



*The National Bank of Romania - economic education,
a path towards confidence*

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The Economic Education by the Central bank

Impact of economic education from
communication to confidence

People
understand
messages
of the CB

People
believe that
reforms are
necessary

People
prepared to
manage
money

More
orderly
behavior
during
turbulences

More
confidence
in the
conduct of
MP

Financial Education and Financial Behavior

Fernandes et al. 2014

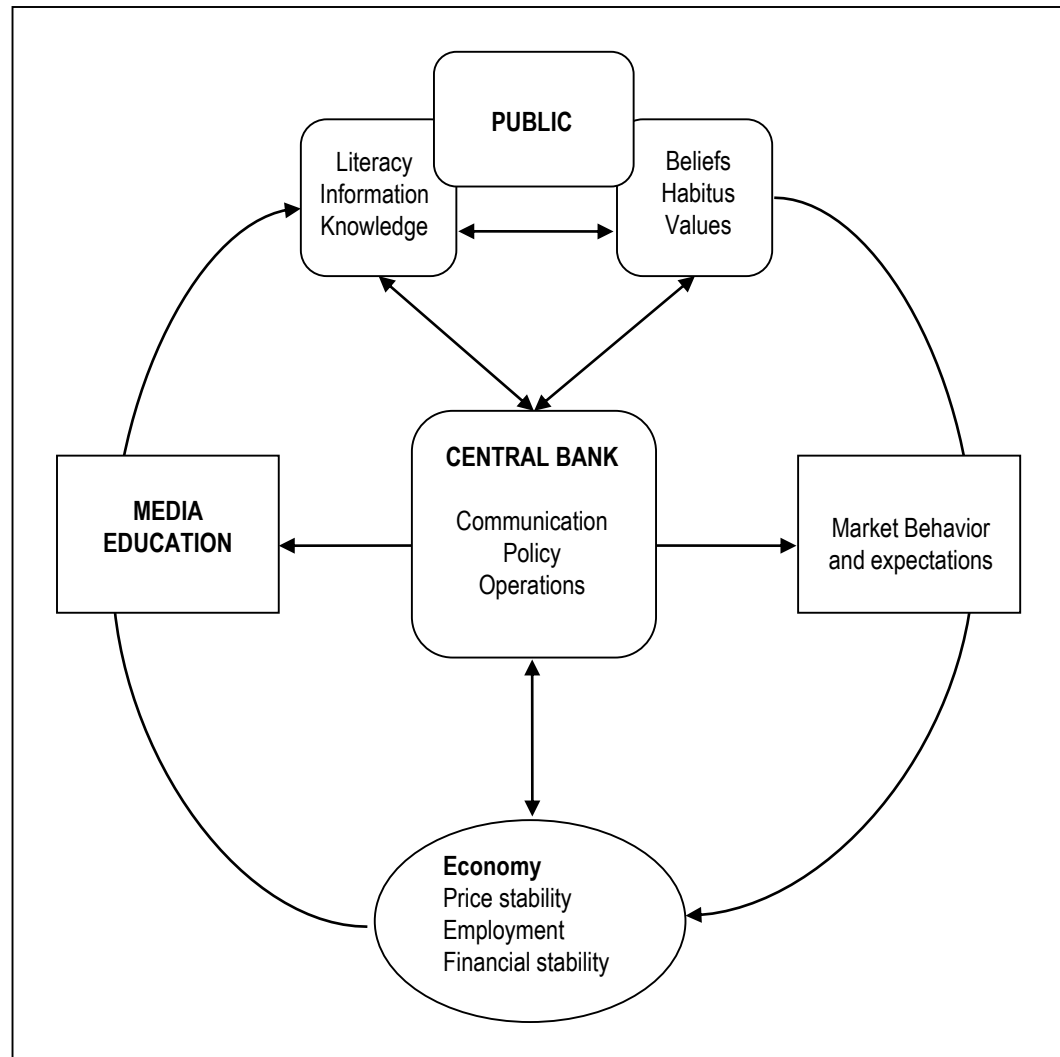
168 papers covering 201 prior studies

Financial education **decays** over time; even large interventions with many hours of instruction have negligible effects on behavior **20 months** or more from the time of intervention

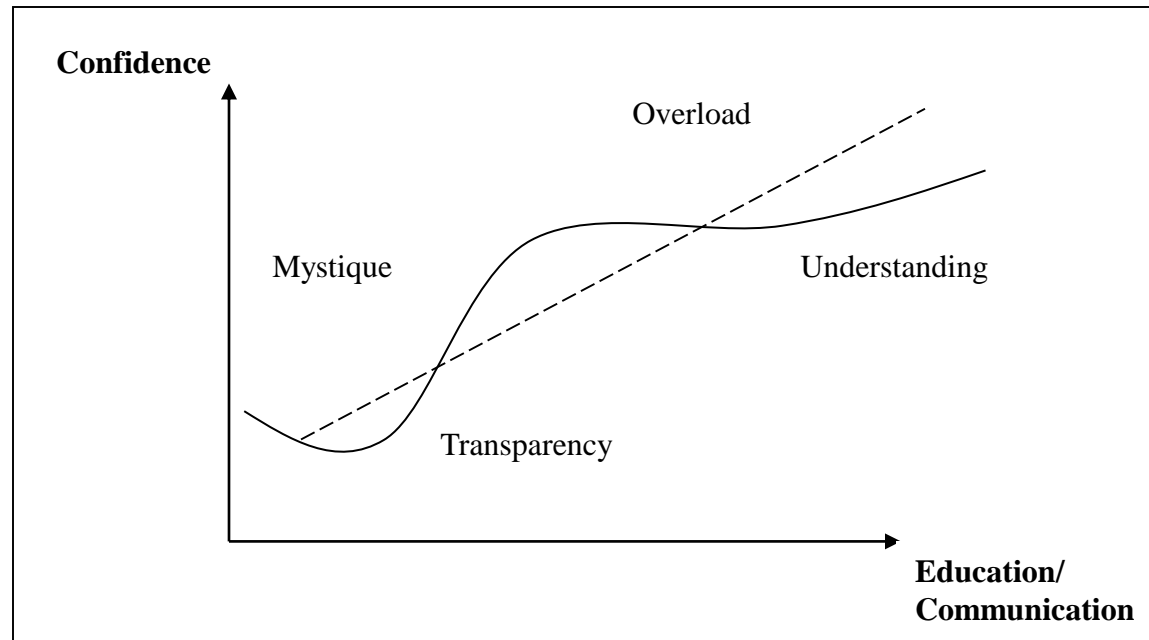
Interventions to improve financial literacy explain only **0.1%** of the variance in financial behaviors

Effects of financial literacy diminish dramatically when one controls for **psychological** traits

From Education to Confidence



Why education matters for confidence in CB?



- The level of confidence is positively correlated with the central bank efforts to communicate and educate the public through educational projects (examples will be presented)
- However, there are ups and downs in the impact of these efforts in the public's perceptions and mental setting.

The supply of knowledge by the central bank

The factors of CB's supply of information/knowledge:

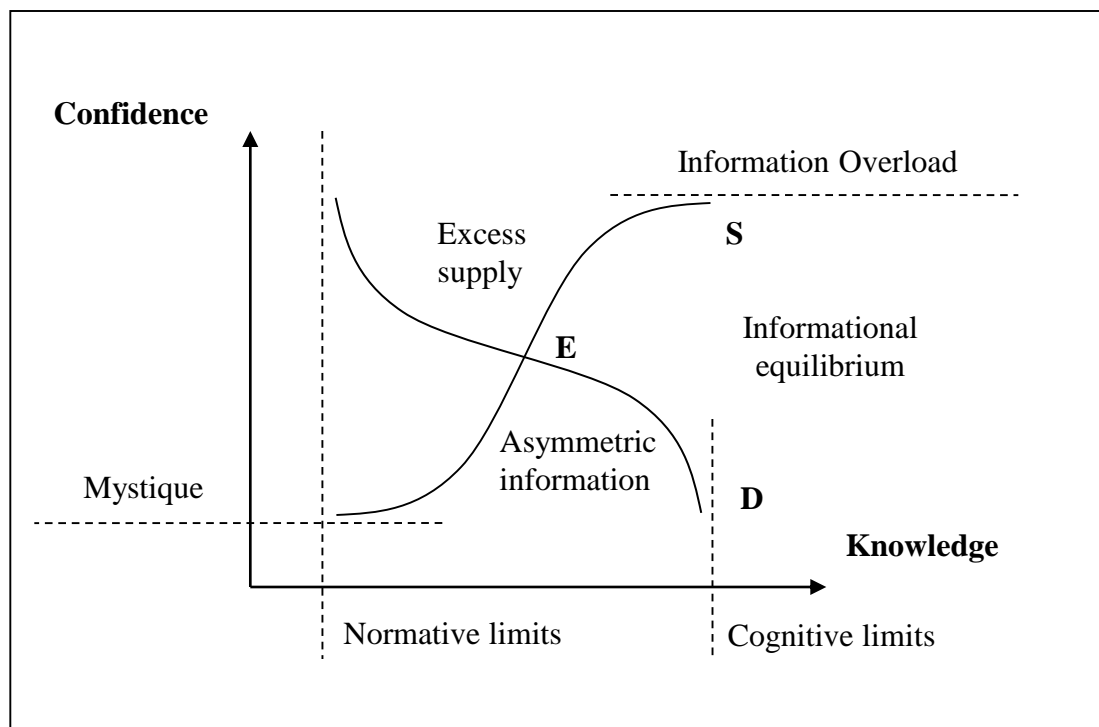
- Normative environment prescribing the conduct of education and communication (bank statute, protocols etc.)
- Central bank independence and legitimacy
- Type of CB's decision making process
- Authorities' tradition in dealing with the citizen
- Communication skills of bank executives
- Dynamics of macroeconomic environment
- Role of the media and education system (implication, cultivation).

The demand for central bank information

The factors of demand for CB information:

- Degree of financial inclusion in the economy
- Public's financial literacy
- Risk aversion of market participants
- Confidence in government information
- Macroeconomic conditions (financial mk conditions, volatility etc.)
- Access of target groups to specialised media
- Development of alternative sources of financial information.

The supply and demand of CB knowledge



- The CB has to manage its supply of knowledge/information in equilibrium with the needs and demand of the target groups.
- Too much information can create overload and the deficit of information can create tensions and asymmetries in the economy

The NBR network of branches and universities involved in financial education



From theory to practice

CB specialists grasp the **views** and **perceptions** of target groups in order to **calibrate** MP actions

The **network of branches** works as a promoter of financial education/inclusion throughout the whole territory, including **rural areas**

CB specialists use **forward guidance** to create **expectations** about future MP **decisions**

CB specialists grasp the **views** and **perceptions** of target groups in order to **calibrate** MP actions

Our Academica program works also as a **think-tank** for discussing MP path

There is a **time lag** in the impact of education as in the MP implementation

The Protocol for Economic Education

For the first time in Romania, we concluded a **Protocol** for economic education to create the framework of cooperation at national level. Partner institutions:

- MINISTRY OF FINANCIAL EDUCATION
- NATIONAL BANK OF ROMANIA
- MINISTRY OF PUBLIC FINANCE
- FINANCIAL SUPERVISION AUTHORITY
- BANKERS ASSOCIATION
- ROMANIAN BANKING INSTITUTE

A **national strategy** is to be drafted in the coming months.

Why a National Strategy?

Without a national approach, initiatives tend to loose **focus**

Setting **priorities** at at institutional, sectorial and national level

Promoting the coordination and **synergy** of all initiatives

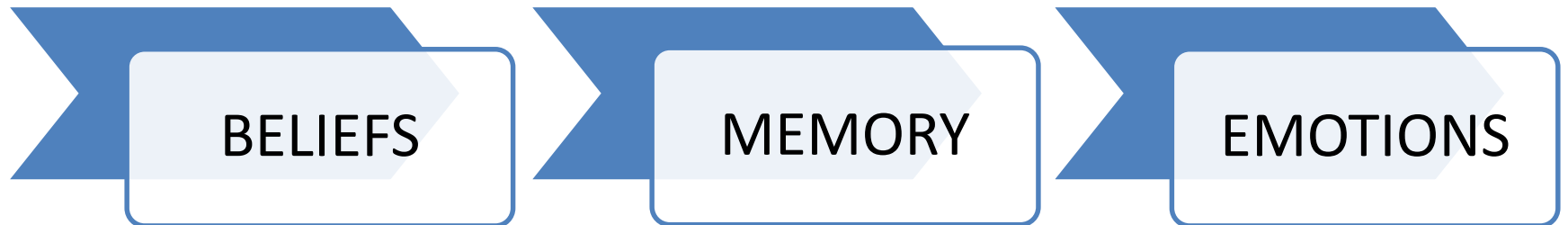
Engaging a wide range of **suppliers** reducing costs

Reducing the risk of **gaps** or **overlapping**

Setting this activity as a priority in order to insure the necessary **resources**

The path ahead for the national strategy

CHALLENGES





Thank you for your attention!