

NBS Financial Education Strategy for the Period 2016–2020

As an independent public institution of national importance founded by the state, the National Bank of Serbia (NBS) implements a strategic plan for developing financial education of citizens which defines guidelines for developing financial literacy with the aim of strengthening the central bank's credibility in the public eye and improving the level of citizens' knowledge in terms of financial education and financial inclusion.

The plan includes main paths for developing financial literacy, in line with European experiences, and is tailored to the ever greater and more complex requirements which call for timely, accessible and high quality information. The emphasis is on the powers of the central bank in regard to monetary policy, regulatory function, protection of financial services consumers, and education of the present and future financial services consumers.

The need for financial education has increased in recent years and is on the centre stage of public interest, requiring greater attention of public institutions and other relevant partners in society. This issue has gained particular significance during the financial crisis. Considering the fast growth of lending over the past decade both within global financial systems and, to a certain degree, in South East Europe, it is not surprising that financial literacy has become a precondition for responsible borrowing. The complexity of financial products and their greater availability to the wider public indicate the need for consumer education considering their disturbingly low levels of familiarity with elementary financial terms. The need for financial education in Serbia heightened with the emergence of new developments in industry: faster development of financial services and their increased complexity on account of advanced technologies, insufficient understanding of the concept of financial products, including the rights and obligations they imply, the increasing level of household, corporate, government debts, etc. Therefore, it is important to strengthen activities that are the basis for an efficient, stable and healthy financial market. Also, it is necessary to build up financial education of all participants in the financial market, regardless of the level of their individual and professional achievements. Special attention should be focused on small, medium-sized and micro enterprises as potential drivers of future economic growth.

Financial literacy is the ability to understand finance. It comprises the skills and knowledge of finance acquired by an individual which enable him to make the right decisions based on complete information. This concept pertains not only to households and corporates, but to current and potential investors as well. Financial crisis was not triggered by a single cause and it is evident that the level of financial education played an important role in it as well. Insufficient understanding of finance when borrowing, especially as regards loans and investment, resulted in taking insufficiently cautious decisions regarding the acceptance of financial risks. The role of the central bank as the provider of financial education is to ensure conditions for the wider public to acquire an understanding of these concepts. This serves the interest of the Republic of Serbia and the financial system as a whole.

Youth financial education is of particular importance as it is this segment of the population that will compete in the financial market of the future and face growing financial risks and increasingly complex financial products. Also, young people are excellent intermediaries – they spread new habits and culture and have an impact on the people around them – their parents and family in the first place. Decisions they make in the future will shape not only them and their immediate vicinity, but society at large. High quality education provided at the right age aims to establish a more solid basis for decisions yet to be made – and this is a key area for action.

NBS's strategic goal in conducting financial education

As regards financial education, the goal of the NBS, as a socially responsible institution, is to help citizens be better informed about and understand monetary policy and financial products and services, as well as to develop and nurture financial culture in youth, that is, help them become capable of making responsible and ethical financial decisions.

Financially educated participants in the financial sector have a better understanding of the concept of financial products. They detect and identify financial risks and are aware of the need to be insured against financial damages which sudden events can entail, and to be better protected from financial fraud. In addition to yielding personal benefits to citizens, individual financial welfare of each citizen, at a macro-level, also contributes to the overall development of the national economy.

Priorities

- Anticipating, identifying and meeting citizens' needs
- Helping the public become capable of identifying risks in modern financial markets and economic movements
- Developing civil awareness in youth (acquainting them with their obligations and duties, and not only their rights)

NBS's role in conducting financial education

The NBS, as the agent of the financial education strategy, regularly informs the public about its main goals and the importance of its regulatory function in the financial system; adequately and timely informs citizens about financial products and services in the country and implements activities in the field of financial education.

A developed, safe and stable financial sector that meets the needs of financial services consumers is important for every country and its development.

Given the specific knowledge of its staff and availability of adequate resources, the NBS has the opportunity to take a leading role in financial education of citizens of all age groups and of the corporates in Serbia.

As part of the NBS, the Administration for Supervision of Financial Institutions/Centre for Financial Consumer Protection and Education/Financial Consumer Education Unit carries out activities with respect to the implementation of the financial education strategy in Serbia, and within the Governor's Office, such activities are carried out by the Communications Division/Exhibition and Education Unit.

Tasks

- Raising the level of confidence and credibility of the NBS
- Forming positive value criteria with citizens
- Contribution to raising the overall level of knowledge of the wider public in the area of monetary policy, finance and banking

Principles

- Openness to the public
- Timeliness
- Availability of educational materials and programmes
- Culture of equality (disabled persons, various social groups)
- Interactive approach

NBS activities in financial education

In order for the NBS to efficiently implement activities in the area of financial education, it is necessary at all times to have clear and intelligible information on financial products and services, to promote financial education through established communications channels, and to implement and advance educational programmes and cooperation with relevant partners in society – home and foreign public institutions and professional associations by way of:

- public opinion polls, measuring financial literacy and monitoring the realisation of activities;
- regular drafting of educational programmes and materials for all target public groups;
- regular implementation of workshops, panel discussions and lectures for all categories of population;
- organising educational panel discussions for farmers, entrepreneurs, small companies and persons interested in launching their own business;

- improving cooperation with the media and continual education of journalists to enable adequate presentation of contents relating to financial education;
- support to enhancing financial literacy of school children through PISA project;
- improving the existing and introducing new digital communication platforms.

Conclusion

The importance of financial education and financial literacy cannot be overstated nowadays. In its first Recommendation, the OECD emphasised that financial education should begin at the earliest age and be a long-term and continuous process. Because of this, the NBS, as a unique national institution has even greater responsibility and its activities are increasingly significant.

In a complex economic environment of today, characterised by complex social heritage, the NBS – guided by the standards of good practice and responsibility towards the community, as well as based on the development of communications and interaction with the public – has the capacity to exert a systemic and positive influence on the formation of citizens' criteria with regard to responsible use of financial resources.

The NBS, as a bank in the service of its people, is responsible to continue to develop the strategy of financial education programmes for citizens, looking into the future and committed to its main goal – stability of the country's monetary system.