



CROATIAN NATIONAL BANK

# ~~Why Should Central Banks Care about Economic Education?~~

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# Education – subject, students, teacher

It is quite a difficult **task to protect consumers** from themselves.

Prof. dr. sc. Boris Vujčić  
Governor of the Croatian National Bank  
(*Novi list*, Croatian daily, 2013)



# The educational mission and its goal

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## Homo oeconomicus:

- a person that has a level of economic literacy enabling him/her to make prudent economic decisions
- a person whose level of economic literacy facilitates adequate political literacy

# The pillars of economic literacy

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- knowledge of economics, including financial literacy (risks and opportunities)
- consumer competences (products, services, media)
- employability competences (readiness to develop oneself and increase the value of human capital)

# What should central banks focus on?

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- **goal and role** – usually taken for granted
  - e.g. stability of the exchange rate (Croatia); price stability, financial stability; what the central bank can and cannot deliver
- **the consequences of populist proposals**
  - e.g. printing money to finance the budget deficit; granting everybody their share of international reserves („they are not used well anyway”); abolishing the currency clause

# Whom should central banks approach?

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The general public does not exist.

## Target groups:

- central bank employees
- primary and secondary school pupils/their teachers
- students of all faculty programmes
- pensioners
- parliamentarians
- journalists

# Constraints we can easily cope with ...

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- Lack of resources
- Lack of interest
- Criticism without sound arguments:  
„You are educating people so that you would not have to do your job as regulator and supervisor.“
- Central bankers' attitudes:  
„But they definitely know what is *foreign exchange risk pertinent to euro indexed loans* – really no need to elaborate it further.“
- Complicated language:  
„The CNB decided to introduce a special reserve requirement to be allocated by banks on their liabilities arising from issued securities. The base for the calculation of this requirement is any increase in the average daily balance of issued securities in a specific period of time compared with the average daily balance of the issued securities in the period from 1-31 January 2006 ...”

# ... and the one out of our reach

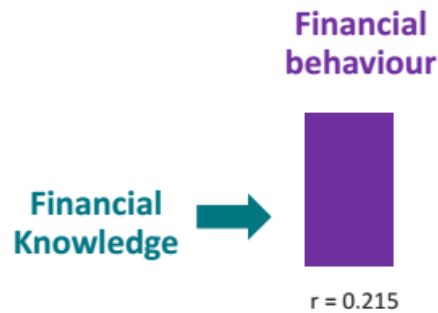
## High level of financial knowledge



**45%**

45% of citizens scored 6 or 7, which according to OECD is considered good financial literacy.

Financial behaviour is insufficiently linked to financial knowledge.



## Financial behaviour



**4.6/9.0**

Croatian citizens scored on average 4.6 out of the possible 9 points.

Source: Ipsos, Measuring financial literacy and financial inclusion in Croatia, 2015

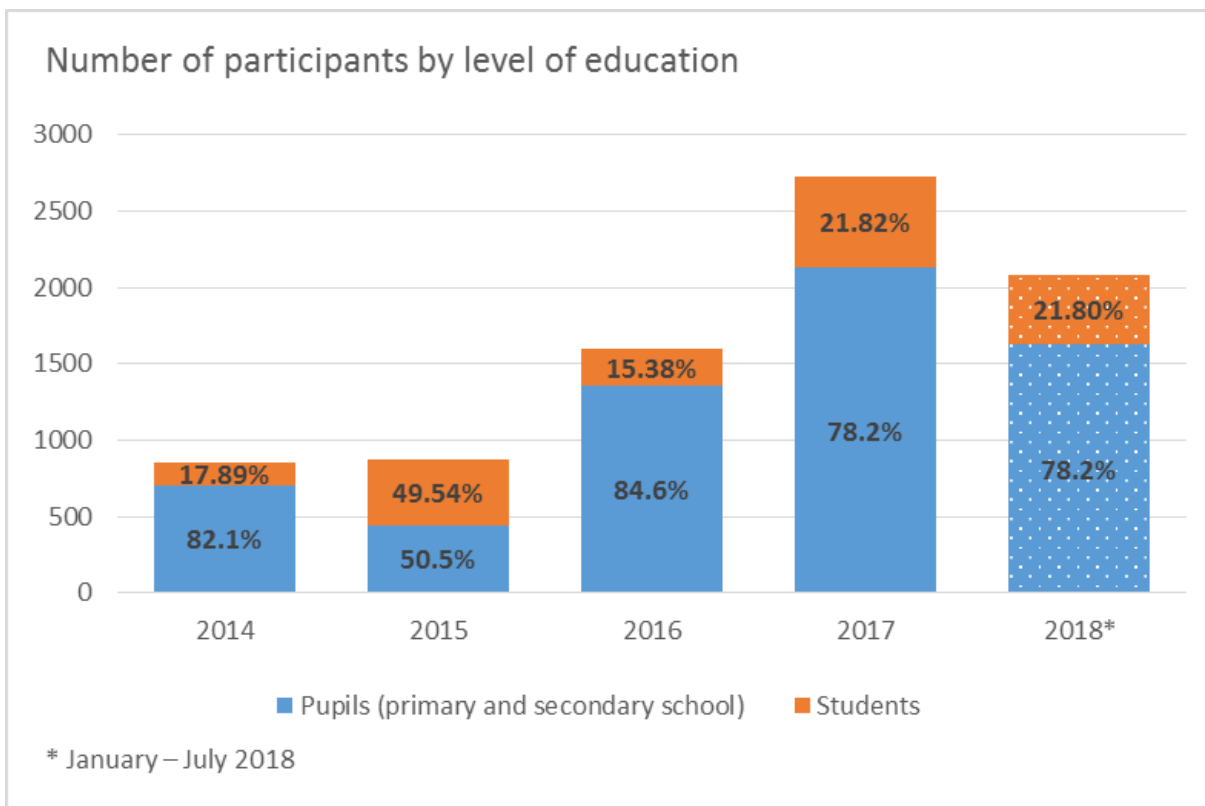


# Viabile ways out

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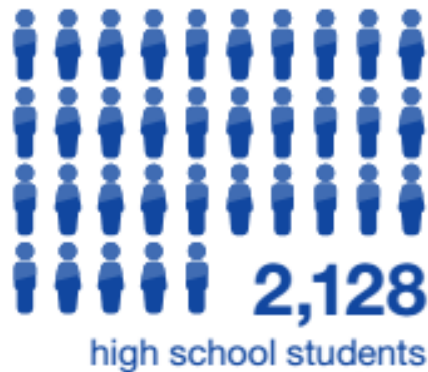
- generate interest for the central bank and its work
- make abstract things tangible, show you are credible
- *historia est magistra vitae*: make the consequences of mistakes visible (e.g. hyperinflation, Swiss franc loans)
- start early and educate continuously
- work in a team: engage schools, associations, civil society
- work in good times to build trust for bad times

# Croatian National Bank: Come, learn, debate!



# One of our communication channels in 2017

Number of high school and university students from Croatia and abroad for whom lectures and visits to the CNB were organised in 2017



## TOPICS

- Objectives and tasks of the Croatian National Bank
- Financial literacy
- Cash management

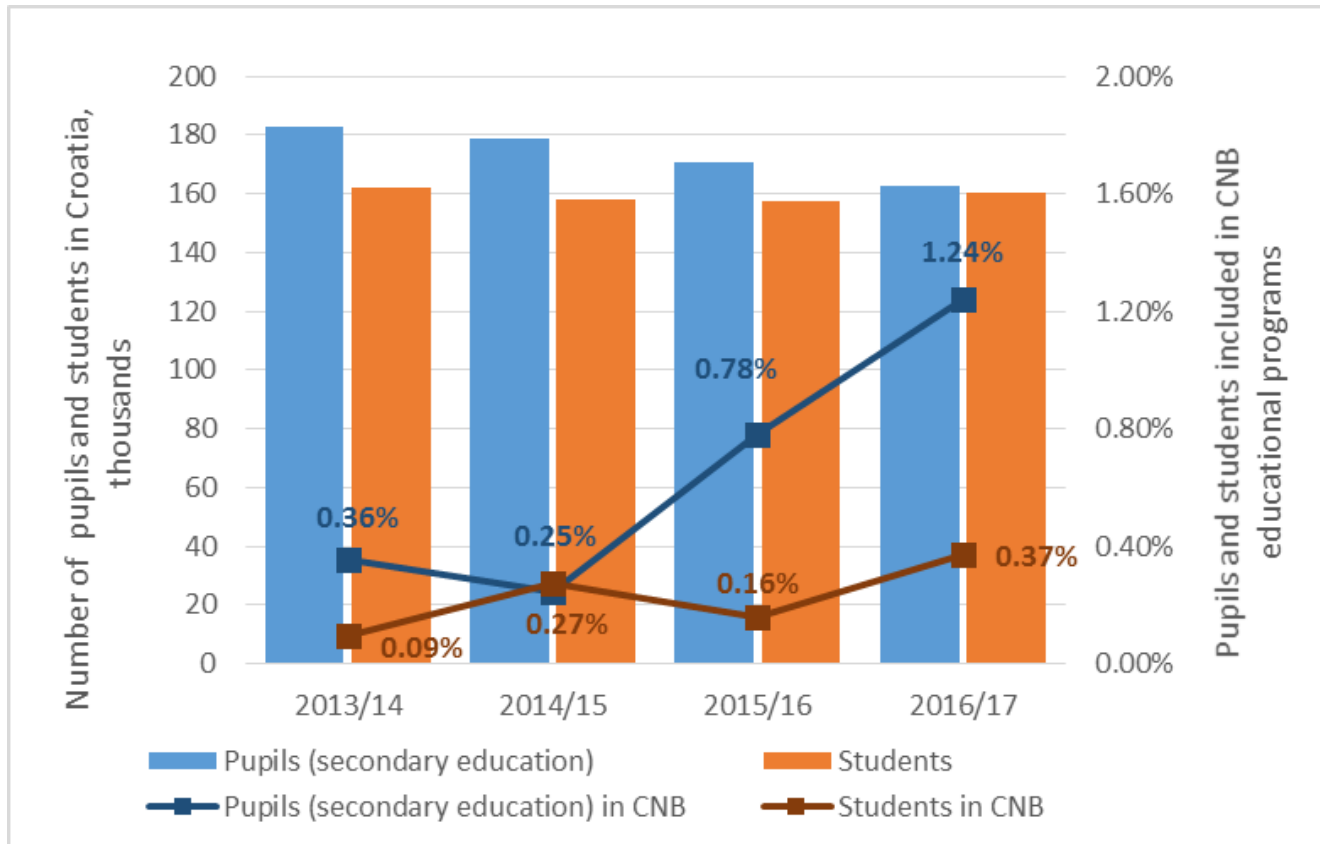


## TOPICS

- CNB and monetary policy
- Financial stability
- Cash management
- Relations with international financial institutions
- Prevention of money laundering and terrorist financing
- International reserves management
- Consumer protection
- Adoption of the euro
- Supervision



# Still a lot to be done



# Why should central banks care about economic education?

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- to facilitate **rational economic and voting decisions** that contribute to **personal welfare and the welfare of the society** as a whole
- to enable **efficient communication**: our message cannot be understood if there is no knowledge of central banking in the public
- to develop **understanding**, to gain **trust and support**: a message properly understood will be observed and the central bank policy and action supported

# Again: Why should central banks care about economic education?

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Because they cannot afford not to.

# **A realistic conclusion: We can deliver knowledge, but we cannot deliver common sense**

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Common sense may substitute for almost every level of education, but no education may substitute for common sense.

Natürlicher Verstand kann fast jeden Grad von Bildung ersetzen, aber keine Bildung den natürlichen Verstand.

Arthur Schopenhauer

# Thank you for your attention!



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