

Financial Education Action Plan ARMENIA



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

Context and purpose of this note

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

1) Financial literacy in Armenia

Financial literacy measurement

Armenia has participated in different financial literacy assessments, such as:

- the OECD/INFE financial literacy survey (2010),
- the World Bank (WB) financial capability survey (2012)
- the Financial Capability Barometer (FCB) survey with Alliance for Financial Inclusion (AFI) (2014).

The findings of OECD/INFE and WB surveys were used for the development of the National Strategy on Financial Education (NSFE, 2014) and the “Financial competency matrix for adults” (2014). The Central Bank of Armenia (CBA) has specifically designed the FCB methodology for Armenia with the objective to obtain a baseline assessment of financial capabilities and monitor the effectiveness of the NSFE over time.

The FCB reveals that the Financial capability index in Armenia is 44%, meaning that “of the 100% financial capabilities in the Financial Competency Matrix, only 44% are present in the population”. Budgeting and planning is poor and overestimated, especially for those with seasonal incomes; debt management is relatively good, only 1/3 of respondent mention that they refinance their debt, 2/3 pay their debts on time; people significantly overestimate their capabilities against fraud protection. Only 14% have savings of which 5% have deposits; 42% have debts, 70% of those from the formal sector; only 16% have insurance.

National Strategy of Financial Education (NSFE)

A NSFE is being put in place in Armenia: it is in phase of implementation. The CBA has directed the development of the NSFE since 2012 through a Steering Committee of Elaboration and Implementation on NSFE. More than 20 public, private institutions and NGOs are members. The Committee is led by CBA, co-led by the Ministry of Education and started its works in 2012 when it drafted the NSFE.

The NSFE has been approved by the Government in 2014. It contains (i) the strategy for creating the conditions to increase levels of financial literacy in the population on a 20-year horizon, and (ii) an action Plan 2014-19 for the strategy implementation. In 2019, the effectiveness of NSFE according to the FCB will be assessed and the NSFE and its action plan will be revised. Onwards, the NSFE is planned to be revised every 5 years to take into account changes in the local context and progress in the action plan implementation.

Financial education in schools

Integration of financial education in school is one of the main components of NSFE and a Government priority. CBA works closely with the Ministry of Education (MoE), National Institute of Education and Junior Achievement of Armenia (JAA) since the adoption of NSFE. A dedicated working group has been created under the NSFE committee in 2014 and the following works have been completed: (i) Design and approval of “the financial competences matrix for school children”, (ii) Approval of subjects in which financial education should be integrated and (iii) Creation of task forces and design of financial education content. Next steps includes: drafting the training materials for teachers, performing training of teachers, implementing a pilot course in schools, adapting the materials according to the pilot results and officially launching the project. The project is expected to be fully implemented by the end of 2018.

JAA is implementing a programme on “doing business and entrepreneurship” and “citizenship” for high-school students on the basis of a MOU with the MoE.

Meeting the financial literacy needs of migrants and their families

The NSFE does not include any specific financial education project for migrants. There is no formal project undertaken by either CBA or other Steering Committee members in this regard (only The German Union of Savings Bank (Sparkassenstiftung) is implementing a project for Syrian refugees in Armenia). Representatives from the CBA’s Dilijan Research and Training Centre are working on a pilot project on migrants that emigrate to Russia to work in informal sectors.

In May 2017, the Government approved a Strategy (2017-21) for migrants support. The Strategy also includes a financial education programme for migrants planned for 2018-19. The main bodies responsible for the project are CBA, the Ministry of Economic Development and Investments and the State Migration Service of Armenia.

2) Suggested project contribution to financial literacy in Armenia

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

Several kinds of support will be offered through the project:

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

Period: implementation of survey -2017 second half

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

Period: 2018-2019 first half

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

- **Support to the evaluation and revision of NSFE**

Two kinds of support will be offered through the project:

- Development of a roadmap in cooperation with the Central Bank of Armenia and the Committee in order to support the assessment and revision of NSFE (building on best international practices relevant for Armenia and focusing on increase the effectiveness).

Period: 2017 second half-2019 first half

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

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

Several kinds of support are planned under the project for Armenia:

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

Period: 2017 second half – 2019 first half

- Possible (depending on Armenia's interest and practicality) design and launch of pilot on content development and seminars for financial literacy in school

Period: 2018 second half – 2019 first half

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

- **Collaboration with CBA to design a pilot financial education programme for migrants; regional policy report on way forward**

Several kind of support will be provided:

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

Period: 2018 first half – 2019 first half

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

© 2019. The action plan for Armenia has been produced within the framework of the OECD/INFE Technical Assistance Project on Financial Education in the Commonwealth of Independent States (CIS) carried out with the financial support of the Ministry of Finance of the Russian Federation. Find other country action plans and more information about the project at www.oecd.org/financial/education/financial-education-cis.htm