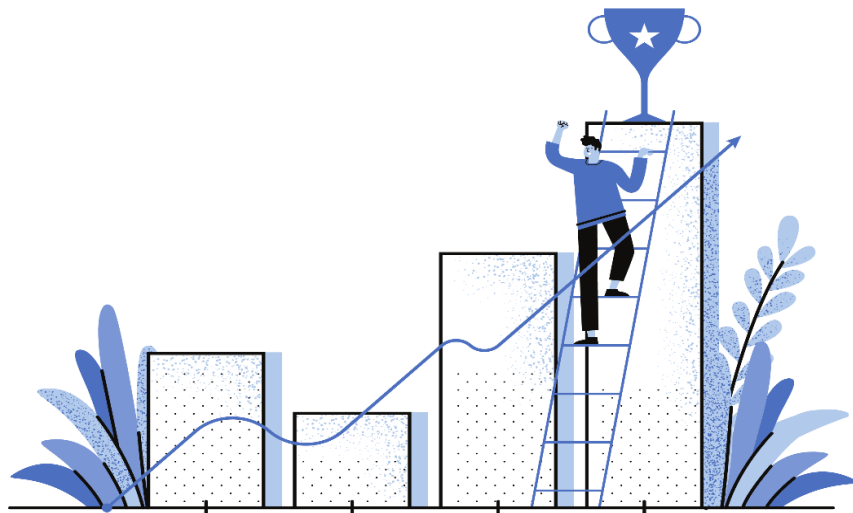




Financial Education and Financial Inclusion Strategy (Macedonian Case) Online National Stakeholder Workshop by German Sparkassenstiftung for International Cooperation

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National Bank of the Republic of North Macedonia
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NATIONAL BANK
OF THE REPUBLIC OF NORTH MACEDONIA

Setting the Stage





Effective financial systems – vital for the economy as they enable savings, payment, credit and risk management services



Inclusive financial systems are those that enable high percentage of individuals to have an access to and use of financial services



They provide the individuals with greater access to resources to meet their financial needs, such as saving for retirement, investing in education, capitalizing on business opportunities, cushion shocks



Inability to access financial services is a main headwind for economic prosperity



Financial education and financial inclusion are at the centrepiece of the economic growth and overall well-being of societies



Growing strand of **empirical literature** illustrates the importance of financial inclusion, including digital services, for economic growth



Economic studies **show that financial exclusion** leads to poverty traps and inequality



The **global financial system** has been assessed as far from inclusive



Many poor people lack financial services, such as bank accounts and digital payments



How Does Financial Inclusion Landscape Look Like?





Global index data base – one of the main yardsticks to measure financial inclusion worldwide



According to the latest data available, **the percentage of adults having own bank account, as an entry point in the formal financial sector, increased from 51% to 69%** in between 2011 and 2017

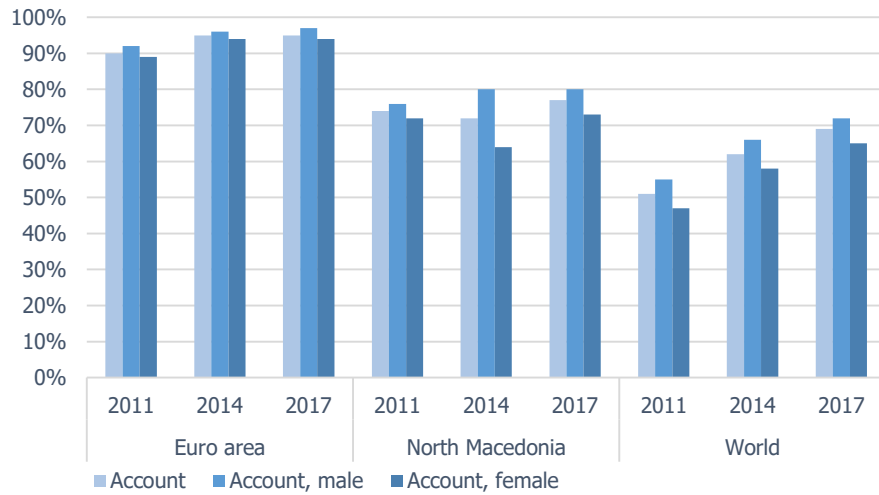


Yet, according to the World Bank data, **1,7 billion people still remain unbanked**

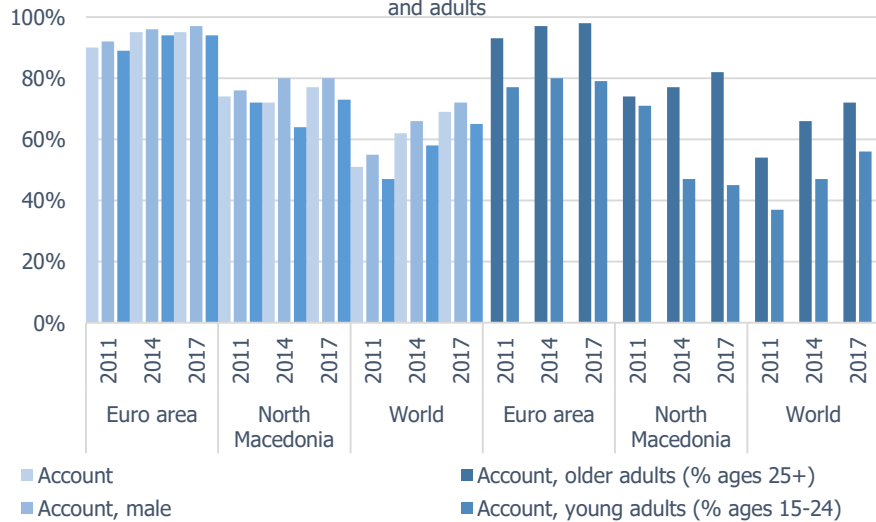


North Macedonia compares similar to the world, but lags behind the euro area – this holds both for holding an account, and for the gender, income and age disparities (yet, the age gap particularly evident in North Macedonia)

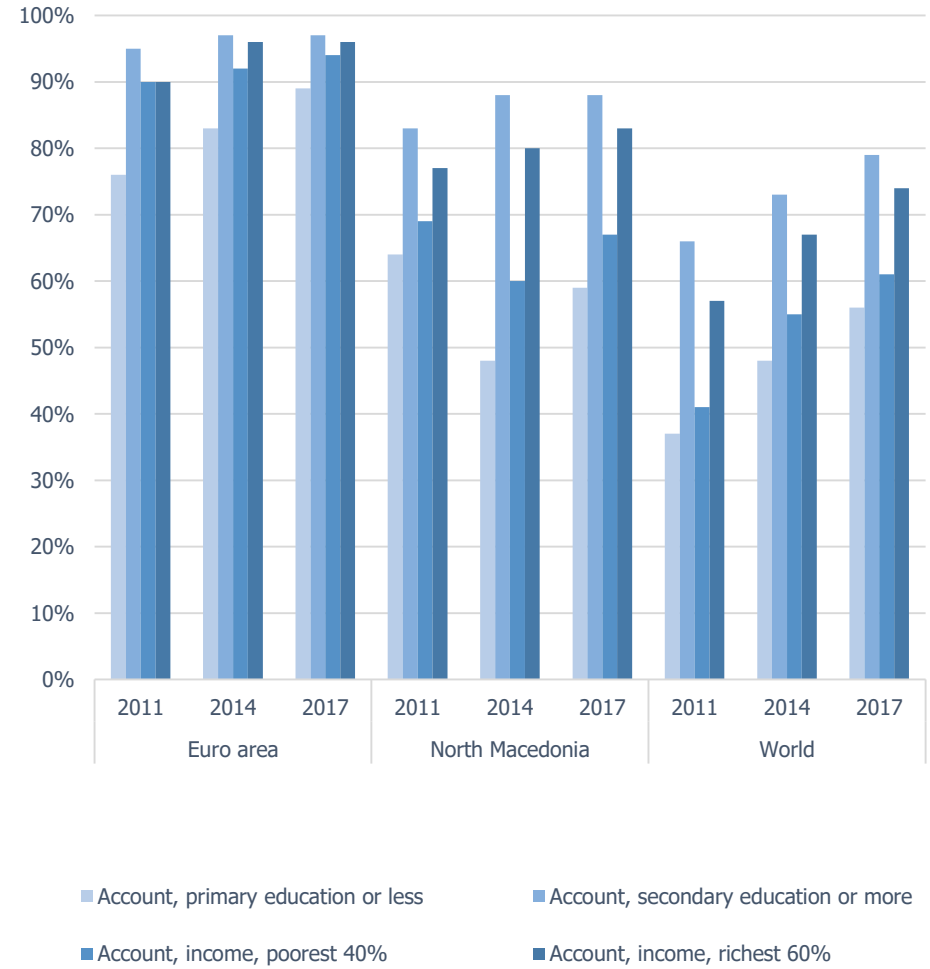
Account ownership by gender (% age 15+)

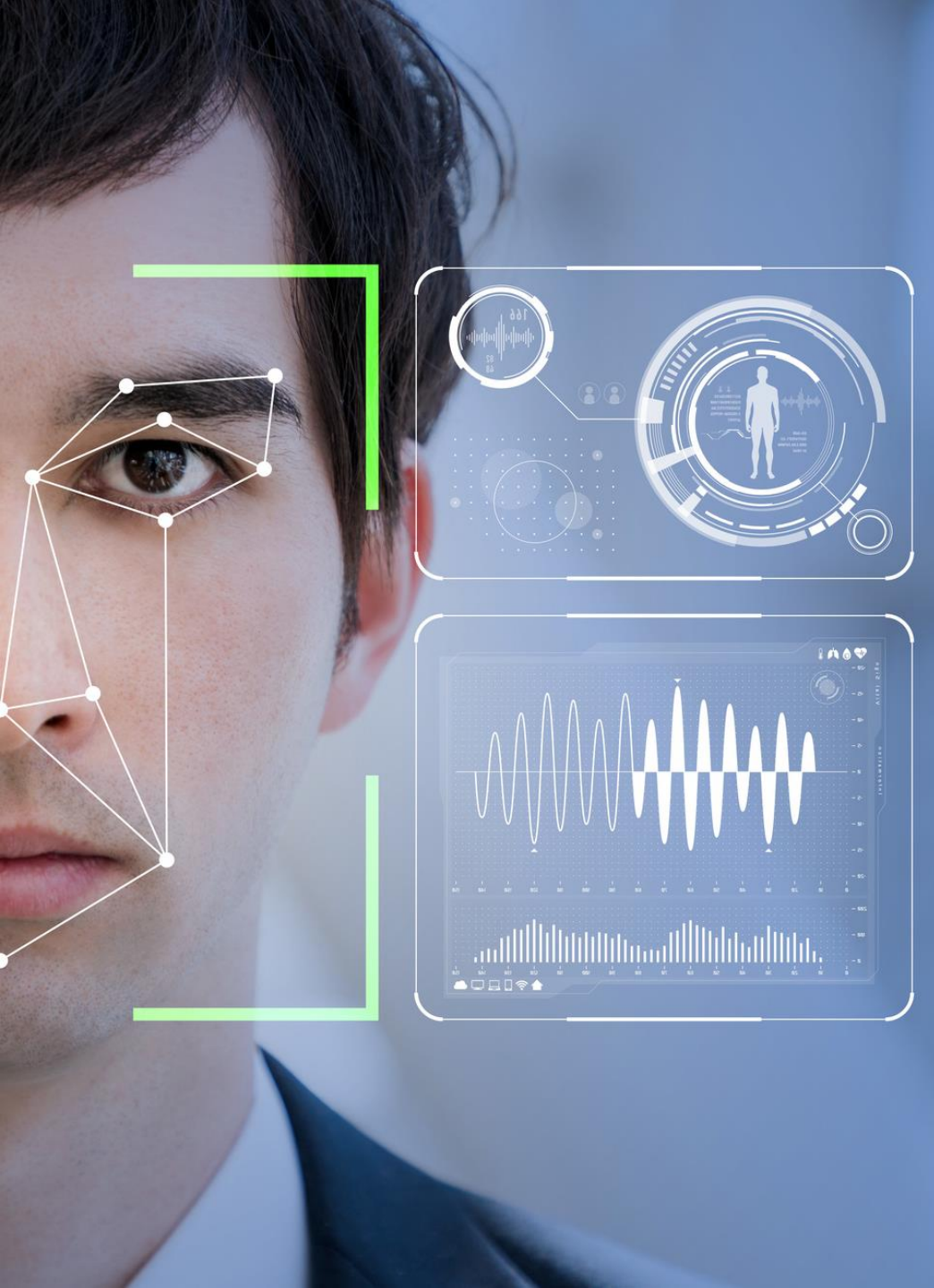


Account ownership by gender (% age 15+) and adults



Account ownership by education and wealth





**The Digital Age Is Entering Extensively
Into the Financial System**



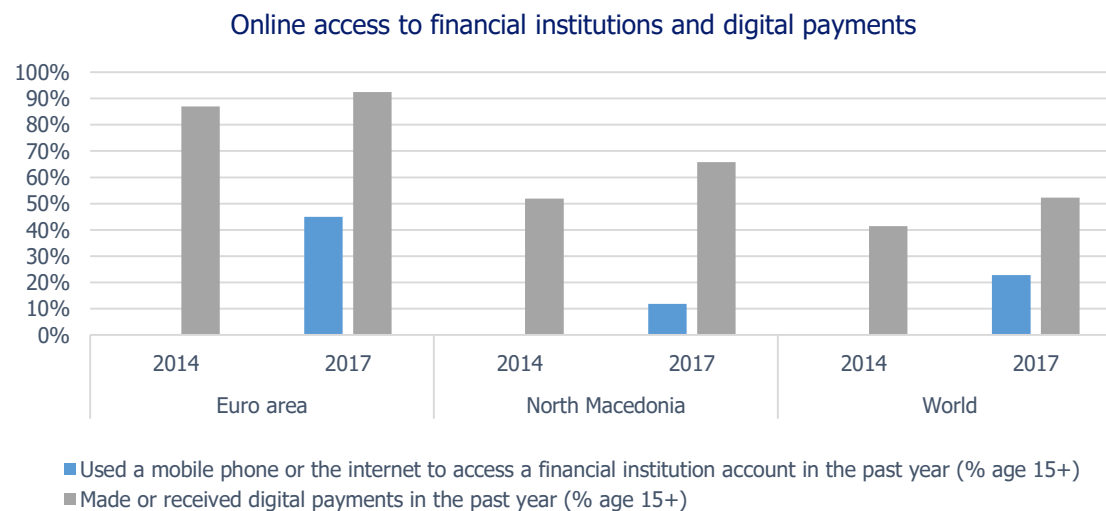
Digital technologies are promoting financial digital services, while the emergence of the COVID pandemic has strengthened these trends.



The scrutiny of the data available reveals that globally around 23% of the adult population used a mobile phone or the internet to access a financial institution account, while only 12% in North Macedonia (the percentage in the euro area is 45%).



Digital payments were made or received by 52% of the global adult population, while 66% in the Macedonian economy (92% in the Euro area).



**Financial Landscape Changing Fast,
Leveraging on New Technologies
and Prompted by the COVID**





The **conventional** financial education has to be complemented with **digital** financial literacy



It requires **knowledge** risks in the new opportunities, awareness of the digital risks (online fraud and cyber security, overborrowing), knowledge in consumer rights and compensation procedures



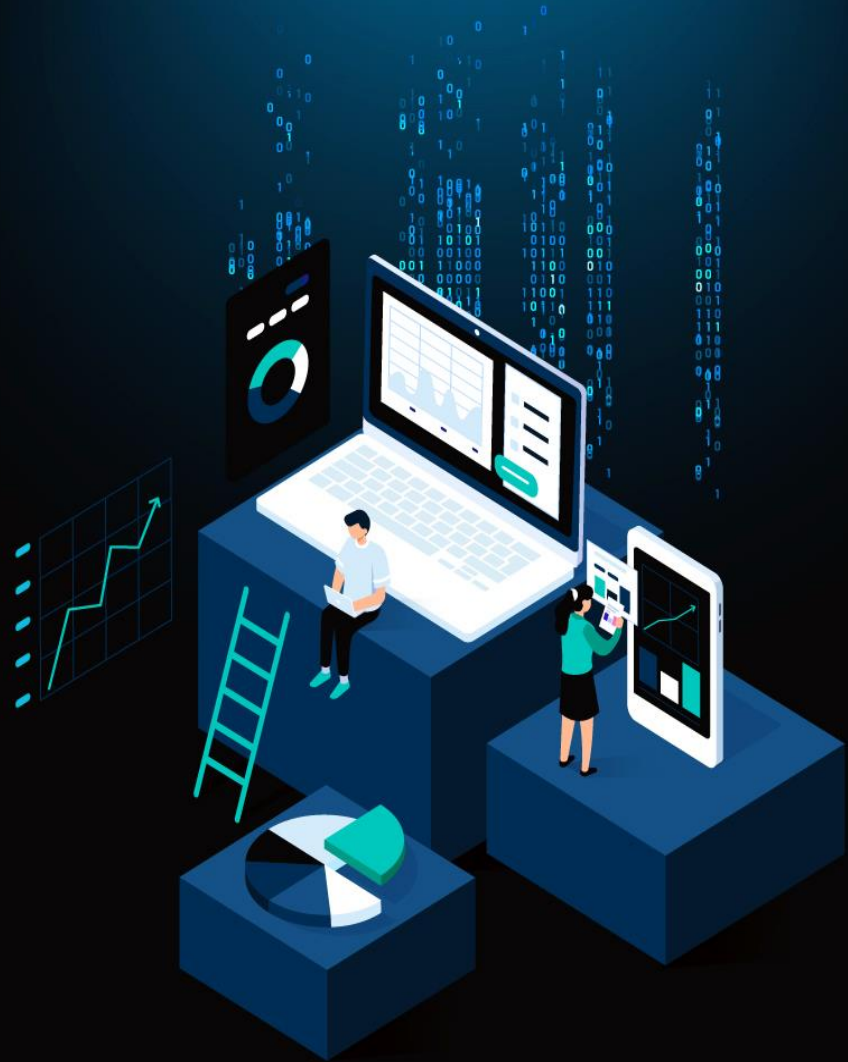
The promotion of digital financial inclusion becoming as one of the main priorities on a global level



For instance, the G-20 Global Partnership for Financial Inclusion in late 2020 has set the digital financial inclusion as one of the main priorities in its Financial Inclusion Action Plan



Digital Financial Services are acknowledged as an opportunity to deepen financial inclusion and expand access to financial system for previously underserved groups.



In a rapidly changing financial landscape, a holistic and coordinated approach is required



The importance of financial literacy and financial education is well-recognized in North Macedonia (coordinate and inclusive efforts have started in 2013)



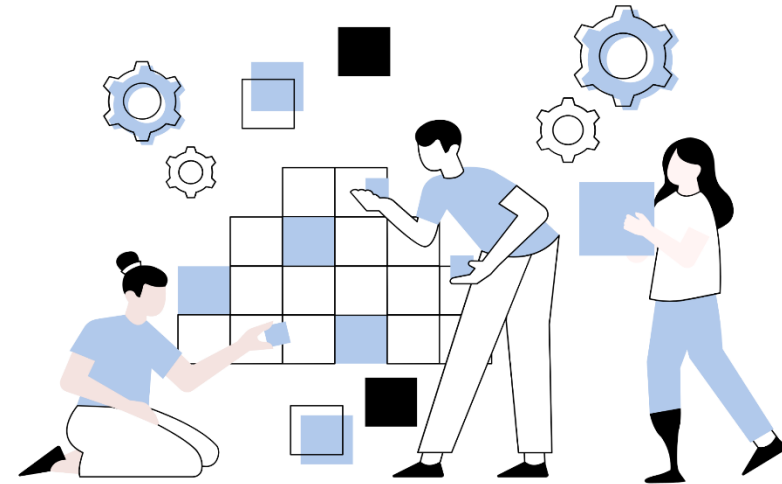
Although the financial system is bank-centric, its other segments (such as insurance, financial companies, investment funds) are also present



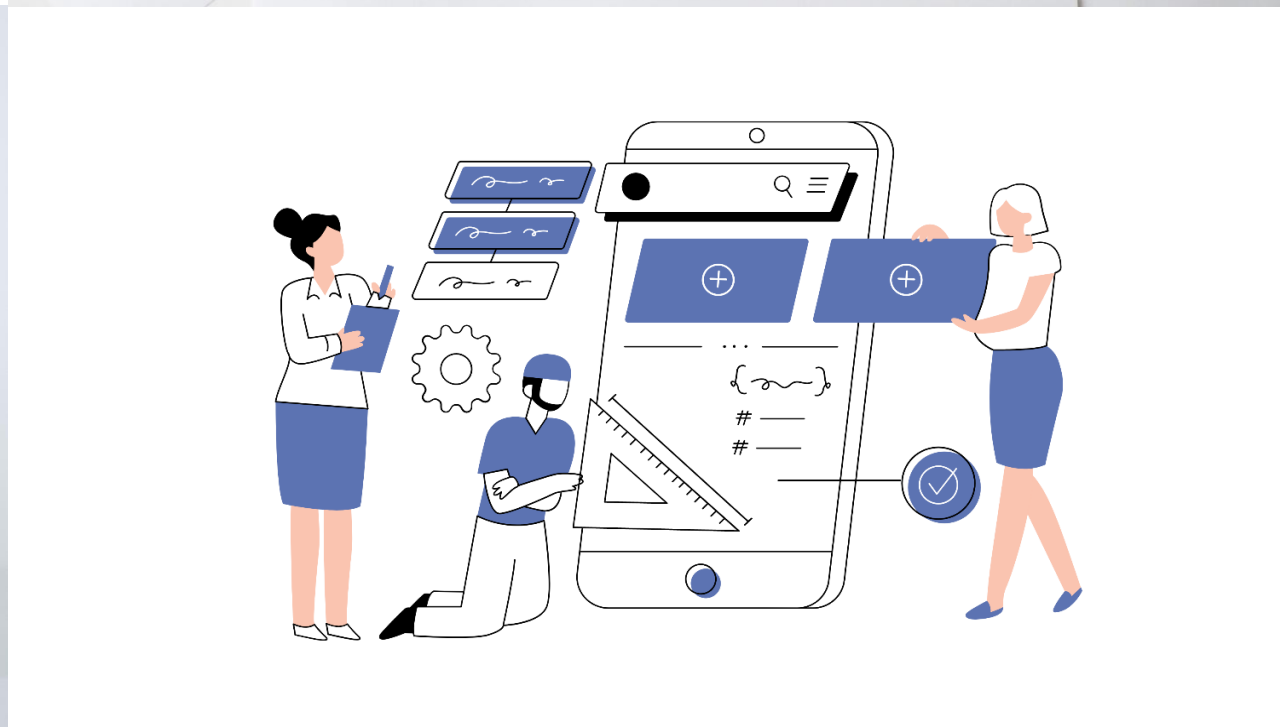
Financial skills and knowledge needed not only for the personal well-being, but the overall financial stability, as well

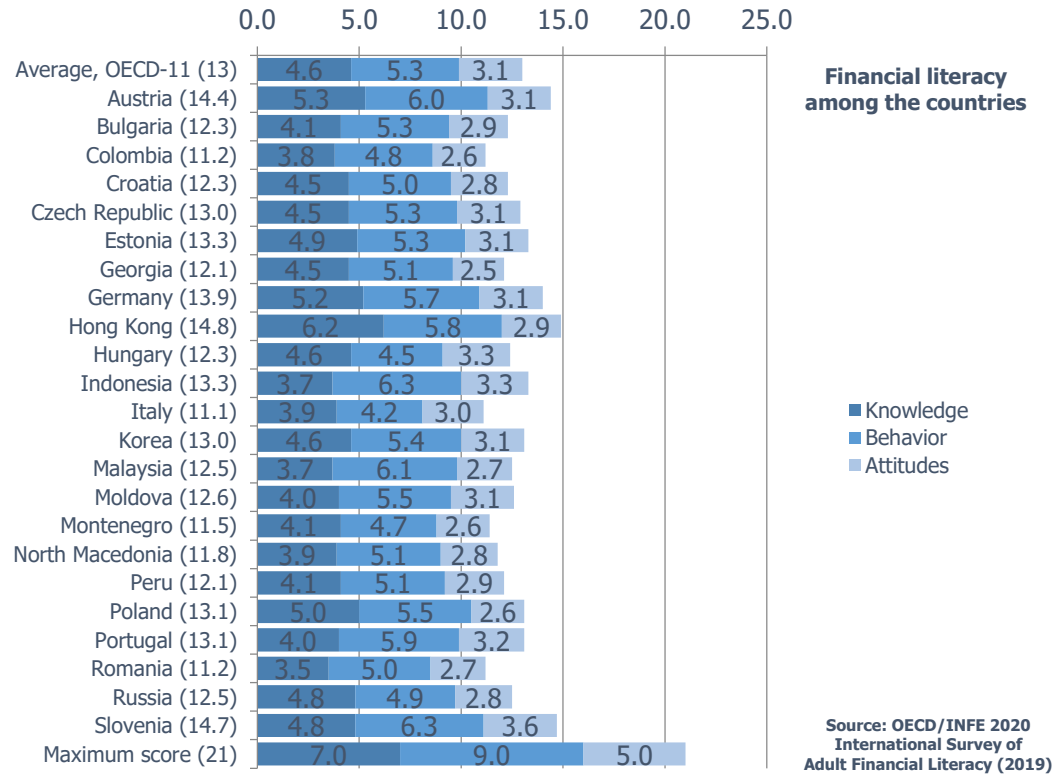


Coordinated and inclusive approach adopted, with **prior mapping undertaken**



Measuring Financial Literacy





Total financial literacy index only half of the maximum score, but not distant from the average of the OECD countries



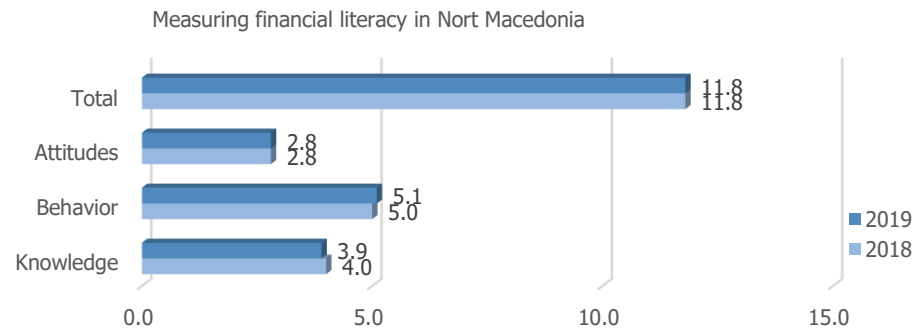
Financial knowledge - basic financial concepts (interest, inflation, risks);



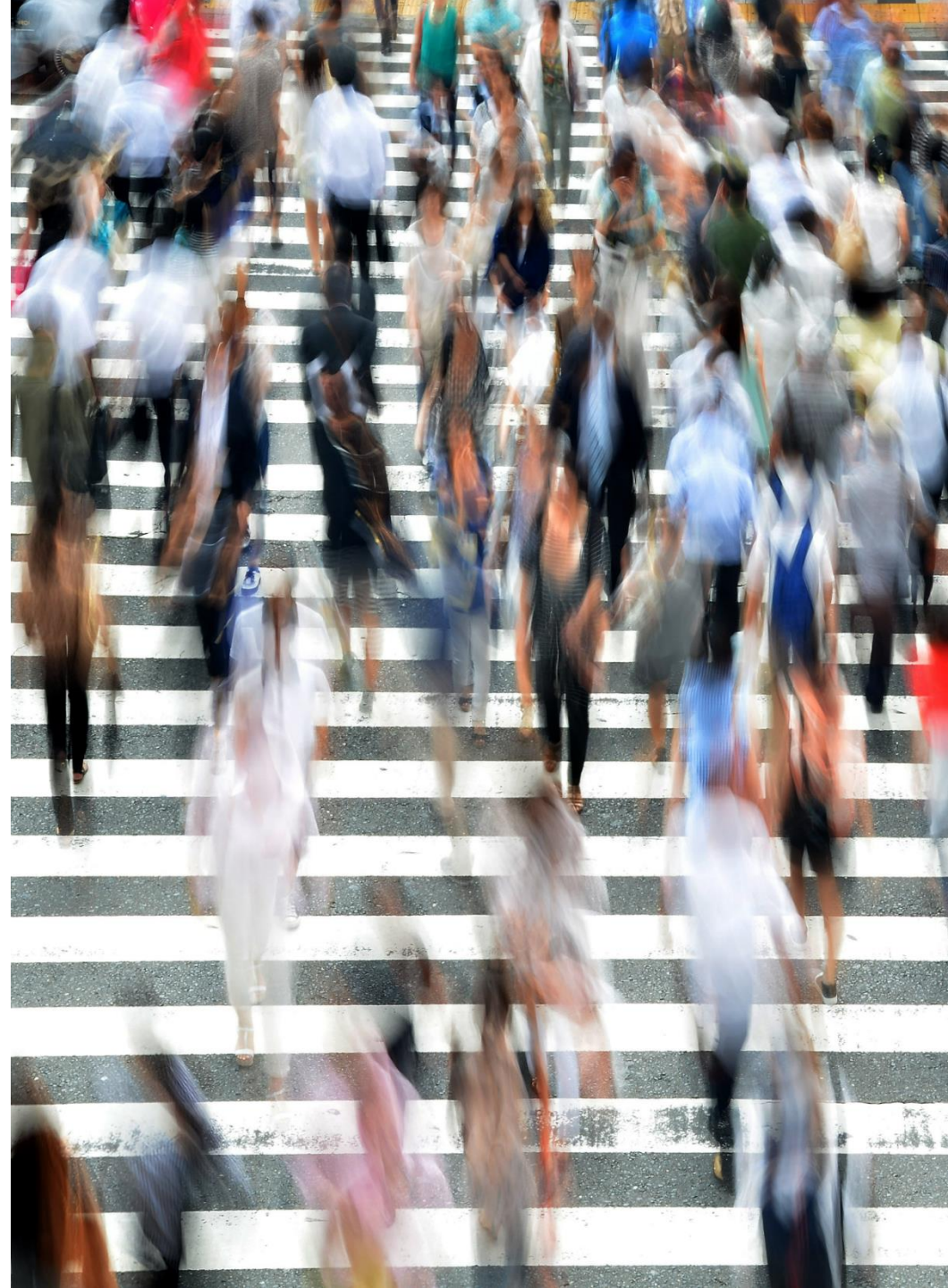
Behavior - regular payment of the fixed costs, consideration of several purchasing alternatives



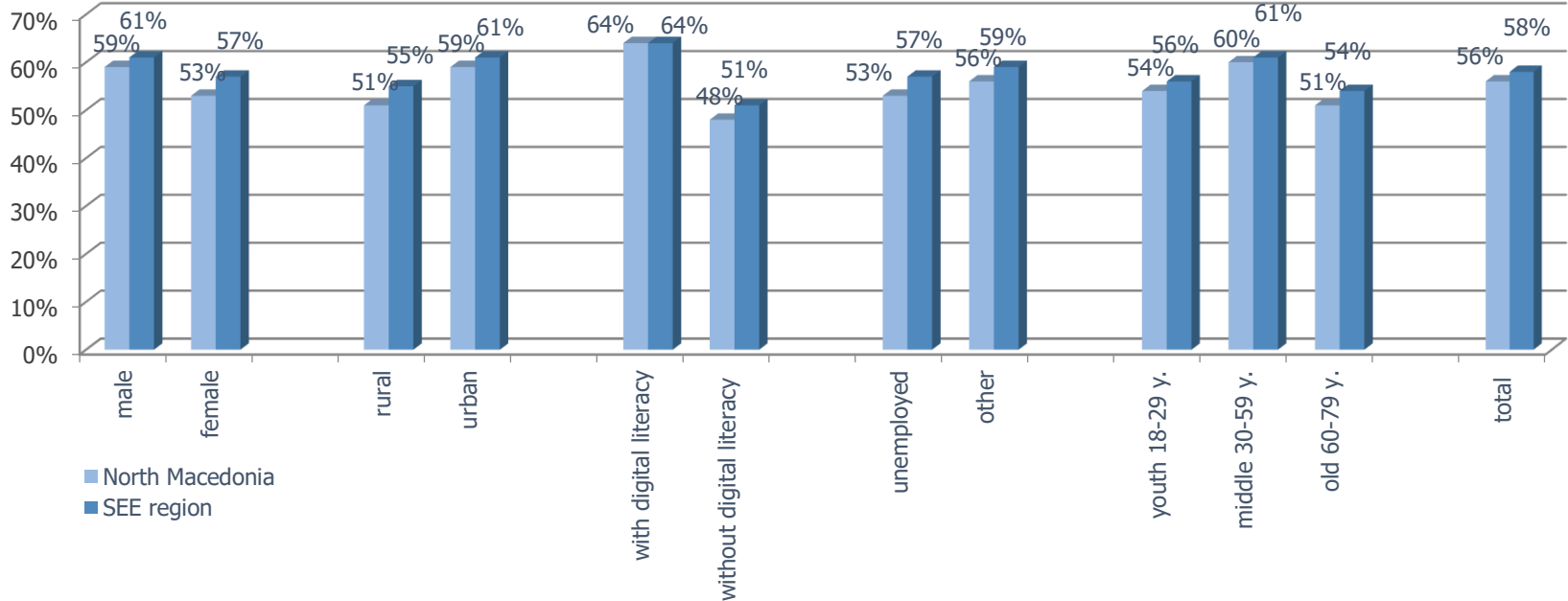
Attitude - focus on short term – versus longer term financial needs



Financial literacy among different groups



Minimum correct answers - financial knowledge



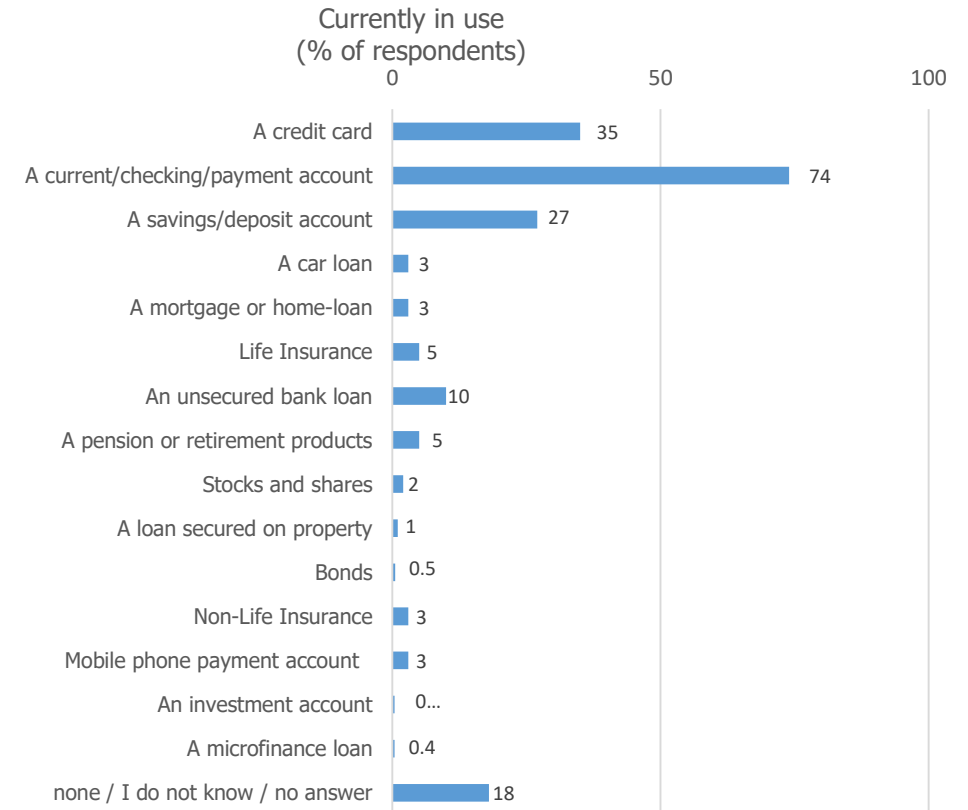
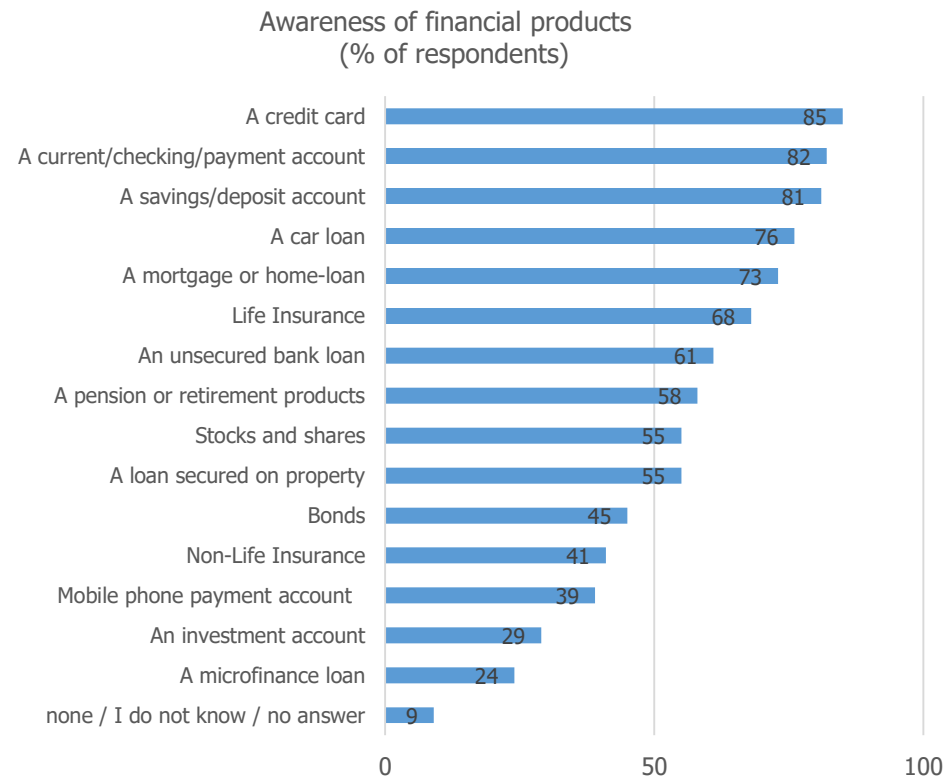
Common disparities are visible
(gender, age, income)



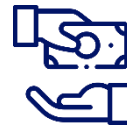
2019 survey reveals **higher score**
in digitally literate individuals



Awareness VS Usage of Financial Instruments



Source: Adult Financial Literacy Competencies in Macedonia (2018), INFE methodology, www.nbrm.mk



Predominance of the use of conventional financial instruments

**Launch of the National Strategy
on Financial Education and
Financial Inclusion in 2020
(2021 -2025)**



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Two-pillar based strategy – focus on financial education and financial inclusion



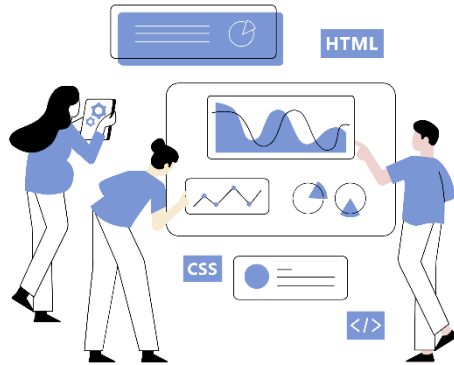
Broad-based coverage with different target groups



Adoption of annual action plans – the first one to be adopted in December 2021



Close monitoring envisaged – monitoring of the scope of the educational activities, continuous evaluation of the trainings and programs, occasional surveys and questionnaires, monitoring of statistical data and gaps, monitoring of the implementation



Joint working group of the financial regulators together with private and civil sector – regular meetings, setting priorities, regular reporting through comprehensive reports

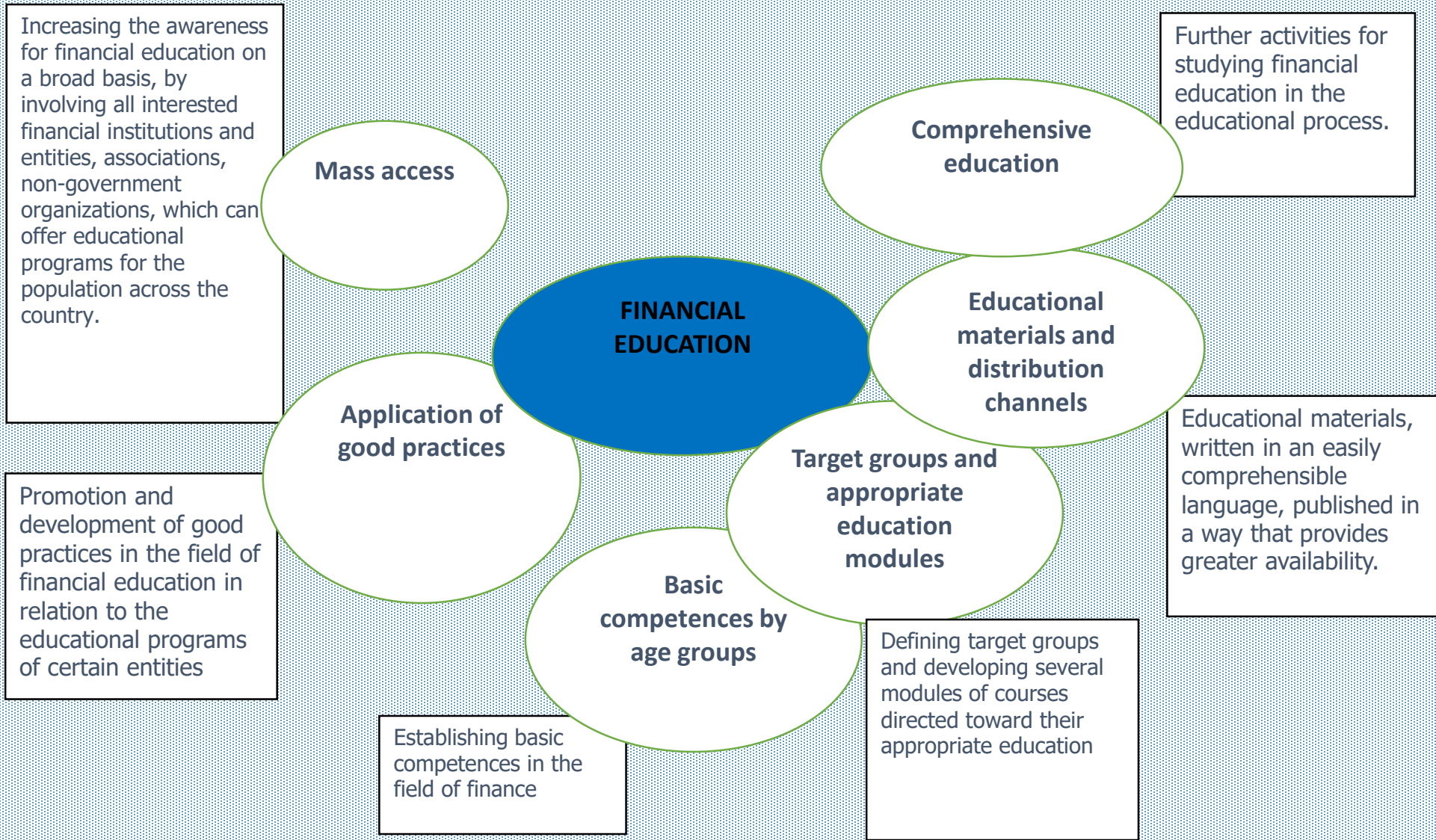


Main Goals of the Strategy



Financial Education - Activities





FINANCIAL INCLUSION

Consumer protection

- regulation;
- role and mandate of the regulator;
- alternative mechanisms for resolving complaints and financial ombudsman;
- communication and transparency of the private sector.

Analysis of the regulation on consumer protection in certain areas of the financial system and development of appropriate comprehensive regulation; Strengthening of the communication with the consumers and the transparency and standardization of published data; Introduction and gradual strengthening of consumer protection supervision in certain segments of the financial sector; Creation of a statistical base for the number and type of complaints; Consideration of the legal possibilities to settle the possible disputes with the consumers, including the possibility for a financial ombudsman.

Access to finance

- monitoring and improvement of the conditions and the ability for access to finance of certain target groups

Improvement and more appropriate monitoring of the access to finance by small and medium enterprises and other target groups; Strengthening of the ability of SMEs for access to financial funds;

Financial innovations

- increased offer of financial services and inclusion

Activities for supporting and stimulating financial innovations, in order to further develop the financial sector and services, consequently ensuring greater inclusion.

Conclusion





Global recognition of the importance of financial literacy and financial inclusion for the overall well-being and faster and sustainable economic growth



The level of financial education and financial inclusion heterogeneous among countries, gender, age, and wealth distribution



North Macedonia with satisfactory results in terms of the financial literacy and inclusion, although there is a vast room for further improvement



The adopted National Strategy by financial regulators provides for comprehensive, coordinated and streamlined approach for tackling the financial literacy and inclusion issues

**Thank
You!**



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