



CENTRALNA BANKA CRNE GORE

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**FINANCIAL EDUCATION AND THE ROLE OF CENTRAL BANKS IN  
CREATING AN EFFECTIVE PROGRAMME FOR CHILDREN AND  
YOUTH**

Regional Central Banking Seminar on Communication  
*Why Should Central Banks Care about Economic Education?*  
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# Financial Education and the role of central banks in creating an effective programme for children and youth


- The first issue to be dealt with is the definition of financial education.
- Today, there are many definitions of financial education. UNICEF gave the following simple definition:  
*Financial education implies that you are both financially literate and financially capable.*
- A similar definition was given by Child and Youth Finance International (CYFI):  
*Financial literacy is a person's knowledge, understanding and skills to manage their personal finances.*
- OECD gave a slightly more complex definition:  
*Financial literacy implies knowledge and understanding of financial concepts and risks, and the skills, motivation, and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life.*

# Financial Education and the role of central banks in creating an effective programme for children and youth

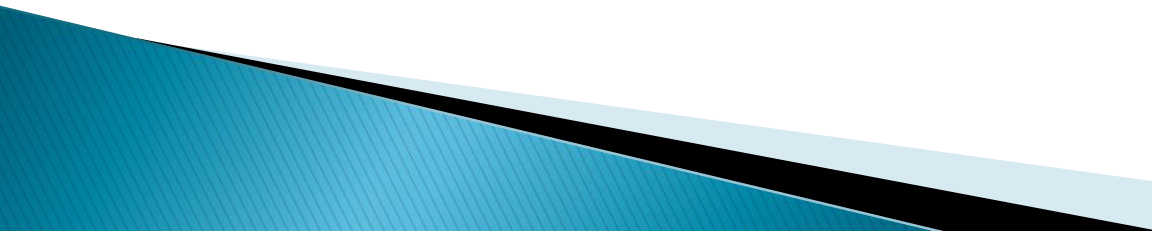
- Basically it means the ability to use knowledge and skills to make the correct decisions about money management.
- This is a lifelong process that begins with putting a single coin into your „piggy bank“ and evolves later in life into important decisions about investments and managing financial assets.
- Financial education should provide knowledge, skills and confidence (CYFI):
  - ✓ *“Knowledge” means having an understanding of personal financial issues*
  - ✓ *“Skills” means being able to apply that knowledge to manage personal finances*
  - ✓ *“Confidence” means feeling sufficiently self-assured to make decisions relating to one’s personal finances*



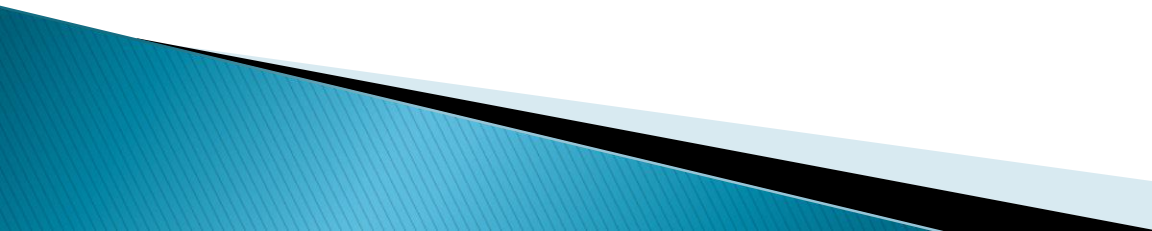
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- The need for financial education is especially pronounced in periods of recession and slow growth, when family incomes can be reduced, and potential problems become more significant.
  - Misguided financial decisions could have long-term consequences, not only for individuals, but also for all the population of the country.
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- Many children grow up knowing almost nothing, or just a little, about finance, although this is something that people have to deal with on a daily basis.
  - Although action is needed to improve formal programs in schools, we must keep in mind that most education starts at home. Therefore, the role of parents as the primary educators is also of the utmost importance.
  - Parents often hesitate to teach children either because of their own financial difficulties, or because they simply do not know where and how to start.
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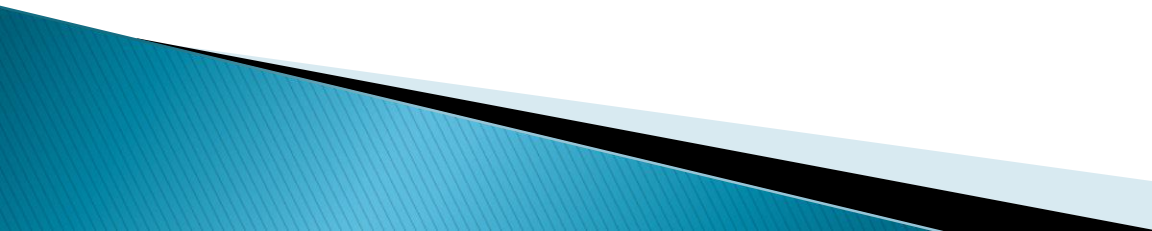
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- So, what then is the purpose of formal financial education in schools?
  - As CYFI points out, financial education helps to:
    - ✓ *Promote financial inclusion*
    - ✓ *Boost the economy*
    - ✓ *Reduce the level of unmanageable debts*
    - ✓ *Reduce poverty levels*
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- The number of financial institutions and financial products is on the increase and ever more complex. In reality only a few people understand their essence and even less the potential risks they bring with them.
  - Many financial products, and in particular loans, are more affordable than ever. Waves of advertising bombard people from all sides. This creates the risk that individuals can fall into unsustainable debt.
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# Financial Education and the role of central banks in creating an effective programme for children and youth

- Bearing in mind the importance of economic and financial education, there is a real need for a systemic approach. This demands the creation of an effective national programme of financial education.
  - It can not be improvised and has to be complete. Educating people when they are young will help build the future of the country and its citizens.
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# Financial Education and the role of central banks in creating an effective programme for children and youth

- Central Banks have to take the leading role in the creation of a national financial education programme for a number of reasons:
  - ✓ *Central banks have a high degree of independence*
  - ✓ *As institutions responsible for the supervision of the financial sector, they have access to all financial institutions and a complete insight into the situation in the financial system*
  - ✓ *Central banks employ the most competent financial staff*
  - ✓ *Central banks have available funds for programmes of financial education*
  - ✓ *There have been positive experiences in countries where central banks led such a programme*

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- However, without the active participation of other stakeholders, the central bank can hardly achieve the mission. This has to include, apart from, the Ministry of Education and the Ministry of Finance, representatives of the formal education system, representatives of financial institutions, the media and social networks, NGOs dealing with education, etc.
- In the following slide we present a Financial education programme for children and youth developed in five steps:

<https://www.degruyter.com/downloadpdf/j/jcbtp.2015.5.issue-2/jcbtp-2016-0011/jcbtp-2016-0011.pdf>

# Financial education programme for children and youth

## Step 1 – Key stakeholders in the programme

Central Bank

Ministry of Education

Ministry of Finance

Other relevant stakeholders

## Step 2 – Creating the Strategy

Mapping

Public survey

Setting up of  
working groups

International experiences  
and assistance

## Step 3 – Strategy development

Definition of targets

Targeted groups

Selection of methods, approaches  
and tools

Communication  
channels

## Step 4 – Programme rollout

Workshops

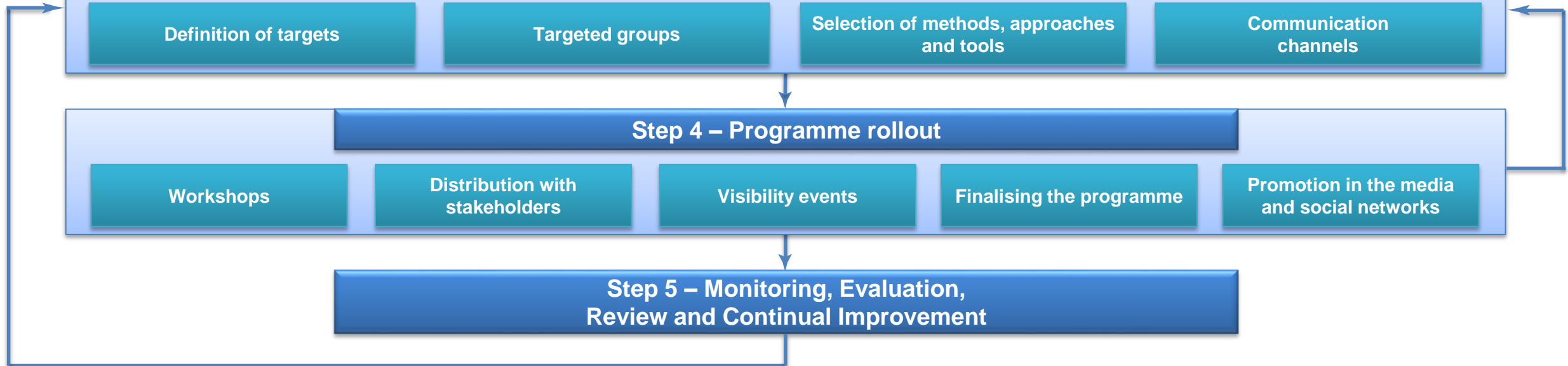
Distribution with  
stakeholders

Visibility events

Finalising the programme

Promotion in the media  
and social networks

## Step 5 – Monitoring, Evaluation, Review and Continual Improvement



# Financial Education and the role of central banks in creating an effective programme for children and youth

*Step 1 – Key stakeholders in the programme : Central Bank, Ministry of Education, Ministry of Finance, other relevant stakeholders*

- The synergy of the key stakeholders (Central Bank, Ministry of Education, Ministry of Finance) is the most important pre-condition for the successful creation, development and implementation of the programme.
- The inclusion of other stakeholders is of great importance as it raises the programme's credibility, increases the number of experts and the amount of resources available. Their main objectives are to foster a consensus, define priorities and begin to promote the programme.
- It is essential that among the stakeholders are children and youth. They have to be consulted with, and listened to, throughout the development of the programme.
- The media and social networks are essential for the success of the whole programme as it is through these channels that communication with children and youth can be assured, rather than through traditional means.

# Financial Education and the role of central banks in creating an effective programme for children and youth

*Step 2 – Creating the Strategy: Mapping, public survey , setting up of working groups, international experiences and assistance*


*Step 3 – Strategy development: Definition of targets, targeted groups, selection of methods, approaches and tools , communication channels*

- These two steps form the foundation of the programme and should not be rushed to do something as soon as possible.
- The starting point for the strategy should be to give answers to the questions of where we are now and where we want to be. The main task of steps two and three is to identify that gap and find solutions to bridge it.
- Without the national strategy, financial education activities can be uncoordinated and scattered in a number of other strategies and programmes, with the risk of duplicating activities and without a clear path. The aim of these steps is the delegation of tasks in drafting the national strategy. An analysis of international experiences is important as their programmes can be tailored to fit local requirements.




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*Step 4 – Programme rollout: Workshops, Distribution with stakeholders, Visibility events, Finalising the Programme, Promotion in the media and social networks*

- The fourth step deals with finalising and rolling out the programme.
  - The draft material is tested, discussed and finetuned in workshops and then shared with the stakeholders. Visibility events are organised and the final version rolled out in the media and social networks.
  - These activities prepare the path to the implementation of the programme.
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## *Step 5 – Monitoring, Evaluation, Review and Continual Improvement*

- The monitoring and evaluation process will indicate whether the program is progressing according to the plan and in accordance with the set goals, it will also identify any potential weaknesses that may affect the success of the programme.
  - The success of the programme has to be the subject of review by the implementers of it, whose task is to identify flaws and take the necessary preventive and corrective measures to ensure a process of continual improvement is achieved.
  - This programme is flexible and open for upgrading and further improvements.
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# Financial Education and the role of central banks in creating an effective programme for children and youth

- What is the Central Bank of Montenegro (CBCG) currently doing in terms of financial education?
  - ✓ *CBCG carries out numerous activities such as organizing seminars, lectures, debates, visits to kindergartens, primary and secondary schools, and universities.*
  - ✓ *In addition, the Money Museum of the CBCG organises numerous educational activities such as lectures, workshops, presentations, films and other interactive content.*
  - ✓ *The most important and high profile activities and campaigns have included: Global Money Week, World Savings Day and the CBCG Annual Awards.*

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- The Central Bank of Montenegro is taking these activities a major step further through an international project:
  - ✓ *The OECD and its International Network on Financial Education is leading a five-year (2018–2022) technical assistance project for financial education as part of the IMF Constituency Program of the Ministry of Finance of the Netherlands.*
  - ✓ *The project will work with seven countries – Bulgaria, Croatia, Georgia, Macedonia, Moldova, Montenegro and Romania. It is supported by the Ministry of Finance of the Netherlands.*
  - ✓ *The project aims to build on their internationally recognised expertise and longstanding commitment to advancing financial literacy around the world. The project aims to provide external guidance to the design and implementation of effective financial education initiatives in the participating countries, adapted to their specific needs.*

# Thank You Very Much!

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