



*Document prepared by Anuela Ristani
SPI Albania, Director of Operations*

SPI Albania Project on Consumer Financial Education

Note on Albanian experience in Consumer Financial Education

1. Summary findings of the research on Albanian Experience on Consumer Financial Education and of the information provided by Project Working Group members

This Note is based on the research and the information gathered from the Project Working Group Members representing different institutions on Consumer Financial Education: Bank of Albania, Albanian Consumer Association, Financial Supervisory Authority, Pro Credit Bank and Raiffeisen Bank.

The analysis performed based on the information received revealed the following conclusions and lessons learnt on the various experiences with Consumer Financial Education:

- all the activities undertaken throughout the last few years intended **higher awareness and better information** towards consumers with regards to financial products;
- almost all the undertaken initiatives have been **unilateral**. There are few if none inter-institutional, co-financed, co-organized initiatives. This fact has limited the scope of the activities and largely reduced the potentially higher results;
- while different institutions are driven by different motives in their financial education activities (business improvement for the banks, consumer awareness for associations and financial stability in macro terms for BoA), their **activities are very similar and complementary to each other**;
- all the initiatives taken so far (with the exception of some of BoA activities) have been local and fragmented. There are **no national scale activities** to improve consumer financial awareness;
- the most explored means of financial education so far are: **publications- manuals, handbooks, leaflets and lectures** in educational institutions and other consumer communities;
- **banks should join public initiatives or programs** developed by independent NGOs in order to make a better delimitation between promotional campaigns and education initiatives;
- joint initiatives could ensure **a better impact with less individual resources**;
- none of the initiatives covered all age groups and/or professional categories;
- instruments used and communication channels should be adequate to the targeted groups;
- the language used in delivering financial education has to be simple and illustrative;
- evidence and coordination of different initiatives, as well as assessment of their impact, are advisable.

SPI Albania Secretariat

Mrs. Anuela Ristani, Director of Operations, anuela.ristani@spi-albania.eu
Endrita Xhaferaj, Director of Financial Modernization and Analytics, endrita.xhaferaj@spi-albania.eu
Address: Twin Tower I, Kati 6, Apt. A3. Tirana, Albania. Tel. +355 42 280 359; Fax. + 355 42 280 371
www.spi-albania.eu

2. Details on Albanian institutions' experience with financial education

The individual experiences with consumer financial education are described and analyzed in the attached table.

2.1. Bank of Albania

Bank of Albania experience with consumer financial education is the richest and most articulated one among interviewed institutions. Its initiatives were directed mostly to schools and universities and comprised a wide range of actions and communication channels to transmit information. Bank of Albania has created a considerable database of publications and education materials that could serve as benchmark for other financial actors.

Bank of Albania emphasized some valuable conclusions on consumer financial education:

- information for financial education should be simple, short, using non professional language, but illustrative to the age group or category it targets;
- innovative activities such as games and simulation events work very well for target audiences whose attention is difficult to win (students, teenagers);
- nation – wide activities are more efficient yet few;
- commercial - driven initiatives leave little if no space to education in comparison to promotion. They draw more attention span to the current benefits rather than making the consumers understand the true concept of the products offered. This generates higher short-term return on invested resources but do not build long lasting lessons for the customer who in order to be targeted for new products would have to be re-informed from the beginning;
- while high school and university students have been targeted by most actors of financial education, grade students, housewives, and working adults could provide for new and effective target groups (access through institutions- schools/ work place and residences).

2.2. Albanian Consumer Association

Consumer Financial Education is one of the main scopes of the Albanian Consumer Association. ACA target audiences include the widest range of social groups (not only high school and university students but working adults and non-working seniors etc.) The most used channels of communication for ACA are publications and seminars, leaving space to alternative means – website, electronic newsletters, etc.

2.3. Financial Supervisory Authority

FSA fundamental mission is to “protect the consumers’ and investors’ rights and to ensure the safety of the supervised operators through law enforcement”. With only a few years of experience and limited operational resources, FSA has already established a good library of educational material posted on their website for the insurance, securities and private supplementary pensions markets.

While FSA has collected much information in its respective areas of activity, the material is accessible mainly through the website and does not employ simplified language or user

friendly illustrations that could expand the target audience to more than professionals- to whom the currently used language is familiar.

2.4. Commercial Banks

Banks' initiatives for consumer financial education are very attractive and market oriented, but it is though difficult to distinguish the promotional from the educational elements. By joining public initiatives, the public good pursued by banks could be emphasized. Most of the activities are very attractive and innovative but they generate low participation in terms of learning – this being a secondary focus. The target audiences for the banks vary on the specific products they want to promote or, as in the case of Raiffeisen, on other objectives such as recruitment.

DETAILS ON INDIVIDUAL EXPERIENCES WITH CONSUMER FINANCIAL EDUCATION

NO.	PROGRAM / TARGET AUDIENCE	MAIN ACTIONS	CONTENT	COMMENTS
Bank of Albania				
1.	Inter-institutional collaboration with Ministry of Education (Memorandum of Understanding)			
2.	Educational Program “Central Bank in the Daily Life” targeted to Students, teachers and trainers.	Preparation of educational handbooks (30 different titles)	<ul style="list-style-type: none"> ▪ Students’ Guide ▪ Your first bank account Guide ▪ Build your future – Plan your income ▪ Banks in the Age of Internet ▪ Electronic money – the future? ▪ Loan and Credit = an issue of interest. ▪ Why do we need a personal budget? ▪ What is the ratio for the creditor? ▪ The ABC of interest rates. ▪ Bank of Albania – our central bank. ▪ Waiting for the credit registry. Etc. 	Simplified language with contemporary illustrations of day to day activities.
		Meetings and distribution of educational materials to high		

		school students in different cities around the country,		
		Study tours to Bank of Albania		
		Governor's visits to different High Schools		
		University lectures from the Governor		
		Training sessions for teachers		
		Trainign sessions for social workers		
		'Central Bank Day' in Universities		
		BoA publications delivered to the Commercial banks for distribution in the waiting areas		
		High School Competition "The true Value of Money"	<ul style="list-style-type: none"> ▪ Central Banks in the Region ▪ Central European Bank ▪ Preparation for EURO, your guide for Euro banknotes ▪ European Community and the Euro 	
		University Competition "Governor's Award for the best Senior Thesis"		
3.	Collaboration with the interest groups (media, teachers, students, social workers).	Seminars, Distribution of BoA publications and training of trainers.	Presentations and published material.	
4.	Other Actions for public information	Webpage (expense calculator, income calculator)		Building communication channels with website visitors and facilitating consumers search for financial

				information
Future Objectives		Diversification of communication means – events, lectures, articles, publications, electronic communication, conferences, trainings and the library		
Albanian Consumer Association				
1.	Training of trainers in the local counseling offices	Seminars and lecturers of local and foreign experts	Various	
2.	Family budget administration and savings management (households, community groups)	Publications and seminars	Main topics: a. Why do we need a family budget b. What are expenses and savings, what does ‘saving’ mean in the market economy c. Do we have the right for profit d. What do we understand by ‘credit’ e. Why do interest rates change? f. What does a loan contract include? g. Financial transparency. h. What is foreign exchange? i. What do we understand by interest rates, inflation, deflation etc.	
3.	Education on the current legislation with regards to finances and financial consumer protection	Publications and seminars	Legal commentaries	
4.	Collaboration with educational institutions (high schools and Universities)	Drafting of handbooks and lectures, distribution of leaflets and newsletters and other free material	“Economic Financial Knowledge”- Student’s Guide	
5.	Other initiatives for general public awareness	Conferences, Seminars, study tours, material distribution	Available for free to the public: Monthly Newsletter Leaflets, posters Legal Commentaries .	

Financial Supervisory Authority				
1.	Public information and awareness.	Preparation of website information	<u>Insurance Market</u> <ul style="list-style-type: none"> - Improving Financial education and awareness on insurance and private pension funds (OECD) - Information on Insurance Companies - Principles of Capital Adequacy and the affordability of payments for the insurer. - Non-life insurance – basic information (Part 1) - Introduction on non-life re-insurance (Part 2) - Report Analysis for Distance Monitoring (Part 3) <u>Securities Market</u> <ul style="list-style-type: none"> - Capital Markets - Stock Exchange - Financial instruments and Securities - Investing in Securities, Potential Risks – Education Material <u>Public Offers</u> <ul style="list-style-type: none"> - Obligations of the stock issuers on continuous information and full transparency for the Investors. - Private Supplementary Pensions Market - Guidelines for the licensing of the pension funds (OECD Recommendations) - Good practices of alternative 	

			investments risk management	
Pro Credit Bank				
1	Pro Kid (children younger than 14 yrs) New bank product that consists in savings account for children younger than 14 in order to educate the youngsters with regards to savings and investments in the future.	<ul style="list-style-type: none"> - Open classes in grade schools where bank employees present the bank as a financial institution concept, different professions, and savings. - Study tours (on Saturdays) in the different branches where mini-parties are organized to create a friendly environment where children can learn about the bank and its products. 	Information Leaflets	These activities are organized periodically
2.	Pro Student – New bank products created for current and prospective university students in order to introduce the concepts of : savings, debit and credit cards, and student loans.	- Open classes in Universities and open house days in different branches (e.g. National Savings Day).	Information Leaflets	These activities are organized periodically
3.	National Savings Day – Different activities organized in the premises of banks’ business customers	Presentations, Q&A,	Information leaflets	These activities are organized periodically
4.	National Retirement Day- different activities organized in retiree’s communities, neighborhoods, as well as in the different branches of the bank	Presentation of products targeted to this category of consumers		These activities are organized periodically
Raiffeisen Bank				
1.	One day at the Faculty of Economics	Lecturers held by CEO, CCO, and other High Management Staff with the purpose of presenting the largest commercial bank to the students and introducing the market innovative products	Different Publications, PPT presentations.	Annual or semi-annual event.

2.	The Game of the students of Finance in the New York Stock exchange 2008'	<p>University students played with virtual funds in the New York Stock Exchange, which is one of the biggest and most important Stock Exchange in the world.</p> <p>The students separated in groups participated in this Stock Exchange by buying and selling shares of different companies with virtual funds, giving this way the possibility to the students to know the international practices and to play the role of the real dealers.</p>	Financial support for the organization of the event and the winners	Annual Event- A very innovative idea that promotes learning through playing.
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