

National Strategy for Financial Education in Georgia

Financial literacy for financial well-being!

***Developed by the National Bank of Georgia
Tbilisi, 2016***

Foreword

Like many other Countries, Georgia continues to take action to enhance consumer protection and promote their financial well-being. Today, within the environment of continuous innovation and abundance of available options for consumers to choose from, there are many challenges in managing personal finances, and making decisions can be difficult. As the result of financial market developments and demographic, economic and policy changes, financial literacy is at present recognized as an essential life skill for individuals. Therefore, enhancement of financial education in the country has become a strategic task and an important priority for Georgia.

The National Bank of Georgia, with the enthusiasm and involvement of different stakeholders from government structures, private financial sector, and civil society has developed the National Strategy of Financial Education as a complement to financial consumer protection and inclusion efforts, with a view of supporting financial stability and individuals' financial well-being.

Our aim in developing the National Strategy of Financial Education in Georgia is to establish effective collaboration among stakeholders to achieve common objectives. We want to achieve synergy and maximize the use of our resources, provide guidance and a platform for sharing best practices, and to support professional development of the Georgian population. It is clear that building financial capability is not a short-term task and the document cannot describe every aspect of this undertaking. But we are ready to work relentlessly to achieve the better future.

We conducted an extensive research on financial literacy and financial inclusion levels in Georgia. The study confirmed that at the moment our population is not adequately equipped for sound financial decision-making and planning; yet the study also enabled us to set clearer goals and most effective approaches within the strategy.

In the following pages you will find the objectives and actions that current stakeholders agree on. I am very grateful to all those who worked hard and put their efforts into creating the Strategy – to stakeholders, donors, consultants, every person and organization involved into this great project. I am looking forward to their continued contribution, and I urge any stakeholders that have not participated yet to join us in working on securing a more financially literate population, empowered to make prudent choices regarding their personal finances

We are looking forward to working with our partners to make this Strategy a reality.

Koba Gvenetadze

Governor, National Bank of Georgia



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Executive Summary

1. The National Strategy for Financial Literacy in Georgia (hereafter, the Strategy) aims at improving financial literacy levels of the Georgian population to enhance their financial well-being and protect their rights.
2. This document defines general approaches as a guidance for further individual programs, in order to efficiently and appropriately implement the Strategy.
3. The **Core Messages** of the Strategy:
 - ✓ The **Vision** of the Strategy is that the Georgian population has the knowledge, skills, capacity and confidence to manage their personal and household finances well.
 - ✓ The **Mission** of the Strategy is to identify guiding principles and strategic directions for enhancing the level of financial literacy of the Georgian population, promoting the country's financial stability and individuals' well-being.
 - ✓ The main **Strategic Focuses** are: (a) raising awareness of the benefits of financial education, (b) enhancing coordination and collaboration among stakeholders and (c) extending opportunities to learn.
4. **Definition** – Financial education is *the process by which a person improves his/her understanding of financial products, concepts and risks, and, through information, instruction and/or objective advice, develops the knowledge, skills and confidence for making informed choices, undertaking responsible decisions, knowing where to go for help, and taking other effective actions to improve his/her financial well-being.*
5. The **content** - Financial education covers following questions:
 - ✓ Personal and family budget planning and management,
 - ✓ Money and payments,
 - ✓ Savings and investments,
 - ✓ Debt and debt management,
 - ✓ Understanding and protection of customer rights,
 - ✓ Importance of and channels for acquiring and comparing information regarding financial services,
 - ✓ Prevention of and protection against fraud and financial abuse,
 - ✓ Insurance questions.
6. **Guiding principles** for The Strategy are:
 - ✓ Working in partnership,
 - ✓ Using a broad range of methods and channels,
 - ✓ Building on existing initiatives and learning from experiences, including from other countries,
 - ✓ Prioritizing,

- ✓ Foster sustainable changes,
 - ✓ Focus on customers and their needs,
 - ✓ Communicating effectively,
 - ✓ Maximizing cost-effectiveness.
7. **Higher-need target groups** of the society for financial education
- ✓ The young generation – pupils and students;
 - ✓ Unemployed labor;
 - ✓ People employed in large companies and organizations;
 - ✓ Rural population;
 - ✓ People in front of special life events.
8. **Channels** for the implementation of financial education programs will be chosen according to their accessibility for higher-need segments: e.g., schools and higher education institutions for children and youth, workplaces for people employed in large companies and organizations, local resource centers for rural residents, media channels, job portals and professional training classes for people who strive to acquire a new profession or improve education levels for enhancing their employability. As for the people in front of special life events – individual efforts will be made to reach people in these “special” situations. For instance, critical information for prospective university students looking for ways to finance their studies at higher education institutions will be available in the branches of lending institutions issuing student loans, universities and high schools, and state and private funds offering scholarships.
9. **Governance structure** - The National Bank of Georgia is the leading authority of the Strategy, as well as the main coordinator of its further development. NBG is responsible for monitoring the implementation of the Strategy. With the initiative and coordination by the National Bank of Georgia, a Steering Committee (hereafter, the Committee) will be established, which will be comprised of the representatives of existing and potential stakeholders. The Committee will evaluate existing and future programs, raise initiatives and provide advisory, financial and technical assistance. The Committee will encourage stakeholders to play a full role in implementing the strategy.
10. **Funding** - To ensure the effective implementation of the Strategy, it is important to secure finances for designing programs, and ensuring their implementation. Initiatives will be funded from following sources: public institutions, donors, financial organizations, and every other party expressing its readiness to contribute in this important cause.
11. **Ongoing evaluation and monitoring** - In the process of implementing the Strategy, measurements and evaluation are critical for analyzing which initiatives work most effectively. Ongoing monitoring and evaluation of the whole Strategy as well as each separate Program’s framework will help financial education practitioners identify effective and scalable strategies to promote positive financial behavioral change.

1. Overview of the Strategy

1.1. What the Strategy is about

12. Many of life's important decisions involve financial aspects. Considering that we encounter increasingly complex and wide range of financial products in our everyday lives, these financial decisions are often difficult, and without an understanding of basic financial concepts, people are not well equipped to make decisions involving financial management. Financially literate people, on the other hand, have the ability to make informed financial choices regarding saving, investing, borrowing, and more. Financial ignorance carries significant costs, and consumers who fail to understand the basic concepts relating to financial products often face difficulties, such as spending more on transaction fees, running up bigger debts and with higher interest rates, and more. Consequently, their well-being is threatened. In addition, in the absence of financial education there is an enhanced risk that consumer's rights will be violated. Thus, a good understanding of financial matters is very important, and financial literacy can be considered an essential life skill for every individual. For this reason, the question of financial literacy is of strategic importance both in terms of supporting the population's financial well-being, and protecting their rights.
13. The National Strategy for Financial Literacy in Georgia aims at improving financial literacy level of the Georgian population through: a) bringing together stakeholders from government, finance, education and civil society sectors; b) creating appropriate environment and tools, and c) developing all necessary channels.
14. This document defines general approaches as a guidance for further individual programs, in order to efficiently and appropriately implement the National Strategy.

1.2. What is the meaning of "Financial Education"

15. For the purposes of this Strategy, Georgia has adopted the Organization for Economic Co-operation and Development's (OECD) definition of Financial Education, which describes it as *"the process by which person improves his understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the knowledge, skills and confidence to make informed choices, undertake responsible decisions, know where to go for help, and take other effective actions to improve his financial well-being"*.
16. Financial education does not include marketing, entrepreneurship and advice/encouragement to use specific financial services. However, entrepreneurship can go along with financial education to contribute to the development of the positive attitudes towards money and responsible financial decision-making culture.
17. The knowledge and skills needed for a person to be financially literate can vary for different target groups and in different life stages, circumstances or situational needs.

1.3. Vision, Mission and Strategic focuses of the Strategy of Financial Education in Georgia

18. The **Vision** of the Strategy is that the Georgian population has the knowledge, skills, capacity and confidence to manage their personal and their household finances well.
19. The **Mission** of the Strategy is to identify guiding principles and strategic directions for enhancing the level of financial literacy of the Georgian population, which will promote the country's financial stability and improve people's well-being.
20. The main **Strategic Focuses** are:
 - ✓ Raise awareness of the benefits of financial education
 - ✓ Enhance coordination and collaboration among stakeholders
 - ✓ Extend opportunities to learn.

1.4. National Financial Education Strategy governance, management and implementation structures

21. The National Bank of Georgia is the leading authority of the Strategy, as well as the coordinator of the further development, and responsible for the monitoring of the implementation of the Strategy.
22. While different programs may be initiated and largely carried out by different stakeholders, their implementation will be closely coordinated by the National Bank of Georgia.
23. With the initiative of the National Bank of Georgia, a Steering Committee will be established with representatives from existing and potential stakeholders as its members. Steering Committee will raise initiatives, evaluate different existing and potential programs and provide advisory, financial and technical assistance. The Steering Committee will encourage stakeholders to play an active role in implementing the strategy.
24. During the initial years, the National Bank of Georgia will endeavor to raise the awareness of the benefits of financial education among the stakeholders themselves, especially among those from the private financial sector, and to foster collaboration between them.
25. Gradually, as their awareness of the benefits of financial education increases, the role and the involvement of the Steering Committee will continuously grow.
26. A broad range of stakeholders will be involved in implementing various aspects of the Strategy. These stakeholders can be organized into three main groups and include, but are not limited, to the following entities:
 - ✓ State Bodies:
 - Ministries
 - LEPLs (Legal Entities of Public Law)

- Other state organizations
- ✓ Private Financial Sector:
 - Commercial banks
 - Microfinance institutions
 - Capital market representatives
 - Insurance companies
 - Other financial institutions
- ✓ Civil Society Sector:
 - NGOs
 - Donor Organizations
 - Educational Institutions
 - Other representatives of civil society sector

1.5. The Strategy framework

27. This Strategy is the first of its kind in Georgia, and aims at setting common goals and approaches that address financial needs of the Georgian population.
28. It sets out a clear vision for building financial literacy of Georgian residents. This vision is underpinned by a number of actions, desired outcomes and key success measures.
29. During the initial years, the focus of the Strategy will be on raising awareness of the benefits of financial education, especially among stakeholders themselves, and on building collaborative relationships between them.
30. In parallel, different programs will be developed within the framework of the Strategy, and will be described in separate Action Plans. Upon necessity, these action plans will be discussed within the Steering Committee before they are adopted.
31. It is essential that the Strategy is reviewed regularly to ensure its continued relevance and ability to drive real change within the Georgian society.

2. Financial literacy and well-being in Georgia

2.1. The importance of increasing the level of Financial Literacy in Georgia

32. The understanding of the importance of enhancing the existing levels of financial literacy in Georgia has increased during the last years. Economic development has led to the expansion of the list of services provided by financial institutions. At present, there is a continuously expanding availability of different types of credit, and the number of microfinance and payday loan providers is growing. Along with this, financial products become more complex, while the advertising campaigns are more aggressive. On the one hand, these developments provide potential benefits to people, and competitive environment makes financial services more attractive for existing market as well, as it enhances access to finance, opening up opportunities for people who were previously – wholly or partially – outside the financial system. But on other hand, these challenges also pose risks that may be unfamiliar both for existing and prospective customers. Improving the population's financial literacy will help them take advantage of these new opportunities without exposing themselves to undue risks.
33. Implementation of the Strategy will benefit all sectors of the society: individuals, financial institutions, and the country as a whole.
- ✓ As far as the main purpose of promoting financial literacy is to make it possible for individuals to evaluate offers and opportunities more wisely, avoiding unnecessary costs and excessive risks, and make decisions more consciously – the improvement of the level of their financial literacy can help them enhance the quality of life for themselves and for their families. People who are financially literate will be more likely to use financial services – i.e., they are more likely to be financially included and they will be able to choose from more competitively priced financial services and products. They will be less likely to suffer losses, e.g., fall victim to financial frauds.
 - ✓ It is in the interests of financial institutions for financial literacy levels in the country to improve. Consumers who are financially literate are more likely to approach financial institutions to buy a product or a service – provided that they have confidence that they will be treated fairly. This can help reduce costs that financial institutions incur in expanding their business and attracting new customers. Financial institutions will overall have a larger market on which to compete. Their clients will be more informed – and more informed clients are better clients, as they are more likely to understand their responsibilities, as well as their rights, and less likely to default on their obligations towards financial institutions. To add, financial institutions will have to spend less time explaining basic features of different products or services. The implementation of the Strategy, together with the effective financial consumer protection framework, is therefore likely to generate increased demand for financial products and services, and should reduce the likelihood of consumers buying products

and services that are not suitable for them, all of which will benefit financial institutions.

- ✓ The benefit for the country consists in the formation of the environment where individuals, as well as private business sectors, have equal possibilities for personal development, for making decisions wisely and getting mutually beneficial results, for decreasing the general levels of over-indebtedness and achieving financial well-being.

2.2. Financial literacy in Georgia

34. Over the recent years, several studies have been conducted measuring general education levels, as well as financial literacy levels in Georgia (e.g. Standard and Poor's Global Finlit Survey of 2014¹, PISA (Programme for International Student Assessment) global survey of students of 2009², etc.). These studies largely suggest that the general literacy, as well as financial literacy levels in the country are unsatisfactory.

35. However, existing studies did not provide sufficiently comprehensive view of financial literacy levels, which was essential for drafting an effective financial literacy strategy. To fill this gap, in May 2016, the National Bank of Georgia conducted an in-depth, country-wide financial literacy study, in part based on the Toolkit for Measuring Financial Literacy and Financial Inclusion, developed by the Organisation for Economic Co-operation and Development (OECD) and International Network on Financial Education (INFE)³. The study explored the Georgian population's financial knowledge, behaviors and attitudes, financial product awareness and usage, as well as household credit management habits and indebtedness levels.

- ✓ **Financial knowledge** - 7 different questions tested the respondents' knowledge of basic financial concepts. The results of the study reveal that while most of the population understands the definition of inflation (85%) and can calculate simple interest on loans (94%), a far smaller portion of those surveyed understands the impact of compounding on a deposit (46%). Further, more than half of the population understands the concept of risk diversification (63%) and time value of money (60%). It can be concluded that while simple questions are generally answered correctly by Georgian respondents, slightly harder questions prove to be somewhat challenging for them.
- ✓ **Financial behavior** - Correct financial behavior is one of the main determinants of financial well-being. The survey studied different behaviors that the respondents display, including expenditures planning, saving and using financial products. According to the results of the study, up to 40% of the population has been saving in some way over the past year, with low-income and relatively less financially literate respondents

¹ http://gflec.org/wp-content/uploads/2015/11/Finlit_paper_16_F2_singles.pdf

² http://www.acer.edu.au/documents/acer_pisa%202009%2B%20international.pdf

³ http://www.oecd.org/daf/fin/financial-education/2015_OECD_INFE_Toolkit_Measuring_Financial_Literacy.pdf

saving mostly at home. It is important to note that with the improvement of financial education and income levels, saving culture and household loan exposure in the household also improves significantly. However, only 57% of the population sets financial goals and takes specific steps to reach them, which is a notable challenge within the frames of this Strategy. Lastly, 29.7% of the population declared that they do not use any financial products at all. This figure may be somewhat misleading and may be caused by the circumstance that Georgian respondents normally refrain from openly discussing financial affairs with others; further, consumers often may not understand that they use certain financial products (e.g. when using installments, many respondents may not realize that they also have current accounts). In fact, different sources suggest that the level of financial product use in Georgia is not low. To illustrate, according to IMF's 2016 Financial Access Survey (FAS), there are about 1578 deposit accounts with commercial banks per 1000 adults. This result does not fall significantly behind the analogous figures from comparable countries, and, in some cases, even exceeds them.⁴

- ✓ **Financial attitudes** - People's attitudes and preferences towards finances help determine their behavior. The study used three attitudinal statements to assess respondents' attitudes towards money, spending and planning for the future, and found that only 32% of the respondents got more satisfaction from saving for the long term than spending, and that an overwhelming 93% of the population is inclined to agree with the statement that money is there to be spent.

36. The study explored financial literacy levels across different population segments based on employment status, income level, age, education level, and type of settlement. The study also allowed deriving financial literacy scores, which serve as easily comprehensible measures of literacy levels. The average overall financial literacy score of an entire population in the country is 58.8 points (out of the total of 100). Please find below some of the key findings of the study:

- ✓ **Employment** – Financial literacy is one of the most important prerequisites for financial well-being and professional success. The latter is evidenced by the study results as well, according to which, the employed population has higher financial literacy levels than the unemployed segment. From among the employed population, the highest financial literacy scores are associated with those occupying top management positions (70.9 points), while the lowest scores are associated with agricultural workers (54.0 points), craftsmen and similar workers (56.8 points).
- ✓ **Income levels** - There is a positive correlation between financial literacy and income parameter; higher financial literacy scores are generally associated with higher household income. For households' whose income is below 550 GEL/month (75% of

⁴ Please view IMF 2016 Financial Access Survey (FAS) on the following link:
<http://data.imf.org/?sk=E5DCAB7E-A5CA-4892-A6EA-598B5463A34C&ss=1460043522778>

median monthly household income in Georgia), financial literacy score amounts to 56.0 points; for households with an income between 551 and 900 GEL/month (125% of median monthly household income in Georgia), the score is 62.4 points, while for those with the monthly income of 901 GEL and above, the score is 63.6 points.

- ✓ **Age** - The study results show that young and middle aged respondents (between the ages of 18-55) demonstrate higher financial literacy levels, while the oldest segment (age: 56+) is more likely to have no high scores at all. More specifically, the population between the ages of 36-45 achieved the highest overall financial literacy scores (62.0 points). This segment is followed by 18-25 and 26-35 age groups, both of which scored 59.5 points. The respondents between the ages of 56-65 and 66+ attained the lowest financial literacy scores – 57.9 and 54.2 points, respectively.
- ✓ **Education levels** - there is a positive link between general education and financial literacy levels as well. Those with university education received higher overall financial literacy score (62.0 points), than those with technical/vocational education (57.8 points) and complete secondary education (57.1 points). The lowest scores were associated with only primary school education (44.4).
- ✓ **Regional distribution** - In general, urban population is characterized by higher financial literacy levels than rural population. Imereti (62.1 points), Tbilisi (60.5 points), and Adjara (59.5 points) displayed higher than average literacy scores, while Mtskheta – Mtianeti (52.7 points), Samegrelo (54.1 points) and Shida Kartli (55.0 points) scored the lowest points.
- ✓ This study allows us to make a number of important conclusions: financial literacy level of the Georgian population is on the intermediate levels, leaving vast room for improvement in many key directions; higher financial literacy levels are generally associated with positive outcomes, such as improved income levels and employment status, and thus, it is important to raise the population's awareness of the benefits of financial education; lastly, financial literacy levels vary in different segments of the population and it is recommended to choose appropriate educational approaches for each segment.

37. In the future, for the success of this Strategy, it is highly important to periodically conduct country-wide, in-depth studies on financial literacy levels, which will allow us to evaluate the effectiveness of the implementation of the Strategy.

38. Lastly, each separate program within the framework of the Strategy's action plan should consider, where applicable, including an evaluation component. The evaluation may consist of assessment tests measuring starting levels of financial literacy for the segment addressed by the program, as well as the literacy levels after the program Implementation.

2.3. Higher-need target groups of the society for financial education

39. Whilst the Strategy covers the Georgian population as a whole, higher-need segments have been identified. A coordinated approach to financial education will help ensure that these specific segments are given due attention:
- ✓ The young generation – pupils and students;
 - ✓ Unemployed population;
 - ✓ People employed in large companies and organizations.
 - ✓ Rural population;
 - ✓ People in front of special life events.
40. **The young generation** – the foundation of financial education should be built in young ages. At an early age it is easier to develop the habit of personal finance management and turn it into a culture. It is well-known that in older ages, changing the attitude, character and culture is more difficult. Hence, it is important to start financial education at an early age, to ensure the integration of personal finance management into a person's daily lifestyle. Pupils are the future generation of the Country. Therefore, in the long run, by investing in the youth's financial education, it is possible for the youth to form right attitudes and skills, which they will need to make better financial decisions, and this way, possibly have an effective impact on their parents. University-level students are also a highly relevant segment for financial education, as during their university years, people often are in front of their first important financial decisions. Therefore, after they are educated in the field of finance they will be more empowered to make right decisions and plan their future more wisely, increasing their financial well-being.
41. **Unemployed population** - unemployment is one of the most critical challenges that the Country is facing. At the same time, the unemployed segment most acutely experiences financial problems caused by financial illiteracy. After receiving financial education, they will have more opportunities, possibilities and skills to make meaningful changes in their lives. The result of financially educating this target group should be the enhancement of their confidence and knowledge that will help them find employment, or push them to start their own business.
42. **People employed in large companies and organizations** – this segment is highly significant due to its scale and encompasses those employed in both public and private structures. Workplaces constitute some of the most effective channels for disseminating financial education worldwide as they offer access to a large number of people at relatively low costs.
43. **Rural residents** – according to 2014 GENERAL POPULATION CENSUS⁵, 42.6% of the Georgian population lives in rural areas. Development of agriculture is one of the priority directions of Georgia. People living in rural areas, as usual, are removed from the financial sector, and have less education and understanding of how to effectively manage their household finances on the one

⁵ <http://census.ge/en/saqartvelos-mosakhleobis-ritskhovnoba-2015-tslis-1-ianvris-mdgomareobit/184#!prettyPhoto>

hand, and how to use the opportunities offered by the financial sector to improve their life conditions, including their agricultural activities, more wisely.

44. **People in front of special life events** - this segment encompasses people who are at significant stages of their lives and need financial education for making sound decisions. Such events can be entering into labor relations, marriage and formation of a family, birth of children, layoff, purchase of an apartment, purchase of a car, going to the university, and retiring. It is important to provide financial education at the right moment, as in these situations people are more prepared to perceive and apply information provided.

3. Strategic objectives and acting blocks

3.1. Content of financial education

45. To ensure a common understanding of the concept of financial literacy, the Strategy establishes key themes as basic elements of financial education. These themes are:

- ✓ Personal and family budget planning and management
- ✓ Money and payments
- ✓ Savings and investments
- ✓ Debt and debt management
- ✓ Understanding and protection of customer rights
- ✓ Importance and channels of acquiring and comparing information regarding financial services
- ✓ Prevention of and protection against fraud and financial abuse
- ✓ Insurance questions

46. Educational programs will be developed on the basis of the above-mentioned themes. Based on the characteristics and specificities of each target group, different themes will be included and accentuated in the programs developed specifically for them. Based on a specific target group, different corresponding methodologies, ways, channels and tools will be chosen to achieve the Strategy's goals.

3.2. Strategic focuses of Financial Education

47. The following three strategic focuses will help achieve the goals of financial education:

- ✓ **Raise awareness of the benefits of financial education** – by enhancing the awareness of the importance of financial education in society, and stimulating a greater demand for and use of financial education initiatives;
- ✓ **Enhance coordination and collaboration among stakeholders** by optimizing resources for achieving synergy, extending the impact and reach of education initiatives, sharing experience and good practice
- ✓ **Extend opportunities to learn** – by encouraging life-long learning of financial matters, starting from an early age, and making financial education initiatives available through diversified venues, settings and languages;

Below there are these pillars reviewed in a perspective of “5W and 1H” questions.

48. **Raise awareness of the benefits of financial education**

- ✓ **Why?** The importance of raising awareness of financial education's benefits in society can be described in two directions. Firstly, by helping individuals and families understand the value/worth of engaging in financial education, long-term consumer

demand for such initiatives will increase. Secondly, stakeholders will be motivated to start providing such initiatives or continue their efforts, increasing their overall reach and impact. As a result, a strong and lasting awareness of why financial education is beneficial is expected to help increase overall engagement in education initiatives and result in higher financial literacy levels.

- ✓ **How?** – (a) Conduct financial literacy awareness campaigns, (b) Enhance existing financial guidance and resources via digital media and direct marketing amongst all existing and potential stakeholders, (c) Cooperate with large segments of the society to support and promote the implementation of the Strategy.
- ✓ **What's the result?** (a) People recognize and use existing initiatives to a greater extent; they know how to access trustworthy information and how to improve their financial literacy as well (b) More financial education initiatives are developed as a result of the increased demand and awareness (c) More partnerships are formed, increasing the impact and reach of financial education initiatives (d) People talk more openly and comfortably about money matters.
- ✓ **Who's the target segment?** – (a) Population of Georgia in general, and especially higher-needed target groups, (b) Existing and potential stakeholders, (g) All the possible donor and supporting organizations
- ✓ **Where?** The channels which will be used to spread information about benefits of financial education would be selected according the target segment. More detailed information about the channel selection strategy is described in chapter 4.3 (Channels for the implementation of financial education programs).
- ✓ **When?** The overall and very general view is that the more or less obvious changes in perceptions of the society, as well as in the private finance sector, should be reached in the next three-year period. However, the definition of and the measurement for the term “more or less obvious changes” and – if it is possible - the appropriate schedule will be defined in each program’s action plan.

49. Enhance coordination and collaboration among stakeholders

- ✓ **Why?** The importance of financial education is obvious for many members of the society, and many stakeholders are enthusiastic about improving financial literacy levels in Georgia. In order to optimize the resources available across sectors, exchange experiences and objectives, achieve synergy, extend the reach, increase the positive impact and ensure consistency of messages, collaboration and coordination among stakeholders must be strengthened. Collaboration will also provide a solid platform for sharing of experiences and good practices, to ensure that financial education initiatives provided to the Georgian public have great reach and impact.
- ✓ **How?** – (a) Hold regular information sharing sessions to enable stakeholders to share lessons and best practices, set goals, make decisions and more. (b) Establish

professional development opportunities for financial education practitioners to ensure quality delivery of financial education (c) Encourage financial literacy research to stimulate wider interest and to promote partnerships between financial education practitioners.

- ✓ **What's the result?** (a) Synergy is maximized and complementary efforts are made within and across different sectors. (b) Key messages on financial matters are integrated and streamlined to expand their impact for consumers (c) A platform is created for peer learning and best practice sharing (d) Professional skills of financial practitioners are leveraged to support the broader community.
- ✓ **Who's the target segment?** Existing and potential stakeholders.
- ✓ **Where?** Working process will take place in private, as well as public channels.
- ✓ **When?** In general, coordination and collaboration among stakeholders should be strengthened continuously. Thus, in each specific program's action plan, a rationale for the involvement of each specific stakeholder will be given, as well as the detailed parameters of the cooperation between different relevant stakeholders.

50. Extend opportunities to learn

- ✓ **Why?** After the awareness of the benefits of financial education grows and people are motivated to get more information and knowledge of financial matters, the channels and opportunities to learn should be also be extended in order to respond to the increased demand for learning.
- ✓ **How?** – (a) Enhance financial education in schools, by providing the knowledge and skills through non-curriculum activities, or by making appropriate changes in the national curriculum. (b) Encourage financial institutions to include financial education elements into their communication and marketing strategies (c) Encourage parents and teachers to display appropriate financial behavior to set example for the next generation, to help them develop right financial habits and attitudes (d) Motivate employers to consider the financial well-being of their employees, and provide learning opportunities at the workplaces (e) Build stakeholder capabilities through 'train-the-trainer' initiatives to equip them with the necessary skills to deliver financial education across communities, and ensure that supporting tools and resources are accessible (f) Develop educational web pages, community educational centers, and other open and easily accessible channels for self-education
- ✓ **What's the result?** (a) There is an increased availability of resources and channels for interested individuals to learn from; (b) Different sectors and groups, including higher-need segments, have increased interaction with financial education initiatives; (c) Parents, teachers, employers and other key influencers in the community promote right attitudes and behavior towards financial questions
- ✓ **Who's the target segment?** Georgian population in general and especially higher-

needed target groups

- ✓ **Where?** The channels where people get financial education will be selected based on the target segment. More detailed information about the channel selection strategy is described in chapter 4.3 (Channels for implementation financial education programs).
- ✓ **When?** In general, the expansion of the channels for learning financial matters should be a continuous process. In each program's action plan, which will be created within the frames of this Strategy, a separate timeline will be provided.

3.3. Guiding Principles for The Strategy

51. The guiding principles for leading the implementation and further development of the Strategy:

- ✓ **Working in partnership** - Partnerships provide the opportunity to achieve what may not be achieved through individual efforts, as well as to attain goals more effectively. Working in partnership will maximize the impact of different organizations' resources and experiences. It will help avoid both duplication and overlaps, and will encourage involved entities to share their insights and to learn from each other. A coordinated set of initiatives will have a much greater impact than a series of disconnected programs.
- ✓ **Using a broad range of methods and channel** - different people learn differently. While some channels and communication methods can be effective in reaching one segment, different ones may be best for reaching other segments. Moreover, people often need to receive messages several times in order to remember and act on them.
- ✓ **Building on existing initiatives and learning from experiences, including, from other countries** - Where possible, the design and the delivery of financial literacy programs will be built on the experiences from the initiatives existing in the country, as well as from those of other countries. When discussing other countries' examples, the necessity for their adaptation for local circumstances will be considered.
- ✓ **Prioritizing** – When working in any – direction, material, human and financial resources are never endless. Therefore, it is important to consider the implementation of each program within the Strategy on a priority basis. When establishing priorities following questions must be considered: How realistic is the implementation of the program? Will the program reach high-needed segments of the Strategy? How sizeable will be the program's effect for the targeted segment? What resources are involved in implementation process? etc.
- ✓ **Foster sustainable changes** – if a program is not followed by lasting effects, very little will be achieved. Therefore, the strategy framework must support initiatives that create lasting structures and continuous processes. Training of trainers will be especially important for achieving sustainability.
- ✓ **Focus on customers and their needs** –financial education programs should be focused

on the needs of target audiences, not on those of program funders or deliverers. Thus, it is critical to understand the preferences of specific sectors.

- ✓ **Communicating effectively** – as the experience shows, financial literacy messages are more likely to be understood, remembered and acted on if they are expressed clearly, simply and succinctly, and if they use examples that the target audience regards as relevant to their situation. Thus the question “How effective will the chosen methods of communication be for the target audience?” should be taken fully into account when developing and implementing financial literacy programs and messages.
- ✓ **Maximizing cost-effectiveness** - it is important to use resources for financial literacy in the most cost-effective manner. To maximize cost-effectiveness, it is important to take following issues into account: (a) expected impact on target audience, (b) outreach, i.e. the number of people in target audience that will be impacted by the program, (c) necessary costs (d) sustainability and possibility for continuing the program after initial investment, (e) potential to leverage other resources.

3.4. Channels for the implementation of financial education programs

52. For the purpose of choosing the channels for providing financial education to individuals, it would be highly effective decision to focus on higher-need segments, and describe those channels and venues that are highly likely to be accessible for these segments.
53. **Schools** – schools are ideal for educating pupils and teachers about financial matters. Financial education in schools is the starting point of the financial education chain, and the process of learning should start at primary schools. At the initial stage, the educational activities include extra-curricular activities that aim at bringing schools and financial sectors together, integrating different financial literacy elements in pupils’ day-to-day activities, organizing different competitions and games to encourage the study of financial issues. At the next stage a financial literacy subject should be developed as a part of the national curriculum. Education of school teachers is also a very important task for the successful implementation of the Strategy’s goals. Thus, appropriate environment and supplementary materials for teachers’ training should be developed.
54. **Higher Education Institutions** –students constitute an important segment for the strategy, and higher education institutions are an effective channel for reaching them. The ways of improving financial literacy levels among students are: incorporation of financial literacy subjects in the curricula of each or most disciplines, for instance, during the first year of studies; encouragement of financial literacy through different activities, such as competitions, events in partnership with student self-government structures; and more;
55. **Channels for Unemployed Population** - to reach the unemployed segment of the population it is important to consider their behavior and spaces where they likely are. Thus, appropriate channels may include TV/Radio educational programs, informational web pages, and social media channels.

In addition, it would be useful to focus on channels used for job-hunting – web recourses with published vacancies, organizations helping people to find jobs, public and private structures providing different activities for improving people’s professional and educational levels.

56. **Workplaces** – workplaces are ideal for reaching working population. Such workplaces can be private, as well as public, such as special-purpose public structures (e.g. militaries, state security etc.). Training at workplaces has proven to be one of the most effective opportunities for financial education.
57. **Local resource centers** – these channels may include local TV channels, moving platforms for financial education (buses, lecture cycles), local community centers, and more.
58. **Channels for people in front of special life events** - it will be useful to focus on the places and channels where people are during those “special life events”, for example marriage registration offices for people who are going to get married, pregnancy care centers for expectant mothers, auto market places for those who are going to purchase a car, school career counselling services and bank branches for high school students who are going to study in the university, etc.
59. Besides the abovementioned channels, in order to reach each specific segment or target group, other channels and methods can also be used. They will be included in the action plan of each separate program, created under the Strategy.

4. *Monitoring and impact assessment*

4.1. Ongoing evaluation of the financial literacy levels of the society

- 60. In the process of implementing the Strategy, measurement and evaluation are critical to analyze which initiatives work most effectively.
- 61. National Bank of Georgia in partnership with stakeholders and donors will carry out periodic national surveys to determine the level of financial education of the population of the country. It is considered effective to conduct such surveys in about every five years.
- 62. Ongoing monitoring and evaluation will help financial education practitioners identify effective and scalable strategies to promote positive financial behavioral change.
- 63. While individual education providers are encouraged to conduct evaluation of their education programs, a central evaluation body is required to monitor the overall impact of the Strategy. The National Bank of Georgia, together with the Steering Committee, will monitor the progress of the Strategy.

4.2. Monitoring and impact assessment of financial education programs

- 64. It is important to assess and control financial education programs to understand their impact.
- 65. For the purposes of effective monitoring and evaluation, each program should have clear and measurable objectives.
- 66. Each program, as its integral part, should have a project impact assessment and monitoring mechanism, aiming at revealing if the program has reached its objectives or not.
- 67. For each project, it is necessary to implement the initial and the final evaluation, in order to have the project's accurate results and analysis.
- 68. The evaluations should focus on assessing the knowledge, attitudes and (where feasible) behaviors as well as perceptions of the programs' beneficiaries. It is important to assess the opinions of parties delivering the programs as well.
- 69. At the same time, it is necessary for the NBG to control and periodically revise the program implementation process, including, in cases when implementation is outsourced to third bodies.

5. *Program funding*

70. Financial programs require sustainable and continuous funding. To ensure effective implementation of the Strategy, it is important to secure financing for designing individual financial education programs, and for ensuring their ongoing implementation.

71. Financing sources:

- ✓ **Public institutions.** Relevant public authorities will involve their staff resources in the process of implementing the Strategy within the scope of their mandate.
- ✓ **Donors.** Considering the relevance of the topic, a number of international and national institutions express readiness to finance financial education programs.
- ✓ **Financial organizations.** By financing the financial education programs, financial organizations recognize that they are sharing funds and efforts to receive synergic and mutually profitable effect.
- ✓ **Other organizations.** Some organizations can support financial education projects in the scope of their possibilities (for example, distribute booklets, provide space, extend human resources), free of charge.