



Session - FINANCIAL CAPABILITY: examples, best practices and policy recommendations

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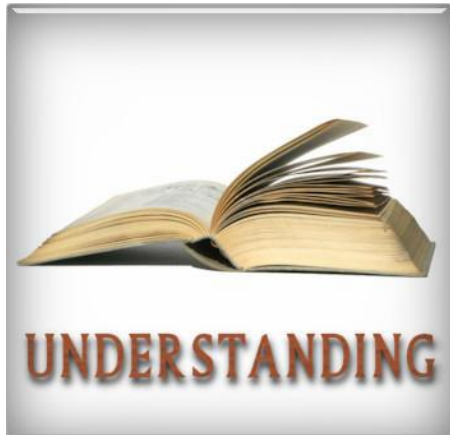
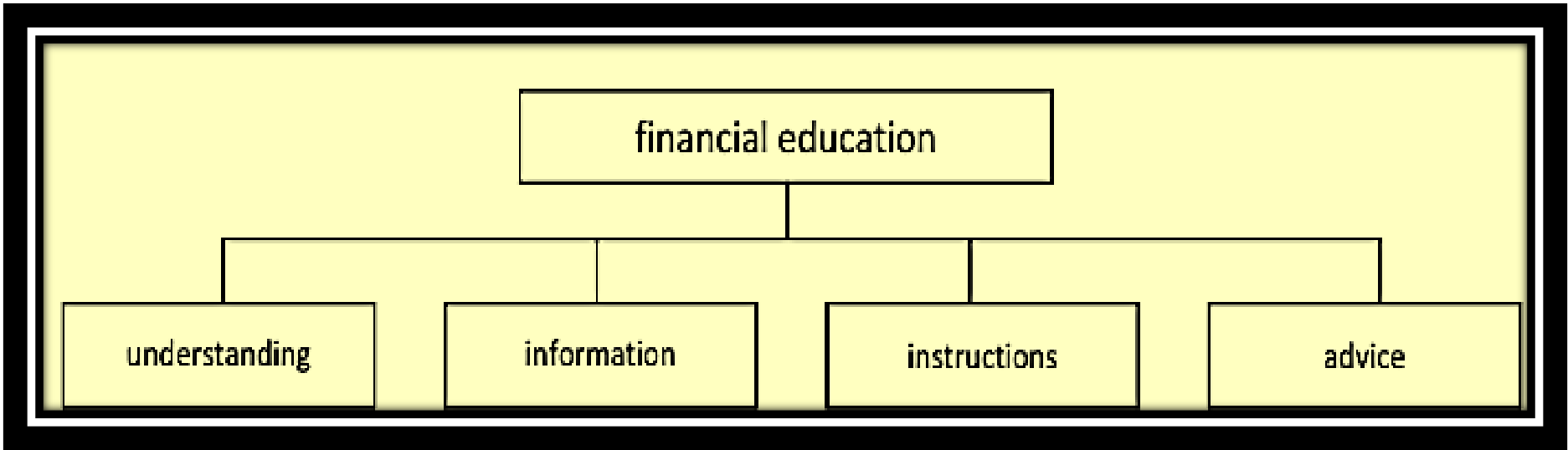
◆ **Financial literacy**

- OECD definition: 'A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.'



◆ Financial education

- OECD definition: Process where the user of financial services/investors improve their understanding for financial products, notions and risks and on the bases of information, instructions and objective advice develop the skills and confidence in strengthening information about financial risks and occasions, make decisions on the bases of good information, are acquainted with the fact where to find help and take other effective measures for improving their wealth.





- ◆ In order person to be **financially literate** it is important that he has:
 - **Skills** to manage with his financial means
- ◆ To consider himself for **financially capable** he has:
 - To know **how to manage** personal or family finances, he has to have the ability to plan in advance, to receive informational decisions linked to financial products/service.



- ◆ Because financially capable consumers improve their own financial situations and ultimately contribute to a stable economic and financial system.





- ◆ The types of financial decisions that people have to make - from paying for school to buying a home to planning for retirement - vary through the course of their lives, and thus we need to ensure that access to financial education is readily available at all stages of life.





- ◆ In one of Ben Bernanke speeches (2012) on financial education, he mentions:
- ◆ High school students might not recall specific information from a lesson about loans a year later when they go to get their first car loan or student loan. However if they understand and remember some basic ideas - for instance, that it's important to shop around for a loan to get the lowest interest rate, to review the fees charged, and to know how to contact financial counselors and advisers - **they will be more likely to make a good decision.**
- ◆ A particularly valuable lesson we can teach students is how to apply an economic way of thinking to their decisions.



- ◆ Financial capability – 4 aspects:
 - Financial understanding
 - Financial competence
 - Financial responsibility
 - Financial enterprise





Financial Resources



**Financial
Capability**



Financial Behavior

**Environmental
Factors:**

- Access to Finance
- Financial Infrastructure
- Consumer Protection
Mechanisms

Social Factors:

- Social Norms
- Family Obligations
- Social Networks

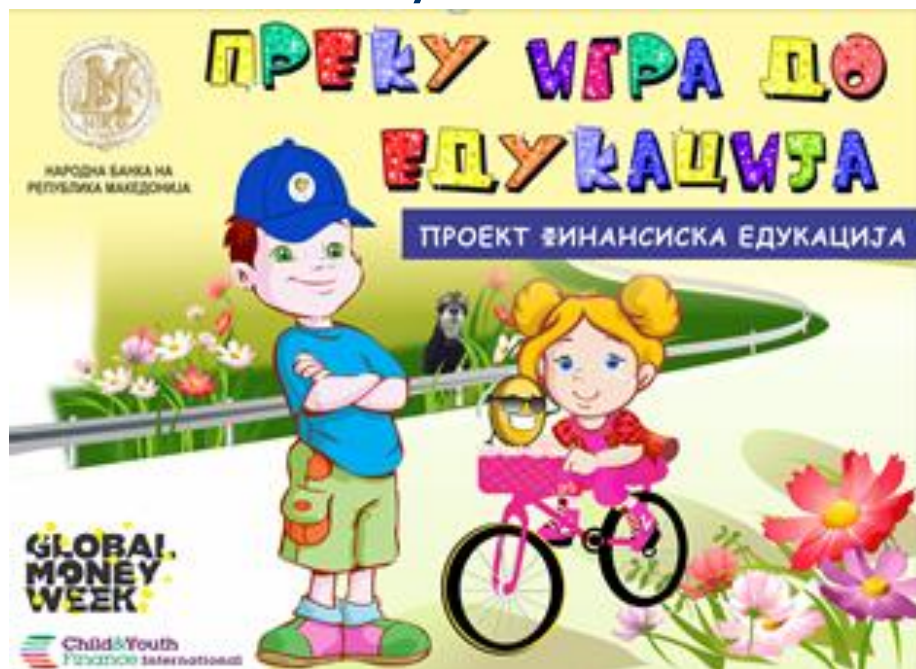


◆ Financial Education in Macedonia



Institutional level - activities

- ◆ The National Bank of the Republic of Macedonia has undertaken an initiative and has launched own project entitled 'Financial Education' in 2012, intended to inform the citizens of the Republic of Macedonia about the finances and the economy.





- ◆ The project includes happenings, exhibitions, organized visits, lecturing, educational programs, creative workshops and other events.





National level - initiatives

- ◆ 2013 Coordinating Body of the Regulatory Authorities for Financial Education in Macedonia was formed through Memorandum of Understanding between 5 institutions:
 - National Bank, Ministry of Finance, Insurance Supervision Agency, Agency for Supervision of Fully Funded Pension Insurance and the Securities and Exchange Commission



◆ The role of the **Coordinating Body** is:

- To launch initiatives to the relevant institutions to adopt legislation that would support the idea of financial education of the population in the Republic of Macedonia;
- To define and propose joint financial education projects;
- To develop strategic documents;
- To organize, implement and evaluate surveys of the level of financial literacy in the country and the level of financial inclusion of the population in the financial system of the country;
- To organize working sessions, seminars, training courses and other events;
- To promote regional and international cooperation.



The Coordinating Body was making activities for Global Money Week 2014 in collaboration with the Macedonian Stock Exchange. With the lecturing to elementary and high schools we have reached more than 1000 children teaching them about money, savings, investments, insurance, retirement etc.



- ◆ Next steps and future challenges:
- ◆ Measure the level of financial literacy in the country
- ◆ Building National Strategy for Financial Education
- ◆ Enter into School Curricula with faculty or official subjects on financial education
- ◆ Target various groups of the population in order to rise the awareness



◆ Thank you!

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