimbursement of Bank Deposits of Individuals. This Agency provides a guaranteed reimbursement of 100% of the amount of money in Belarussian rubbles and foreign currency placed by individuals in the accounts and (or) deposits with banks of the Republic of Belarus.

The Republic of Belarus has the Law of the Republic of Belarus “On Measures to Prevent the Legalization of Proceeds from Crime, Financing of Terrorist Activities and Financing the Spread of Weapons of Mass Destruction”, which is based on the 40 Recommendations of the Financial Action Task Force (FATF).

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

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

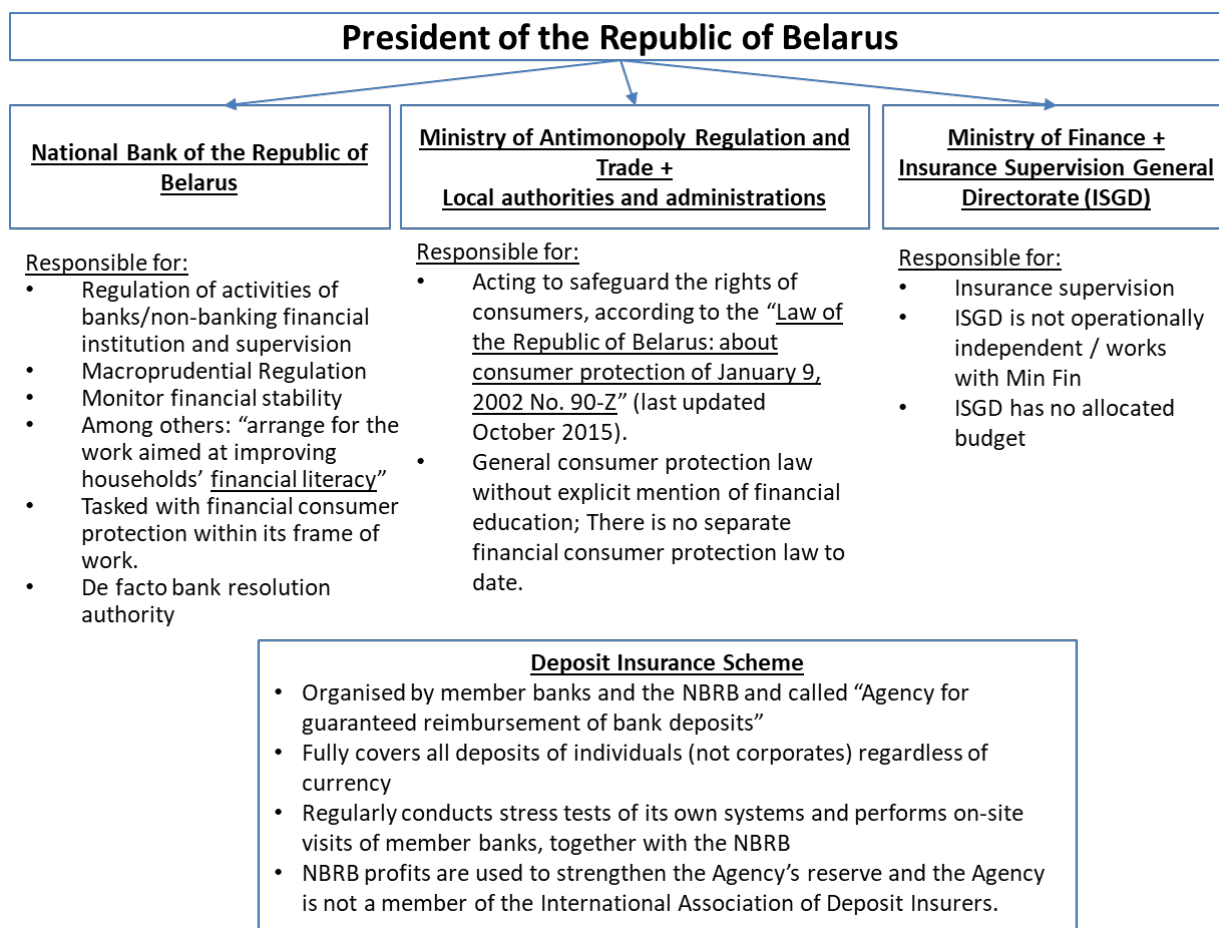


Fig 1:
Structure of supervision, regulation, and consumer protection institutions in Belarus, 2016.
Source: Various sources

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. 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 the efficient 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

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/engl/today/about/general>

of Belarus, within the limits of their competence, consider appeals of citizens and legal entities connected with violation of their rights as consumers of financial services.

<p style="text-align: center;">Public Protection Public Consumer Associations</p> <ul style="list-style-type: none">❖ 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 <p>Public, non-governmental, non-profit organisations whose main aim is advising, providing 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. <u>No specific mandate to work in the area of financial education.</u></p>

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 more broadly and specifically on creating the new institution of a financial ombudsman. 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

III. Current financial education needs/challenges faced by the population

Key economic and financial challenges of Belarus include financial and banking stability, the high deposit and loan dollarization, increasing public and private indebtedness, poor demographics, and the transition towards a larger private sector share of the overall economy. The level of public and private debt in Belarus is high, as reported in the first section of this report.

To determine specific financial literacy challenges in Belarus, the OECD/INFE financial literacy survey conducted in 2017 in the CIS measured the financial literacy levels of the general population, with booster samples of youth, migrants, entrepreneurs and people living in rural areas for analysing the needs of the population (Atkinson, 2018). The survey reported comparative scores of seven countries (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Russian Federation, and Tajikistan) on financial knowledge, financial behaviour, attitude, financial inclusion.

Financial Knowledge

The survey results indicate a good basic knowledge of financial terms in Belarus. Table 2 illustrates that concepts like interest, inflation and risk/return and diversification are well understood in Belarus. More

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.

complex terms and calculations, such as calculating interest plus principal, or interest compounding, however, are less well understood, as less than half of respondents can answer questions on these topics correctly.

Table 2. Knowledge of financial matters (percentage of adults)

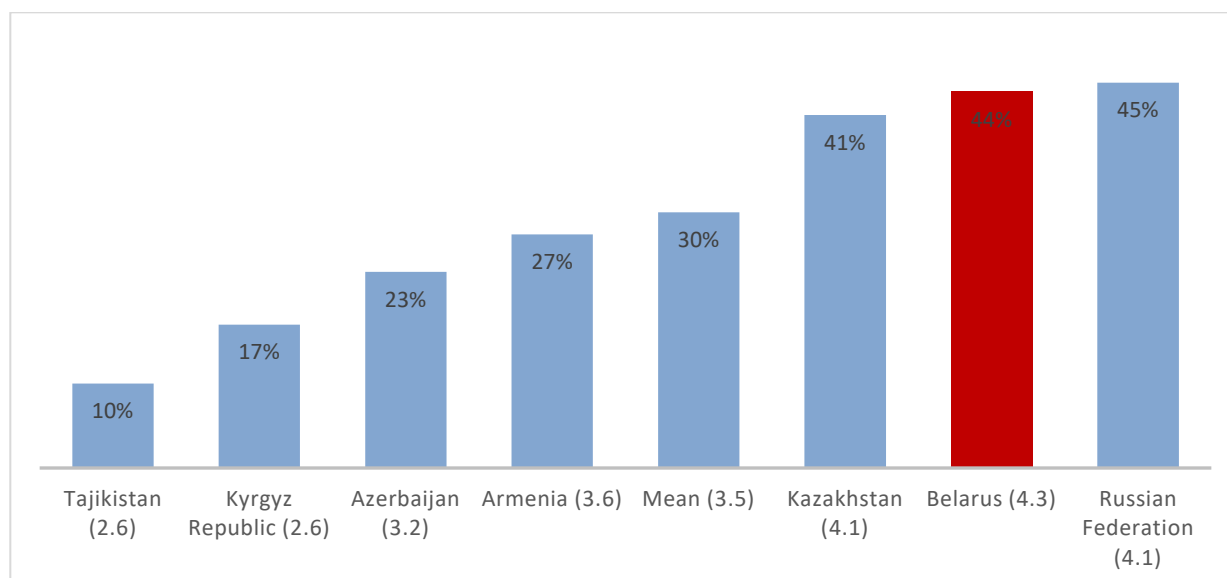
Topic of the financial knowledge question	Correct	Don't know
Time value of money	57%	20%
Interest paid on loan	79%	15%
Calculation of interest plus principle	41%	32%
Compounding over 5 years	49%	21%
Combined simple interest and compounding	25%	38%
Risk and return	86%	7%
Definition of inflation	73%	11%
Diversification	67%	14%

Source: OECD/INFE financial literacy survey.

Some 44% of adults in Belarus achieved the minimum target score for knowledge (see figure 3). This percentage is considerably higher than the average across the 6 CIS countries, on par with Russia (45%), and only slightly below the G20 average of 48%. However, women were significantly less likely than men to achieve this target, and this finding holds even after taking into account other factors (see figure 4).

Figure Error! No text of specified style in document.. Achieving minimum target score for financial knowledge

Base: all respondents. % of respondents achieving minimum target score of 4 out of 7. Average country-level score reported in parenthesis.

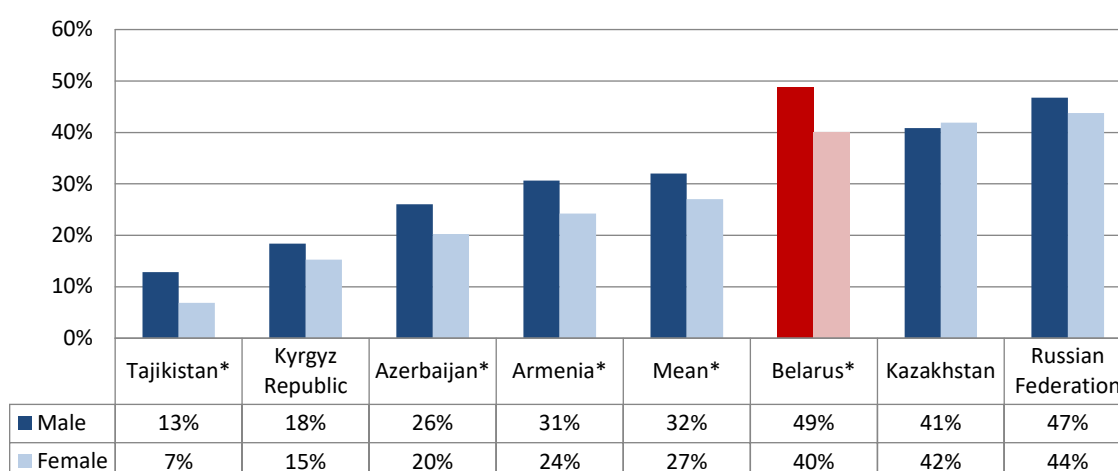


Note: 'Mean' refers to the average of the six CIS countries and the Russian Federation.

Source: Russian Federation, 2016; OECD, 2018.

Figure 1. Gender differences in financial knowledge

Base: all respondents. % of respondents achieving minimum target score of 4 out of 7 by gender. Sorted by % of females.



Note: * Difference by gender significant at 95% level.

Note: 'Mean' refers to the average of the six CIS countries and the Russian Federation.

Source: Russian Federation, 2016; OECD, 2018.

Furthermore, regression analysis also indicated that financial knowledge was more problematic for women than men, and lower among those without a university education and those on a low income. Those who did not use a computer in the previous 7 days also had lower financial knowledge than those who did. Importantly, there were no significant difference in financial knowledge between respondents of different ages or between those living in rural areas, small towns, or big cities. A booster sample of SMEs had higher financial knowledge than adults on average in Belarus.

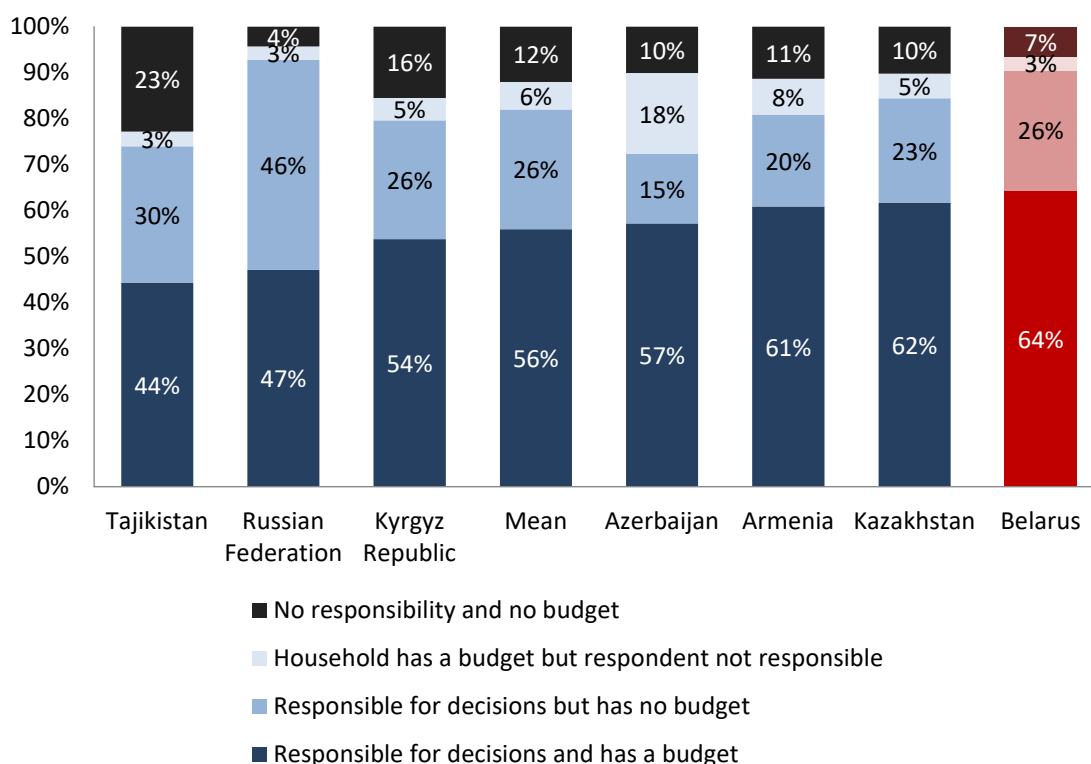
Financial Behaviour

Almost three quarters of all respondents (73%) in Belarus achieved the minimum target score for behaviour, the highest rate among the seven countries surveyed. About two thirds of respondents (64%) took responsibility for household money matters and budgeted (see figure 5, below). The findings also suggest that people in Belarus are already behaving in ways that are likely to maximise their well-being, but need to improve their knowledge in order to avoid potentially costly mistakes. For instance, paying bills on time was almost universal in Belarus (some 91% of respondents confirmed this, Atkinson, 2018). Over 77% of respondents in Belarus reported that they are active savers. However, some 70% of respondents reported that they hold their savings in cash, which may prove problematic during a period of inflation and also suggests low trust in the banking system. Only 53% of respondents suggested that they are saving towards a long-term goal, such as retirement, paying off debt, or an investment opportunity. At the same time, only 5% of respondents suggested that they borrow to make ends meet at the end of a salary period. When using a financial product, Belarussian respondents reported that the most important factor is that they trust the company providing the product (53%), then almost equal shares (44% and 41%) suggested that quick services and having used this service/company in the past was important.

Regression analysis based on data from the survey indicates that financial behaviour scores were lowest in villages, among non-working adults and among those with no education beyond secondary school. Adults who had not used a computer in the last 7 days also had lower financial behaviour scores than those who had. A booster sample of rural populations had higher financial behaviour scores than adults on average in Belarus.

Figure 5. Financial responsibility and budgeting

Base: all respondents. % of respondents reporting that they take responsibility for money management and/or that their household has a budget. Sorted by % of respondents responsible for money management and budgeting.



Note: The % may not sum to 100% due to rounding.

Note: 'Mean' refers to the average of the six CIS countries and the Russian Federation.

Note: Derived variable based on responses to two questions.

Source: Russian Federation, 2016; OECD, 2018.

Attitudes

The OECD/INFE definition of financial literacy recognises that even if an individual has sufficient knowledge and ability to act in a particular way, their attitude will influence their decision of whether or not to act. Questions to assess attitude towards money and finance revolve around “living for the day”. Respondents are asked if they prioritise the present or the future in terms of spending, as well as their attitude to spending and saving. Around a third of adults in Belarus achieved the minimum target score, the average percentage of respondents that show pro-saving attitude across the questions asked (34%, equal to the average of the seven countries). Regression analysis indicates variation in financial attitudes by the size of commune (respondents in large towns tended to have more of a spending attitude). Non-working adults also had lower scores and more of a spending attitude than those in work.

Financial inclusion

The proportion of respondents in Belarus that were aware of at least five types of financial product (92%), and the proportion that had chosen a financial product in the last 2 years (87%), were high and higher than average across the seven CIS countries that were surveyed (Atkinson, 2018). Far more people in Belarus were using financial products than on average across the CIS, particularly payment products (75%) and insurance (39%). Consequently Belarus had the lowest proportion of respondents that held none of the products that were identified to respondents during the survey (13%). This suggests that the respondents in Belarus made wide use of available financial products from the domestic banking and financial system.

Previous financial literacy surveys

Other, older surveys report similar findings. The Institute of Sociology of the National Academy of Sciences of Belarus on behalf of the National Bank of the Republic of Belarus conducted two studies, in 2013 and 2016, of the financial literacy of the population of the Republic of Belarus based on the [OECD/INFE toolkit for measuring financial literacy and financial inclusion](#), and commissioned by the NBB⁸. 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.

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. There was an overall progression between the two surveys. For example, the number of respondents having a good level of familiarity with the matters of financial mathematics was twice higher in 2016 than in 2013.

The key findings of the 2016 survey were as follows:

- 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 obtained in questions covering 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 poorly informed about the differences between credit cards and debit cards (37.3% of correct answers), even though these financial services are quite common in Belarus.
- About 15% of respondents have negative experience in financial services. In most cases, this experience results from the use of a bank deposit (about 37%) or consumer’s credit (about 30%).
- Over 47% of respondents thought that the interests of both parties would be taken into consideration in case of possible disagreement with a financial institution. About 30% of respondents had a pessimistic opinion: they were sure that a conflict will be resolved in favour of the financial institution. Less than 5% of respondents expected that the conflict would be resolved in their favour. Facing a problem, most Belarusians 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 credit to pay for education or to buy necessary goods that are cheaper during sales. Over 20% expressed the opinion that it is reasonable to take credit if the credit interest rate is less than the deposit interest rate.

⁸ The survey toolkit used by the Institute of Sociology of the National Academy of sciences of Belarus was based on the [OECD/INFE Toolkit](#). It included a section on financial literacy self-assessment (corresponding to a similar section in the OECD/INFE Toolkit). It has two separate sections on what the OECD has termed financial knowledge - knowledge of financial mathematics (questions on simple and compound interest, the time value of money, risk, nominal versus real values) and financial terminology and rights/responsibilities for consumer using financial services. A fourth section contains questions on financial behaviour (corresponding to a similar section in the OECD/INFE Toolkit), and a final section gathers information on social and demographic status of the respondents. As a result, the outcomes of financial knowledge questions from these three surveys (2013, 2016 and 2017) cannot be compared precisely.

- 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 at the time of receiving 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 in their accounts (12%), or lent to their friends or relatives (9%). In rare cases respondents used unspent money to buy securities, invested this money into their own business, or purchased gold or jewels (less than 3%).

The conclusions of the 2016 survey suggest that the key financial education challenges of the population of Belarus were poor understanding of existing financial products. This was illustrated by the limited use of the available even basic financial services (such as payments for public utilities, currency exchange, payments through electronic terminals, credit and current accounts) and very low use of more sophisticated ones (investment and pension products, insurance products). Similarly, there was very limited knowledge and understanding of existing consumer protection mechanisms and consumer rights in the financial sector. This was exacerbated by an overestimation of levels of financial knowledge, which could lead to unaccounted for risks. The population also showed low trust in the banking sector and domestic financial conflict resolution mechanisms, which can be prompted by low awareness of the latter. Policy challenges identified were the need to achieve a widespread basic level of knowledge of key financial literacy skills, like family budgeting and financial planning, higher savings rates, and awareness of the risks and dangers of consumer indebtedness.

IV. Description of the current status of the Joint Action Plan

Rationale, aims and objectives

The Government of Belarus is currently implementing a five-year programme for improving the financial literacy of the population in the country (national strategy). The programme details were laid out in the “Joint Action Plan of Government Agencies and Financial Market Participants on Improving Financial Literacy of the Population of the Republic of Belarus for 2013-2018”.⁹ The National Bank of the Republic of Belarus has been in charge of implementation and coordination of activities of the other stakeholders, as defined by a resolution of the Council of Ministers of the Republic of Belarus. The Joint Action is further endorsed by the Prime Minister of the Republic of Belarus and Chairman and Members of the Board of the National Bank of Belarus. The Joint Action Plan is a result of an approved resolution of the Council of Ministers of the Republic of Belarus. The Joint Action Plan is linked to other legislation outlining the development strategy of Belarus. The meaning and scope of financial education have been identified and defined.

The main objectives of the Joint Action Plan are to develop the “rational financial behaviour of Belarusian citizens” when making decisions about their personal finance and improve the efficiency of

⁹ National Bank Website: <https://www.nbrb.by/engl/Legislation/documents/JAP.pdf>

protecting 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.

Governance, funding and institutional context

The National Bank of the Republic of Belarus is the national coordinator for financial education policies in Belarus. A division mandated to work on financial literacy has been set up in the National Bank. It supports the work of the Interdepartmental Coordination Council on Increasing the Financial Literacy of the Population, which gathers relevant policy leaders from ministries, government agencies and financial market and banking participants. The private sector is also represented by the Association of Belarusian Banks and its Committee on Financial Literacy.

The Interdepartmental Coordination Council is the body responsible for coordinating and monitoring the effectiveness of the national strategy – the Joint Action Plan. The National Bank staff monitors the implementation of activities and reports to the Interdepartmental Coordination Council.

The National Bank reports that over fifty institutions are involved in the implementation of the national strategy - Joint Action Plan - in a variety of roles and with different mandates:

- 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 Labour 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
- the 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.
- Media representatives;
- Belarusian Republican Youth Union;
- others

There is no dedicated funding from the state budget to finance nation-wide financial education activities. Each participant in the Interdepartmental Coordination Council that has a mandate within the Joint Action Plan independently finances its projects on financial literacy. The National Bank has a dedicated budget for financial education activities and occasionally funds national competition or nation-wide activities. This is often done in cooperation with international institutions, non-government institutions and the private sector. Some National Bank activities part of the Joint Action Plan receive financial 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).

Financial education for youth and other target groups

The current Joint Action Plan's approach to increasing financial literacy takes into account the practical financial problems of specific target groups, among which the key are:

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

The key resource for financial education in Belarus is the one-stop gateway "National web portal on financial education" (www.fingramota.by).

Youth and school children are a core target group. 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. A stated aim of this collaboration is to introduce financial literacy in the school curricula (in particular into the content of the regular classes in geography, history, mathematics, and knowledge of society), in addition to conducting extra-curricular activities. Currently, secondary/high school students have the opportunity to attend elective classes of economic and financial literacy. These elective classes are available as *Fundamentals of Economic Knowledge* for students of Grades 5-11 (from a high school system where first year in high school is year 5 and last year is year 11), *Fundamentals of Entrepreneurship* for students of Grades 10-11, *Fundamentals of Financial Literacy* for students of Grades 8-9 class.¹⁰

The National Bank has been cooperating with the Ministry of Education in the organisation of the National Olympiad of Financial Education among pupils and the Competition among university students for the best research project on economic issues, in addition to specialised exhibitions on the International Day of Savings. The NBB is also 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.

Future plans, review and updating of the Joint Action Plan

The National Bank of the Republic of Belarus reports that it is in the process of writing, coordinating, and approving the second plan/national strategy called "Joint Action Plan on Improving Financial Literacy for 2019-2024" 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

¹⁰ Information based on the intervention of the Ministry of Education and Science during the OECD/INFE Technical Assistance Project Workshops in Dilijan, Armenia, 12 July 2018.

market members, financial service providers, and public organisations. This will effectively be a second national strategy, which will aim to build on and fully revise the first plan (2013-2018) and be more detailed, especially when allocating tasks and setting measurable targets. This document will address the issue of developing key performance indicators (KPIs) for financial education initiatives. With the help of KPIs 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.

The National Bank has reported that in addition to quantitative studies to identify target groups and priority policy areas, it is looking to conduct further research into the feasibility of various delivery channels, the role of private banks in delivering content, among others. Of particular concern has been the low trust into the national banking system. The National Bank has reported that building confidence and long term trust into domestic financial institutions will be a key aim of the new Joint Action Plan, alongside improving the financial literacy of the population.

V. Description of the potential (additional) scope of the Joint Action Plan

A revised Joint Action Plan can be effective as a package of policies to “improve financial literacy”, enhance consumers’ “legal knowledge in the field of protection of consumers’ rights in the financial markets”, and ultimately improve “financial stability of households” and “stability of the financial system”.

Comparison of current Joint Action Plan and OECD good practice and identification of current challenges

This section makes some policy suggestions for revising the current Joint Action Plan, based on the good practice identified in the OECD/INFE High-level Principles on National Strategies for Financial Education and the OECD/INFE Policy Handbook on National Strategies for Financial Education.¹¹ The section also highlights some challenges, based on the results of the recent OECD/INFE financial literacy survey, such as identifying appropriate and specific target groups, risks and gaps in knowledge. These policy suggestions add to the challenges already identified by the National Bank, such as a problem of trust in the domestic banking system, which are already planned to be addressed in the new Joint Action Plan.

The table below, compares the high-level key principles of a national strategy that aspires to effectiveness and efficiency to the current Joint Action Plan of Belarus. The section below then justifies the need to address these gaps and identifies certain policies that may be useful in tackling them. The final section of the report makes some suggestions, based on the OECD/INFE Policy Handbook on National Strategies for Financial Education (OECD, 2015), that could be useful in the design of the new Joint Action Plan

Table 3: Comparison of OECD/INFE High-level principles of national strategy and the principles embedded into the Joint Action Plan of Belarus (2013-2018)

¹¹ [OECD/INFE High-level Principles on National Strategies for Financial Education](http://www.oecd.org/g20/topics/employment-and-social-policy/National-Strategies-Financial-Education-Policy-Handbook.pdf), endorsed by G20 leaders, 2012; and OECD/INFE Policy Handbook on National Strategies for Financial Education (<http://www.oecd.org/g20/topics/employment-and-social-policy/National-Strategies-Financial-Education-Policy-Handbook.pdf>), 2015.

OECD/INFE High-level Principle	Joint Action Plan
A nationally co-ordinated approach to financial education which...	that consists of an adapted framework or programme,
Recognises the importance of financial education – including possibly through legislation – and defines its meaning and scope at national level in relation to identified national needs and gaps.	The Joint Action is endorsed by the Prime Minister of the Republic of Belarus and Chairman and Members of the Board of the National Bank of Belarus. The Joint Action Plan is a result of an approved resolution of the Council of Ministers of the Republic of Belarus. The Joint Action Plan is linked to other legislation outlining the development strategy of Belarus. The meaning and scope of financial education have been identified and defined. Needs and gaps are broadly identified.
Involves the co-operation of different stakeholders as well as the identification of a national leader or co-ordinating body/council	The National Bank has a clear national leadership role. The co-operation of stakeholders is formalised through an Interagency Coordination Council, chaired by a representative of the National Bank. Important stakeholders need to be more fully engaged with concrete outputs (notably the Ministry of Education and Science). Resource provision and funding of the activities proposed by the Joint Action Plan has not been precisely defined and sources of funding are not committed from public budgets outside of the general budgets of public agencies involved in the implementation.
Establishes a roadmap to achieve specific and predetermined objectives within a set period of time	The Joint Action Plan has overall objectives, and a clear timetable of year by year activity. The role of stakeholders is not sufficiently clear – some actions have a clearly defined responsible agency, while others do not. The expected results are not often precise, measureable, and concrete.
Provides guidance to be applied by individual programmes in order to efficiently and appropriately contribute to the national strategy	There is limited evidence of this in the Joint Action Plan, which is a high-level document.

The key areas where the current Joint Action Plan could be revised and expanded, based on this high-level comparison, then appear to be determining/segmenting target groups and mandates of stakeholders, ensuring a budget that is specific to financial education activities at the national level and then at institutional/stakeholder level (beyond the National Bank’s own resources), and defining precise goals that can be monitored and data gathering techniques for evaluation purposes. The discussion of broader economic and financial challenges (section II) and of the results of the OECD/INFE financial literacy survey (section III), also point to the importance of addressing the needs of key target groups, and broader economic problems such as trust issues and banking stability.

Proposed policy activities that can be undertaken to address the challenges

Key gaps and potential policy priorities identified in the current Joint Action Plan that are based on the findings of the OECD/INFE financial literacy survey -, the comparison with the OECD High-level principles for National Strategies, and the broader economic challenges discussed in sections II and III, are systemised below:

1. Setting targets, actionable aims, and measurable achievements.

- *Determining precise target groups and policy priorities to help these groups.*

The Joint Action Plan of Belarus already identified broad target groups (for instance, 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). More attention could be devoted to:

- a. *Identifying some of these target groups more precisely.* Currently, there are policies targeted towards youth and schoolchildren and plans to expand them. They could be further segmented (such as schools in rural areas or children of underprivileged families) to develop specific financial education programmes, link them to resources, and allow for easier identification of teaching and content delivery methods.
- b. *Addressing more closely the needs of some of the groups already identified.* More could be done for other groups identified in the Joint Action Plan. – young adults/professionals, entrepreneurs, least socially protected individuals. For instance, the OECD/INFE survey as well as the current Joint Action Plan identified young entrepreneurs and MSMEs as important target groups for financial education. They are also important target audiences of the broader economic development agenda of the Government of Belarus focuses on improving the knowledge economy and entrepreneurship, in particular youth entrepreneurship, as a way to diversify the economy (see Section II on page 4; *A Programme of Socio-economic Development of Belarus for 2016-2020* sets out the operational priorities for the *National Strategy for Sustainable Socio-Economic Development of Belarus* until 2020). Improving the financial literacy of budding entrepreneurs is an essential task in order to ensure they are aware of various sources of financing, the costs and risks associated of these, and how these can influence the development of the business. The OECD and its INFE have worked towards developing the financial literacy skills of entrepreneurs that can help support the pro-entrepreneurship economic agenda of the Government of Belarus (see OECD, 2018a, OECD, 2018b).
- c. *Considering whether additional target groups should be targeted.* The OECD/INFE financial literacy survey suggest that people living in rural areas, women and people with low education level (below high school) may need closer attention and dedicated initiatives.

Various OECD/INFE resources could be adapted and used to better address key target audiences, such as the OECD/INFE's Core Competencies Framework on Financial Literacy for adults, youth and MSMEs, as well as further work on financial education for MSMEs and potential entrepreneurs (Atkinson, 2017). The [G20/OECD INFE Policy Guidance on Digitalisation and Financial Literacy](#) (OECD, 2018b) can provide guidance to Belarussian policymakers on the challenges posed by new technologies and new ways to access credit, and the associated risks, to low-income families and those in need of social protection.

- *Developing key performance indicators that are directly linked to the policy priorities and that are easily measurable.*

Currently, there are no key performance indicators (KPIs) specified in the Joint Action Plan, but the new action Plan for 2019-2024 already plans to define them. It will be indeed important to develop KPIs, linked to policy priorities and to improving the financial literacy of identified target groups. The KPIs can be thought of as measuring outputs or assessing progress in the financial literacy level of the population. For instance, specific behaviour indicators could be developed and monitored, looking at people's ability to keep track of expenses, plan ahead, choose financial products, stay informed, and control their finances as suggested by with the OECD/INFE financial literacy survey.

- *Build-in clear and actionable monitoring and evaluation mechanism in the Joint Action Plan, to detect challenges and ensure successful results.*

Currently, there are very general plans to ensure the evaluation of the Joint Action Plan, without specifying specific monitoring and evaluation mechanisms, assessment of long-term impact, and/or linking these to programmes and initiatives that will be pursued. After the definition of measurable KPIs, a natural next step would be to link them to monitoring and evaluation mechanisms. The latter can be defined already in the national strategy document with precise timetables, allocated resources, responsible agencies, so that results can be reported on a regular basis. This would also make it easier to monitor costs, follow successful experiences and revise or discontinue unsuccessful initiatives.

2. Ensuring appropriate resource allocation and engagement mechanisms with stakeholders.

- *Allocating funding and resources appropriate to the expected outcomes and timetable.*

Currently, each of the institutions involved in the Joint Action plan is using their own resources to fund financial education programmes. In the future, it will be important to ensure that allocated budget funds (and non-monetary resources such as staff and institutional backing, for instance) that are sustainable and earmarked on the medium-long term to ensure the continuity and stability of initiatives. This may also include ensuring that the continuity of successful initiatives is not compromised when funding from international donors is discontinued.

- *developing engagement mechanisms for different stakeholders that ensures continuous discussions, monitoring of progress, and measuring of achievements.*

Currently, the Joint Action Plan is being coordinated by an Interdepartmental Coordination Council and implemented by a specialised unit within the National Bank. Institutions that participate in the Council have their own specified mandates, but coordination among stakeholders could be improved. To strengthen coordination, these institutions could also be made responsible for specific outputs / KPIs, linked with monitoring and evaluation mechanisms. Formalised relationships like signing a memorandum of understanding between the institutions can help, if the interaction as part of the Coordination Council is not sufficiently formalised.

The participation of private stakeholders in the in the implementation and funding of financial education activities under the umbrella of the Joint Action Plan could be further monitored. In this sense, the new Joint Action Plan could define criteria or principles for the involvement of private sector stakeholders and monitor their activities, to ensure that marketing is conducted as part of financial education initiatives. The OECD/INFE's Guidelines for Private and Not-for-profit Stakeholders in Financial Education (OECD, 2014) can provide guidance useful starting point.

3. Improve awareness of consumer protection mechanisms, and act to improve transparency and accountability and ultimately trust in the financial system.

The consumer protection legislative framework and infrastructure in Belarus is at a nascent stage. This is coupled with limited awareness among consumers of their rights and of the institutions that exist to protect them from the risks of the financial and banking system. The new Joint Action Plan can be developed as a way of supporting these nascent efforts to develop a financial consumer protection framework (for instance, a deposit guarantee fund already exists, and an ombudsman is in the planning stage). Planned financial education activities can include appropriate communication and education elements that explains the existence and benefits of these mechanisms and how they work to safeguard consumers' rights. This would help consumers make informed choices and seek redress when appropriate and ultimately help build more trust into the

financial and banking system, and in their supervisory infrastructure. It would also contribute to the stability of the financial and banking system.

VI. Proposed approach to design, implement or revise the Joint Action Plan

This section provides suggestions for policies and actions that can be taken as a response to the challenges discussed in the previous section. These suggestions can feed into the Joint Action Plan on Improving Financial Literacy for 2019-2024, which is currently being developed and will represent a review and update of the earlier five-year Joint Action Plan 2013-2018.

The OECD/INFE Policy Handbook National Strategies for Financial Education (OECD, 2015) identifies some lessons to design a national strategy, based on the international experience of the members of the OECD/INFE. It covers the following broad areas of policy activity that can guide the design of an effective national strategy for financial education:

1. Developing a diagnosis to inform the national strategy;
2. Establishing institutional and governing arrangements;
3. Setting and achieving objectives, evaluating and funding the national strategy; and
4. Ensuring effective and innovative provision of financial education.

Table 4 below provides a summary of the policy suggestions, based on these four broad areas and on the discussion presented in Section V.

Table 4. Summary of policy suggestions

Key areas	Policy suggestions
1. Developing a diagnosis to inform the national strategy	<ol style="list-style-type: none"> a. Ensure up-to-date mapping of current activities informs the new Joint Action Plan b. Use the OECD survey and other available data, including the newly released report commissioned by the NBB (2018), to identify key policy areas and key target groups for the new Joint Action Plan.
2. Establishing institutional and governing arrangements	<ol style="list-style-type: none"> a. Improve the coordination and engagement of stakeholders

3. Setting and achieving objectives, evaluating and funding the national strategy	<ul style="list-style-type: none"> a. Develop clear, targeted, achievable KPIs for the key policy areas that are identified in the first Joint action plan b. Consider giving priority to youth and schools, to educate the next generation of Belarussian employees c. Ensure sufficient provision of funding and resources d. Ensure to build-in monitoring and evaluation in the Joint Action Plan
4. Ensuring effective and innovative provision of financial education	<ul style="list-style-type: none"> a. Consider developing special module on SMEs and MSMEs in the National Strategy, given the policy priorities set out by the Belarus Government b. Consider the provision of financial education as a package of policies to improve consumer protection mechanisms and transparency and accountability of the financial and banking system

Based on: The OECD/INFE Policy handbook "National Strategies for Financial Education." 2015:
www.oecd.org/g20/topics/employment-and-social-policy/National-Strategies-Financial-Education-Policy-Handbook.pdf

1. Developing a diagnosis to inform the national strategy

a. *Ensure up-to-date mapping of current activities informs the new Joint Action Plan*

A mapping of current activities can help identify appropriate stakeholders, avoid duplication, and understand the holistic picture of financial education provision in the country at a particular moment in time. An OECD Mapping of Financial Education Activities was prepared for Belarus in 2017 and can be a helpful starting document in the development of the new Joint Action Plan. The recently released report commissioned by NBB on "Development of activities to improve financial literacy of the population in the Republic of Belarus: analysis and prospects " (NBB, 2018) has a comprehensive review of the activities conducted during the first Joint Action Plan, including regional and target group breakdowns.

The new Joint Action Plan should be informed by the activities generated by the first one. It should incentivise activities in the target groups, support activities that have been successful so far, and generate new activities in areas not covered.

b. *Use the OECD survey, the NBB commissioned report (NBB, 2018), and other available data to identify key policy areas and key target groups for the new Joint Action Plan*

The OECD/INFE financial literacy survey offers evidence on the distribution of financial literacy in the population. Important distinctions between groups that have not featured in the current Joint Action Plan are geographical location (rural versus urban residents), gender (women versus men), and education (higher education versus school degrees). The revision of the Joint Action Plan could be an occasion to use the results of the survey and other available evidence to identify and possibly reconsider its main target groups. To make a detailed split into target groups, such distinctions in financial knowledge and behaviour can be joined together the priority groups already defined in the current Joint Action Plan. It is good to note that the NBB report of 2018, which used an OECD survey of financial literacy from 2014-2016, has recommended the same target groups as the OECD survey points to.

The target groups and the planned activities should be matched to the available resources that can be committed. In this we echo the recommendations of the NBB report that limited resources should be allocated to areas where greatest impact can be made, for instance vulnerable groups where limited activities are currently being organised.

2. Establishing institutional and governing arrangements

a. *Improve the coordination and engagement of stakeholders*

Financial education activities are currently coordinated by the National Bank of Belarus. The Interdepartmental Coordination Council on increasing the financial literacy of the population coordinates the efforts of all involved government agencies and financial market participants, and is presided by a representative of the National Bank. The Association of Belarusian Banks has a Committee on Financial Literacy, which unites representatives of the banking sector.

As the chair of the Interdepartmental Coordination Council, the National Bank could encourage greater buy-in from private sector stakeholders in its financial education activities, under the appropriate mandate and monitoring. Deep private sector involvement may not only bring in resources, but will deepen the working relationship of public-private financial institutions, boosting transparency and trust, and working towards completing the announced reforms in boosting the private sector share in banking and financial sector services. It can also provide some of the business and managerial skills and knowledge that can benefit efforts to provide financial literacy for MSMEs and entrepreneurs. The OECD/INFE Guidelines for Private and Not-for-profit Stakeholders in Financial Education can be of help in this respect (OECD, 2014). A key principle that these guidelines emphasise is to include private and not-for-profit stakeholders into the Joint Action Plan, define their role, and ensure monitoring of any unethical activities such as marketing under the guise of financial education.

A good way of ensuring stakeholder buy-in to the new Joint Action Plan could be to involve them in the drafting and approval of the document. Both public and private/not-for-profit sector representatives can be consulted in the process of drafting. The National Bank, as a coordinator and leader of the revision of the Joint Action Plan, could issue a white paper where it outlines the intended section of the new plan and could then organise a seminar/platform for discussion of any proposed changes.

3. Setting and achieving objectives, evaluating and funding the national strategy

a. Continue giving priority to youth and schools, among other well-considered targets

Clear target groups that have been identified based on quantitative research will allow for a clear policy focus and an efficient use of resources.

Youth, schoolchildren, and university students have already been identified as a broad priority group in the current Joint Action Plan. They can be further segmented to ensure that dedicated actions and activities are put in place and that more resources are put towards schools in rural areas or children of underprivileged families (i.e. those from families with lower income and/or lower education level), for example.

Similarly, to link to the economic development aims it will be helpful to encourage entrepreneurship (also at a young age among the youth/schoolchildren/university students where such attitudes and skills are best honed) through tailored financial literacy programmes for (potential) business founders and operators, alongside general business skills programmes. The OECD/INFE work on core competencies both for youth and MSMEs may be of use (OECD, 2015; OECD 2018).

Further target groups that are recommended in the NBB-commissioned report (NBB, 2018) involve two vulnerable groups: the elderly/retirees and the unemployed. These groups are likely to need tailored financial education programmes and delivery methods. Existing delivery methods, such as online resource gateways, will likely miss these groups. Cost-effective online resources may not be appropriate for the elderly for instance, who may not be comfortable with the technology. Teachable moments for the general adult population, like purchasing a home/taking out a bank mortgage may be less appropriate for the unemployed. And yet, these groups may be more vulnerable to fraud (the elderly) and have more precarious resources (both the elderly, who have limited income-generating choices in addition to a pension; and the unemployed who by definition have limited resources).

Finally, NBB(2018) considers working adults as a potential target group and recommends developing financial education activities in the workplace¹². Firstly, employers will need to be attracted as partners to such an initiative and an appropriate business case will need to be prepared for them to consider providing financial education to their employees. Secondly, such a target group may be too broad and too large for an effective reach. It will need to be further split into sub-groups that can benefit from better tailored financial education. Some potential splits may be by:

- type of industry (i.e. agribusiness, financial services, manufacturing)
- type of firm (i.e. self-employed, MSMEs, multinational companies)
- type of employee (i.e. technical staff, manual labour, managerial, secretarial)

b. Develop clear, targeted, achievable KPIs for the key policy areas that are identified in the first Joint action plan

Currently, there are no key performance indicators (KPIs) specified in the Joint Action Plan. The National Bank – leading the drafting of the new Joint Action Plan – could develop clear, targeted, achievable Key Performance Indicators (KPIs) for the priority areas that are identified in the new Joint Action Plan, and pencil them in the document. In the process of determining what is the intended outcome of the overall action plan, it may be useful to identify specific targets that can be described quantitatively and qualitatively in the form of KPIs. The targets or planned outcomes of the new Joint Action Plan, and the associated KPIs, can be linked to built-in monitoring and evaluation mechanisms (see d. below). Quantitative KPIs can help track regular progress and measure the impact of the delivery of the joint action plan on the financial knowledge, attitudes, and behaviour of Belarus consumers. Qualitative KPIs can be used to monitoring and evaluate the engagement of the joint action plan with stakeholders and consumers, as well as understand more nuanced effects of financial education activities, which may be hard to pin down with a numerical indicator.

Some examples of monitoring and evaluations techniques and specific KPIs used in other two countries – UK and Canada - are listed in the table below, alongside explanations and how they are used.

<p>Money Advice Service (UK) uses KPIs as a way of monitoring and evaluating the impact their work has on the financial literacy of the population in the UK.</p> <p>Sources: MAS 2017/18 Business Plan Review of the MAS: call for evidence 2014 The UK's Financial Capability Evidence and Evaluation Strategy</p>	
<p>Programme evaluation advice to stakeholders</p>	
<p>Developing and Evaluation Theory of Change</p>	<p>The MAS has developed a Theory of Change where they have determined the outcomes they are seeking through the national strategy. These outcomes are then matched to a number of KPIs and programmes that support stakeholders to evaluate the programmes they run.</p> <p>(https://www.fincap.org.uk/en/reviews/measuring-financial-capability; https://www.fincap.org.uk/en/articles/our-approach)</p>
<p><i>Evaluation Analysis Toolkit for stakeholders who wish to evaluate their impact</i></p>	<p>The MAS has produced a toolkit that can help their stakeholders analyse and evaluate impact data they collect (https://www.fincap.org.uk/en/articles/evaluation-toolkit-overview). Part of these tools are some key principles, called IMPACT, which set a high-level approach to evidence and evaluation</p>

¹² The OECD/INFE has a new Working Group as of October 2018, Financial Education in the Workplace. It will be worth for the NBB, which has complementary INFE full membership as part of the OECD Technical Assistance Project, to follow and/or participate in the activities of this Working Group.

	that the UK National Strategy would like to embed in all their stakeholders (https://www.fincap.org.uk/en/impact-principles).
Key Performance Indicator	Explanation
KPIs that measure impact on consumers and/or the population; mostly quantitative in nature	
<i>Percentage of consumers who agree that the organisation leading the National Strategy has helped them decide on a financial course of action</i>	Usually a percentage of people who have been polled or surveyed and who have seen an impact of the services/action delivered by the National strategy. An overall strategy impact evaluation measure.
<i>To commission debt advice to a target number of people</i>	Such a measure represents a quantitative target output. Usually within a time period. An overall strategy impact evaluation measure.
<i>Direct provision of financial literacy guidance to a target number of consumers</i>	This measure represents a commitment to directly provide certain target segments of the population with financial education. Usually within a time period. An overall strategy impact evaluation measure.
<i>Support a target number of third party organisations to develop effective digital financial literacy tools (relevant to a vulnerable target segment)</i>	This measure represents a target to spread good practice of digital financial education delivery tools to other stakeholders. Usually within a time period. An overall strategy impact evaluation measure.
KPIs that may represent a completion of part of a National Strategy and signal the achievement of a stepping stone	
<i>Commit to publishing/distributing certain publications/reports by a certain date</i>	Usually used as progress checks and transparency commitments to the rest of the stakeholders. Usually specifies the report and date of issue. Can be used a regular monitoring tracker that feeds into a strategy evaluation.
<i>Work with certain stakeholders to complete a specific deliverable</i>	Used to commit to cooperation with a stakeholder and outlines the modalities of cooperation and the deliverable. Usually specifies a date and a stakeholder. Can be used a regular monitoring tracker that feeds into a strategy evaluation.
KPIs that measure quality of an output or the influence achieved with it	
<i>Providing leadership in the area of financial literacy and improving the quality, consistency and availability of financial advice</i>	Could establish with an annual stakeholder survey or discussions. Can start with establishing a baseline of what leadership means for the stakeholders involved in delivery the National Strategy / Joint Action Plan and then setting targets to improve it. Can be used a regular monitoring tracker that feeds into a strategy evaluation.
<i>Percentage of consumers who have used materials delivered as part of the National Strategy and have changed behaviour/course of action as a result</i>	This is a quantitative measure of reach and quality of output. The data can be gathered from a survey or a regular monitoring questionnaire that is being distributed on a regular basis (for instance on the website of the National Strategy alongside financial literacy resources). Can be used a regular monitoring tracker that feeds into a strategy evaluation.

<p>The Financial Consumer Agency of Canada has prepared a standardised financial literacy evaluation framework in support of ongoing evaluations of programmes run as part of the national strategy and by its stakeholders. It has also prepared a set of broad KPIs to assess the success of the strategy itself.</p> <p>Sources: Evaluation framework prepared for use by stakeholders Methods of evaluating the National Strategy</p>	
Key Performance Indicator	Explanation
<p>Standardized Financial Literacy Evaluation Framework of the Financial Consumer Agency of Canada</p>	
<p>The Framework suggests three phases: planning, evaluation and review. The Planning stage is where the stakeholders will be engaged and the outputs will be defined. The outputs will consist of measureable indicators that are observable, specific and measurable changes in knowledge or of character of the consumers. The Evaluation stage is where the assessment will be conducted from gathering and analysing the data to drafting the report. The Review phase will including discussions with stakeholders on the outcomes and any future steps.</p>	
<p><i>KPIs proposed:</i></p> <ul style="list-style-type: none"> • <i>Number of students taught</i> • <i>Number of hours of instruction</i> • <i>Financial literacy test score</i> • <i>Number of students who picked up new financial literacy habits (i.e budgeting)</i> 	<p>A number of quantitative measures that are easily observable or testable. Usually the test is through an evaluation design that can:</p> <ul style="list-style-type: none"> • compare participants’ knowledge or some other factor before and after the program • compare participants’ knowledge to that of a control group • evaluate behaviour over an extended time period. <p>Further assessments can be done through focus groups, interviews,</p>
<p>Methods of evaluating the National Strategy</p>	
<p>The Financial Consumer Agency of Canada has a mix of strategies to evaluate the impact of their National Strategy. A quantitative method is the national survey of financial literacy, which they run every 5 years. This survey is the key reference point for measuring changes in quantitative variables in financial literacy over time. Data from monitoring (tracking indicators) will be included to the survey results. Mixed approaches, where both quantitative and qualitative information is gathered, include consultations with stakeholders, focus groups with selected consumers from key target groups, consumer feedback on their engagement with the strategy and its initiatives, as well as international surveys.</p>	
<p><i>KPIs that look for impact of the strategy:</i></p> <ul style="list-style-type: none"> • <i>Growth in financial training and education in the workplace, schools/universities, and other communities;</i> • <i>Increases in collaborative partnerships;</i> • <i>Number of contributors and users of the tools and resources on the National Strategy website;</i> • <i>Number of workshops and seminars given and the number of participants attending.</i> 	<p>Some of these KPIs are directly linked to the target groups (working adults; pupils; university students, etc). Others look for overall reach of the strategy, consumers’ awareness of the initiatives that are conducted as part of the strategy. Even others look for stakeholder engagement and the impact of the strategy in making financial literacy a key part of the policy debate in Canada.</p>

What would be important for the NBB when deciding on KPIs is to:

- Acknowledge that they will need to develop quantitative KPIs to track progress of implementation of the new Joint Action Plan. These can be indicators that track usage of the materials produced as part of the plan and/or those of stakeholders involved in the plan, as well as people engaged in the activities of the plan.

- Consider developing quantitative KPIs that are directly linked to targets and outcomes pencilled in the new Joint Action Plan that can be used to prove effectiveness and delivery of the plan.
- Consider developing qualitative KPIs where they can obtain nuanced feedback through discussions and focus groups with stakeholders, participants, and representatives from the groups that are expected to benefit from the plan.
- All of the above can be used in the process of monitoring progress and evaluating success.

c. Ensure sufficient provision of funding and resources

Most activities under the existing Joint Action Plan are funded by the existing funds of the National Bank and other public stakeholders. There are no special allocations from the central government budget. It will be important for the success of the national strategy to secure a good mix of public and private resources and in particular to have a dedicated government budget allocation. The latter will signal to private and non-profit stakeholders, as well as international organisations, the commitment of the government to the project. It will also be particularly important to put in place long-term planning and multi-year budget horizons, due to the long-term nature of the behavioural change sought by financial education policies, and to make sure that resources are sufficiently stable to help ensuring effective and innovative provision of financial education and long-term impact.

d. Ensure to build-in monitoring and evaluation in the Joint Action Plan

The OECD Policy Handbook on National Strategies for Financial Education (OECD, 2015) suggests that monitoring is a process where relevant data is gathered in a recurring basis in order to observe how the strategy is being implemented. This can be done, for example, through developing trackers on the basis of the collected data. The data gathered in this way can feed into an evaluation of the overall strategy, which is a process where the impact of the strategy is assessed against certain objectives and outcomes that are stated in the strategy itself. Individual programmes and stakeholder activities within the mandate of the strategy can also be monitored and evaluated and the results will also feed into the overall evaluation of the strategy. A key difference between programme evaluation and a strategy evaluation will be the holistic approach to a strategy evaluation, where the impact, effectiveness, and functioning of the overall strategy is being assessed. For example, both a strategy and a programme evaluation may mean looking at the quantitative impact of financial literacy on a target population after some financial education activities, however a strategy evaluation will have to assess stakeholder engagement and overall resource allocation among different programmes.

Monitoring has been identified as one of the explicit mandates of the National Bank and the Coordination Council in the current Joint Action Plan. Evaluation of the whole plan is not mandated, and evaluation of individual programmes is encouraged. Furthermore, there is little evidence that regular monitoring has been conducted and the current Joint Action Plan has not been evaluated before the work on the revised plan has started.

The OECD emphasises the importance of monitoring the implementation of national strategies and their evaluation for their overall impact against stated aims. Similarly, the effectiveness of individual financial education programmes within the strategy should be monitored and evaluation in order to identify approaches that are efficiently implemented and meet their objectives, while also creating meaningful outcomes for participants. Monitoring and evaluation also enable policy makers to focus resources on the most effective programmes and tools and fine tune those that are not working as intended.

Key programmes of a national strategy can also be piloted and evaluated before full-scale implementation; and evaluation should be built into programme design. Suitable methods for evaluation could be identified and agreed upon as part of the revised Joint Action Plan. Given limited resources, these may include before-and-after questionnaires, interviews or using existing data, and may also include collaboration with universities and other researchers with access to external funding. It is important to share the results broadly among the relevant stakeholders, to ensure that all can benefit from the lessons learnt.

Examples of monitoring and evaluation processes of individual programmes and the national strategy itself include:

(i) Monitoring and evaluation of programmes' implementation and process assessment:

- Monitoring/evaluation of the delivery of financial education (through oversight mechanisms at local, regional and/or national level and case studies); This means selecting an indicator to monitor (such as attendance, cost of activity, cost per participant) and tracking it, before running an appropriate evaluation assessment of the activity.
- Evaluation of the relevance and impact of programmes, learning framework, related material, and teacher training on financial education. Such evaluation can be based on the collection of feedback from relevant stakeholders in the process (For instance, to evaluate a financial education programme in schools, the relevant stakeholders will be: teachers, education systems management, school leaders, trainers, students, parents and the community); and,
- Evaluation of participants' competencies in financial literacy throughout the curriculum of the financial education activity via appropriate assessment tasks in the classroom on a regular basis, formal examinations or through ad hoc competitions for instance.

(ii) Impact evaluation in the longer term:

- Establishment of baseline surveys on the level of financial literacy and skills of people (covering assessment of financial knowledge, understanding, skills, behaviour, attitudes and values), to set a benchmark and establish gaps and needs. These surveys should ideally be repeated at regular time intervals (e.g. 3/5 years) to measure progress over time; and,
- Inclusion of financial education in examinations at the end of the formal school curriculum, or at professional career reviews;
- Participation in, and use of, available international survey results on the level of financial literacy of students such as the PISA exercises starting in 2012.
- Focus groups with and interviews of key stakeholders to understand how they implemented the national strategy, which initiatives were manageable and made business sense as part of their own individual agendas.

OECD work on monitoring and evaluation and effective practices has been summarised in the OECD/INFE publication "[Evaluating financial education programmes: Stocktake and framework](#)" (OECD, 2013). Below are some of the key takeaways from this work.

The evaluation of a financial education programme involves two distinct, though not entirely separate, processes. The first is the process of monitoring the programme. Monitoring activities track the implementation of the programme, and provide answers to such questions as whether it is reaching enough people, or whether the resources are being used as intended.

Monitoring data feeds into the management process and into the overall evaluation of a project. Monitoring may run on continuously in the background, with little or no input from programme delivery staff or participants – for example, very large education programmes may be monitored almost entirely by automated management information systems that track enrolments, drop-outs and contact hours. Alternatively, monitoring activities might include distributing questionnaires to collect information about the types of people participating in the education initiatives.

The evaluation process, meanwhile, is seeking to assess if, and how, the financial education programme is adding value, whether it is meeting its objectives, and what impact it is having. It is considering whether the financial education is leading to a change that would not have occurred otherwise. Evaluation may occur during the programme, so that the results can be fed into the ongoing development of the programme, or it may occur afterwards, to identify important lessons from a programme that can be applied elsewhere. A programme is ideally evaluated quantitatively, through surveys, and qualitatively, through a range of tools including consultation with stakeholders and collection of evaluation evidence from programme deliverers.

Monitoring and evaluation can be seen to have both rapid benefits in the short term and longer term benefits. In the short term, monitoring data can be used to check progress and adjust performance so that targets are met. Feedback from participants, surveys of conducted work and interviews with programme staff can lead to beneficial changes in the programme. Over the longer term, the evaluation process can be used to increase the beneficial impact of the programme.

Similarly, evaluation evidence can have a micro level impact, by guiding the improvement of individual programmes and a macro level impact by encouraging the improvement in the overall quality of financial education. A robust evaluation method will provide results that can be generalised to a wider population, so that the relative merits of different approaches can be assessed and the most successful programmes can be replicated and expanded. Furthermore, when robust evaluation findings are generalised to a wider population it becomes possible to predict the overall impact of a programme on a national scale and set well-defined policy targets. Once a number of programmes have been evaluated policymakers can also start to make decisions about the appropriate mix of programmes, the choice of delivery methods and the extent to which other types of intervention may be necessary in order to have the required impact.

The evaluator's role is crucial in making sure that the evaluation provides maximum benefit. The evaluator is responsible for collecting the necessary data and presenting the findings in a clear, unbiased manner. A good evaluation team will draw together the findings from the monitoring and evaluation processes to help programme designers and policy makers to understand where things are working well, what changes might be needed, and what aspects they may prioritise moving forward.

OECD/INFE work with members has illustrated a number of effective practices can be summarised as follows:

- Take independent advice, learn from other organisations, and share your own results with them
- Undertake continuous monitoring of the programme, and analyse the monitoring data regularly
- Include evaluation from the very beginning, planning it alongside the design of the initiative
- Evaluate regularly
- Take care to design the evaluation so that it provides useful information, and covers the types of people that the programme is intended to reach

Some practical suggestions to improve evaluation processes are:

- Try to automate as much of the data collection as possible
- Identify a suitable comparison group that can be monitored alongside participants
- Be prepared to adapt the evaluation design if it is not meeting its objectives

OECD/INFE work has also identified a number of potential challenges to effective monitoring and evaluation:

- Identifying potential evaluation participants and drawing an appropriate sample (this was felt to be particularly difficult when the evaluation design included a before measure, or a comparison group)
- Incentivising programme participants to take part in evaluation
- Undertaking a follow-up survey to identify longer term effects
- Creating questionnaires that were appropriate and relevant
- Ensuring that the responses given were genuine
- Minimising the burden on evaluation participants
- Measuring behaviour change

It is important to note that certain approaches to evaluation are appropriate for particular delivery methods. Classes with a built-in assessment may or where data is readily available (through an effective monitoring mechanism, or a regular feedback input) may favour qualitative evaluation methods. Qualitative evaluation approaches may be the preferred method for evaluations of written materials (whether printed, or online).

4. Ensuring effective and innovative provision of financial education

- a. Consider developing dedicated financial education activities for MSMEs and potential entrepreneurs in the National Strategy, given the policy priorities set out by the Belarus Government*

The new Joint Action Plan may need to respond to the economic development agenda of the Government of the Republic of Belarus. It can do so by prioritising small business owners and start-up entrepreneurs as one of the target groups. The OECD/INFE work on core competencies for MSMEs can be of assistance (OECD, 2018). In addition to financial education, such a target group may require provisions for financial literacy of a more complex nature, where managerial, entrepreneurial, accounting, human resource skills will be needed.

- b. Consider the provision of financial education as part of a package of policies to improve consumer protection mechanisms and transparency and accountability of the financial and banking system*

The stated aims of the Government of Belarus are improving financial and banking stability, as well as boosting trust in the financial system, its supervision infrastructure and the associated financial consumer protection mechanisms.

The level of non-performing loans as a percentage of all bank loans in Belarus stood at 12.8% in 2016, almost double since 2015 (6.8%), and has been rising since 2008 when it stood at 1.7% (World Bank data¹³). The new Joint Action Plan can prioritise education and communication activities to tackle non-performing loans and over-indebtedness together with consumer debt management trainings, while at the same time the National Bank could support this by committing sufficient resources towards debt helplines, and transparent consumer debt resolution mechanisms. Effective financial education activities can help improve the understanding of borrowing and currency mismatch risks to consumers. This can help alleviate the problem of significant share of non-performing loans in the Belarussian commercial banking system by ensuring that consumers borrow responsibly. This is one of the mechanism, through which improved financial literacy can lead to improved stability of the financial and banking system.

The new Joint Action Plan for financial education can link financial education to a broader policy agenda involving consumer protection and improved financial and banking supervision infrastructure. It can include communication and education activities that explain to consumers the roles and functions of various existing and planned financial consumer protection mechanisms. It can encourage their use and promote consumer trust in them.

The National Bank, as a coordinating body of the Joint Action Plan and a chair of the Coordination Council can help further the policy agenda of creating a financial consumer protection mechanism. Supporting the establishment of an independent financial ombudsman can be one step of this agenda. Establishing an independent financial ombudsman service is already in planning stage (with the National Bank working on a draft presidential decree).

¹³ Accessed at https://www.theglobaleconomy.com/Belarus/Nonperforming_loans/ on 21 September 2018.

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