Financial Literacy Levels in the Commonwealth of Independent States in 2021

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Please cite this publication as:

OECD (2021), Financial Literacy Levels in the Commonwealth of Independent States in 2021
www.oecd.org/financial/education/financial-literacy-levels-in-the-commonwealth-of-independent-states-2021.htm

Foreword

Financial education, financial consumer protection and financial inclusion are essential ingredients for the financial empowerment of individuals and the overall stability of the financial system. This is highlighted in four sets of high-level principles endorsed by G20 leaders: Digital Financial Inclusion (2016), Innovative Financial Inclusion (2010); Financial Consumer Protection (2011); and National Strategies for Financial Education (2012). One key component of a successful national strategy is the possibility to assess the financial literacy competencies of the population.

This publication provides an assessment of financial literacy levels across seven economies in the Commonwealth of Independent States (CIS), namely, Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan. The assessment is based on the collection of novel data using an internationally relevant instrument through a co-ordinated exercise. This process enables economies to benchmark themselves, identify common patterns and work together to find solutions for improving financial literacy and well-being within their respective populations.

Acknowledgments

This publication is a component of the work of the OECD/INFE Technical Assistance Project in the CIS, with funding from the Ministry of Finance of the Russian Federation.

The publication was prepared by Kiril Kossev (Policy Analyst at the OECD Directorate for Financial and Enterprise Affairs) with oversight by Els Lagrou (Coordinator at the OECD Directorate for Financial and Enterprise Affairs), Miles Larbey (Head of Division at the OECD Directorate for Financial and Enterprise Affairs), and Flore-Anne Messy (Deputy Director at the OECD Directorate for Financial and Enterprise Affairs). Sona Lalayan (Policy Analyst at the OECD Directorate for Financial and Enterprise Affairs) and Chiara Monticone (Coordinator at the OECD Directorate for Financial and Enterprise Affairs) provided comments and improvements. Jennah Huxley (Project Assistant at the OECD Directorate for Financial and Enterprise Affairs), Valeria Pelosi (Project Assistant at the OECD Directorate for Financial and Enterprise Affairs), and Karen Castillo (Communications Officer at the OECD Directorate for Financial and Enterprise Affairs) provided administrative and editorial support. Data collection, questionnaire translations, and data cleaning was undertaken by NAFI Research Center.

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Executive summary

Seven countries across the CIS (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan[2]), all participants in the various ongoing phases of the OECD/INFE Technical Assistance Project for Financial Education in the CIS, as well as the Russian Federation, took part in the survey of financial literacy levels in the CIS in 2021. The project is developed with the financial support of the Ministry of Finance of the Russian Federation. This data collection is the second wave of financial literacy surveys conducted by the OECD in the CIS countries. The first one was completed in 2017.[3]

The survey results reveal the overall financial literacy scores, as computed following the OECD/INFE methodology and definition, and their elements of financial knowledge, behaviour and attitudes. A financial well-being score, introduced by the OECD in 2020, is also calculated, based on a number of behavioural statements that illustrate the role finance plays in the lives of individuals.

The report contains a comprehensive section on financial resilience (defined by four clusters of financial behaviours and attitudes: taking care of one's money, prudent saving behaviour, coping with a financial shortfall, detecting fraud and trusting a reliable source of support). Patterns of product awareness and holding are reported as an illustration of financial inclusion. A comparative section looks at financial literacy results across the CIS[4], in peer regions, and globally, following recent surveys the OECD has conducted using its internationally comparable methodology.

The data reveals a number of signs of the effects of the ongoing crisis due to the COVID-19 pandemic, such as great financial stress and a high rate of financial shortfall experienced by individuals. The relatively low scores of the CIS countries in 2021 appears to be driven by a considerably lower financial attitude score than those achieved by adults in other surveys conducted pre-COVID. A speculative explanation can be the negative impact on long-term planning and financial considerations during the lengthy COVID-19 crisis. The report also describes some of the counter measures to the crisis taken by policy makers and provides some recommendations of further solutions/initiatives that can support consumers in difficult economic times. Another section looks at the differing financial literacy and well-being results of various groups within the population that could represent targets for financial education policy makers due to potential vulnerabilities.

The report concludes with a section synthesising some of the key results, which are then followed by tailored policy recommendations for the region and for each of the countries participating in the survey.

Key survey results are reported below:

- *Adults in the CIS achieved an average score (55.8%) in financial literacy following the OECD/INFE methodology:* This suggests that financial literacy remains relatively low across the region. The

[2] 2018 OECD/INFE Financial Literacy Measurement Toolkit: http://www.oecd.org/financial/education/2018-INFE-FinLit-Measurement-Toolkit.pdf

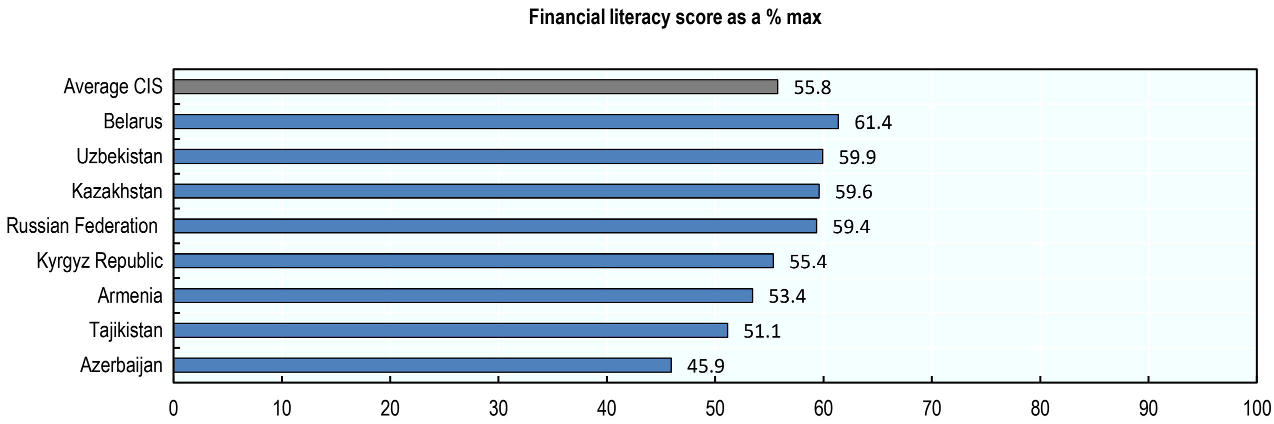
[3] See the report following the first wave of the survey in 2017 here: https://www.oecd.org/financial/education/globalpartnerships/commonwealthofindependentstates/financial-literacy-cis-countries-survey-EN.pdf

[4] When discussing averages across the CIS, the Russian Federation is included unless explicitly stated.

overall financial literacy score, as computed using the OECD/INFE scoring methodology and defined in the OECD/INFE 2018 Toolkit, measures a set of basic financial skills, behaviours and attitudes. Scoring the maximum of 21 in practice means that an individual has acquired a basic level of understanding of financial concepts (financial knowledge) and applies some prudent principles in their financial dealings (financial behaviour), and exhibits longer term attitude towards finance (financial attitude). Achieving an average score thus suggests a very basic knowledge of and use of finance. Figure 0.1 shows the financial literacy scores for all countries in this report as a percentage of the maximum.

The average score across adults in all participating countries in the survey from the CIS and the Russian Federation is 55.8% of the maximum, which indicates room for improvement. The average hides important disparities between the countries. Higher scores among the CIS countries were achieved by adults in Belarus (61.4%), Uzbekistan (59.9%), and Kazakhstan (59.6%) and the Russian Federation (59.4%). Lower scores were obtained by adults in the Kyrgyz Republic (55.4%), Armenia (53.4%) and Tajikistan (51.1%). They were lower again in Azerbaijan (45.9).

Figure 0.1. Financial literacy scores, normalised to 100 (score of 21=100)



These scores suggest that there is room for advancement across all the elements of financial literacy:

- *Knowledge*: The average obtained knowledge score across all individuals was 3.6 (out of 7) or 51.1% of the maximum possible. Only about one third of respondents in the CIS (29.3%) were able to make a simple interest calculation. A small minority (14.4%) of respondents were able to show understanding of both simple and compound interest. These are crucial concepts that affect basic money management and the accumulation of saving. Only 31% of surveyed adults achieved the minimum target score of 5 or more (or 70%).

  Some 19% of surveyed adults self-assessed their knowledge as high, 66% suggested it is average and 16% estimated their own knowledge as low.

- *Behaviour*: The average obtained behaviour score was 5.6 (out of 9) across the total sample. This represents 62.3% of the maximum possible. Key behaviour concepts include saving, planning for the long term, keeping watch and control over one's finances. Positively, 55.4% of the adults in the CIS were able to score the minimum target behaviour score (which is 6 or more out of 9), thus recognising and acting on these concepts.
- *Attitude*: The average obtained attitude score, which allocates a high score to individuals who exhibit long-term attitudes to finance and money matters, was 2.5 (out of 5). However, only 25% scored the minimum target attitude score (which is 3 or more out of 5), suggesting that

the vast majority of surveyed individuals across the CIS actually exhibit short-term attitudes to finance currently.

- *The average financial well-being score of all the participants is well below 50% of the maximum* (47.3%). This suggests that the surveyed individuals consider their financial situation creates stress and worry, rather than contributing positively to their well-being. This measure is constructed from a set of self-assessed statements and thus would tend to the mean and not to the extremes. A score below the average, however, means that respondents are more insecure over control of their finances, feel less confident about their ability to absorb financial shocks in the future, are more inclined to agree that their finances restrict their life choices and that they are ultimately lagging behind their long-term financial plans. There is plenty of room for improvement.

  Uzbekistan (55.9%), Belarus (54.6%), the Russian Federation (54.2%) and the Kyrgyz Republic (50.1) all obtained over half of the possible score, suggesting a somewhat positive effect of finance on the lives of individuals in these countries. However, adults in Tajikistan (39.5%) and Azerbaijan (35.4%) scored at lower levels. This illustrates individuals' substantial discomfort with their own financial situation.

  - *The relatively low financial well-being scores indicate that financial stress is common in the CIS*: Individuals in the CIS report that they feel that finances control their lives and they often do not have enough money left at the end of the month to allocate to planned spending or saving. While there are differences across the economies and these responses may reflect individual perceptions, biases and cultural traits, they do suggest that a significant portion of the surveyed populations experience financial stress and persistently worry about money matters in their daily lives.

- *Large numbers of people within many economies have limited financial resilience*: The availability of savings is important to meet any financial shocks during an individual's lifetime. The survey indicates that 16% of adults across the CIS report only having a financial cushion of about one week if they lose their main income, while 30% report having sufficient savings for about one month. Only 13% suggest they could live for longer than six months if their main source of income disappeared. Given the duration of the COVID-19 crisis, these figures should prompt policy makers into action, whether through income support policies or temporary financial relief for vulnerable individuals.

  Positively, over two-thirds of adults in the CIS suggest they keep a careful watch over their finances (71% of responses), seek to actively save (69% of responses), and budget (87% of responses).

  On average, about 4% of adults report falling victim to some type of financial fraud (such as Ponzi schemes, phishing, or financial identity theft, for example), or experiencing financial loss due to receiving poor service from a financial service provider. This is comparable to the average across OECD countries from the OECD/INFE Global Survey of 2020 (4.4%) and marginally lower than the global average of 5.8%.

  Strong patterns of informality and low trust in regulatory and financial institutions can be detected across the responses of adults in the survey. While 69% of adults suggest they would rely on a government pension, about 64% suggest they will rely on partner or family to support them in old age. By far the largest proportion of adults in the CIS (55%) suggest they prefer saving in cash at home, and 30% report giving money to family to save on their behalf. A full one-fifth (21%) of individuals responded that they do not trust any public or private institution to provide them with financial news or financial education.

- *Financial product awareness and use is moderate across the CIS:* 59% of adults report being aware of at least five financial products and 52% suggest they recently bought one. Following the trend of informality, some 46% responded that they turned to family and friends to save, borrow, or invest. Payment products and saving/investment products were the most widely used (over 30%

of respondents suggested they use such products), while insurance products had very limited use (only 9% suggested they purchased a private and non-mandatory insurance product over the past year).

Digital and mobile payment products are almost as widely used as non-digital ones: of the entire sample, 30% of respondents report using a payment product and 21% suggest they use a mobile payment one.

- *Relative to results of similar OECD surveys*, adults in the CIS in 2021 have lower scores on financial literacy, driven by a low attitude score and a relatively low knowledge score (when compared to OECD countries especially). In contrast, the financial knowledge score of adults in the CIS in 2021 has improved when compared to 2017 and the behaviour score of adults in the CIS in 2021 is as high as in 2017 and higher than surveyed peer regions.
- Analysis of results across different groups that may constitute policy targets for financial education due to potential vulnerabilities is instructive.
  - Women are a statistically significant underperforming group when measuring financial knowledge, literacy and well-being. The same can be said of individuals with low trust in institutions.
  - Comparing individuals by age suggests that young adults and retired people score significantly lower than the CIS average in financial knowledge. Young adults also score significantly lower than the CIS average in financial literacy, but significantly higher in financial well-being (possibly due to a lower priority of financial matters in their lives). The retired score significantly lower in financial well-being, suggesting a higher than average financial stress in this age group.
  - Those on a low income, have an insufficient savings cushion, live in rural or remote areas, and do not make use of digital tools and services all have significantly lower knowledge, literacy, and often well-being, scores. Consequently, they may deserve special policy attention to improve their scores.
- *These results highlight that large numbers of people are lacking the necessary financial literacy and financial resilience* to deal effectively with everyday financial management. This is particularly concerning at the time of the COVID-19 pandemic, which is likely to continue putting considerable economic and financial pressures on individuals and testing their ability to preserve their financial well-being. Bearing in mind the results of this survey, policy makers could consider:
  - Focussing on recalling basic financial literacy concepts (budgeting, planning and saving; as well as concepts such as interest, compound interest and time value of money). They could utilise effective communication channels, digital tools and innovative techniques (such as behavioural insights) to provide financial education programmes tailored to their citizens' needs.
  - Taking account of the different needs of certain groups in order to provide support or apply tailored approaches. The results point to certain important and statistically significant differences, such as gender differences where men consistently outperform women across all the financial literacy measures. Young people and seniors need targeted help to improve their financial knowledge and behaviour. Those without sufficient savings, on low incomes, with no or low education, the unemployed, and those without access to or the skills to use digital tools and services, appear extremely vulnerable. They will need support to improve their financial literacy, alongside possible support through income and employment policy and digital education. Policy makers should seek to better understand the low trust across certain groups in society and tackle it through wide-reaching information and education campaigns.
  - Responding to the urgency of the COVID-19 induced crisis by providing timely and appropriate advice and counselling services to those who are worst affected. They could cooperate with economic policy makers to design income policy support that is tailored and accompanied by

financial education policies to enable the prudent use of financial help. Policy makers should seek to tackle the informalities in the financial sector while providing individual support.

- Cooperating and coordinating with peers from the financial education community who may have experienced similar challenges and already tested and/or implemented innovative solutions. The OECD Technical Assistance Project and the newly-created CIS Regional Network for Financial Education are platforms committed to such activities.

- An important conclusion from the comparative data across various surveys conducted by the OECD, and especially the two CIS surveys of 2017 and 2021, is that improvements in financial literacy, especially driven by more prudent behaviour and long-term attitudes, is a longstanding challenge and should be approached as such. Policy makers need to enact consistent and enduring policies that would build towards a more financially-literate future.

Introduction

This report provides a comprehensive look at the financial literacy, financial well-being, financial resilience and financial inclusion of the Commonwealth of Independent States (CIS) and the Russian Federation in the first half of 2021[5]. The work is based on individual-level data collected from the countries participating in the OECD/INFE Technical Assistance Project for Financial Education in the CIS(Armenia, Azerbaijan, Belarus, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan),), as well as the Russian Federation. It is the second quantitative report on levels of financial literacy in the region prepared by the OECD with the support of the Ministry of Finance of the Russian Federation.[6] It reports the financial literacy scores and their elements of knowledge, behaviour and attitude, as calculated using the OECD/INFE globally-vetted and comparable methodology and definition of financial literacy.[7] It calculates a score of financial well-being, newly-introduced by the OECD in 2020, and analyses a set of elements on financial resilience and financial inclusion.

The report provides policy recommendations for policy makers in the CIS region in response to the insights of the data and the evidence of the disruptions in personal finance that the COVID-19 crisis has caused. Both the data-gathering and the analytical work is conducted as part of Phase II of the OECD/INFE Technical Assistance Project on Financial Education in the CIS that is funded by the Ministry of Finance of the Russian Federation.

Background

In 2017, the OECD and its International Network on Financial Education (INFE) launched Phase I of a Technical Assistance Project on Financial Education in the Commonwealth of Independent States (TA project for the CIS), with the financial support of the Ministry of Finance of the Russian Federation. The key objectives of the project were to contribute to CIS efforts to achieve a higher level of financial literacy

[5] Commonwealth of Independent States (CIS), created in 1991, is a regional intergovernmental organisation of nine members as of 2021. It was formed following the dissolution of the Soviet Union. For the purposes of this report, the abbreviation CIS is used to mean the countries participating in the OECD/INFE Technical Assistance Project in the Commonwealth of Independent States (CIS), with funding from the Ministry of Finance of the Russian Federation.

[6] The first data-gathering exercise and analytical report was prepared in 2017. It exists in English and in Russian.

[7] The OECD defines financial literacy as per the OECD 2020 Recommendation of the Council on Financial Literacy (https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461), as follows: "a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being."

This definition is also quoted on page 4 of the 2018 OECD/INFE Financial Literacy Measurement Toolkit (publicly available here: http://www.oecd.org/financial/education/2018-INFE-FinLit-Measurement-Toolkit.pdf). For the methodology, see Annex A on page 34 in the same document.

in their population together with greater financial inclusion and higher levels of savings, financial resilience and financial well-being in the region.

Phase I of the project provided dedicated guidance and technical support for the design, implementation and review of evidence-based financial education strategies and policies in six key CIS economies (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic and Tajikistan). Individual-level data was collected across all the participating countries and a quantitative analysis of the levels of financial literacy in the CIS was conducted to support policy makers in the region (see footnote 2 above).

Phase II of this project started in 2020 covering five core countries: Armenia, Belarus, the Kyrgyz Republic, Tajikistan and Uzbekistan, extending to eight countries Azerbaijan, Kazakhstan and Russia for specific issues. A second data collection exercise was conducted during the first six months of 2021 to track progress on financial literacy, conduct new analyses and update the regional database on financial literacy.[8]

Methodology and Report Structure

The data used in this report are drawn from individual interviews across the eight countries surveyed. The resulting dataset is balanced and contains data for 8,000 individuals across the CIS (some 1,000 individuals were interviewed in each country). The methodology used to collect that data is described in the 2018 OECD/INFE Financial Literacy Measurement Toolkit and ensures that the sample is representative of the population in each country respecting gender, age and geography.

This report focuses on the concepts of financial literacy, financial well-being, financial resilience and financial inclusion. The core definition that characterises these concepts is the OECD definition of financial literacy: "a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being".[9] As this definition suggests, these concepts are inter-related and together determine, to a large extent, the relationship of an individual with financial matters. Financial well-being is defined by five statements in the OECD Toolkit that reflect how finance impacts an individual's life (See Table 2.1 for the statements that define financial well-being and make up its score). These statements explore how much stress or dissatisfaction finance brings to an individual's life. Financial resilience and financial inclusion are not precisely defined by the OECD Toolkit and are still working concepts. They are explored through a series of relevant elements. Financial resilience is explored through the availability of savings, coping with a financial shortfall, taking care of one's money, and detecting fraud and trusting a reliable source of support. Financial inclusion is explored through financial product awareness and financial product ownership.

The report consists of:

- Section 1. Financial literacy and its components: knowledge, behaviours, attitudes to longer-term financial planning
- Section 2. Financial well-being and the levels of financial stress felt by adults in the CIS
- Section 3. Financial resilience and associated financial behaviours
- Section 4. Elements of financial inclusion, including product awareness, choice, and product holding
- Section 5. Evolution in financial literacy - some key comparisons with recent financial literacy surveys conducted by the OECD in the CIS and other regions

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[8] The 2017 database is publicly available for research purposes (link).

[9] The OECD definition of financial literacy can be found in the Recommendation of the OECD Council on Financial Literacy adopted on 29 October 2020: https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461

- Section 6. Correlates/determinants of financial literacy and potential target groups.
- Section 7. Lessons and policy recommendations

The Annex contains tabulated data used in the figures throughout the text for reference.

1 Financial literacy and its components

Financial literacy is low across the sampled countries, according to the score range of the OECD/INFE methodology. The overall financial literacy score, as computed using the OECD/INFE scoring methodology and defined in the OECD/INFE 2018 Toolkit, measures a set of fundamental financial skills, behaviours and attitudes. Scoring the maximum of 21 effectively means that an individual has an essential level of understanding of financial concepts and applies some prudent principles in their financial dealings.

Individuals across the entire sample scored on average 11.7, or just under 55.8% of the maximum financial literacy score, which represents a basic set of knowledge concepts and financially prudent behaviours and attitudes. The highest score achieved by any country was 12.9 or 61.4% of the maximum by Belarus, and a minimum of 9.6 (45.9% of the maximum) was scored by Azerbaijan. This represents a substantial disparity between the adults in the various countries in the region and points to a number of financial education policy lessons that can be shared.

Even the higher scores, however, achieved by adults in Belarus, Uzbekistan, Kazakhstan and the Russian Federation, only amount to about 60% of the maximum, which represents a low-level financial literacy skillset. Policy makers need to prioritise financial education in light of the ongoing economic volatility in a transition region and resulting individual financial vulnerabilities.

These scores suggest that there is room for advancement across all the elements of financial literacy:

- *Knowledge*: The average obtained knowledge score across all individuals was 51.1% of the maximum possible. Only about one third of respondents in the CIS (29.3%) were able to make a simple interest calculation. A small minority (14.4%) of respondents on average for the entire sample were able to show understanding of both simple and compound interest. These crucial concepts affect basic money management and the accumulation of saving. Only 31% of surveyed adults achieved the minimum target score of 5 or more (or 70%).

  Some 19% of surveyed adults self-assessed their knowledge as high, 66% suggested it is average and 16% estimated their own knowledge as low.

- *Behaviour*: The average obtained behaviour score was 5.6 (out of 9) across the total sample. This represents 62.3% of the maximum possible. Key behaviour concepts include saving, planning for the long term, keeping watch and control over one's finances. Positively, over half of the adults in the CIS (55.4%) were able to score the minimum target behaviour score, thus recognising and acting on these concepts.
- *Attitude*: The average obtained attitude score, which allocates a high score to individuals who exhibit long-term attitudes to finance and money matters, across the CIS was 2.5 (out of 5). However, only 25% scored the minimum target attitude score, suggesting that the vast majority of surveyed individuals in fact currently exhibit short-term attitudes to finance.

Financial literacy scores

The financial literacy score is a derived value that ranges from 1 to 21. It is calculated following the methodology described in the OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion (Annex A and A1 in the same annex of the Toolkit document) and consist of the sum of three elements:

1. Financial knowledge score (takes the range 0 to 7)
2. Financial behaviour score (takes the range 0 to 9)
3. Financial attitude score (takes the range 1 to 5)

Each of the three score variables is itself computed as a result of the responses to a number of questions set to ascertain these attributes.

Figure 1.1 and Table 1.1 present the overall financial literacy scores for the participating CIS economies and the elements of knowledge, behaviour and attitude. The average score across all participating countries and economies is just 11.7 out of a possible 21 showing significant room for improvement.[10] This score represents 55.8% of the maximum possible score. The average hides important disparities. Higher scores were achieved by adults in Belarus (12.9), Uzbekistan (12.6), Kazakhstan (12.5), and the Russian Federation (12.5), for example, while low scores were obtained by adults in the Kyrgyz Republic (11.6), Armenia (11.2), Tajikistan (10.7). In Azerbaijan score were particularly low (9.6). However, even the highest overall financial literacy score (obtained by adults in Belarus) was only 61.4% of the total (see Table 1.2 and Figure 1.2, Panel A ranks countries according to the financial literacy score as a percentage of the maximum and Panel B presents all the elements of knowledge, behaviour, and attitude), which itself represents a basic level of financial knowledge, financially prudent behaviour and some key long-term attitudes towards saving and money handling.

Further important patterns and heterogeneities exist between the components of financial literacy (knowledge, behaviour and attitude) within the economies. Figure 1.2, Panel B, suggests that the behaviour score is the highest relative score across all the CIS. Belarus scored the highest in financial literacy because it achieved relatively high scores in both knowledge and behaviour, while Uzbekistan scored the highest in behaviour (68% of the maximum possible) but only average in knowledge (51% of the maximum). The Kyrgyz Republic and Tajikistan have relatively high behaviour scores but relatively very low knowledge scores.

Policy makers may be content to see high relative behaviour scores, as these illustrate certain awareness and correct intuition in financial matters, it will be important to target knowledge through financial education policies to ensure that CIS populations understand the principles and become more active money managers; thus helping individuals to fully understand the decisions they make.

[10] As a comparison to the 2017 OECD survey on Levels of Financial Literacy in Eurasia, the average score for financial literacy for the CIS region was 11.9, thus marginally higher. Importantly, the two scores are not directly comparable as the 2017 survey used the OECD/INFE 2015 Toolkit (which has some substantial differences in the questions and scoring methodology, especially the financial behaviour score). The 2017 report also included only 7 countries, excluding Uzbekistan. Section 5 of this report will provide a comprehensive comparison and commentary on the changes and possible drivers. The 2017 report is available at the following links:

- English: https://www.oecd.org/financial/education/globalpartnerships/commonwealthofindependentstates/financial-literacy-cis-countries-survey-EN.pdf
- Russian: https://www.oecd.org/financial/education/globalpartnerships/cis/financial-literacy-cis-countries-survey-RU.pdf

Table 1.1. Financial literacy scores

Countries in alphabetical order

Country	Number of respondents	Financial literacy score	Financial knowledge score	Financial behaviour score	Financial attitude score
Armenia	1000	11.2	3.5	5.1	2.6
Azerbaijan	1000	9.6	2.4	4.8	2.4
Belarus	1000	12.9	4.5	5.8	2.6
Kazakhstan	1000	12.5	4.2	5.9	2.4
Kyrgyz Republic	1000	11.6	3.2	5.9	2.5
Russian Federation	1000	12.5	4.1	5.8	2.6
Tajikistan	1000	10.7	3.0	5.4	2.4
Uzbekistan	1000	12.6	3.6	6.2	2.8
Average CIS	8000	11.7	3.6	5.6	2.5

Figure 1.1. Financial literacy scores

Sorted by total financial literacy scores (given in parenthesis)

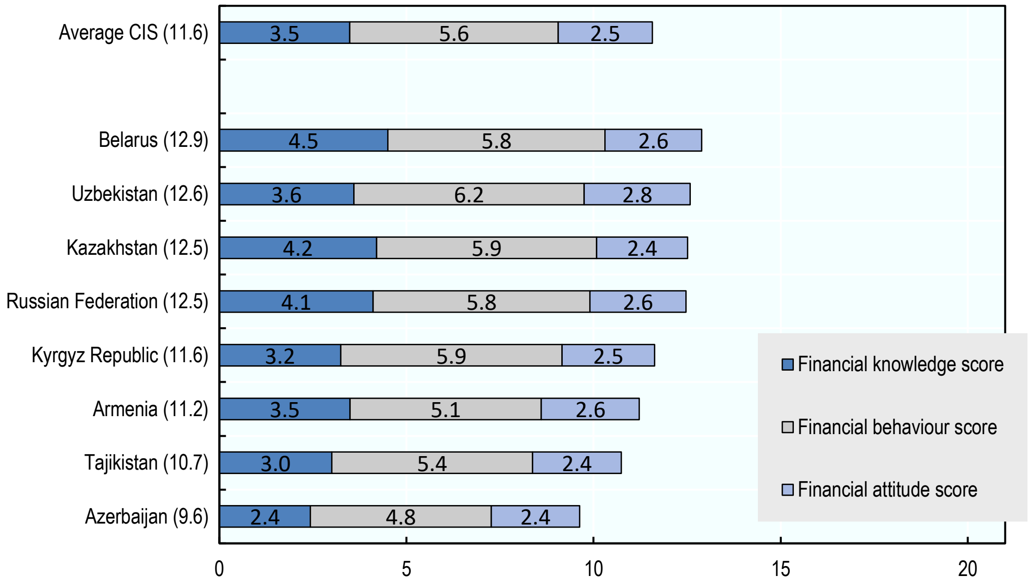


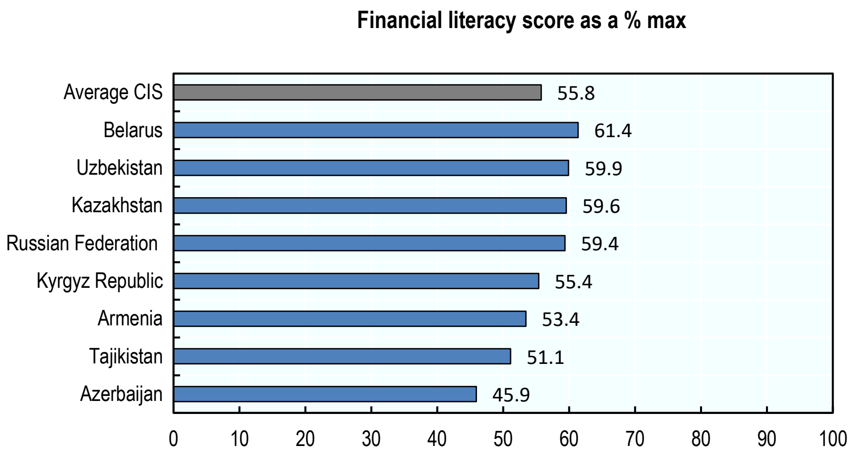
Table 1.2. Financial literacy scores, normalised to 100

In alphabetical order. Financial literacy (21=100); Knowledge (7=100), Behaviour (9=100), Attitude (5=100)

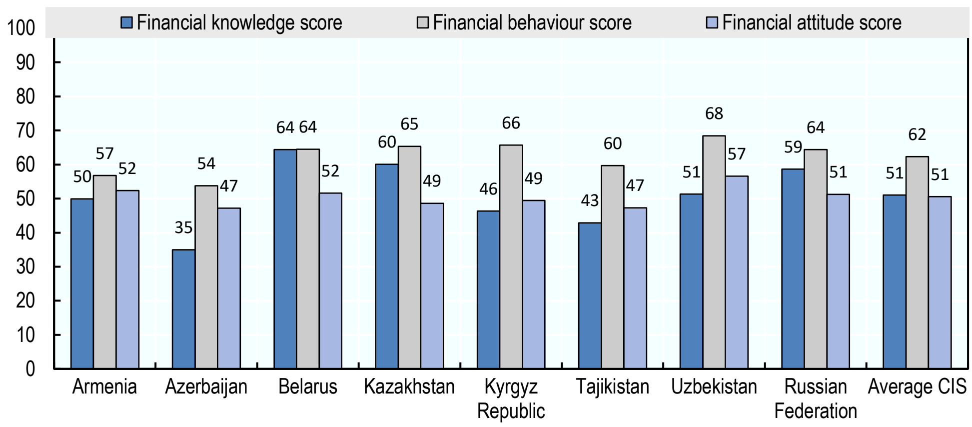
Country	Financial literacy score	Financial knowledge score	Financial behaviour score	Financial attitude score
Armenia	53.4	49.9	56.8	52.4
Azerbaijan	45.9	35.0	53.8	47.2
Belarus	61.4	64.3	64.5	51.6
Kazakhstan	59.6	60.0	65.4	48.6
Kyrgyz Republic	55.4	46.3	65.7	49.4
Russian Federation	59.4	58.7	64.4	51.3
Tajikistan	51.1	42.9	59.7	47.3
Uzbekistan	59.9	51.3	68.4	56.6
Average CIS	55.8	51.1	62.3	50.5

Figure 1.2. Financial literacy scores, normalised to 100 (score of 21=100)

Panel A



Panel B



Financial knowledge

Financial knowledge is an important component of financial literacy for individuals to help them compare financial products and services and make appropriate, well-informed financial decisions. A basic knowledge of financial concepts and the ability to apply numeracy skills in a financial context ensures that consumers can navigate with greater confidence financial matters and better understand financial news and events that may have implications for their financial well-being.

This section looks at the levels of basic financial knowledge, focusing on responses to seven questions designed to test different aspects of knowledge that are widely considered to be useful to individuals when making financial decisions. It first considers the responses to individual questions, before reporting on the distribution of financial knowledge scores and looking at the proportion of the population scoring at least 70% (considered to be the minimum target score).

Financial knowledge questions

The survey toolkit contains seven financial knowledge questions that participants are expected to answer. A financial knowledge score is created by allocating one point for each correct answer with the maximum possible being seven. Providing correct answers requires basic knowledge of financial concepts like inflation (the time value of money), both simple (the price of money across time) and cumulative (the benefits of long-term saving/investing) interest and risk (the cost of financial return). See Box 1.1 for example questions that make up some of the financial knowledge score.

Box 1.1. Financial knowledge sample questions

The knowledge score is computed as the number of correct responses to the seven financial knowledge questions listed in the OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion (in this report, these were questions QK3 to QK7_c in the 2018 version of the Toolkit). Three illustrative questions, which test for understanding of the way inflation rates work, interest and compound interest, and of the trade-off between risk and return, are presented below.

1. Question to determine understanding of inflation:

   Imagine that <brothers/individuals> have to wait for one year to get their share of 1,000 (in local currency) and inflation stays at <X> percent. In one year's time will they be able to buy:

   (i) More with their share of the money than they could today
   (ii) The same amount
   (iii) Less than they could buy today

2. Question to determine understanding of interest and compound interest:

   Imagine that someone puts $100 into a <no fee, tax free> savings account with a guaranteed interest rate of 2% per year. They don't make any further payments into this account and they don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made?

   (i) Correct answers is: ________

   And how much would be in the account at the end of five years?

   (i) More than $110
   (ii) Exactly $110
   (iii) Less than $110
   (iv) Impossible to tell from the information given

3. Question to determine understanding of the trade-off between risk and return:

   Is the following statement True or False? An investment with a high return is likely to be high risk.

(i) True
(ii) False

Note: Correct answers are: Question 1 (iii); Question 2 (102, i), Question 3 (i).
Source: OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion (2018 version)

On average, the question most widely answered correctly across the sample was about understanding simple interest charged on a loan (81.5% of all adults gave correct answer). Understanding both simple and compound interest, however, proved to be a very challenging concept. Only about one third of respondents in the CIS (29.3%) were able to make a simple interest calculation. A small minority (14.4% of respondents on average for the entire sample) were able to show understanding of both simple and compound interest. the number of respondents in the Kyrgyz Republic (3.3%) and Tajikistan (5.3%) who did this correctly was negligible.

Around 67.3% of adults identified the correct meaning of inflation, however only 50.6% on average were able to apply this definition to identifying the value of money across time. The concept of risk and uncertainty were explored in two questions: one seeking understanding of the relationship between risk and return, and another looking for understanding of risk and diversification. Surveyed adults coped better with the question on risk and return, with 65.4% giving a correct answer. Considerably fewer (49.0%) gave a correct answer to the question on risk and diversification.

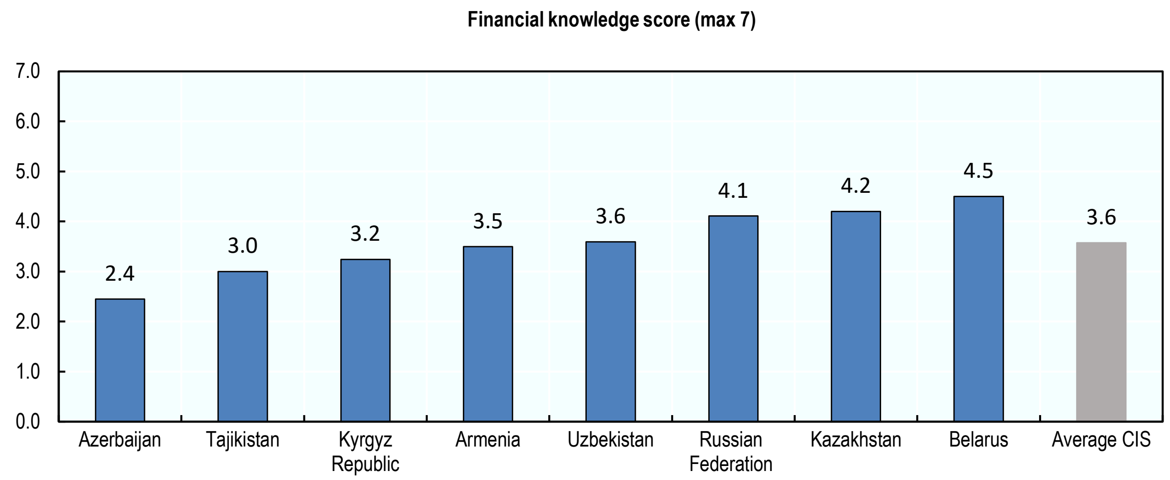
Table 1.3 provides the percentages of adults from each of the participating countries who provided correct responses to the seven financial knowledge questions. Figure 1.3 shows the distribution of financial knowledge scores across countries.

Table 1.3. Correct answers to the seven financial knowledge questions (%)

Percentages of respondents who gave correct answers to the seven financial knowledge questions. Weighted data. Countries/economies are listed alphabetically.

Country	Time value of money	Understanding interest paid on a loan	Simple interest calculation	Understanding correctly both simple and compound interest	Understanding risk and return	Understanding the definition of inflation	Understanding risk diversification
Armenia	54.3%	83.4%	20.2%	9.9%	67.5%	62.0%	52.2%
Azerbaijan	25.1%	71.9%	15.7%	9.3%	44.1%	37.8%	41.1%
Belarus	64.7%	89.1%	51.5%	31.6%	80.7%	74.0%	58.9%
Kazakhstan	55.3%	88.6%	42.8%	21.6%	75.8%	82.0%	54.1%
Kyrgyz Republic	50.4%	88.3%	17.3%	3.3%	52.9%	67.5%	44.4%
Tajikistan	42.4%	55.8%	15.1%	5.3%	65.0%	64.6%	52.0%
Uzbekistan	51.1%	88.1%	28.1%	11.3%	58.8%	75.0%	47.0%
Russian Federation	61.5%	86.7%	43.9%	22.7%	78.6%	75.5%	42.0%
Average CIS	50.6%	81.5%	29.3%	14.4%	65.4%	67.3%	49.0%

Figure 1.3. Financial Knowledge Score



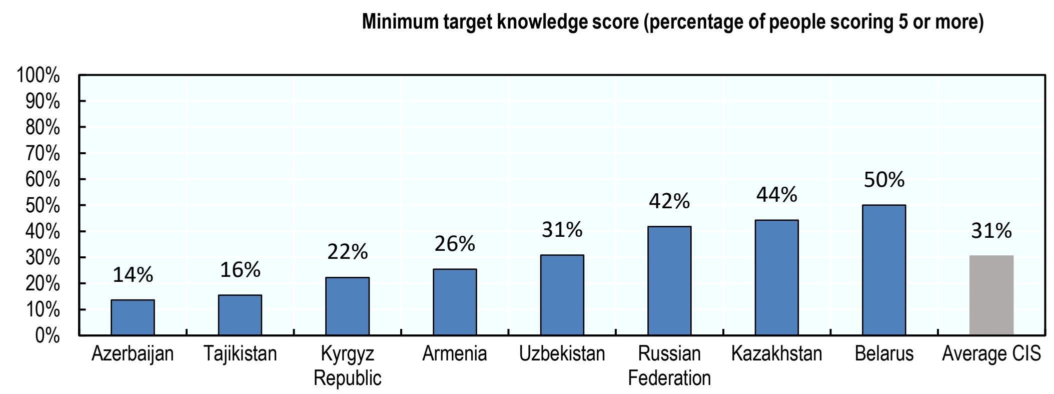
Minimum knowledge target score

The minimum target score is a measure of the percentage of adults who achieve about 70% of the possible score, which in the case of financial knowledge means answering five out of the seven questions correctly. This variable rests on the notion that to exhibit a minimum competency in financial literacy, an individual would need to obtain at least two-thirds of the score of its individual elements. Hence, the OECD calculates the minimum target scores in knowledge, behaviour, and attitude. Across the CIS, only about one third of the respondents (31%) gave five or more correct answers, reaching what is considered the minimum score for a financially knowledgeable person. This figure illustrates what percentage of adults in the surveyed jurisdiction approach some threshold of financial literacy.

This share was highest (50%) in Belarus and lowest (14%) in Azerbaijan. Over 40% of adults in Belarus, Kazakhstan and the Russian Federation reached the minimum target knowledge score, while about one-third or less of adults in the rest of the CIS countries achieved the same target score, which illustrates a truly low level of financial knowledge in these countries (see Figure 1.4).

Figure 1.4. Minimum target score (5 or more) on financial knowledge

Percentages of respondents who gave correct answers to five or more questions on financial knowledge.

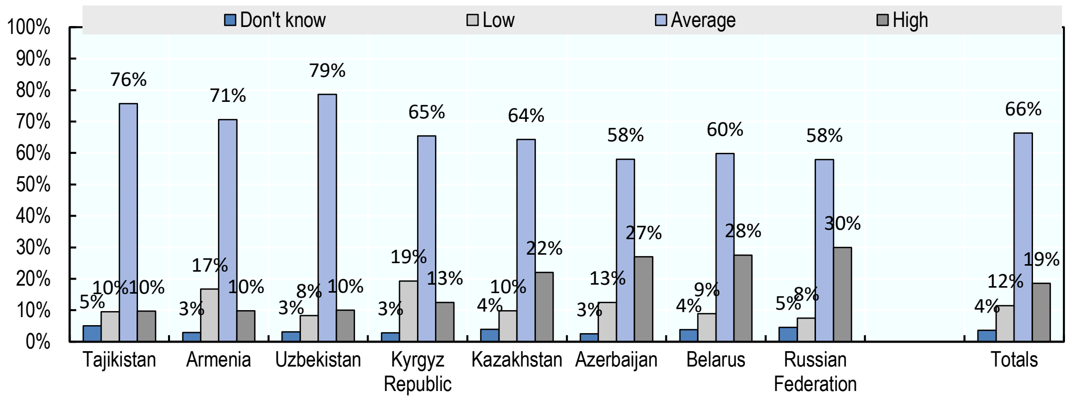


Self-reported financial knowledge

The survey asked participants to rank their own financial knowledge. This question is used to understand how confident individuals are in their own financial knowledge, which may lead them to more active use of financial products and services, but also riskier behaviour. The results of the self-reported financial knowledge question is illustrated in Figure 1.5.

Figure 1.5. Self-reported financial knowledge

Percentages of respondents self-assessing their financial knowledge. Sorted by the answer: high.



The largest number of respondents assessed their own financial knowledge as average (66% overall). About one-fifth of adults in the CIS assessed their financial knowledge as high (19%), while only 12% suggested their financial knowledge was low. Adults in the Russian Federation are the most confident, with some 30% reporting their own self-assessed financial knowledge as high. This figure is similar among adults in Belarus (28%) and Azerbaijan (27%). The latter is problematic as adults in Azerbaijan have scored lowest in financial knowledge.

Adults in Tajikistan, Armenia and Uzbekistan are the least confident in their financial knowledge, with only 10% assessing themselves as highly knowledgeable and over 70% in each of these countries self-assessing as average.

Overall, respondents were realistic in self-assessing their financial knowledge compared to the reality. Table 1.2 suggests that CIS adults score averagely (51.1% of the score) in financial knowledge, as the majority (66%) of adults self-assess. However, comparing the two measures broadly, about one-third achieve the minimum target score (Figure 1.4), but only about one-fifth assess their own knowledge as high. In this regard, adults in the CIS may under estimate their own financial knowledge, on average, but with differences within the individual countries (like Azerbaijan, discussed in the paragraph above).

Financial behaviour

Consumers' actions and behaviour are important in shaping their financial situation and well-being. It is financial behaviour that ultimately determines how consumers fare in their financial affairs. Naturally, policy makers may wish to affect the financial behaviour of consumers and steer them towards prudent actions. This is why the financial behaviour score has the greatest impact on the financial literacy score as calculated according to the OECD/INFE methodology. Some types of behaviour, such as actively saving money, paying bills on time, planning future expenditures or choosing financial products after shopping around and looking for the best deal, may impact positively on an individual's financial situation and well-being.

The OECD/INFE Toolkit measures financial behaviour by incorporating a variety of questions to find out about three potentially prudent financial behaviours such as:

- *Saving and long-term planning*: a set of questions seek to understand if individuals actively save, if they borrow or avoid borrowing to make ends meet in case of a short-term financial shortfall, as well as whether they set themselves long-term financial goals.
- *Making considered purchases*: questions explore if individuals seek independent information or advice when considering making a purchase (of financial products and services); if they consider multiple options when making a decisoin; and if they make informed decisions by shopping around rather than purchasing the most readily available product or service.
- *Keeping track of cash flow*: questions seek to understand whether individuals keep a watch on financial affairs, and if they pay their bills on time and avoid falling into arrears.

Together, the financial behaviour questions give an insight into individuals' actions related to their finances that, if undertaken, may allow individuals to live with minimal financial stress. Planning and saving can ensure that individuals have a financial cushion in times of a shortfall as a result of a sudden economic crisis. Avoiding unnecessary and excessive purchases, as well as shopping around, allows individuals to make their money "go a long way", live within their means and avoid indebtedness. Monitoring inflows and outflows of money, as well as proritising essential expenditure also allows individuals to avoid falling into debt. These insights are grouped into the financial behaviour score, illustrated in Figure 1.6.

Across the whole CIS sample, on average, adults scored about 5.6 out of the maximum behaviour score of 9. The highest behaviour scores, above 6 (or over two thirds of the score), were achieved by adults in Uzbekistan (6.2). The lowest score was achieved by adults in Azerbaijan (4.8).

Figure 1.6. Financial behaviour score

Financial behaviour score calculated from a number of statements related to budgeting, shopping around for products, saving money, carefully controlling expenditure and avoiding indebtedness. Maximum possible score is 9.

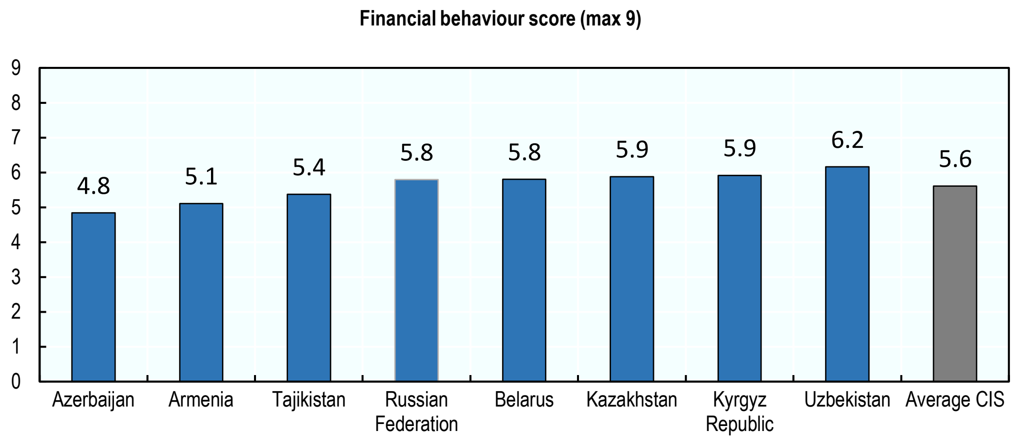
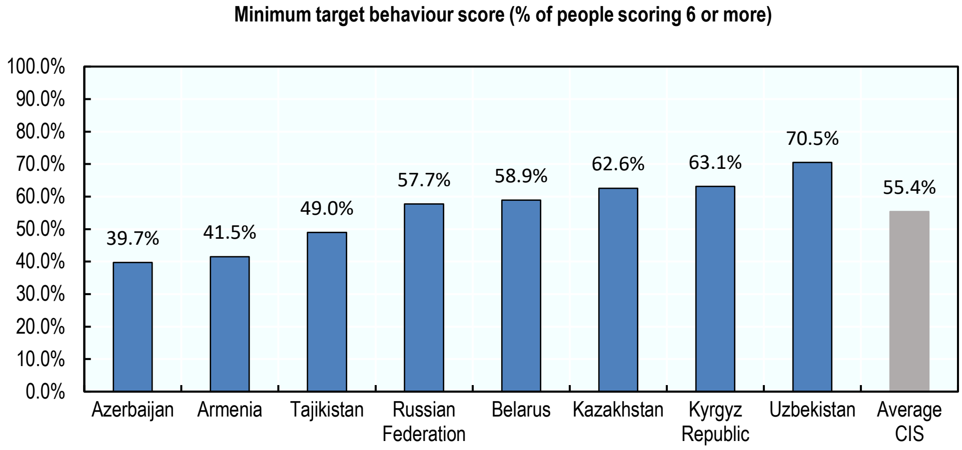


Figure 1.7. Minimum target behaviour score

Percentages of respondents who scored six or more on the question on financial behaviour.



The minimum target score, described in greater detail in the section on financial knowledge above, is a measure of the fraction of adults who achieve about 70% of the possible score, which in the case of financial behaviour means scoring 6 or more out of a possible 9.

Figure 1.7 lists the percentage of adults who achieved the minimum target behaviour score. On average, just over half of adults in the sample achieved this (55%). There was very large dispersion in the percentage of adults achieving the minimum score among countries in the CIS. About 71% of adults in Uzbekistan scored 6 or higher, while at the bottom end just under 40% of adults in Azerbaijan achieved this score. Over half of adults in the Kyrgyz Republic (63%), Kazakhstan (63%), Belarus (59%) and the Russian Federation (58%) achieved the minimum target behaviour score.

Important elements of financial behaviour included in the financial behaviour score are characteristic of financial resilience (such as saving, being in control of money, planning and budgeting, and avoiding financial shortfalls and the resultant indebtedness). These are explored in detail in Section 3.

Financial attitude: attitudes to longer-term financial planning

The OECD/INFE definition of financial literacy recognises that even if an individual has sufficient knowledge and ability to act in a financially prudent way, their attitude will influence their decision on whether or not to act: “A combination of awareness, knowledge, skills, attitudes and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being.”[11]

The OECD/INFE Toolkit, therefore, includes three attitude statements to gauge respondents’ attitudes towards money and planning for the future. A higher score is given to those respondents that exhibit more positive attitudes towards the long-term and towards saving. The questions require respondents to use a scale to indicate whether they agree or disagree with the following statements:

- “I tend to live for today and let tomorrow take care of itself” (long-term).
- “I find it more satisfying to spend money than to save it for the long-term” (saving and the long-term).
- “Money is there to be spent” (long-term and saving).

[11] OECD (2018), OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion.

Each of the statements focuses on preferences for the short-term through 'living for today' and spending money. These kinds of preferences are likely to hinder behaviours that could lead to improved financial resilience and well-being. The toolkit aims to capture the extent to which people show more financially literate attitudes: that is, the extent to which people disagree with the statements. Across the CIS, adults scored 2.5 on average out of a maximum of 5 (Figure 1.8) and yet only 25% of adults were able to achieve the minimum target score of over 3 (Figure 1.9). The highest scores were achieved by adults in Uzbekistan (2.8); repondents in Azerbaijan, Tajikistan, and Kazakhstan (all with 2.4) achieved the lowest scores.

Figure 1.8. Financial attitude score

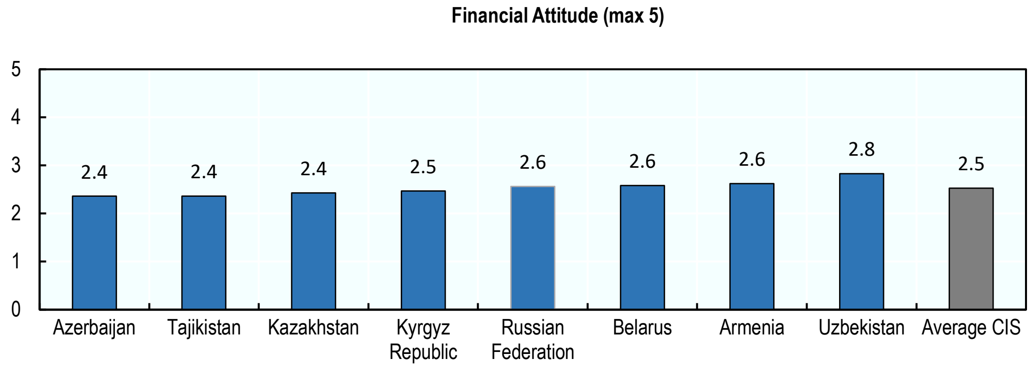
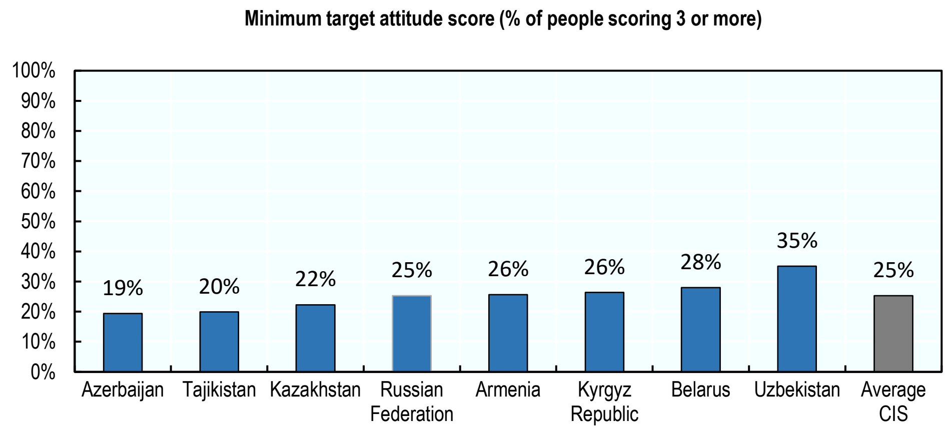


Figure 1.9. Minimum target score (more than 3) on financial attitudes

Percentages of respondents who scored four and five in the attitude score.



2 Financial well-being

The OECD score of financial literacy and its components is created to reflect the OECD definition (see the definition in the introduction of this report). According to this definition the OECD/INFE Toolkit recognises that financial well-being is an important objective of financial literacy and includes a number of statements that seek to describe it.

The concept of financial well-being is of particular importance to the CIS, a region in an economic and financial transition to open markets. As financial responsibilities have been transferred from the State to the individual over the past three decades, the financial systems in the CIS have simultaneously expanded and become more complex. This process has unfolded considerably faster than in the developed market economies (that did not go through a stage of economic planning) thus leaving people to catch up with their understanding of how finance works and how to take care of their incomes and savings. The economic and financial transition has undoubtedly put individuals under financial stress and considerable pressures.

To measure financial well-being, the latest version of the OECD/INFE Toolkit, updated in 2018, used statements that were designed by the US Consumer Financial Protection Bureau (CFPB), which has developed a definition of financial well-being and has proposed a way of constructing a financial well-being measure.[12] These statements also formed an important part of a framework for exploring financial well-being proposed by the OECD.[13] The aim of both the CFPB and the OECD has been to produce a measure of financial well-being that is based on analytical principles and would allow policy makers to discuss financial well-being in a consistent manner internationally.

The core elements of the operational framework of financial well-being proposed by the OECD includes financial control, day-to-day financial life and long-term financial planning.[14] The OECD-proposed framework is broader than that of the CFPB as it includes elements of financial literacy, such as financial knowledge, skills and consumer self-control, which form part of the financial literacy score. Thus the financial well-being score reported below can be seen as a complement to the financial literacy score reported in the first section of this report. The five statements that were used to create a financial well-being score in this report are listed in Table 2.1.

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[12] The methodology and the way it is derived is described in the CFPB report of 2015 “Financial well-being: The goal of financial education”, see CFPB (2015). https://www.consumerfinance.gov/data-research/research-reports/financial-well-being/

[13] (OECD, 2019)

[14] OECD (2019)

Table 2.1. Statements that make up the financial well-being score

This table lists the statements, the question number that appears in the OECD/INFE Toolkit and the scoring of answers

Because of my money situation, I feel like I will never have the things I want in life	Question QS3_3	Scoring is from 0 (complete agreement) to 4 (complete disagreement)
I am just getting by financially	Question QS3_10	Scoring is from 0 (complete agreement) to 4 (complete disagreement)
I am concerned that my money won't last	Question QS3_9	Scoring is from 0 (complete agreement) to 4 (complete disagreement)
I have money left over at the end of the month	Question QS2_4	Reverse coded, Scoring is from 4 (complete agreement) to 0 (complete disagreement)
My finances control my life	Question QS2_2	Scoring is from 0 (complete agreement) to 4 (complete disagreement)

Depending on the answer, each of the five statements can award the respondent between zero and four points. Thus the maximum achievable financial well-being score is 20 and the minimum 0.[15]

The CFPB suggests interpreting a higher score as an indication of a higher level of measured financial well-being. However, as this is a score based on a self-assessed scale, there is no specific cut-off for a "good" or "bad" financial well-being score. Most people's scores would tend to fall somewhere in the middle - extremely low or extremely high scores would be uncommon.

Figure 2.1 presents the financial well-being scores as a percentage of the maximum, as developed by the OECD/INFE, of all the CIS countries and Table 2.1 lists the scores as a percentage of the total.

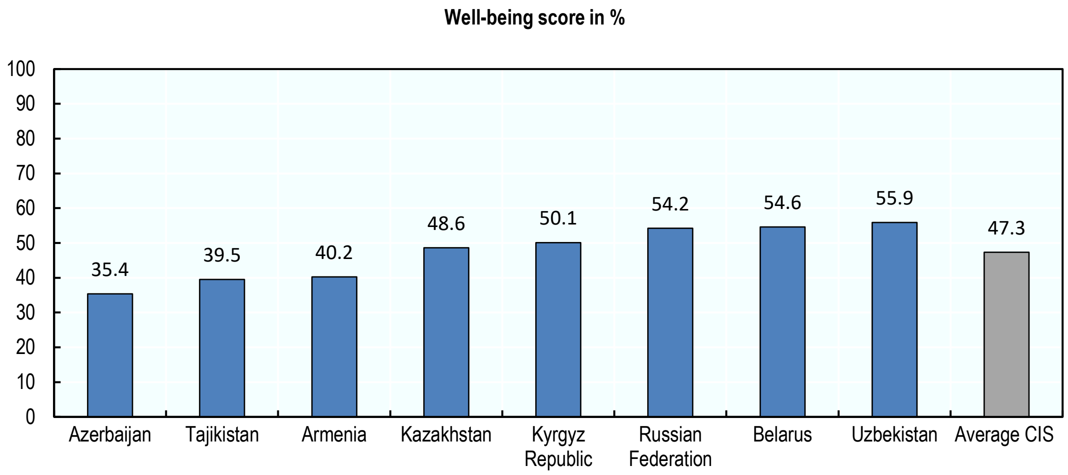
The average score of all participants is 9.5 (or 47.3%). This suggests that, on average, surveyed individuals do not consider their financial situation to contribute positively to their well-being, but rather to add stress and worry. This measure is constructed from a set of self-assessed statements and thus would tend to the mean and not to the extremes. A score below the average, however, means that respondents are more insecure over control of their finances, feel less confident about their ability to absorb financial shocks in the future, are more inclined to agree that their finances restrict their life choices and they are ultimately lagging behind their long-term financial plans. There is plenty of room for improvement. When interpreting these results, it is important to consider that this is a subjective self-assessment of the individual's relationship with money, based on the statements.

This score was calculated based on data collected in the first six months of 2021, during the ongoing COVID-19 pandemic.. A low score below the 50% mark suggests that individuals experience financial stress where they feel that their current financial situation is affecting the quality of their lives. However it is difficult to claim that this is the result of the pandemic and the associated economic crisis.

The range of scores is wide - the highest are comfortably over half of the maximum (55.9% in Uzbekistan, 54.6% in Belarus, and 54.2% in the Russian Federation) and the lowest score is close to one third of the maximum (35.4% in Azerbaijan). (see Figure 2.1)

[15] The scoring of CFPB is slightly different in that they take the score made up of the answers to the statements and convert it into a scale that varies slightly depending on the age group and data collection mode of the respondents. This report uses the aggregate score obtained directly from the responses to the statements without altering them without any adjustments.

Figure 2.1. Financial well-being score in % of the maximum



Adults in half of the countries (Uzbekistan, Belarus, the Russian Federation and the Kyrgyz Republic) scored over 50%. The low average of under 50% is thus driven by the very low score in Azerbaijan and the low scores of adults in Tajikistan (39.5% of the maximum) and Armenia (40.2% of the maximum).

Table 2.2. Financial well-being score

Country	Well-being score (out of 20)	Well-being score in % of maximum
Armenia	8.0	40.2
Azerbaijan	7.1	35.4
Belarus	10.9	54.6
Kazakhstan	9.7	48.6
Kyrgyz Republic	10.0	50.1
Russian Federation	10.8	54.2
Tajikistan	7.9	39.5
Uzbekistan	11.2	55.9
Average CIS	9.5	47.3

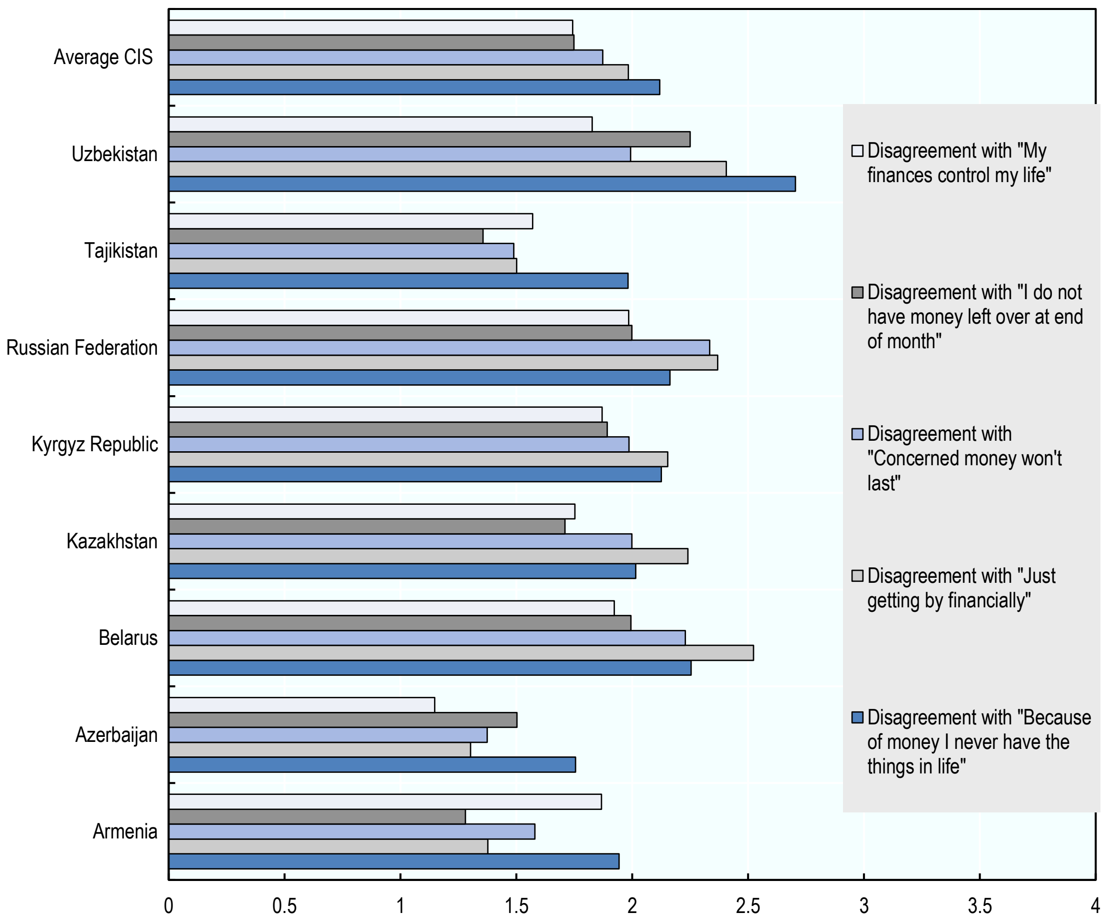
Figure 2.2 illustrates the average scores across the five financial well-being statements. On average the lowest scores (i.e. most people have agreed with the negative statements about the state of their finances and the impact on their lives) are attached to the statements "I do not have money left over at end of month" and "My finances control my life". This suggests that adults in the CIS are concerned with the overwhelming and negative effect (of control) that money has on their lives, as well as on the lack of opportunities to save. This may be due to low incomes or high expenses to meet their own or their family's needs.

Somewhat higher scores (just over 50% of the possible maximum, which in itself is not high) are allocated to the statements “Because of money I never have the things I desire in life” and “I am just getting by financially”. This may suggest that for at least half of the adults who took part in the CIS survey, their basic needs are met and they are (just) getting by financially, but they have no money for any additional expenses or luxuries, for example.

The low overall scores in financial well-being may suggest to policy makers that financial stress and worry over individual financial matters is prevalent in the CIS, and that incomes are just about sufficient for basic expenses for some individuals and for many individuals are not sufficient. This suggests that income support policies, especially in the wake of the COVID-19 pandemic, will be important to alleviate the financial stress of individuals.

Figure 2.2. Average scores across the five well-being statements

Recall that disagreement with the negative statements allocates points to make up the financial well-being score. Consequently, countries where more people disagree with the negative statement have a higher financial well-being score. See Table 2.1 for a recap of the scoring principle.



3 Financial resilience and associated financial behaviours

Financial resilience is an essential characteristic for citizens everywhere. It is necessary to ensure individuals can cope with the predictable financial choices and difficulties in life, such saving enough over a very long period of time for a comfortable retirement, but also with unpredictable and highly unexpected shocks such as the ongoing COVID-19 pandemic.

Individual financial resilience can be thought of as being composed of four groups of elements. This chapter looks at each of these in turn and in greater detail:

- *Taking care of one's money*: A mark of a financially far-sighted and thus resilient individual is keeping a watch over expenses and making careful purchases (like budgeting and not spending impulsively, for example), paying ones dues on time (to avoid interest payments and accumulating debt), and planning for the long term when income may be varied and needs greater (funding retirement, for example).

  The data in this report suggests that the majority of adults in the CIS (86%) tend to pay their bills on time, carefully watch over their finances (71%) and carefully consider what they purchase (69%). Some 58% of adults suggest they plan their financial affairs for the long term. Government pension schemes represent the largest part of retirement planning - about 70% plan to draw on a government pension. However, this is clearly seen as an insufficient source of income for old age, because about 64% will rely on a partner or a family friend for financial support in retirement, while 63% will continue working.

- *Prudent saving behaviour*: Actively saving and budgeting to ensure money is appropriately allocated improves the ability to 'weather' a financial shortfall. A result of financially prudent behaviour is the availability of savings.The ability to support oneself for a period of time without income is important. Individuals are likely to experience periods when they have to live on their savings and while some are planned (periods of study or training, for instance), others, such as the ongoing economic crisis caused by the COVID-19 pandemic are unplanned and likely to result in loss of income for segments of societies globally. Having planned for this type of sudden crisis and having put money aside is an important characteristic of financial resilience.

  The data from the current survey suggests that, positively, over two-thirds of adults in the CIS keep a careful watch over their finances (71% of responses), seek to actively save (69% of responses) and budget (87% of responses). However, while the availability of savings is important to meet any financial shocks during the lifetime of individuals and should be boosted by the prudent behaviours reported above, the survey suggests that 16% of adults across the CIS only have a financial cushion of about one week in the event of losing their main income. 30% of adults surveyed report having savings to last them about one month. Only 13% suggest they could live for longer than six months if they lost their main source of income. Given the length of the COVID-19 crisis these figures should prompt policy makers into action, whether through income support policies or temporary financial relief for vulnerable individuals.

- *Coping with a financial shortfall*: How individuals cope with a financial shortfall, for example deciding between borrowing, seeking to increase income or using up accumulated savings, will have long term implications for their financial future.

  Consistent with the low availability of savings reported in this document, over 50% of adults responding to this survey experienced a financial shortfall over the past 12 months. To cope with this shortfall, most respondents borrowed informally (from family, friends or other informal sources), some 64% of the total. At least 17% used government financial support to cover up their financial gap.

- *Detecting fraud and trusting reliable sources of support*: Being aware of, and taking care not to fall victim to financial scams and possible fraud is a characteristic of a financially resilient (and literate) individual. Knowing where to seek appropriate help and trusting the right sources is also important.

  About 4% of adults on average report falling victim to some type of financial fraud (such as Ponzi schemes, phishing or financial identity theft) or experiencing financial loss after receiving poor service from a financial service provider.

  Strong patterns of informality and low trust in institutions can be detected across the responses of adults surveyed. While 69% of adults suggest they will rely on a government pension, about 64% suggest they will rely on a partner or family to support them in old age. By far the largest proportion of adults in the CIS (55%) suggest they prefer saving in cash at home, and 30% suggest they give money to family to save on their behalf. A full one-fifth (21%) of individuals responded they do not trust any public or private institution to provide them with financial news or financial education.

The analysis in the chapter suggests that large groups within the CIS economies have limited financial resilience. A number of prudent behaviours and attitudes appear well-recognised by adults in the CIS, however the availability of savings is low, informal sources of funding dominate, and people expect to experience financial pressures in the long term funding for their retirement.

Taking care of one's money

Taking good care of one's money in the OECD Toolkit is consistent with spending carefully (measured by the statement on "carefully considering purchases one makes"), avoiding falling into debt (measured by the statement "paying bills on time"), "keeping a careful watch over one's money", and "planning for the long term" when dealing with financial matters (see Figure 3.1, Panel I).

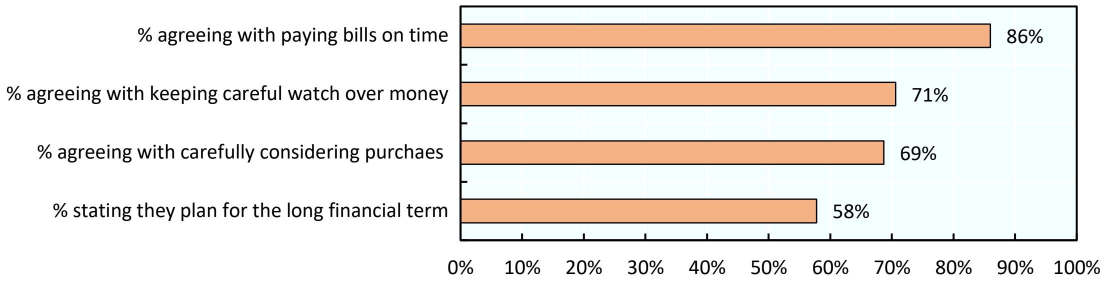
These statements, on the other hand, are inconsistent with living within one's means but consistent with using debt for regular and conspicuous consumption. Debt taken out to cover the purchase of rapidly depreciating items tends to be short-term, costly and unsustainable in the long run. It tends to trap individuals and households into a vicious circle of costing more to upkeep the original debt, as interest accumulates and often requires more debt to repay the interest payments, thus accumulating a greater amount of debt over time.

Figure 3.1, Panel I, suggests that the majority of adults in the CIS (86%) tend to pay their bills on time, carefully watch over their finances (71%) and carefully consider what they purchase (69%). Some 58% of adults suggest they plan their financial affairs for the long term. Given the high percentages of those who carefully watch over their finances and spending, the reason for this could be insufficient income to consider long term saving or investment.

Figure 3.1. Taking care of money and resources across CIS

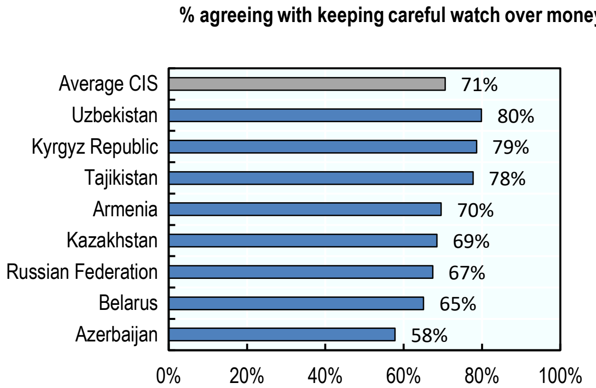
Panel I – CIS average

Percentage of respondents who agreed with the respective statements on average across CIS

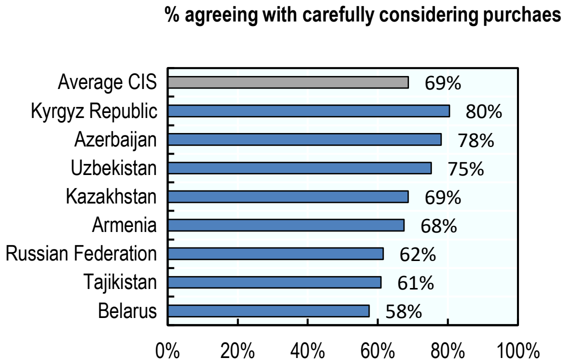


Panel II – Averages across individual CIS countries

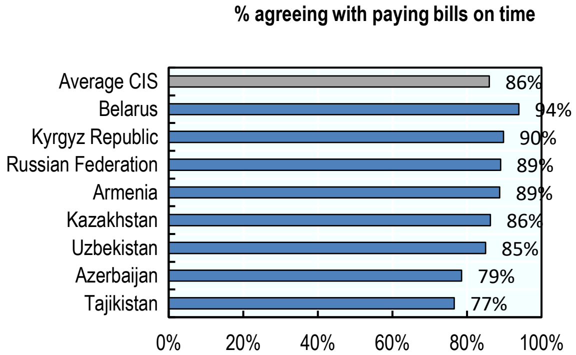
Percentage of adults in the CIS in agreement with the statement "I keep a careful watch over my money"



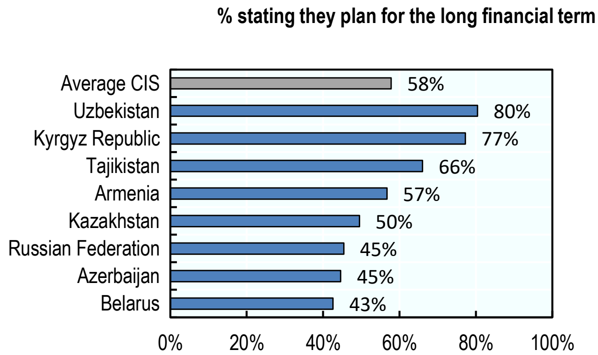
Percentage of adults in the CIS in agreement with the statement "I carefully consider before making a purchase"



Percentage of adults in the CIS in agreement with the statement "I pay my bills on time"



Percentage of adults in the CIS in agreement with the statement "I plan my finances for the long run"



Box 3.1. Retirement plans across the CIS

Countries in the CIS inherited an almost universal coverage of public obligatory pension plan that have been continuously reformed over the past 30 years with the introduction of compulsory and voluntary pay-as-you-go public pension schemes, private alternatives and other long-term saving arrangements for retirement.

The majority of adults in the CIS still rely on public servicing and provision of retirement saving plans (see Chart, below). This is evident from the OECD survey results, where about 70% of adults in the CIS suggest that they plan to rely on a government pension when they retire. Evidently, this is not considered enough, because over 50% suggest they would rely on a partner or family for financial support in old age (64%), would have to continue working (63%) and use savings they have accumulated over their lifetime (58%).

The reliance on private pension schemes is low, about 1/3 suggest they will use funds from a private pension upon retirement. Similarly, about 1/3 suggest they will rely on revenues from business they own. The lowest category of retirement funding is expected income from financial assets (only 18% of respondents), which is consistent with the low uptake in investment products that can generate such income (described in Section 4 Financial Inclusion Measures).

There is important heterogeneity among individual countries (see Table, below). Greatest reliance on public pension schemes is in Belarus and Uzbekistan (both at 83%), the Russian Federation (80%) and Kazakhstan (78%). It is lowest in Armenia (44%). The highest proportion of individuals responding that they plan to rely on a private pension is in Kazakhstan (59%). About 80% of adults in the Kyrgyz Republic suggest they will rely on a partner or family for retirement funding, while 74% of Armenians plan to continue working.

Chart: Percentage of adults in the CIS and how they plan to fund their retirement

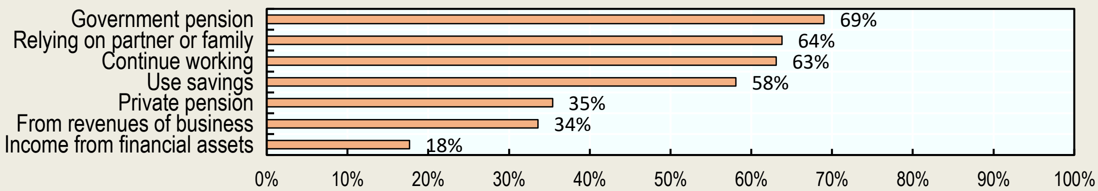


Table: Percentage of adults across individual countries in the CIS and how they plan to fund their retirement

Country	*Government pension*	*Private pension*	*Income from financial assets*	*Relying on partner or family*	*Use savings*	*Continue working*	*From revenues of business*
Armenia	44%	10%	23%	60%	51%	74%	34%
Azerbaijan	63%	28%	10%	55%	32%	50%	24%
Belarus	83%	51%	23%	54%	73%	67%	22%
Kazakhstan	78%	59%	16%	63%	64%	64%	30%
Kyrgyz Republic	59%	24%	23%	80%	66%	68%	59%
Tajikistan	63%	44%	19%	79%	50%	57%	30%
Uzbekistan	83%	17%	10%	66%	67%	60%	47%
Russian Federation	80%	49%	19%	53%	63%	64%	22%
Average CIS	69%	35%	18%	64%	58%	63%	34%

Note: Individuals could provide more than one answer to the sources of retirement funds, which is why percentage exceed 100%.

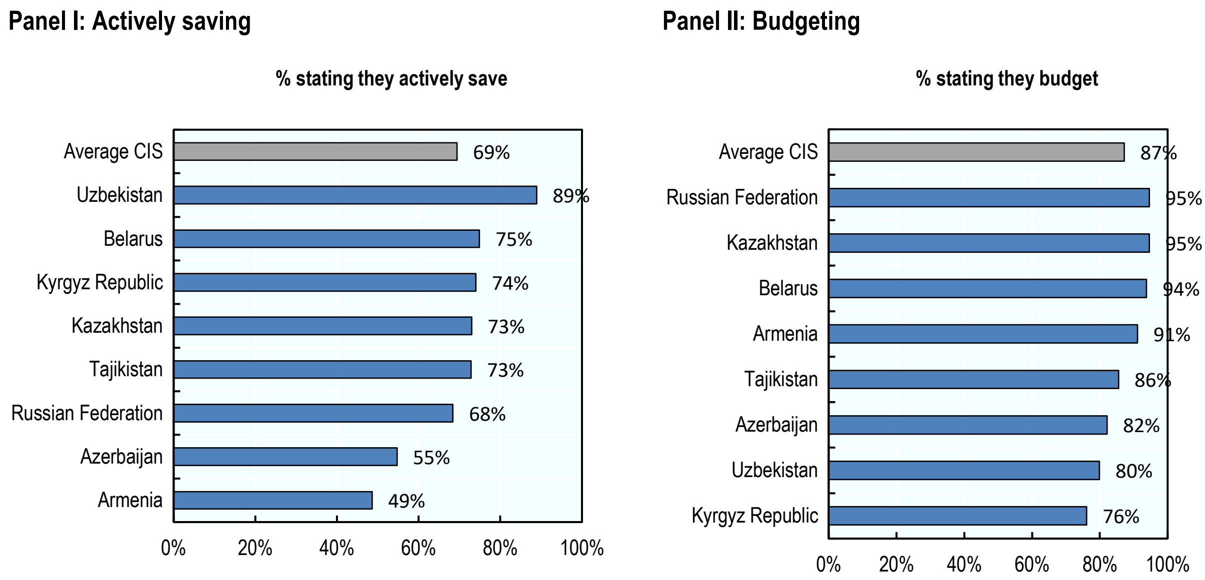
Prudent saving behaviour

When considering prudent financial behaviour, a commitment to saving is a key characteristic. Core competencies of financial literacy typically stress the importance of having/building up ‘rainy day’ savings, as well as saving for longer-term goals.[16] Regular and active saving builds up a financial cushion and allows individuals to pursue long-term financial goals.

Figure 3.2 presents the proportions of adults across the various countries in the CIS who state they actively save (Panel I) and budget (Panel II). On average, large proportions of adults in the CIS suggest they actively save (69%) and budget (87%), which is consistent with the high proportion of adults reporting that they keep careful watch over their finances (see Figure 3.1). Almost 90% of adults in Uzbekistan report they actively save (consistent with the high financial behaviour score computed for Uzbekistan), while only about half of adults in Azerbaijan (55%) and Armenia (49%) suggest they are actively saving. Budgeting appears to be a financial literacy strong point of adults in the CIS with over two thirds of them across all surveyed countries reporting they budget.

Figure 3.2. Measures of prudent saving behaviour

The charts in Panels I and II illustrate the percentage of adults in the individual CIS countries that responded to the questions “Are you actively saving money” and “Are you budgeting yours or your household finances”.



The need for savings and budgeting behaviour is illustrated by Figure 3.3, which reports responses to the question “If you lost your main source of income, how long could you continue to cover your living expenses, without borrowing any money or moving house?”. It exhibits the financial cushion that adults in the CIS report having if they lose their main source of income.

On average in the CIS, the largest proportion of adults could live off their savings for about one month (30%). Almost as many (27%) report having a financial cushion of savings to last them between one month and six months. Only 13% suggest they could live off their accumulated savings for longer than six months.

[16] See for instance the OECD (2016), G20/OECD INFE Core competencies framework on financial literacy for adults (https://www.oecd.org/finance/Core-Competencies-Framework-Adults.pdf).

What is worrying is that 16% could cover their living expenses for only *one week*. This proportion, coupled with the 14% who are not aware of their financial cushion, or do not keep track of their financial situation (which is often an indication of living day-to-day) amounts to 30% or almost a third of the respondents.

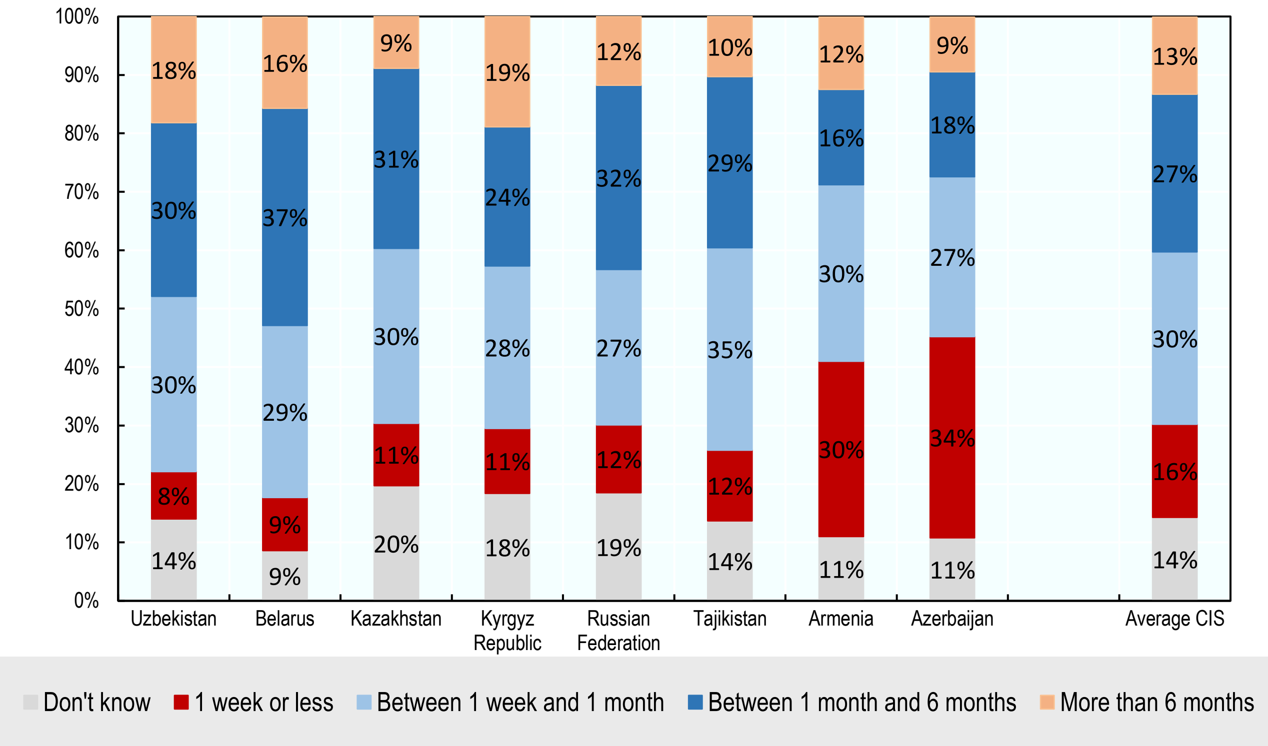
Adults in Azerbaijan appear to have the smallest financial cushion, with 35% suggesting their savings would last one week or less. Adults in Armenia exhibit a similar pattern, with 30% falling into the smallest financial cushion category. These two countries appear to be outliers when compared to the rest of the CIS, where between 8% and 12% of adults report savings of one week or less; about 30% respond they have savings to last them under one month and, similarly, about 30% report their savings would last between one month and six months.

The data shown in Figure 3.3 is worrying for policy makers across the CIS, given the length of time various restrictions were in place to contain the pandemic and the knock-on negative economic effects. Simply to survive the period of economic downturn, a noticeable proportion of adults in the CIS would have had to rely on public resources, borrowing or support from other sources (such as friends, relatives, etc.).

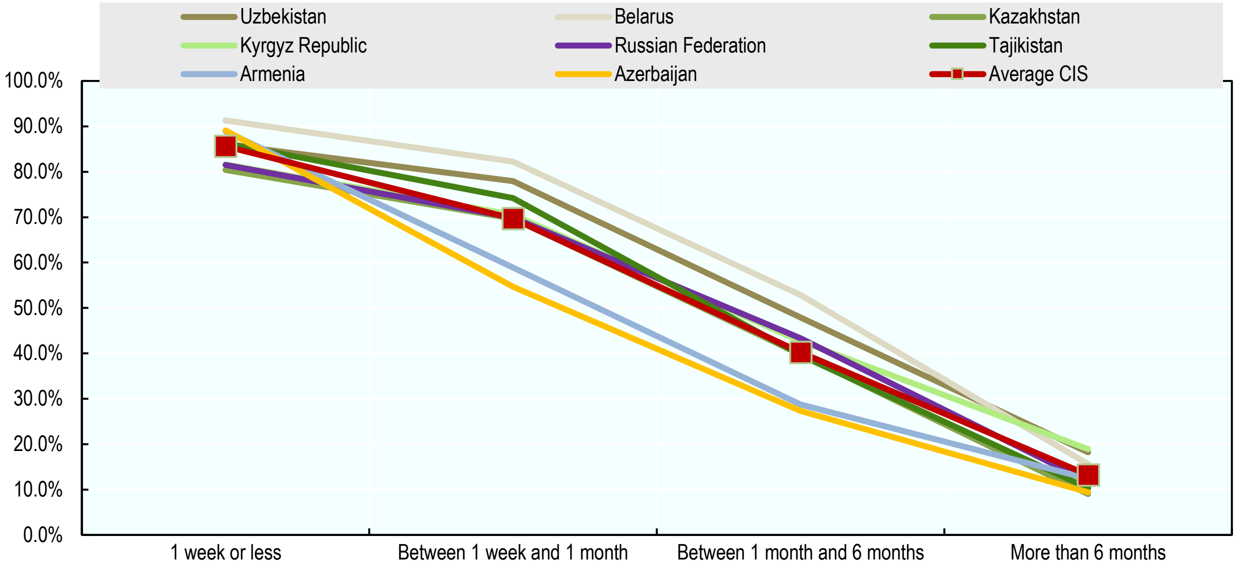
Figure 3.3. Differences in available financial cushion in case of loss of income

Percentages of adults who responded they have a financial cushion in case of sudden loss of income to last them: (i) don't know; (ii) 1 week or less; (iii) between 1 week and 1 month; (iv) between 1 month and 6 months, and (v) more than 6 months.

Panel I: Percentage of adults who have savings to cover the respective time periods; sorted by 1 week or less.



Panel II: Percentage of individuals who can rely on savings to cover the respective time period in case of an unexpected loss of their main income. The data should be interpreted as all the people in a country (as a %) who can cover their living expenses for the respective time period.



Box 3.2. Savings behaviour

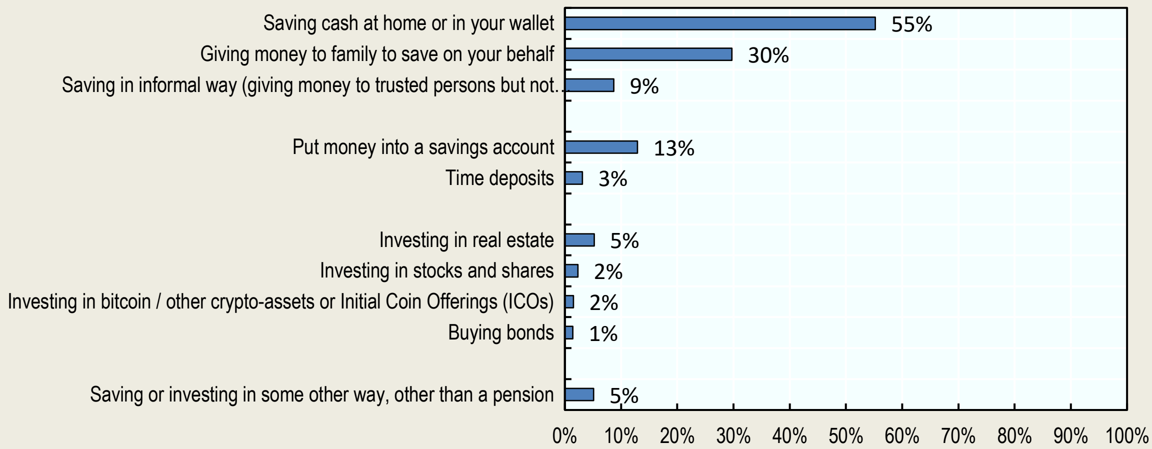
This box looks at a breakdown of the individual savings methods as reported by adults in the CIS (in response to a question about how they save their personal money, excluding any mandatory retirement savings). The chart reports savings methods across the CIS on average, while the table presents this broken down by individual country. It is important to note that more than one answer is possible, which is why the percentages add up to more than 100%.

The chart suggests that *saving cash at home or in one's wallet* is the single most common method of saving across the CIS on average, with 55% of adults responding positively. About one third (30%) of adults also suggest they *give money to family to save*, and about 9% suggest they *give money to trusted persons* (who are not immediate family) to save on their behalf. About 13% responded they *save money into a savings account*.

A small proportion of adults in the CIS invest their money, with some 5% investing in real estate (importantly, this does not mean buying a principal residence). It is interesting to note, given the very different risk profile of these two types of assets, that as many adults report they invest in stocks and shares as those who report investing in bitcoin or other crypto-assets (only about 2%).

The strong preference of saving cash or using family or close relations to save suggests that informality is prevailing in the CIS financial sector. This means that large parts of savings do not make their way into the banking sector and consequently do not end up being transformed into loans or productive investments. This is an important inefficiency in the financial systems of CIS economies.

Chart: Methods of saving money as reported by adults across the CIS



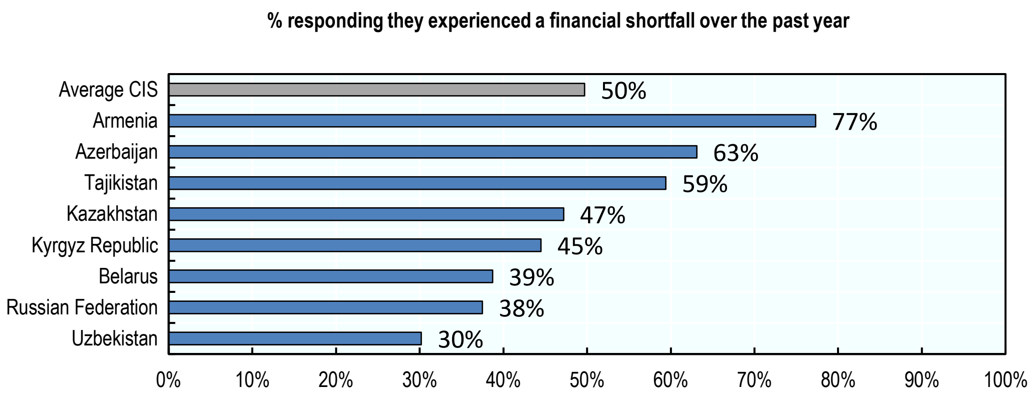
Coping with a financial shortfall

Figure 3.4 illustrates the percentages of adults who responded that they experienced a financial shortfall (where expenses were higher than income at a particular time period) over the past 12 months. On average about 50% of surveyed adults in the CIS responded positively. This is a very high proportion on average, but a considerably higher proportion of adults in Armenia (77%), Azerbaijan (63%) and Tajikistan (59%) report experiencing a financial shortfall. Close to half of adults in Kazakhstan (47%) and the Kyrgyz Republic (45%) experienced a financial shortfall. This figure was close to 40% in Belarus (39%) and the Russian Federation (38%). The lowest proportion of adults to experience a financial shortfall was in Uzbekistan (30).

The proportion of adults experiencing a financial shortfall over the past year across the CIS is very high. It is considerably higher than in 2017 (the year that the first OECD survey was conducted) when 41% of CIS adults reported experiencing a shortfall. In 2017, 76% of respondents in Armenia reported a shortfall, compared to 56% in Azerbaijan 37% in Kazakhstan and 36% in the Russian Federation. The lowest proportions of adults reporting experiencing a shortfall were in Tajikistan (32%), Belarus (28%) and the Kyrgyz Republic (16%). In 2021 all of these countries reported higher percentages of adults who experienced a financial shortfall, as shown in Figure 3.4. The experience of COVID-19, a sanitary and an economic crisis, must be the key reason why so many adults have seen their main sources of income cease or been faced with an unexpected and large expense.

Figure 3.4. Experiencing a financial shortfall

Percentage of respondents who report experiencing financial shortfall (expenses are higher than income) in the past 12 months.



The economic effects of COVID-19, caused by lockdowns, physical distancing and the closure of a number of businesses during the pandemic peaks, have been similar across countries. A sharp drop in economic activity resulted in reduced incomes of individuals employed in the worst impacted sectors; especially those who could not continue their work from a distance or through digital means. The scale of the economic losses and individual financial losses may have been different across countries (due to different government responses, for example), even though the type of negative economic shock was identical.[17] Figure 3.4 is consistent with such analysis. The size of the group of individuals experiencing financial shortfall varies across the countries of the CIS, however it is high across all of them.

Coping strategies during the period of financial shortfall exhibit consistent patterns across the countries in the CIS. The most utilised option was to borrow money informally (from family, friends, or other trusted persons) with 64% of adults in the CIS having resorted to this. The largest proportion – some three quarters or 75% – of adults in the CIS who opted to borrow informally to cover a financial shortfall were in Armenia. The smallest proportion of adults who resorted to informal borrowing were in Belarus, some 45%. A key message to policy makers, consistent with Box 3.2, is that informality is prevalent in the CIS. Not only are savings kept in cash, but much borrowing is also conducted outside of the formal financial system.

[17] The OECD Economic Outlook, June 2020 (https://www.oecd.org/economic-outlook/june-2020/)

Borrowing formally (from a bank or another licenced and regulated lender) is the second most popular option. Close to half of adults (48%) who experienced a financial shortfall in the CIS borrowed formally (See Table 3.1 for the % of adults in individual countries).

The other three coping strategies utilised by a large proportion of adults (about one in five) who fell on hard financial times over the past year were: use of remittances (19%), delaying payments and accumulating debt (18%), and obtaining public support (17%).

Use of remittances is most prevalent among adults in Tajikistan (32%), the Kyrgyz Republic (26%) and Armenia (26%). This is unsurprising, given that in 2020 remittances made up close to 27% of GDP in Tajikistan, over 28% of GDP in the Kyrgyz Republic, and over 10% of GDP in Armenia.[18] The smallest proportions of adults who used remittances were in Azerbaijan (5%), Belarus (10%) and Kazakhstan (12%), where remittances make up a very small fraction of annual GDP and focus of inward migration flows.

The largest proportion of adults who delayed paying current expenses were in Uzbekistan (26%) and Kazakhstan (25%). The lowest proportion were in Belarus (12%) and Azerbaijan (13%); while Tajikistan (18%), Armenia (19%) and the Russian Federation (19%) were in the middle.

There appears to be a large variation in the percentage of adults who obtained public financial support across the various countries in the CIS. More than a quarter of adults in Kazakhstan (27%) and Azerbaijan (26%) did so; but only 6% received public funds in Belarus and 8% in the Russian Federation. These results may be specific to the time of data collection (May-August 2021) as government support has varied across time. The issue of public support during the times of COVID-19 is discussed in greater detail in Box 3.3.

Table 3.1. Coping strategies when experiencing a shortfall in income

The first column shows the proportion of individuals who experienced a shortfall in income over the past 12 months, while the columns to the right show the percentage of those who experienced a shortfall and their coping strategy.

	Loss of income	**Coping strategies >>>**				
	% responding they experienced a financial shortfall over the past year	***% who borrowed formally***	***% who borrowed informally***	***% who delayed payment***	***% who obtained public financial support***	***%who used remittances***
Armenia	77%	56%	75%	19%	17%	26%
Azerbaijan	63%	39%	61%	13%	26%	5%
Belarus	39%	23%	45%	12%	6%	10%
Kazakhstan	47%	48%	64%	25%	27%	12%
Kyrgyz Republic	45%	59%	68%	15%	14%	26%
Tajikistan	59%	59%	67%	18%	14%	32%
Uzbekistan	30%	53%	64%	26%	18%	17%
Russian Federation	38%	37%	54%	19%	8%	17%
Average CIS	50%	48%	64%	18%	17%	19%

[18] World Bank data (accessed 21/09/2021): https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS

Note: Individuals could indicate more than one coping strategy, which is why the sum of the percentages is greater than 100.

Box 3.3. Public financial support in times of COVID-19

The individual support provided by governments

The COVID-19 pandemic affected households and businesses globally in the first half of 2020. It has proven to be a severe test on individuals' financial resilience. For policy makers, it put financial resilience and financial well-being at the fore of the agenda and provided an opportunity to re-focus on the essential elements of financial literacy. In practical and immediate terms, the restrictive measures already taken to prevent the further spread of the virus, such as temporary closure of businesses, schools and public facilities, as well as social distancing measures, have had a strong negative impact on business activity and individuals' well-being. Loss of income, trouble paying bills or meeting other financial obligations, or heightened risk of falling victim to financial scams and fraud have been prevalent.

Policy makers have stepped in rapidly and are using all available financial safety nets. They have looked to provide temporary unemployment benefits and/or easier access to individual finance at subsidised cost, as well as providing 'credit holidays' by requiring banks to defer the payment dates of loan instalments in full.

Chart A below recalls the proportion of adults in the CIS (17%) who obtained government financial support, having fallen into a financial shortfall over the past year. This figure includes individuals who reported they received government financial support, including support that was specific to COVID-19. While the question on public financial support was broader than COVID-related funding, it is a fair representation of the financial help that governments in the CIS provided. COVID-19 (and the related economic consequence) has been the single most disruptive factor on individual finances globally and the vast majority of government funding over the past year has been spent to overcome the immediate effects of the pandemic.

The individuals who obtained public funds in response to an individual financial shortfall make up a large group – 17% or almost one in every five of those who reported financial trouble. This proportion grows to almost one in three (of those who faced financial shortfall) in Kazakhstan (27%) and Azerbaijan (26%) – see Chart B. Almost one in five obtained public funds in Uzbekistan (18%) and Armenia (17%); one in seven in the Kyrgyz Republic (14%) and Tajikistan (14%); and about one in fourteen in the Russian Federation (8%) and Belarus (6%).

Chart A: Experiencing a financial shortfall and coping strategies for those who faced a financial shortfall across the CIS

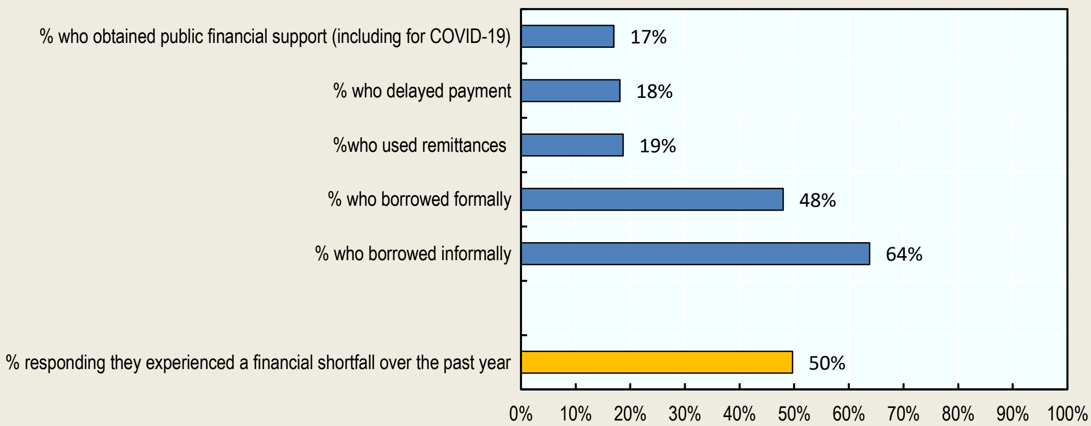
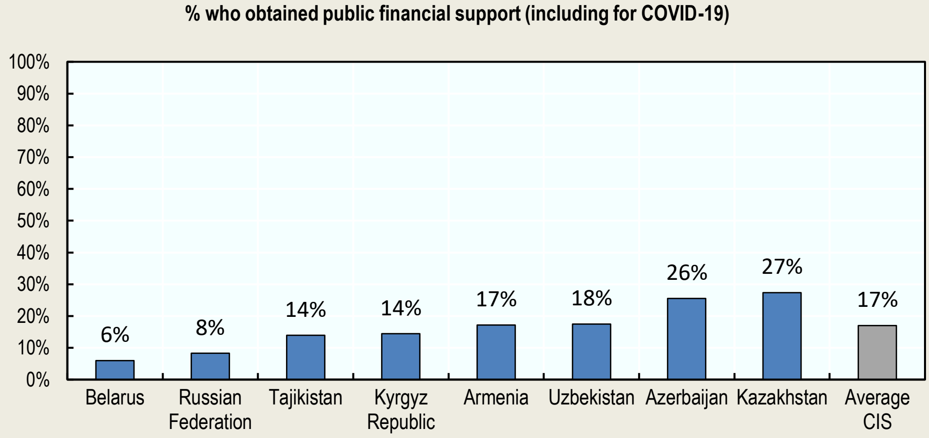


Chart B: Percentage of adults per country who obtained public financial support (including for COVID-19)



Recommendations for further policy actions to support individuals in the wake of COVID-19

Further to supporting the financial cushion of individuals, providing immediate and accessible advice and counselling services on financial literacy can boost individuals' ability to handle financial stress and boost trust and confidence. The unprecedented situation has focused the attention of individuals and may present a unique teachable moment:

- *Recalling basic financial literacy concepts*: Only one third (31%) of the adults in this survey reached the minimum target score in knowledge. Thus, basic skills of budgeting, medium and long-term planning, the benefits of compound interest and consistent savings behaviour, would be the first 'line of defence' against interruptions in income and the need to meet fixed costs (like rents/mortgages, childcare, others).
- *Accessible and effective communication channels*: Digital channels have been rapidly adopted and individuals are already following a steady stream of government advice. Policy makers may encourage the use of existing online financial education resources to support citizens in the current crisis, to help them build longer-term financial resilience and to further support financial inclusion. They can ensure efficient and effective use of trusted personal finance apps to help people find relevant information and keep up to date with financial advice, products and services. Fittingly, in time of financial stress, policy makers could point to suitable anti-fraud advice and step-up measures that counter financial scams. Information must be short and to the point, providing easy to remember rules and advice based on behavioural research insights.
- *Harness existing international cooperation*: In a world where financial markets trigger global changes, while the health crisis impacts economic sectors as much as geographic areas, financial education policies would be most beneficial to consumers if coordinated. The results of this survey illustrate that CIS countries have coped with the common challenge of financially educating their citizens and positively affecting their financial behaviour to different degrees of success. CIS policy makers can share experiences, success stories and working methods of implementation. The OECD/INFE and its CIS Technical Assistance Project on Financial Education, as well as the newly-established CIS Regional Network for Financial Education, is a unique and empowering platform to enable and support this.

Sources: OECD Policy note: Financial consumer protection responses to COVID-19 and Supporting the financial resilience of citizens throughout the COVID-19 crisis. (https://www.oecd.org/finance/financialconsumerprotection.htm and http://www.oecd.org/coronavirus/en/)

Detecting fraud and trusting reliable sources of support

Being aware of financial scams or possible fraud and taking care not to fall victim to these is a characteristic of a financially literate and resilient individual. This is a particularly important skill in times of heightened financial stress, such as an economic and financial crisis when individuals may need temporary financial safety nets and be willing to take greater risks with their personal finances.

Figure 3.5 and Table 3.2. Experience of fraud or scams and potentially unfair practice by adults across the CIS

illustrate the percentages of adults who reported falling victim to a particular type of financial fraud or potentially unfair practice. Figure 3.5 suggests that on average between 2% and 5% of surveyed adults have fallen victim to certain financial crime. There is no big heterogeneity between the different countries (see Table 3.2. Experience of fraud or scams and potentially unfair practice by adults across the CIS

). One exception is Armenia, where 12% of adults report they have had a bank account refused on unclear grounds; a figure that drives the CIS average upwards. About 5% of individuals complained of an unusually costly remittance provider, an average driven by the high percentages in Armenia (7%), the Kyrgyz Republic (7%), and the Russian Federation (5%). Similarly, about 4% report putting money into what turned out to be a pyramid scheme, with the highest proportion being in the Kyrgyz Republic (8%), Armenia (5%), and Kazakhstan (5%).

The common trends across the individual country percentages, which do not tend to exceed 5% on average, suggest that the experience of fraud/scams and potentially unfair treatment is not overly common, however it is persistent. The higher proportion of adults who report difficulties in trying to access and/or use formal financial institutions (like applying for a bank account or using a remittance provider) is consistent with the high informality in the use of finance, described in Box 3.2 and elsewhere in this report. However, some of the costs of this informality can be the proliferation of unregulated entities that engage in unlawful activities such as financial pyramids, which has affected 4% of adults in the CIS.

Figure 3.5. Experience of fraud or scams and potentially unfair practice across the CIS

Note that the x-axis is limited to 10% for clarity of exposition.

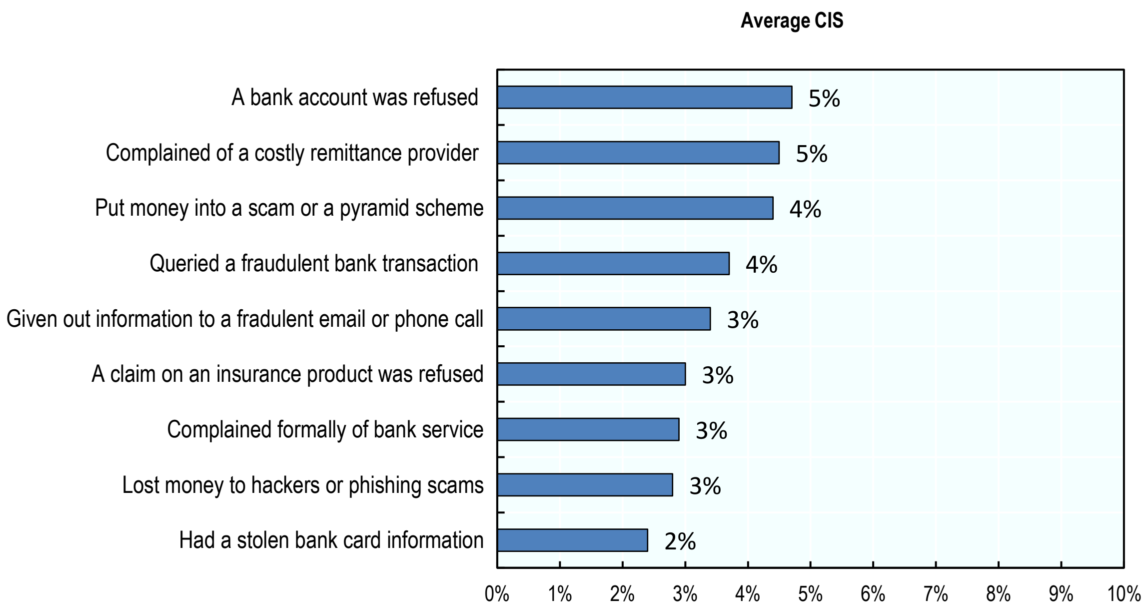


Table 3.2. Experience of fraud or scams and potentially unfair practice by adults across the CIS

Individuals could provide more than one response, thus % are not to be summed across categories.

	Put money into a scam or a pyramid scheme	Given out information to a fraudulent email or phone call	Had a stolen bank card information	Queried a fraudulent bank transaction	Complained formally of bank service	A bank account was refused for no good reasons	A claim on an insurance product was refused	Complained of a costly remittance provider	Lost money to hackers or phishing scams
Armenia	6%	5%	2%	6%	4%	12%	6%	7%	3%
Azerbaijan	4%	3%	2%	2%	3%	4%	3%	2%	2%
Belarus	3%	3%	3%	5%	2%	2%	2%	4%	2%
Kazakhstan	5%	3%	4%	4%	2%	5%	3%	4%	2%
Kyrgyz Republic	8%	7%	1%	3%	3%	7%	3%	7%	4%
Tajikistan	4%	2%	1%	1%	3%	2%	2%	3%	2%
Uzbekistan	4%	1%	2%	3%	3%	2%	3%	3%	4%
Russian Federation	3%	4%	5%	5%	4%	4%	3%	5%	4%
Average CIS	4%	3%	2%	4%	3%	5%	3%	5%	3%

Trusting and using the right source of information is an important precondition to avoiding falling into financial traps and scams. Figure 3.6 reports the proportion of individuals in the CIS who reported trusting a variety of sources for their financial news and advice needs.

Digital sources (identified as the internet in Figure 3.6) are the most trusted, identified by 17% of respondents. There is a sharp contrast between use of traditional information and media sources like TV and radio (identified as a trusted source by 11%) and printed media (identified by only 2%). Interestingly, some 6% suggest they trust financial services providers to disseminate news and advice; however only 1% identify public institutions to play the same role, which suggests low trust in them. Positively, only 1% suggest they trust direct marketing approaches, such as cold calling or unsolicited approaches via SMS or email.

There is some variation among individuals in different countries (see Figure 3.3). For example, the majority of respondents in Armenia identified financial services providers (13%) as the most reliable source of financial news and advice; in Tajikistan and Uzbekistan the most popular category was TV and radio (23% and 28% respectively). For the rest of the countries, the internet wass by far the most popular source of financial information. Informal sources, like family and friends were popular in Tajikistan (8%) and Kazakhstan (7%), and considerably more populr than the respondents who suggest public institutions. This suggests low trust in public institutions in general and a tendency to default to the informal economy in the matters of finance.

Figure 3.6. Percentage of responses on trusted source of financial news and financial advice

Note that the x-axis is limited to 20% for clarity of exposition

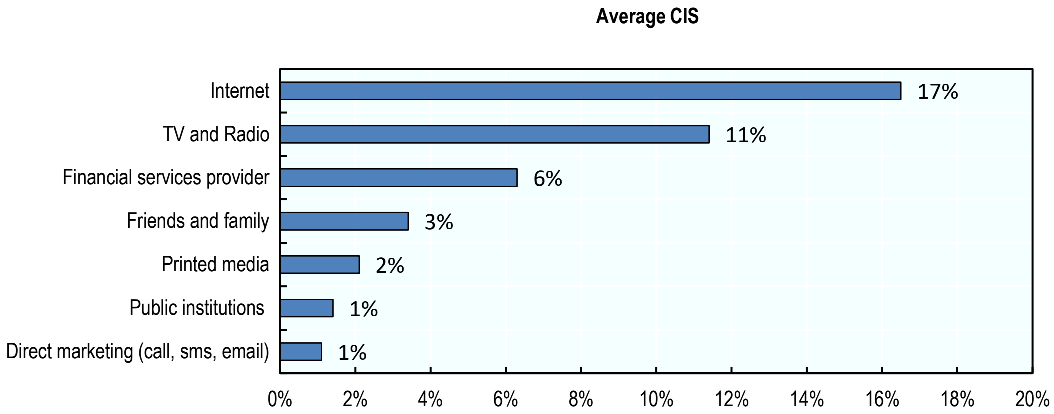


Table 3.3. Trusted source of financial news and financial advice

% of adults in the CIS countries who responded which is their trusted source of financial news and financial advice

Country	Internet	TV and Radio	Direct marketing (call, sms, email)	Printed media	Financial services provider	Public institutions	Friends and family
Armenia	10%	3%	0%	1%	13%	2%	2%
Azerbaijan	5%	5%	0%	3%	1%	2%	1%
Belarus	26%	10%	1%	4%	4%	1%	2%
Kazakhstan	15%	7%	1%	1%	9%	1%	7%
Kyrgyz Republic	18%	8%	0%	1%	3%	0%	3%
Tajikistan	18%	23%	1%	3%	10%	3%	8%
Uzbekistan	25%	28%	5%	2%	5%	1%	4%
Russian Federations	15%	8%	0%	1%	6%	2%	1%
Average CIS	17%	11%	1%	2%	6%	1%	3%

Box 3.4. Trust in institutions providing financial education

Low trust in public institutions across the CIS has already been identified in Figure 3.6 and Table 3.3. This box explores this theme by identifying and grouping individuals' responses across the CIS countries to question on trust in institutions that (could) provide financial education.

The chart below identifies national or central banks as the most trustworthy institutions across the CIS, with two-thirds or some 64% of respondents suggesting they trust these institutions to provide financial education and advice. Less than one-third (27%) of respondents suggest they would trust a government ministry to do this; only about one in five (21%) would trust a consumer protection agency or an ombudsman. This is problematic, as the latter are institutions set up specifically to protect the rights of individuals in the financial markets and need to command a high degree of trust to accomplish this policy mission. Private institutions (14%) and NGOs (10%) are at the bottom of the trust ranking.

What is stark is that one in five (21%) of people respond outright that they do not trust any institution. This is very troubling because to achieve good results in education perseverance and trust in the process and the materials provided are essential elements. These figures suggest that lack of trust is a very important headwind undermining the efforts of financial education policy makers and professionals.

Chart: Trust in institutions providing financial education

% of adults who responded positively to trusting various institutions to provide financial education on average in the CIS

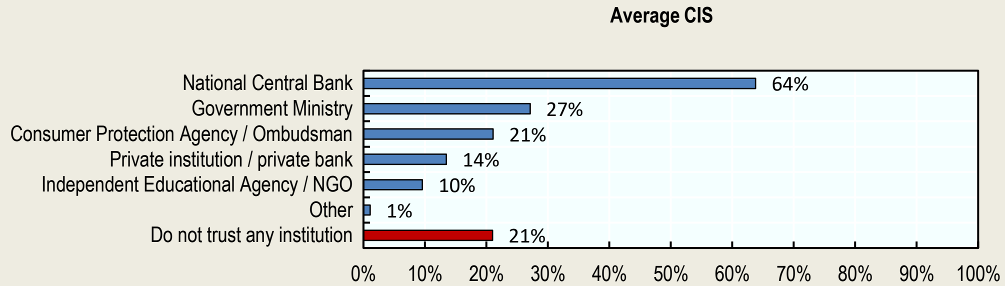


Table: Percentage of adults who responded positively to trusting institutions to provide financial education

	National Central Bank	Government Ministry	Consumer Protection Agency / Ombudsman	Independent Educational Agency / NGO	Private institution / private bank	Other	Do not trust any institution
Armenia	60%	13%	10%	4%	11%	2%	28%
Azerbaijan	58%	35%	12%	9%	13%	0%	30%
Belarus	66%	23%	22%	9%	13%	1%	17%
Kazakhstan	64%	23%	18%	6%	9%	0%	21%
Kyrgyz Republic	61%	24%	21%	10%	19%	1%	23%
Tajikistan	71%	36%	25%	13%	14%	1%	16%
Uzbekistan	68%	49%	46%	22%	22%	1%	10%
Average CIS	**64%**	**27%**	**21%**	**10%**	**14%**	**1%**	**21%**

4 Financial inclusion measures

It is globally recognised that financial literacy and financial inclusion,[19] along with a robust financial consumer protection framework, are vital to the empowerment of individuals and can contribute to the overall stability of the financial system. It is therefore valuable for policy makers to have information about the levels of financial inclusion of consumers alongside a measure of their financial literacy.

This section provides additional insights into the extent to which survey respondents in the CIS are active financial consumers.[20] It focuses on measures designed to go beyond simple supply side discussion of access and provides a more nuanced view of financial inclusion from the consumer's perspective.

Product awareness across the CIS is relatively high, with almost 70% of respondents in the CIS being aware of at least five types of financial products Some 50% responded they bought a product over the past year, whilst about 46% turned to family and friends to borrow or save. While product awareness is relatively high across all countries, purchasing a financial product recently (using the formal financial system) and turning to family and friends to save or borrow (using the informal financial sector) appear to be inversely correlated – where one variable is high, the other variable is low.

One third of adults across the CIS reported holding a payment product and the same proportion reported holding a savings/investment/retirement product. One in five respondents answered they hold some credit products, and only one in ten suggested they hold a (private and non-mandatory) insurance product. Penetration of mobile or digital payment facilities is on the rise with one in five respondents (21%) suggesting they hold one. In general, those individuals who held a greater number and variety of products also scored higher in financial knowledge.

Product awareness and choice

Financial inclusion is a two-sided process, requiring the provision of appropriate financial products on the supply side and awareness and use of those products on the demand side. Figure 4.1 shows that almost 70% of respondents in the CIS were aware of at least five financial products, about 50% bought a product over the past year, and about 46% turned to family and friends to borrow or save. While product awareness is relatively high across all countries, purchasing a financial product recently (using the formal financial system) and turning to family and friends to save or borrow (using the informal financial sector) appear to be inversely correlated. About 85% of adults in the Russian Federation responded they purchased a financial product, but only about 30% suggested they used family and friends for financial matters. Adults

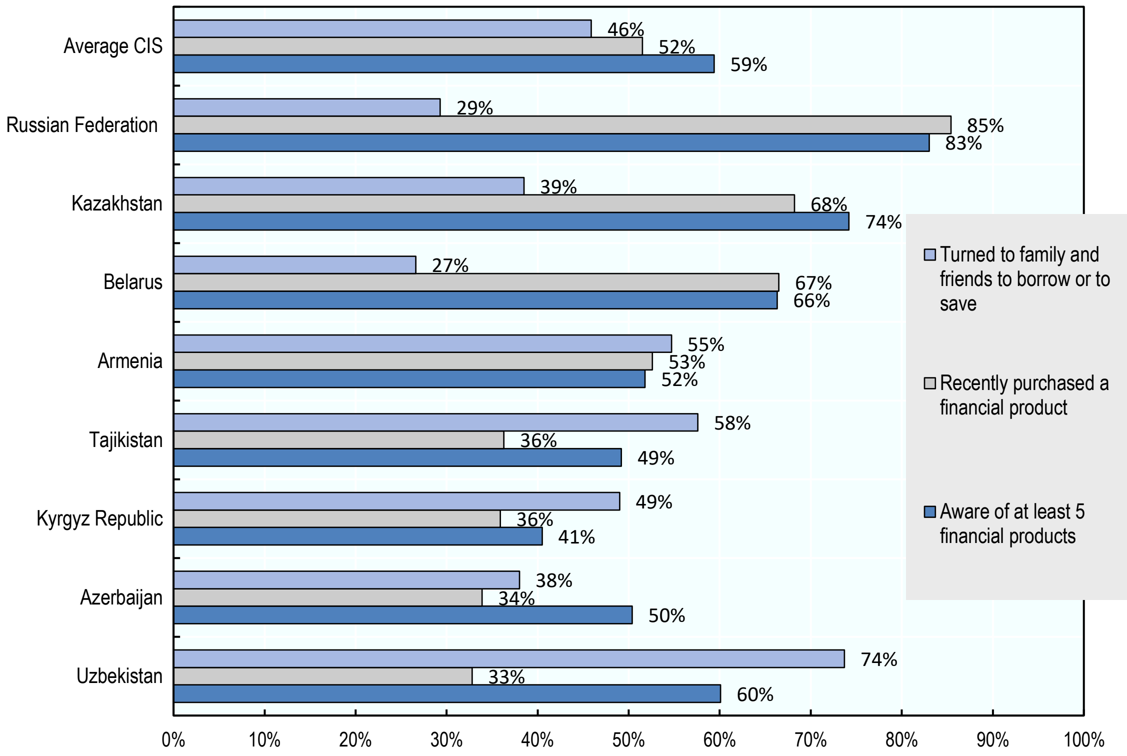
[19] Financial inclusion refers to the process of promoting affordable, timely and adequate access to a wide range of regulated financial products and services and broadening their use by all segments of society through the implementation of tailored existing and innovative approaches including financial awareness and education with a view to promoting financial well-being as well as economic and social inclusion (Atkinson and Messy, 2013).

[20] These data are not designed to be directly comparable to other national and global measures of financial inclusion due to the questions asked. For example, some other measures of access to a bank account combine information about payment products and savings accounts, whereas this report keeps the two separate

in Uzbekistan responded in an inverse manner, some 74% of them reported that they used family and friends for borrowing and saving purposes and 30% respond they purchased financial product recently.

Figure 4.1. Indicators of financial inclusion

Base: all respondents. % included on each measure. Multiple categories possible. Sorted by "Recently purchased a financial product".



Note: Derived variables.

Product holding

A set of four indicators identify respondents who currently hold:

- saving, investment or retirement products, which are not mandatory (such as state pension, obligatory health insurance, or others);
- payment products (or transaction accounts), such as a current account or mobile money (excluding credit cards, which are counted as a credit product and other types of accounts that may offer payment facilities such as savings accounts),debit cards or pre-paid payment cards;[21]

[21] The four measures use pre-defined categories of products and do not count the same response in more than one measure, and so for example, products designed primarily for other reasons but which include payment facilities are not included in 'payment products'. Note also, that as the payment products categorisation separates out savings accounts and payment accounts, it is not comparable to measures of 'banked' and 'unbanked' consumers, which typically combine both.

- insurance products (vehicle, health, personal liability or home contents); and
- credit products (any formal bank loan, or mortgage).

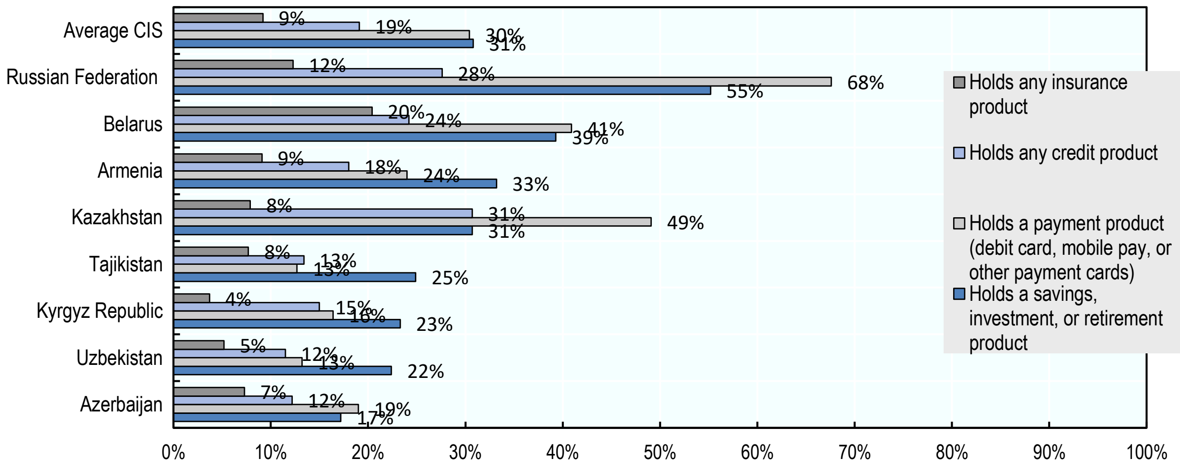
The most widely held products on average across the CIS are “savings, investment or retirement products” (held by 31% of respondents) and “payment products” (held by 30%) (Figure 4.1). The highest proportion of adults who hold “payment products” or “saving, investment, or retirement products” are in the Russian Federation, 68% and 55% respectively. The lowest proportions holding the two types of product are in Tajikistan, Kyrgyz Republic, Uzbekistan, and Azerbaijan, with typically around 20% holding a savings product and about 13%-19% holding a payment product.

Formal credit products are not common in the CIS, with one in five respondents claiming they hold any. This is consistent with the low uptake of formal banking services and high use of informal services as discussed above. Even lower is the holding of (private, non-mandatory) insurance products, with under 10% of respondents across the CIS suggesting they hold such products.

It is interesting to note how far mobile/digital finance appears to have penetrated in the CIS. Figure 4.3 illustrates this point by plotting the proportion of people who hold a payment product and the proportion of people who hold a mobile payment product. On average across the CIS 31% of people responded they held a payment product and 21% reported having and using a mobile payment product. A similarly small gap is visible across all the individual countries.

Figure 4.2. Product holding

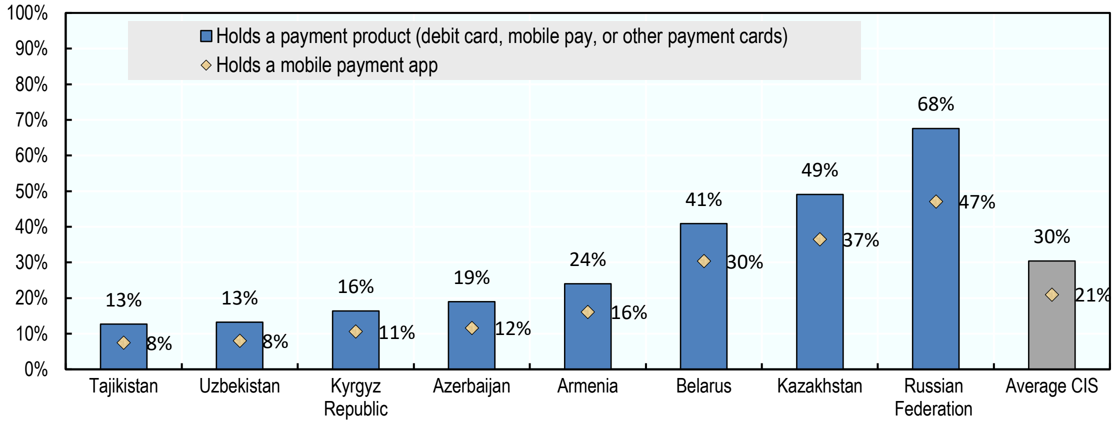
Base: all respondents. % of respondents holding each type of product; sorted by “Payment product”.



Note: Derived variables.

Figure 4.3. Use of mobile technologies in financial systems

% of adults in the various CIS countries who report holding payment products, as well as holding only mobile payment products



Note: Derived variables.

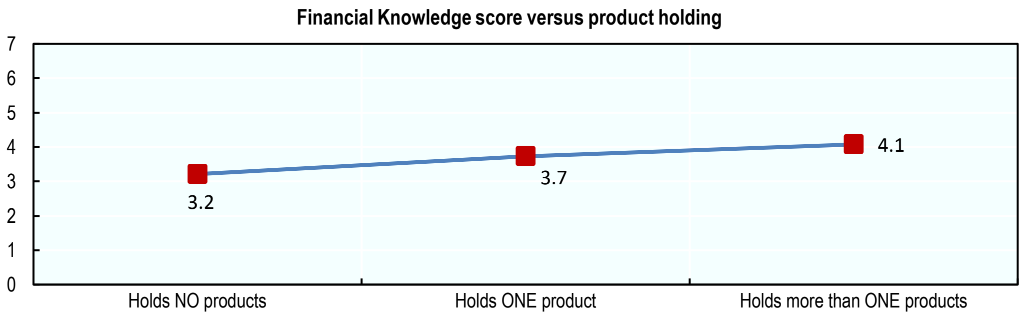
Financial knowledge levels and financial product holding

Figure 4.4 reports the average levels of financial knowledge by product holding, by looking at the number of product types held across payment products, savings and investment, insurance and credit. It shows that financial knowledge is higher among the more financially included. The pattern is very similar across almost all the CIS countries, even though the levels of financial literacy vary.

This illustration does not aim to suggest a statistical association between financial inclusion and financial knowledge. It aims to show a trend, which is consistent across individuals in most of the countries/economies participating in this survey with very few exceptions.

Figure 4.4. Financial knowledge score, as a percentage of maximum, by number of products held

Base: all respondents. Financial knowledge score of adults split by product holding. Maximum financial knowledge score is 7.



5 Trends in financial literacy and education in the CIS

The OECD/INFE methodology of computing internationally comparable scores of financial literacy and its elements of knowledge, behaviour, and attitude, has been applied to recent surveys across a number of regions and globally. These can serve as a comparison to distinguish between peer regions and between those with important differences in financial literacy.[22]

The OECD conducted the first regional survey of financial literacy in the CIS in 2017, as part of the Phase I of the OECD/INFE Technical Assistance Project for Financial Education in the CIS.[23] Two more recent OECD publications also allow for insightful comparisons with countries from other regions. The OECD conducted a regional survey of financial literacy among adults in South East Europe (SEE) in 2019 and published the report in early 2020.[24] In 2020 the OECD coordinated a global data collection of individual financial literacy through its International Network for Financial Education (INFE) and published an international comparative report using its methodology for comparable financial literacy scores.[25]

Figure 5.1 illustrates the comparison between the four surveys: CIS in 2021, CIS in 2017, SEE in 2019, Global Survey in 2020. It lists two averages: one for the entire sample and one for OECD member countries.

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[22] It is important to note that the OECD scoring methodology for financial literacy and its elements has been designed to be comparable across countries, given representative samples. Intertemporal comparisons (across time) are more difficult and necessarily less precise, because different individuals are surveyed in each wave. Furthermore, there have been some changes in the methodology of the financial literacy score (in particular in the way the score in financial behaviour is calculated) between the first version of the OECD Toolkit for Measuring Financial Literacy produced in 2015 and the latest version produced in 2018. The first version of the Toolkit from 2018 was used to collect the data for the current survey report; and for any reports published since 2019. Thus, the comparisons discussed in this section of the report are first and foremost for illustrative purposes and need to be read and understood with this disclaimer in mind. These comparisons aim to create a debate among policy makers about the long term goals and evolution of financial literacy and financial well-being, and the scope of policy approaches to support these.

[23] See OECD (2017), Levels of Financial Literacy in Eurasia. Available in English (https://www.oecd.org/financial/education/globalpartnerships/commonwealthofindependentstates/financial-literacy-cis-countries-survey-EN.pdf), and in Russian (https://www.oecd.org/financial/education/globalpartnerships/cis/financial-literacy-cis-countries-survey-RU.pdf)

[24] OECD (2020), Financial Literacy of Adults in South East Europe (https://www.oecd.org/financial/education/Financial-Literacy-of-Adults-in-South-East-Europe.pdf). This survey was conducted as part of the OECD/INFE Technical Assistance Project for Financial Education in the Constituency Program of the Netherlands Ministry of Finance. More details on the project can be found here: https://www.oecd.org/finance/financial-education/south-east-europe-financial-education.htm

[25] OECD (2020) OECD/INFE 2020 International Survey of Adult Financial Literacy (https://www.oecd.org/financial/education/oecd-infe-2020-international-survey-of-adult-financial-literacy.pdf)

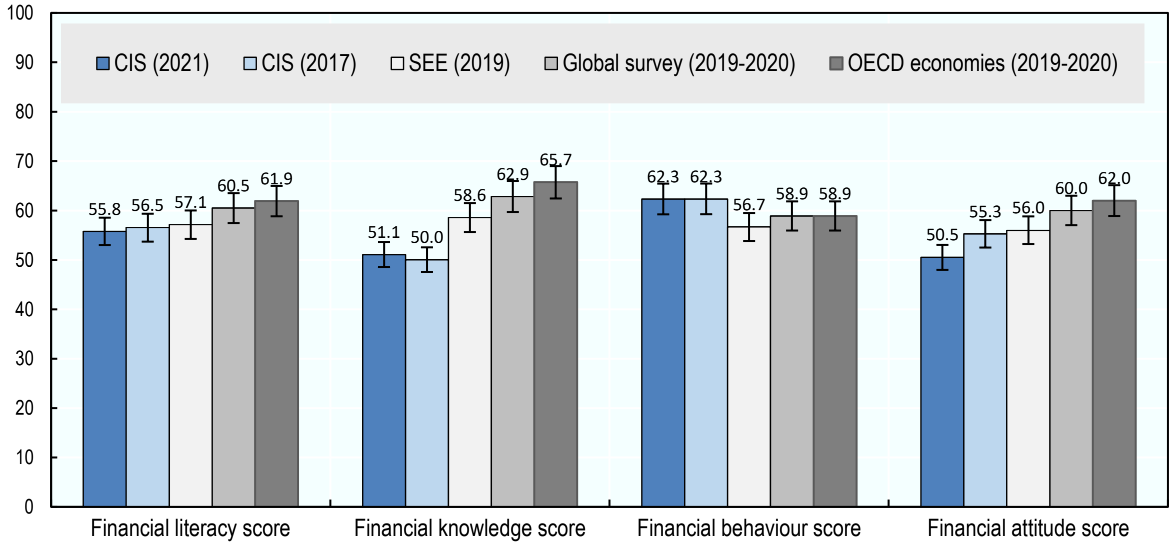
The financial literacy average for adults in the CIS in 2021 (11.7 or 55.8% of the maximum) is the lowest across all comparable surveys. It is marginally lower than the first wave of the CIS survey conducted in 2017 (11.9 or 56.5% of the maximum), but importantly with a difference that is small and not statistically significant. The low score of the CIS countries in 2021 is driven by a considerably lower financial attitude score (2.5 or 50.5% of the maximum) than the one achieved by adults in any of the other surveys. The average financial knowledge score in 2021 (3.6 or 51.1% of the maximum), while lower than those in the SEE and globally, is higher than the financial knowledge score of adults in the CIS achieved in 2017. This represents a positive improvement in the financial knowledge of individuals in the CIS, to some extent due to the efforts of financial education policy makers in the region. The financial behaviour score of individuals in the CIS in 2021 is equal to the one achieved in the CIS in 2017, and higher than the ones scored by individuals in the other surveys.

With the quantitative data gathered, it is not possible to discuss with certainty the reasons for the lower financial attitude score in the current survey. More qualitative data, using interviews, focus groups, and/or narratives of individual experiences of coping with the crisis could be revealing and provide insights behind the quantitative data trend. One speculation can be the negative impact on long term planning and financial considerations in times of the lengthy COVID-19 crisis. The financial attitude score is essentially made up of 3 statements that seek to understand the long term attitudes towards money. The severe impact of the COVID-19 crisis on jobs, incomes, and savings, may well have pushed individuals towards more short term thinking as they seek immediate solutions to the ongoing crisis. This is, as mentioned already, a speculative proposition.

The highest financial literacy score across all the surveys is the average of the OECD economies measured in 2020 (13.0 or 61.9% of the maximum). This is to be expected as the OECD economies are the most deeply financialised with highest financial inclusion, well-established banking systems and deep capital markets. Consequently, individuals across the OECD tend to be the ones who are most accustomed to complex decisions around money matters.

Figure 5.2 and Table 5.1 compares the financial literacy scores and their elements between the countries as scored in 2017 and 2021. Adults in the Russian Federation and the Kyrgyz Republic have improved their overall financial literacy scores (Figure 5.2), driven by considerably better behaviour score (for both countries) and a higher knowledge score (in the Kyrgyz Republic). The financial knowledge scores achieved in 2021 by adults in Belarus, Kazakhstan, the Kyrgyz Republic, and Tajikistan have showed an improvement and are higher than in 2017. Uzbekistan took the survey for the first time in 2021.

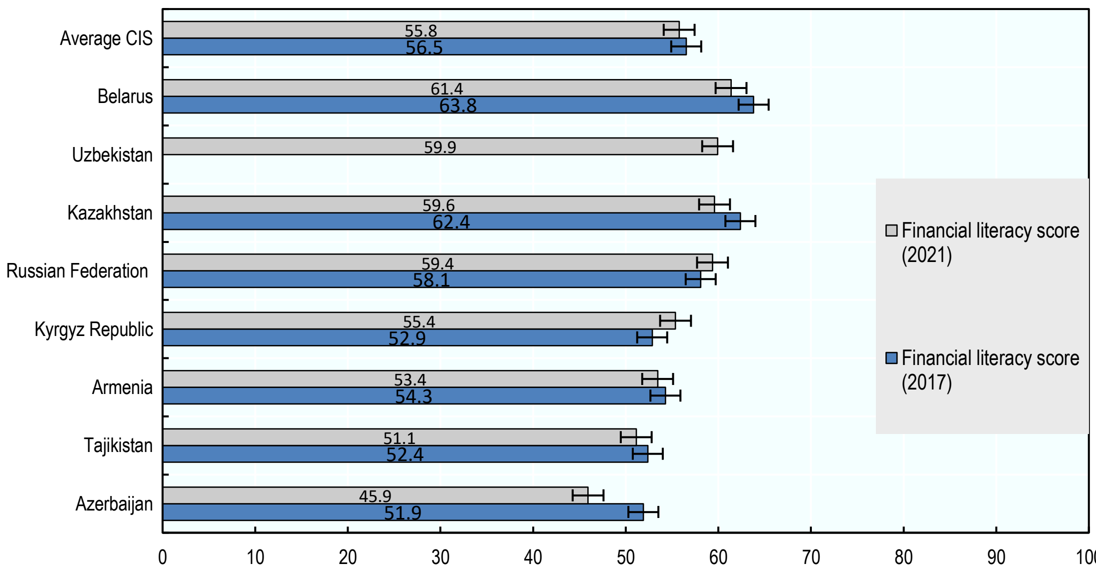
Figure 5.1. Comparison of the financial literacy scores and their elements between recent OECD financial literacy surveys (2017-2021), normalised to 100



Note: The regional groups are sorted by financial literacy score. The scores are normalised to 100, and can be thought of as percentages of the maximum. The error bars represent standard errors of the mean of the individual scores used for comparing the differences between the means of variables. Standard errors describes how much variation can be expected in the mean of a group, assuming that the data is normally distributed.

Source: Levels of financial literacy in Eurasia (2017), OECD/INFE 2020 International Survey of Adult Financial Literacy; OECD (2020), Financial Literacy of Adults in South East Europe

Figure 5.2. Comparison of the financial literacy scores of the CIS region in 2021 and 2017



Source: Levels of financial literacy in Eurasia (2017). The error bars represent standard errors of the mean of the individual scores that make up the country averages shown here, and these standard errors are used for comparing the differences between the means of variables. Standard error of the man describes how much variation can be expected in the mean of a group, assuming that the data is normally distributed.

Table 5.1. Comparison of the financial literacy scores and their elements in 2021 and 2017 across the countries in the CIS

	2017				2021			
	Financial literacy score	Financial knowledge score	Financial behaviour score	Financial attitude score	Financial literacy score	Financial knowledge score	Financial behaviour score	Financial attitude score
Armenia	54.3%	51.7%	60.3%	47.9%	53.4%	49.9%	56.8%	52.4%
Azerbaijan	51.9%	45.4%	55.2%	55.5%	45.9%	35.0%	53.8%	47.2%
Belarus	63.8%	61.1%	71.0%	55.0%	61.4%	64.3%	64.5%	51.6%
Kazakhstan	62.4%	58.2%	71.0%	52.2%	59.6%	60.0%	65.4%	48.6%
Kyrgyz Republic	52.9%	37.1%	60.3%	61.8%	55.4%	46.3%	65.7%	49.4%
Tajikistan	52.4%	37.5%	61.6%	56.5%	51.1%	42.9%	59.7%	47.3%
Uzbekistan					59.9%	51.3%	68.4%	56.6%
Russian Federation	58.1%	59.2%	56.8%	58.0%	59.4%	58.7%	64.4%	51.3%
Average CIS	56.5%	50.0%	62.3%	55.3%	55.8%	51.1%	62.3%	50.5%

It is instructive to compare some basic financial behaviours exhibited by adults in the two CIS surveys from 2017 and 2021. This comparison can help illuminate some of the effects of the COVID-19 crisis on individuals in the CIS. Figure 5.3 provides a comparison of the percentages of adults who:

- Exhibit positive attitude to savings and long term behaviour by agreeing to the statements (i) they actively save, (ii) they pursue long term financial goals, and (iii) they have experienced a shortfall in their finances over the past year.
- Exhibit prudent financial behaviours by agreeing they (i) carefully consider their expenses, (ii) keep a careful watch over their finances, and (iii) pay their bills on time.

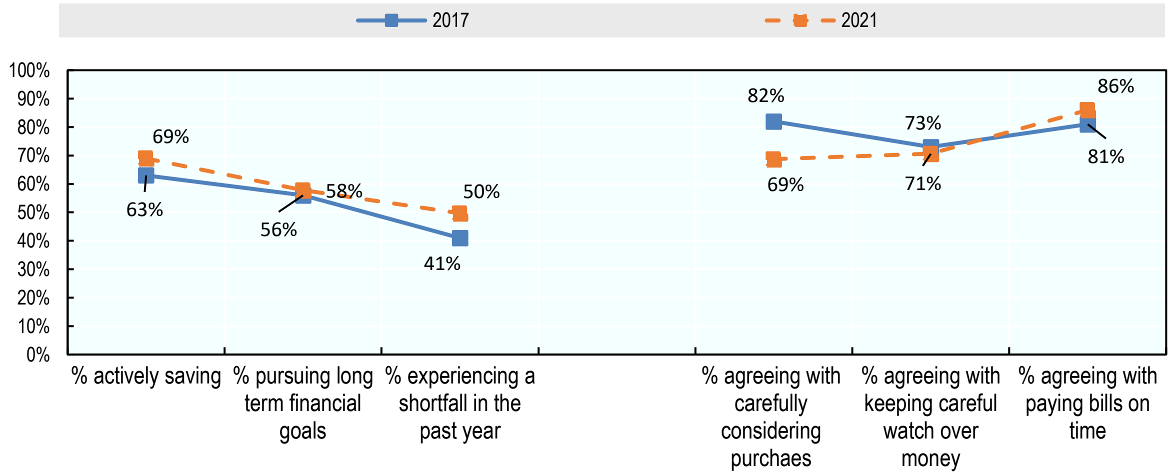
More adults in the CIS in 2021 looked to actively save (69% as opposed to 63% in 2017) and pursue long term financial goals (58% as opposed to 56% in 2017). Considerably more adults in 2021 in the CIS reported experiencing a financial shortfall, half of those who took part in the survey (50%) against 41% in 2017.

On the contrary, fewer adults in 2021 in the CIS suggested they carefully consider their expenses (69% in 2021 versus 82%), and slightly fewer agreed they keep a careful watch over their money (73% versus 71%). However, more adults in 2021 agreed they pay their bills on time (86% versus 81%). Positively the percentage of adults to look to pay their bills on time and avoid accumulating debt is high (over 80%) in both waves of the survey.

The experience of a negative financial shock over the past 12 months is evident in this data. It seems that in the second wave of the survey in 2021 adults are more aware of the need to actively save and plan for the long term but are also more prone to spend casually without a careful consideration. A further, and probably more important, conclusion is that improving financial literacy, especially driven by more prudent behaviour and long-term attitudes, is a longstanding challenge and should be approached as such. Policy makers need to enact consistent and enduring policies and expect to see incremental results that build towards a more financially literacy future.

Figure 5.3. Comparison between financial behaviours of adults in the CIS in the surveys in 2017 and 2021

% of adults who agree with a number of behaviour statements



6 Potential socio-economic vulnerabilities

This chapter looks at different sub-groups of the total sample to try and distil some meaningful differences between them. These may help policy makers in the CIS in identifying potential target groups for tailored financial education policies. The first section of the chapter is descriptive in that it presents the average scores of financial literacy (and its components of knowledge, behaviour, and attitude) and well-being across the sub-groups. It does so across eight sub-groups based on individual socio-economic characteristics that have persistently been shown in the financial literacy academic literature to have an association with financial literacy and financial knowledge.[26] The second section of the chapter looks beyond the descriptive differences and reports statistical associations. It presents the results of three regressions where the key independent variables are the sub-groups from the earlier section.

There are important messages for CIS policy makers. Women are a statistically significantly underperforming group in terms of financial knowledge, literacy, and well-being. So are individuals with low trust in institutions. Separating individuals by age suggests that young adults and retired people score significantly lower than the average in the CIS on financial knowledge and literacy (only young adults); however young adults score significantly higher on financial well-being (possibly accounting for a lower priority of financial matters in their lives), while the retired score significantly lower (suggesting higher than average financial stress in this age group). Those who have high income, considerable savings cushion, live in large urban areas, and use digital tools and services all have significantly higher knowledge and literacy, and often well-being. Consequently, the opposites of these groups may deserve special policy attention.

Target group differences in financial literacy

This section looks at descriptive statistics that illustrate differences in financial literacy and its elements – knowledge, behaviour and attitude, as well as financial well-being, among some of the groups that can be identified in the sample. These splits are also the key variables that are used to determine statistically significant correlations and determinants for financial knowledge, literacy, and well-being in the regressions in the following section. The potentially vulnerable groups, or those than may need special attention by policy makers are identified by:

- **Gender**: the sample is split into women and men.
- **Age**: the sample is split into young adults (those aged 18 to 29), middle-age adults (aged 30 to 59) and ageing adults (ages 60 and above).
- **Urban versus rural residents:** the sample is split into three – village (under 3,000 residents), town (3,000 to 50,000 residents), and city (over 50,000 residents).

[26] Lusardi, A. and O. S. Mitchell (2011)

- **Education:** the sample is split by type of education obtained - none, school, university, and post-graduate**.**
- **Income:** the sample is split into those who report their income to be low, medium, high; based on country-specific cut-off points between these categories.
- **Migrant status:** the sample was divided into having worked abroad and obtained income/having received remittances (as per the definition used in the OECD Toolkit of a migrant or their family) and the rest.
- **Digital use**: the sample is split into those who used a digital device or service (computer, email service, internet service, mobile phone or a smart device) for a finance product or service.
- **Trust**: the sample is split into those who reply they trust the government/public sector, non-government sector, the private sector, or nobody to deliver financial advice and financial education.

On average across the entire sample, as well as the OECD member countries, men appear to have statistically greater financial knowledge and financial well-being scores than women. In absolute terms, they also appear to have higher overall financial literacy scores across all the economies, however this difference is not statistically significant. There is some heterogeneity in the behaviour and attitude scores, where a number of the significant differences appear to be where women have higher behaviour scores than men (such as in Poland and Russia) and attitude scores (Georgia, Korea, Portugal, Russia, Thailand).

Young people appear to have consistently and significantly lower financial literacy and worse financial attitude scores than the rest of the sample. They also tend to have lower financial knowledge and less prudent financial behaviour. The well-being scores of young people are mixed – the majority of statistically significant differences tend to be when well-being scores of youth are higher (for example in Georgia, Estonia, Colombia, Peru, Portugal and Moldova). The reverse is true for Hong Kong, China; Czech Republic; Italy and Korea. The group of middle aged has significantly higher scores in financial literacy and its elements, as well as financial well-being. Seniors on the other hand have lower financial literacy and financial well-being across almost all economies in the sample, with very few exceptions. Seniors in Germany and Austria, for instance have significantly higher financial well-being. Financial behaviour of seniors also tends to be less prudent.

Respondents who used digital devices or services have consistently and significantly, higher financial literacy, knowledge, behaviour and well-being scores. Attitude scores, however, are either not significantly different or where they are, appear lower. This suggests that digital use may be consistent with higher financial knowledge and more prudent financial behaviour patterns, but with more short-term attitudes.

Perhaps unsurprisingly, individuals who report savings of more than three months have consistently and significantly higher scores across the board – across all economies and on each of the financial scores.

The sections below present disaggregated scores for each of the potential target groups for the entire sample. Disaggregated data by country is presented in the tables in Annex A.

Gender

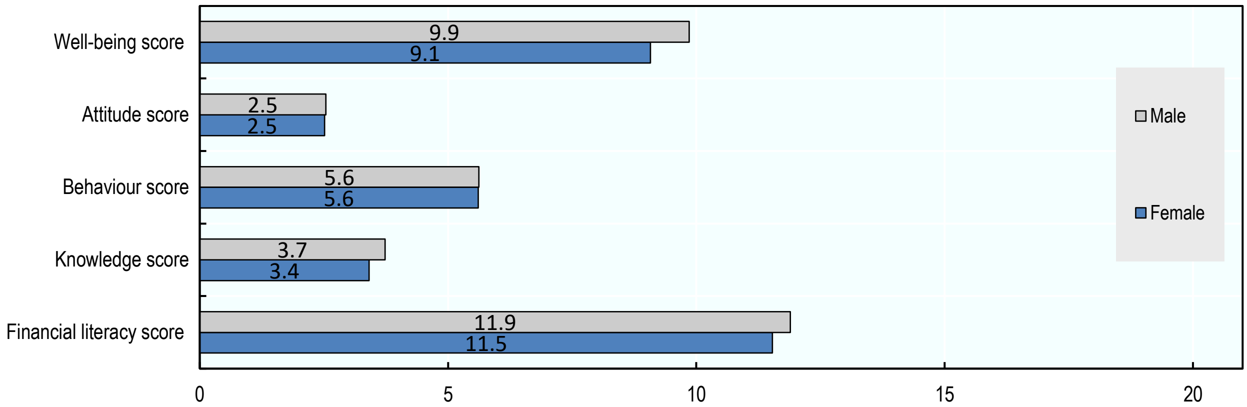
It is important to consider gender differences in financial literacy, inclusion and financial well-being. Gender disparities in financial literacy compound women's difficulties in securing their financial future and well-being and in participating confidently in economic and financial activities. Women have particular financial literacy needs because they tend to live longer and earn less than men, and are therefore more likely to face financial hardship in old age.[27] Furthermore, in societies where large proportions of the male

[27] OECD (2013)

population are are economic migrants (see the section further down on migrants), women often stay behind and manage the family budget, which is boosted by remittances.

In the total sample, women make up 51.2% and men 48.9%. Figure 6.1 suggests that men have higher financial literacy than women across the CIS and in all the individual countries (see table 1 in Annex). The difference is most pronounced on the financial knowledge and well-being scores. The biggest differences in the financial literacy scores between men and women appear in Azerbaijan and Tajikistan. However, the biggest differences between men and women in the knowledge score appear in Azerbaijan, Belarus, and Uzbekistan.

Figure 6.1. Financial literacy and well-being scores by gender



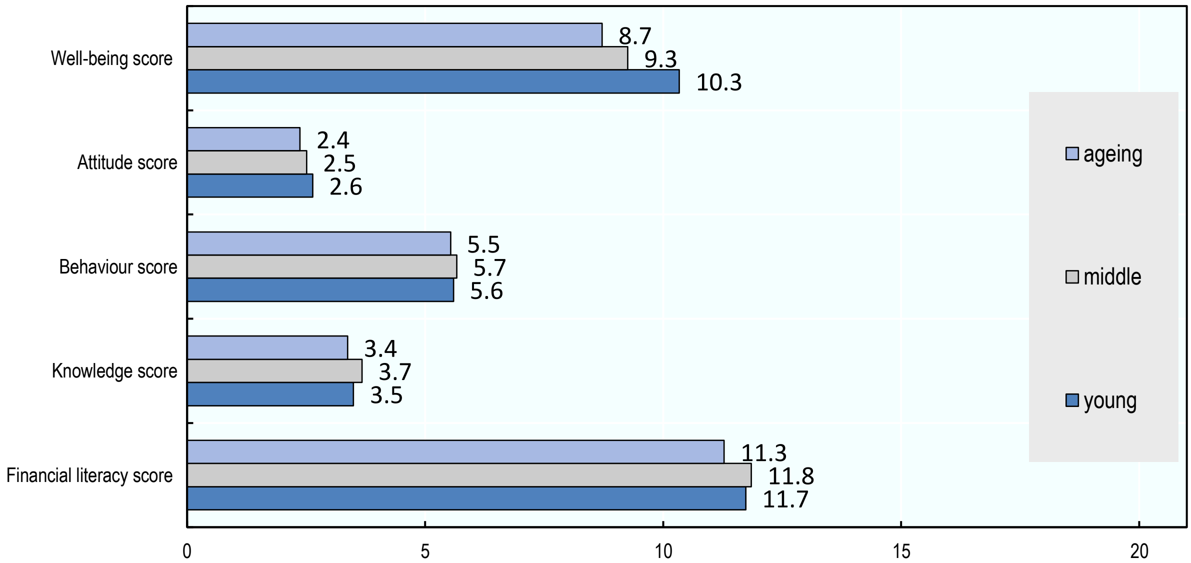
Age

Different age groups have diverse experiences with finance. Young people tend to have little experience in financial matters but must be prepared to start receiving earned income, handling debt (like student loans, for instance), and paying taxes. Middle aged people tend to hold most of the disposable income (and sometimes savings) in an economy; thus high financial literacy among this group would bring benefits for the rest of the economy. Ageing people may be those most unsettled by rapid developments in modern consumer finance, while some are also handling substantial savings. Dividing the sample according to age groups provides three categories with potentially different characteristics that may require different financial education approaches: young adults aged 18 to 29 representing 28.3% of the entire sample; middle aged adults 30 to 59 years old representing 54.9% of the total sample; ageing individuals 60 years and over making up 16.8% of the total.

Young adults (18-29) score considerably higher than other age groups on well-being, however they have lower financial literacy and knowledge scores than middle aged and then the average for the entire sample. Ageing individuals (aged 60 and over) score lowest on all the scores, with the difference being most pronounced in the financial well-being score. The financial literacy score of middle aged adults is marginally higher than that of younger or older adults, on average.

There are some differences between the different CIS countries. For example, in Armenia, Azerbaijan, and the Russian Federation young adults have the highest financial literacy, contrary to the average for the CIS.

Figure 6.2. Financial literacy and well-being scores and their elements split by age of individuals

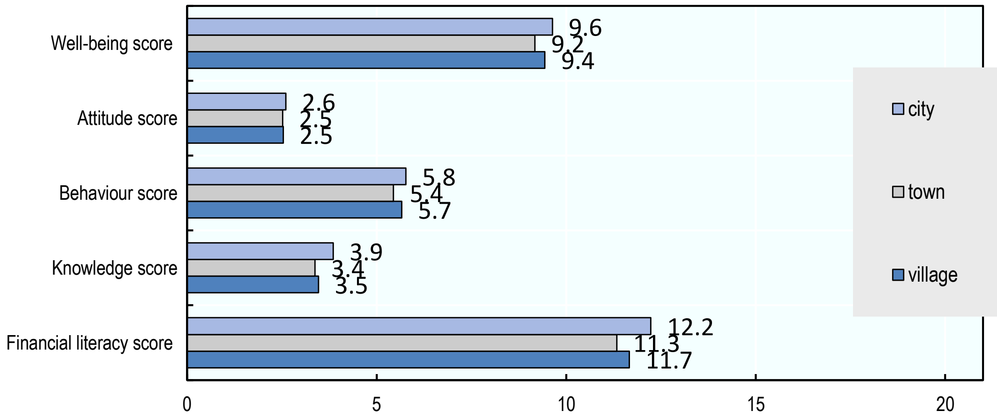


Urban versus rural residents

The economic geography of an individual's place of residence could have important implications for their dealings with finance. First and foremost, connectivity with financial services and products, whether brick-and-mortar or digital, is higher in the larger urban areas. This means that financial inclusion and possibly literacy and well-being could be higher in such areas. More remote areas with lower population density present lower market opportunities for financial service providers at present, through this may be changing with the advent of digital financial services.

The sample splits for this category are: rural residents (those who live in villages of 3,000 people or fewer) that make up 24.2% of the total, town residents living in towns with populations between 3,000 and 100,000 residents making up 37% of the total, and city dwellers living in urban areas with more than 100,000 residents making up 38.7% of the total. Difference between these groups are not too pronounced, however those living in a large city tend to have higher scores than the other two categories. Interestingly, those living in a village have higher scores than those living in towns. It appears hard to argue that there is vulnerability of groups based on their place of residence and physical remoteness based on this data. Policy makers may wish to consider the degree of geographical penetration of brick-and-mortar banks or financial services and/or digital financial services in addition to a geographical location.

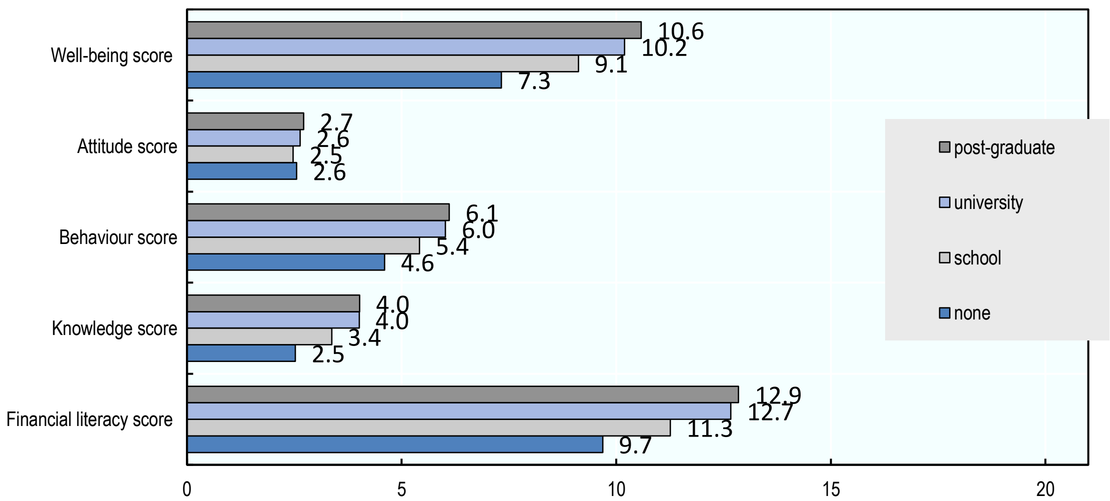
Figure 6.3. Financial literacy and well-being scores and their elements split by urban or rural residence



Education

Educational attainment is an important predictor of income in later life. Better educated people complete for highly paid jobs, tend to move to denser urban areas that have higher economic productivity, and thus have higher financial resources to take care of. It is thus expected that they will have higher financial literacy. This report separates groups by education in the follow manner: no formal education, which represents a very small fraction of the total same (0.4%); school diploma is the highest fraction (67.4%), university degree (30.6%), and post-graduate degree (1.6%). There is clear progression in the scores - the higher the educational attainment, the higher the score in financial literacy and its components and in well-being. Those with no reported education have very low scores throughout, 35% to 40% of the total scores. However, as noted the sample splits are very uneven and those with no education are a fraction of the total, so any inference is only suggestive.

Figure 6.4. Financial literacy and well-being scores and their elements split by urban or rural residence

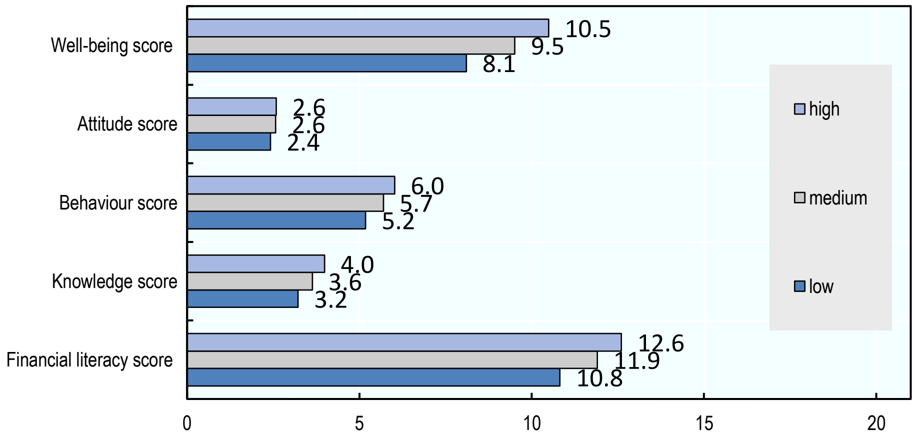


Income

The sample is split into three income categories that are tailored to the respective countries: low income (25.0% of all individuals), medium income (35.9%), and high income (26.6%). Not all respondents were comfortable discussing their income, thus 12.4% did not disclose their details. They are excluded from the categories.

Higher income is expected to be related to higher financial literacy and well-being scores and this is indeed the case, as illustrated by Figure 6.5. Much like the relationship with education, the higher the income band the greater the financial literacy score.

Figure 6.5. Financial literacy and well-being scores and their elements split by income



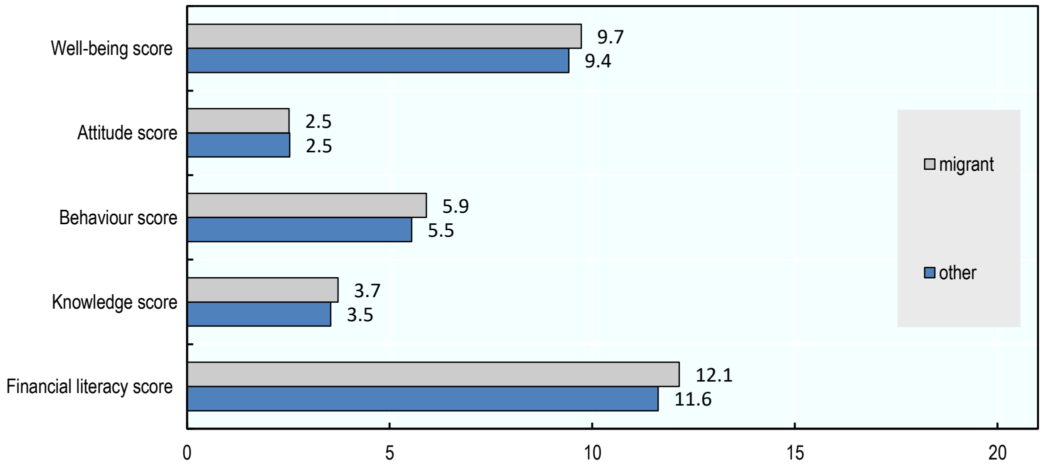
Migrant status

For the purpose of this report, economic migrants and their families are defined as those who have worked and earned income abroad over the past 12 months, or have received remittances over this period. The sub-sample of migrants represent 21.2% of the total sample in the CIS (or 1,697 individuals out of the total sample of 8,000).

Migrants and their families in the CIS appear to have higher financial literacy and well-being scores than the rest of the interviewed individuals in the CIS see Chart 2, below). The higher financial literacy score of migrants is driven by higher financial behaviour score (and a marginally higher financial knowledge score), which could be explained by the necessary interaction with cross border finance that migrants experience.

The higher score, however does not mean that migrants should be ignored by policy makers. The financial literacy score of migrants as a group in the CIS is still only 57.8% of the total; so just over half of the maximum score that itself represents fairly basic financial skills. Migrants handle larger financial flows (they tend to work abroad for higher salaries than they would receive at home, which is the purpose of their migration in the first place) and more complex financial issues (cross border flows, exchange rates, different legal systems for financial operations, others), thus they may need a more targeted approach by financial education policy makers.

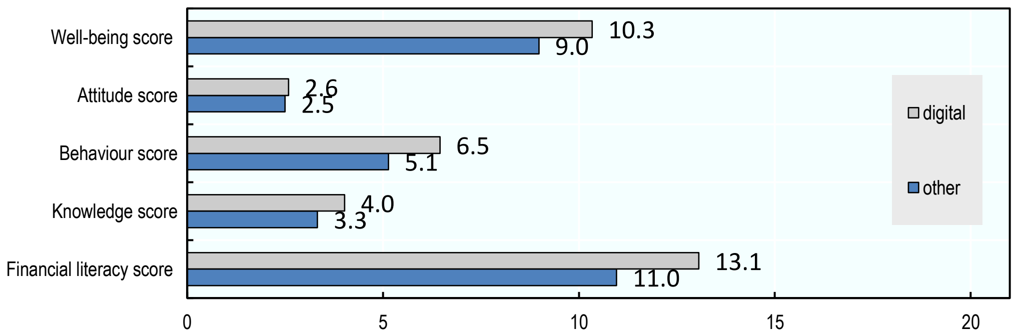
Figure 6.6. Financial literacy and well-being scores and their elements split by migrant status



Digital use

For this category, the sample is split into those who reported using digital or mobile technologies for their financial dealings on a weekly basis. These individuals correspond to 35.8% of the total sample. Those who use digital tools for their finance have consistently higher financial literacy and financial well-being.

Figure 6.7. Financial literacy and well-being scores and their elements split by digital use

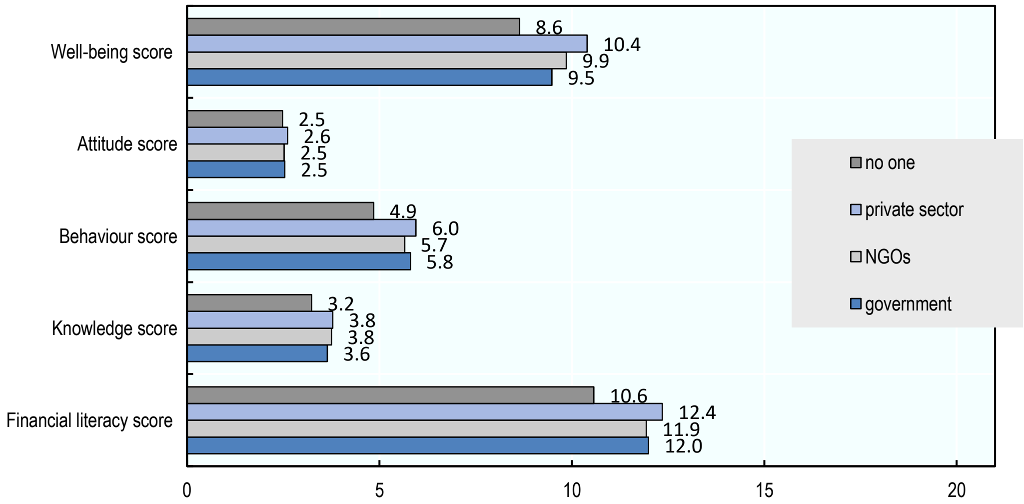


Trust

Trust can be an important determinant on how people interact with institutions, whether they are receptive to advice or education initiatives. The OECD/INFE 2018 Toolkit has questions that ask respondents if they trust certain institutions to provide them with financial advice and/or financial education. To explore this variable, the sample has been split into the following groups: those who respond they trust in government or public institutions (60.5% of the total), those who report they trust NGOs (5.1%), those who trust the private sector (13.4%), and those who report they do not trust any institution (21.0%).

Those who suggest they trust and rely on private sector institutions in their financial dealings tend to have higher scores in financial literacy and well-being. Importantly, those who respond they do not have trust in any institution in financial matters ad news have considerably lower scores across the board.

Figure 6.8. Financial literacy and well-being scores and their elements split by trust towards institutions



Note: The trust variable signifies the trust individual reported having towards institutions that could provide them with financial news and financial education.

Correlates of financial literacy

This section looks at socio-economic correlates of financial knowledge, financial literacy, and financial well-being. The dependent variables are the respective scores computed for this report. The independent variables are a set of individual socio-economic characteristics such as gender, age, income band, use of digital devices, employment status, income, education level, trust in institutions, and others, that could be considered as determinants of the financial literacy of an individual (See the full list of variables reported in Table A B.1 in Annex B). The empirical strategy is discussed fully in Annex B, where the full table of regression results is also provided. Here are reported the outcomes of three regression models where only statistically significant variables are illustrated.

Analysing knowledge, literacy and well-being scores as dependent variables in a regression, makes it possible to better understand the effects of socio-economic variables on each of these measures. As expected, there are some differences in what determines individual knowledge, their financial literacy, and how they perceive financial outcomes in terms of their personal well-being.

Some key variables appear to be strongly and positively correlated with all three dependent variables (See Table 6.1). Being male accounts for higher knowledge, literacy, and well-being. In fact, being male adds between 0.3-0.5 points to the various dependent variables (See Table A B.1 in Annex B for the coefficient sizes). The higher the education level the higher the scores of the dependent variables, and this is the same when looking at income and the amount of savings individuals report.

Living in a large city and being a frequent user of digital or mobile devices for financial matters is also strongly and positively correlated with higher financial knowledge and financial literacy. However the statistical significance disappears in the well-being regression.

Interestingly, having a greater exposure to risk (measured by the risky profile variable, which takes the value 1 for individuals who report having stocks, shares, or cryptocurrency) is positively correlated with financial literacy, but loses significance in the regressions for knowledge and well-being.

Three prudent financial behaviours were included in the regressions: budgeting, actively saving, and planning for the long term. Budgeting appears statistically insignificant across all three dependent variables, however actively saving and long term planning is positively correlated to knowledge while active saving is also positively correlated to a high financial well-being score.

Having low trust in institutions and financial sources is negatively correlated with all three of the dependent variables. Judging from the coefficients presented in Table A B.1, financial knowledge scores are, on average, 0.3 points lower among respondents who have low or no trust in institutions Their financial literacy scores are 1.1 point lower, and financial well-being scores are 0.5 points lower.

Being a young adult, retired, unemployed, or self-employed are all negatively and significantly associated with lower financial knowledge. Young adults and the unemployed are also associated with lower financial literacy. Retired individuals are negatively associated with financial well-being. Interestingly, young adults have a significant and positive association with financial well-being.

It is instructive for policy makers that the key positive correlates of financial knowledge, literacy, and well-being are variables that describe individuals that are well-educated, earn a high income and have accumulated saving. They are also living in well-connected and productive urban localities and are familiar with digital and mobile financial tools and services. Women, young adults, the retired, the unemployed and the self-employed clearly need support, especially in the form of targeted financial education policies . It is notable that certain prudent financial behaviours – savings and planning for the long term - bring higher knowledge and well-being scores, thus suggesting where the emphasis of education programmes should be. Of particular importance is the group of individuals with low trust as they exhibit significantly lower knowledge and literacy scores and also high financial stress.

Table 6.1. Regression results

This table provides the regression results only for the purpose of illustration. The table with coefficients and t-statistic values is provided in Annex B, together with a more technical explanation of the regression work and its results.

	Financial knowledge	Financial literacy	Financial well-being
Gender	+	+	+
Young adults (18-29)	-	-	+
Education	+	+	+
Urban residence	+	+	
Income band	+	+	+
Digital use	+	+	
Savings cushion	+	+	+
Self-employed	-		+
Low trust	-	-	-
Risky investment profile		+	
Retired individual	-		-
Unemployed	-	-	
Saving	+		+
Long term planning	+		
Country fixed effects	*yes*	*yes*	*yes*

Legend	
Positive and statistically significant	+
Positive but statistically insignificant	
Negative and statistically significant	-
Negative but statistically insignificant	

7 Key lessons and policy recommendations for the region and the individual countries

Key lessons

The eight surveyed countries share important commonalities across the themes of financial literacy, financial inclusion, financial well-being, and financial resilience. Adults in the region of the CIS exhibit low levels of financial literacy. They score 55.8% of the financial literacy score, which illustrates a fairly low understanding of financial matters. Particularly poorly understood and applied are concepts like simple and compound interest, and understanding of risk and diversification and the value of money across time.

Financial inclusion, as indicated by product awareness and use, can also be improved. Fewer than 60% of adults in the CIS exhibited awareness of at least five products and 52% reported recently buying a financial product. Payment, and mobile payment products, are the most widely used, however only about 30% and 21% respectively responded they regularly use such products. Insurance products are the least widely used. On average individuals report high financial stress as measured by a financial well-being score that is well under 50% of the total.

The financial resilience of individuals in the CIS is limited and the COVID-19 crisis appears to have pushed large numbers of people into financial difficulties over the past year. As many as half of the individuals experienced a financial shortfall over the past year and had to find other means to cover financial gaps due to their lack of a savings cushion. Average savings across the CIS are low with only 13% reporting they have a financial cushion to last them more than 6 month in case of a sudden loss of income, while 30% report savings to last them one month and 13% have only enough for one week. On the other hand, individuals in the CIS understand the value of prudent financial behaviour. Over two-thirds suggest they keep a careful watch over their finances (71% of responses), seek to actively save (69% of responses), and budget (87% of responses).

There are significant differences in the financial literacy of certain population groups. Women underperform compared with men across all the scores computed in this report. Individuals who respond they do not trust any financial or regulatory institution in the public or private financial sphere also achieve significantly lower scores. Young adults and the retired underperform in financial knowledge and literacy scores, but their experiences diverge when considering financial well-being. Young adults score significantly better on financial well-being, while the retired score significantly lower than the average sample. Individuals in a high-income band, with considerable savings cushion, who live in large urban areas, and use digital or mobile tools for financial matters, all have significantly higher knowledge and literacy, and often have higher well-being.

Important underlying issues that are common to the CIS emerge from the data. These are informality and low trust in financial institutions, both of which make the work of financial education policy makers in the region difficult. Almost half of the respondents (46%) suggest they turn to family, friends, or trusted persons for financial transactions such as saving, investing, and borrowing. Over half (55%) report they prefer to save cash at home while 30% save by giving money to family to save on their behalf. More than one in five individuals (21%) state that they do not trust any financial institution - private, non-government, or private – as a source of financial news, advice, or education.

An important conclusion from the comparative data across various surveys conducted by the OECD and especially the two CIS surveys of 2017 and 2021, is that improving financial literacy, especially more prudent behaviour and long-term attitudes, is a longstanding challenge and should be approached as such. The relatively low scores of the CIS countries in 2021 appear to be driven by considerably lower financial attitude scores than those achieved by adults in other OECD surveys conducted pre-COVID-19 in the CIS region and globally. A speculative explanation can be the negative impact on long term planning and financial considerations in times of great uncertainty during the lengthy COVID-19 crisis. Financial knowledge appears to have marginally improved across all countries in the sample since 2017. Financial knowledge is most likely to improve as a result of financial education programmes, at least in the short term, as it measures objective understanding of financial principles. Developing prudent behaviours is more difficult, and a longer term process.

Positively, certain financial behaviours have improved across the CIS since 2017: more people report they actively save, pay bills on time, and strive to pursue long term goals. However, other measures have deteriorated, with fewer people carefully considering their purchases and more people experiencing a financial shortfall (50% in 2021 versus 41% in 2017).

To pursue long term and positive behaviour changes, policy makers need to enact consistent and enduring policies and expect to see incremental results that would build towards a more financially literate future.

Policy recommendations for the CIS region

The evidence set out in this report highlights the need for financial education policy makers in the CIS to continue to actively pursue policies that seek to improve the financial literacy, well-being, and resilience of individuals. The ongoing crisis due to COVID-19 has called on policy makers globally to provide immediate support to individuals through financially difficult times in a variety of ways, including through income and employment protection schemes for instance.

As long term solutions are considered and pursued, financial education needs to be a key part of a policy package. The focus must continue to be on policies and education programmes that seek to impact behavioural change in the long run by improving financial knowledge across all of society in the short run. Policy makers need to be mindful of the differences across groups in the CIS societies and tailor their policy approaches, as well as allocate their resources accordingly.

Strengthen basic financial knowledge to continue to ensure good budgeting, planning and saving practices:

- Look into priority areas of financial knowledge. The results indicate that, at least in some countries, the areas of basic knowledge to be addressed as a priority are simple interest and interest compounding, and, to a lesser extent understanding of risk and diversification and the value of money across time, which are particularly important for consumers choosing and using savings and credit products. Good financial knowledge of these concepts would help individuals understand the long term benefits of saving and investing even with small amounts on a regular basis. Potential target groups for tailored financial knowledge support can be women, young people, retirees, and the unemployed.

Encourage positive financial behaviours and attitudes to improve financial resilience and pursue long-term financial well-being:

- Strive to improve financial behaviour, especially planning for the long term and actively saving. This would help to boost individuals' savings cushions and diminish some of the worry over retirement plans. Using simple tools with proven efficiency in the first instance may encourage consumers to behave in financially literate ways. In the long-term, policy makers could work towards creating a culture of financial prudence, planning and goal-setting. Digital technologies (such as online calculators, simulators, reminders and commitments devices) could help people focusing on their longer-term priorities and support them in planning.[28] Given the disparity in financial literacy, resilience and well-being between digitally savvy individuals and those who do not use such technologies, financial education in such instances could go hand-in-hand with digital education.
- Behavioural insights can help incentivise and encourage people to set long-term goals and commit to them.[29] Encouraging people to commit to saving or using calculators could help active savings and longer-term planning. Adequately time and frame messages to put people on the right path, avoid short-lived changes and encourage long-term adjustment.
- Promote even small, but regular contributions to emergency savings, which could have a large impact on mitigating the negative consequences of unforeseen expenses. This would support individual financial resilience by increasing their ability to recover from various types of financial distress.
- Actively seek to promote the products and services offered by the formal financial system. Look to educate individuals on the benefits of regulated financial services over unregulated ones. Include modules on how the financial system functions, is regulated, and what opportunities for help and redress exist if problems arise. This may help diminish informality in the CIS economies and also promote engaged and knowledgeable financial consumers. The OECD's extensive work on financial consumer protection should be utilised.[30]

Take account of different needs of certain groups:

- Provide targeted support or apply tailored approaches to groups with different needs or vulnerabilities. The results indicate that men significantly outperform women across all the financial literacy measures. This is an important disparity to note and address, as indicated in previous OECD research.[31] This report also suggests that young people and seniors need targeted help to

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[28] The G20/OECD INFE Policy Guidance on Digitalisation and Financial Literacy (2018) can help policy makers seeking to utilise digital tools in their financial education policies, as well as to address the emerging risks from digital financial services.

[29] IOSCO's and OECD's "The Application of Behavioural Insights to Financial Literacy and Investor Education Programmes and Initiatives "(2018) is designed to support policy makers seeking to utilise behaviour insights.

[30] Especially useful in times of COVID-19 is OECD (2020), Financial Consumer Protection Policy Approaches in the Digital Age: Protecting consumers' assets, data and privacy. www.oecd.org/finance/Financial-Consumer-Protection-Policy

[31] OECD (2013)

improve their financial knowledge and behaviour. Those without sufficient savings, on low incomes, the unemployed, with low or no education, and those without either access to digital tools and services or the skills to use them appear extremely vulnerable. They will need support to improve their financial literacy, alongside possible support through income and employment policy and digital education. Countries need to develop detailed strategies and actions plans to address the specific needs of potentially vulnerable groups.

- Given the lower financial knowledge of youth, start financial education as early as possible, ideally in schools (OECD, 2005),[32] in order to embed the knowledge of basic financial concepts comprehensively in the population.[33]
- Seek to better understand the low trust across certain groups in society and tackle it through wide-reaching information and education campaigns. Such campaigns may need to be developed as part of a whole-of-government approach, as trust is a broad issue that transcends the financial sector and can potentially affect all public sector initiatives.

Seek to better understand what constitutes the financial resilience and well-being of individuals and tailor financial education policies towards these goals:

- Use OECD/INFE research to better understand what constitutes financial resilience and financial well-being, and develop policy approaches towards these two phenomena. The OECD/INFE promotes policies that aim to lower financial stress, improve money management techniques, and build a greater understanding of money as a means to a better life rather than a life aim in itself.
- Promote national research on the differences in financial resilience and well-being across various groups.Financial education programmes can then be tailored to support the skills and behaviours that prepare individuals to handle risk, uncertainty, and manage their money for the long term and towards their individual financial plans and goals.
- Seek to understand how to address financial and digital fraud, include fraud as part of financial education programmes, and promote awareness campaigns on this issues.

Take inspiration of global good practices and seek to cooperate internationally:

- The newly-established CIS Regional Network for Financial Education, established as part of the OECD Technical Assistance Project in the CIS, and the project itself are a fist point of reference for knowledge exchange, peer learning, and peer support. The broad and important experience of the Russian Federation in financial education, from creating policies, developing methodologies, to implementing programmes at regional and national level, should be instructive and used by the CIS countries.
- The OECD and its INFE actively promotes and facilitates international cooperation on financial literacy. Its members jointly develop good financial education practices and vet then through global experience. Being active in this international community of policy makers will provide invaluable lessons.

Country-specific recommendations

The CIS countries covered in the project and the Russian Federation share a number of commonalities in terms of financial literacy, inclusion, and well-being. Nevertheless, there are some differences too and

[32] OECD (2005)

[33] OECD (2020a); Discussed in the latest OECD PISA 2018 Financial Literacy Volume: http://www.oecd.org/daf/pisa-2018-results-volume-iv-48ebd1ba-en.htm

these can help relevant policy makers to fathom specific lessons and policy recommendations for improvement. This final section looks briefly at the individual countries and proposes country-specific recommendations. It first looks at each of the countries participating in the OECD/INFE Technical Assistance Project on Financial Education and then looks at the Russian Federation.

CIS countries participating in the OECD/INFE Technical Assistance Project on Financial Education

- **Armenia**: adults in Armenia achieved average scores across the elements of financial literacy. Positively, they scored above average on some key financial knowledge questions like time value of money, understanding interest on a loan, and understanding risk and return. However they scored low when asked to calculate simple or compound interest (both of thse concepts form one question each in the financial knowledge score and good understanding of them is found to be useful in supporting long term savings by individuals). Armenian individuals also exhibited low confidence in their own financial knowledge and below the CIS average. Armenians exhibited lowest reliance on government provided pension schemes (some 44%) and the highest fraction expected to continue working into retirement (74%) and the highest reliance on accumulated financial assets. On the other hand, over 60% of Armenians reported they only have savings to last them about one month if they lose their main income source. This is considerably above the average for the CIS (45%). The lowest percentage (49%) of active savers across the CIS is in Armenia, as well as the highest percentage (77%) who reported experiencing a financial shortfall over the past year. The vast majority of surveyed adults in Armenia (75%) suggested they would seek to borrow informally (from friends, family, informal providers of finance), the highest percentage in the CIS. One third of surveyed Armenians exhibited low trust in various public and private institutions to provide them with financial advice and education. This may have been affected by the context in Armenia, which experienced two different crises over the summer of 2021 – conflict with neighbouring countries and the COVID-19 pandemic.. When running the regression models from section 6 on a sub-sample from Armenia only, the results are largely consistent with the overall sample, with one important exception:. migrants significantly underperform the average population in financial knowledge and literacy.

  Policy makers in Armenia may consider the following financial education policies:

  - Basic financial knowledge continues to be an important element in improving the financial literacy of adults in Armenia, with special attention to be paid to teaching people to understand and perform simple and compound interest calculations. These skills will be essential for the long-term financial resilience and well-being of Armenians when coupled with the low percentage of active savers and very high percentage of those reliant on accumulated assets and continued work into their retirement.
  - Special attention may need to be paid to saving attitudes and financial provisions for the long term. The second set of regional recommendations on encouraging positive financial behaviours and attitudes to improve financial resilience are very relevant for Armenia. Many Armenian adults experienced financial troubles in the past year and lacked access to savings suggesting that such a focus would be beneficial. Policies and tools encouraging prudent savings behaviours could be flanked by income and employment support policies.
  - Armenian policy makers will need to tailor some of their financial education policies to especially vulnerable groups. Migrants and their families constitute one of these groups. They will also need to target informality in the financial sector and devise policies tailored to encourage the use of formal and regulated financial services and products. This should be

done in line with regulations to oversee the financial sector and especially those enacted to control the proliferation of fast or easily obtained but high-cost consumer credits.

- **Azerbaijan**: adults in Azerbaijan scored low across all the elements in financial literacy. Adults in Azerbaijan need considerable improvement across all the areas of financial knowledge that the survey tested. At the same time, one third (27%) of individuals in Azerbaijan confidently assessed their own financial knowledge as high; considerably more than the CIS average (19%). This disparity can be dangerous as the financial markets are risky and individuals without the appropriate knowledge are more likely to make costly mistakes. Adults in Azerbaijan also scored the lowest on the financial well-being score; lowest fraction of them suggest they keep a careful watch over their money (58%) and less than half suggest they plan for the long term (45%). Only half (55%) report they actively save and the reported worry about the long term is also evident from the responses on plans for retirement – 55% of adults in Azerbaijan will rely on family or a partner and 50% will need to continue to work into their old age. Almost two thirds suggest they experienced a financial shortfall over the past year, and almost the same fraction (61%) suggest they only have savings cushion of about one month in case they lose their main income. One in three (30%) report they do not trust any institution, which is the highest percentage across the CIS. Regression analysis run only on the data for Azerbaijan suggests that migrants have significantly lower financial well-being than the rest of the adults, while self-employed have higher.

  Policy makers in Azerbaijan may consider the following financial education policies:

  - Basic financial knowledge will be a crucial element in improving the financial literacy of adults in Azerbaijan. Special attention needs to be paid to potentially-vulnerable groups such as migrants, young adults, and ageing people.
  - Special attention may need to be paid to saving attitudes and financial provisions for the long term, following education programmes on basic financial knowledge. Encouraging positive financial behaviours and attitudes to improve financial resilience is relevant for Azerbaijan. Given the large proportion of adults in Azerbaijan who experienced financial troubles in the past year, as well asthe high number who plan to rely on savings and extra work into their retirement, policies and tools encouraging prudent savings behaviours would need to be flanked by income and employment support policies.
  - Policy makers in Azerbaijan will also need to target the low trust exhibited by consumers by offering education and information campaigns that describe, in the appropriate language and setting, how regulated financial services and products function and how institutions supervising them add value to society.

- **Belarus**: adults in Belarus scored highest in financial knowledge and financial attitude across the CIS. They also scored among the highest in financial behaviour. The lowest knowledge scores were achieved in the questions on calculating simple and compound interest, which can represent a target for financial education programmes. About one third (28%) of individuals in Belarus confidently assessed their own financial knowledge as high; considerably more than the CIS average (19%). Adults in Belarus scored about 55% in well-being, which is the second highest score in the CIS, but still suggests room for improvement. Some 58% of adults in Belarus suggest they carefully consider their purchases, while only 43% report planning for the long term; both considerably below the CIS average. On the other hand, three quarters of adults (75%) actively save and 53% report they have savings to last them more than one month (which is above the CIS average of 40%). Some 39% reported they experienced a shortfall, much lower than the CIS average of 50%. The regression analysis on the Belarus sample has only one important difference from the total CIS sample, it is the only country where individuals with no trust do not significantly underperform in knowledge and literacy; but they do in well-being.

Policy makers in Belarus may consider the following financial education policies:

- o Basic financial knowledge continues to be an important element in improving the financial literacy of adults in Belarus, with special attention to be paid to teaching people to perform simple and compound interest calculations. Certain target groups may be deserving of special attention, like young people, the ageing, and workplace financial education.
- o Belarus policy makers may seek to utilise novel financial education tools and insights. Behaviour policy targets could be saving and planning for the long term. Behavioural insights and tools that use ‘nudges’ can help incentivise and encourage people to set long-term goals and commit to them. Adequately timed and framed messages could be used to put people on the right path, avoid short-lived changes and encourage long-term adjustment.

- **Kazakhstan**: adults in Kazakhstan scored above average in financial literacy and its elements of knowledge and behaviour, as well as in financial well-being. Adults in Kazakhstan showed moderate confidence in their own financial knowledge with 22% assessing it is high, a little more than the CIS average (19%). Some 43% of surveyed individuals in Kazakhstan plan for the long term, far below the average of 58% across the CIS. Consistent across the CIS, adults in Kazakhstan rely mostly on government provided pension schemes (78%), but also supplement this with savings (64%), continue working (64%) or rely on family or a partner (63%). Of al the CIS countries, the highest proportion of adults relying on private pension schemes (some 59%) is in Kazakhstan. Almost half of adults in Kazakhstan (47%) experienced a shortfall over the past year, just under the CIS average of 50%. Moreover, only 9% have savings to last over six months but 11% reported having savings to last less than one week. In many respects, adults in Kazakhstan have financial literacy and experience dealings with finance as the average trend of the CIS as a region.

  Policy makers in Kazakhstan may consider the following financial education policies:

  - o Continue structured efforts to provide financial education programmes to as many adults as possible. Improved basic financial knowledge will help address weaker areas, such as simple interest and interest compounding, and, to a lesser extent, understanding of risk and diversification and the value of money across time. Women, young people, retirees, and the unemployed are groups thatcould benefit from tailored financial knowledge support . Supporting prudent financial behaviours may help boost individual savings.
  - o Enhanced international cooperation in financial education and literacy may help the adoption of novel and globally-vetted tools for financial education. Kazakhstan would need to move beyond the average trends of the CIS in financial literacy to experience benefit the rest of the economy, the rapidly-developing financial sector in particular.

- **Kyrgyz Republic**: Adults in the Kyrgyz Republic achieved average scores in financial literacy and well-being, and a below average knowledge score. Particularly low scores were achieved in the simple and cumulative interest calculations, as well as in understanding risk and return, and risk and diversification. Individuals in the Kyrgyz Republic seem to be realistic about their low financial knowledge with some 20% (the highest in the CIS) self-assessing their knowledge as low. Positively, in the Kyrgyz Republic, some of the highest percentages of adults across the entire CIS responded that they take good care of their money (79%), carefully consider their purchases (80%), pay their bills on time (90%), and plan for the long term (77%). Moreover, about 74% actively save. Nevertheless, 45% reported experiencing a financial shortfall over the past year. Somewhat high percentages of adults in the Kyrgyz Republic also report falling victim to financial fraud: 8% suggest they lost money into a financial scam, 7% provided financial details during a fraudulent call or email, and 7% complained of a costly or fraudulent remittance provider. Consequently, 23% do not trust any institution to provide them with financial guidance.

Policy makers in the Kyrgyz Republic may consider the following financial education policies:

- Building up basic financial knowledge in the areas of interest, inflation, and risk, will be important in improving the financial literacy of adults in the Kyrgyz Republic. Better financial knowledge will enable Kyrgyz individuals to better understand their actions.
- Novel knowledge themes may have to be introduced in financial education programmes to stem the rise in financial scams. Digital financial education may be another area of focus for financial education policy makers. Awareness campaigns could help individuals avoid fraud and scams.
- Education programmes could also include modules on how financial institutions and their regulators work, as well as publicise success stories to increase trust among adults in the Kyrgyz Republic.

- **Tajikistan**: Tajikistan scores among the lowest across the CIS in terms of adult financial literacy and well-being. Considerable improvement across all areas of financial knowledge tested in the survey is necessary. Adults in Tajikistan scored the second lowest on the financial well-being score, which suggests that they consider money to be a considerable stress in their lives. Few adults in Tajikistan hold formal financial products in general, and only 25% reported holding savings or investment products. Only 13% hold formal payment products. A large proportion of adults in Tajikistan keep a close watch over their finances (78%) and seek to plan for the long term (66%). Almost two-thirds of adults (73%) reported that they actively save, however 79% would rely on family or a partner to support them in retirement, the highest percentage in the CIS with the Kyrgyz Republic (80%). This figure is higher than the percentage of adults in Tajikistan who replied that they would rely on a government pension. Almost two-thirds experienced a financial shortfall over the past year (59%), and 47% only have a savings cushion of about one month in case they lose their main income. Interestingly, Tajikistan is one of only two countries in the CIS whoprefer terrestrial TV and radio for financial news (23%) than the internet (18%) (the other being Uzbekistan). The internet is by far the most popular source of financial information on average across the CIS. The regression analysis run on the data for Tajikistan only suggests that those who live in large cities have a significantly higher financial knowledge than the rest of the adults.

  Policy makers in Tajikistan may consider the following financial education policies:

  - Financial knowledge should form the focus of financial education programmes in Tajikistan. Individuals in Tajikistan would benefit from a broad and comprehensive financial education programme that works alongside policies to increase financial inclusion. The latter policies would benefit residents in rural and remote areas.
  - Financial education programmes should also aim to limit the high informality in the financial sector in Tajikistan, by explaining how banking and finance function and how they can benefit consumers, how such services can be accessed, and what consumer protection mechanisms exist.

- **Uzbekistan**: Adults in Uzbekistan obtained the second highest score in financial literacy (behind Belarus) and the highest financial well-being score among the countries in the CIS. The high literacy score is driven by a high behaviour score, but undermined by an average knowledge score. Areas of financial knowledge where adults in Uzbekistan underperformed (i.e. scored below the CIS average) are calculating simple and compound interest, as well as understanding risk / return / diversification. The majority of adults self-assess their financial knowledge as average (just under 80%) and only 10% self-assess as highly knowledgeable (well under the CIS average of 19%). High proportions of respondents in Uzbekistan (higher than the average across the CIS) exhibited prudent financial behaviours, such as keeping a close watch on their finances (80%), making carefully considered purchases (75%), paying their bills on time (85%), and planning for the long term (80%). Close to 90% replied they actively save, which explains why Uzbekistan has the lowest proportion of adults across the CIS who experienced a financial shortfall over the past year (30% in Uzbekistan versus 50% average in the CIS, where the highest percentage was in Armenia with 77%). 60 percent of adults in Uzbekistan also reported a savings cushion to last them between one month and six months. However, a very large portion of these savings seems to be held in cash (70% of adults in Uzbekistan suggested they save cash) or informally with family (70%) and trusted persons (21%), which are some of the highest rates in the CIS. Uzbekistan is the country with the lowest percentage of individuals who exhibit low trust (10% or half of the CIS average of 21%).

Policy makers in Uzbekistan may consider the following financial education policies:

- Basic financial knowledge should be the area of focus in improving the financial literacy of adults in Uzbekistan. Better knowledge of key financial concepts is necessary to support the prudent financial behaviours adults in Uzbekistan exhibit.. Knowledge of interest rate calculation, crucial to understanding the costs of financial products, needs to be improved through financial education programmes, , as well as the relationship between risk, return, and diversification.
- Special attention needs to be paid to the high informality in the financial sector. Education programmes could also focus on explaining to a wide audience the functioning of the banking and financial systems, the role and functions of regulators, the availability of consumer protection mechanisms and opportunities for redress.

- **Russian Federation**: Adults in the Russian Federation achieved among the top scores in financial literacy and financial well-being in the CIS. The percentage of respondents who were familiar with the elements of financial knowledge was high above the average for the CIS apart from understanding risk and diversification. This is matched by high self-confidence, where 30% of Russian adults suggested they have high financial knowledge. On the other hand, the proportion of adults in the Russian Federation who responded positively to prudent financial behaviours is consistent with the average for the CIS region with the exception of budgeting, where 95% suggest they budget and plan their finances – the highest proportion in the CIS (together with Kazakhstan). Some 38% of Russian adults reported they experienced a financial shortfall in the past year, considerably lower than the 50% average for the CIS.

Together with adults in Belarus (6%), the second lowest fraction of adults in the CIS who reported resorting to government aid over the past year was in the Russian Federation. A greater proportion of adults (some 63%) in the Russian Federation suggest they trust certain public institutions to provide financial advice and financial education, but about one quarter (24%) suggest they do not trust any institution to provide these.

Adults in the Russian Federation report the highest percentage of awareness (83% suggest they are aware of at least five financial products) and use (85% report purchasing a financial product recently) of financial products, both figures being considerably higher than the CIS average. Together with adults in Belarus (27%), the smallest proportion of Russian adults (29%) suggest they turn to family and friends to save, borrow, or invest. The regression model applied to a sample restricted to the Russian Federation suggests that there is a strong correlation between having significantly higher financial knowledge and literacy and holding riskier assets (i.e. investments and saving using financial market instruments).This correlation may be reinforced by the deeper and more active financial markets in the country as opposed to the rest of the CIS.

Policy makers in the Russian Federation may consider the following financial education policies:

- To improve financial literacy and well-being in the long run, financial education efforts need to be focused on long term behaviour changes. While financial knowledge is an essential component of every financial education programme, policy makers in the Russian Federation should focus on practical advice and tools that utilise behaviour insights to encourage more prudent financial behaviours and attitudes.

- Given the widespread use of financial products, investor education can complement financial education programmes. Importantly, educational elements around risk, return, diversification, and investing for the long term would be needed to ensure individuals who are retail investors are fully aware of the risks involved. Sophisticated regulation of capital markets and investment products would flanks and support such financial education policies for investors.
- In order to further improve levels of awareness of rights and responsibilities, both financial consumer protection and financial education programmes could include modules on regulation, rights and obligations of consumers and investors. Such education programmes would need to be promoted through variety of delivery channels and be carefully targeted to ensure that those individuals who are least receptive will be reached.

Annex A. Tabulated data used for the charts throughout the main text

This Annex contains tables with the data used for a number of charts throughout the main text. In particular, the majority of the tables can illustrate the financial literacy and well-being scores and their elements across potential target groups. For the definitions of the target groups, see the first part of Section 6: Potential socio-economic vulnerabilities.

Table A A.1. Savings behaviour and types of savings method preferred by adults in the CIS split by country.

% of adults who responded they save in a particular manner. Individuals could give more than one response so the % do not add up to 100.

		Armenia	Azerbaijan	Belarus	Kazakhstan	Kyrgyz Republic	Tajikistan	Uzbekistan	Russian Federation	Average CIS
Putting cash away	Saving cash at home or in your wallet	33%	50%	68%	55%	58%	54%	70%	54%	55%
	Giving money to family to save on your behalf	25%	10%	14%	21%	36%	45%	70%	17%	30%
	Saving in informal way (giving money to trusted persons but NOT family)	9%	2%	4%	4%	13%	13%	21%	5%	9%
Depositing money in a financial institution	Put money into a savings account	10%	6%	9%	30%	9%	6%	8%	25%	13%
	Time deposits	0%	2%	3%	7%	5%	5%	1%	3%	3%
Investing accumulated money	Investing in real estate	6%	3%	4%	4%	7%	10%	4%	4%	5%
	Investing in stocks and shares	1%	1%	2%	1%	1%	9%	1%	3%	2%
	Investing in bitcoin / other crypto-assets or Initial Coin	1%	2%	2%	2%	1%	1%	1%	2%	2%

	Offerings (ICOs)									
	Buying bonds	1%	2%	1%	1%	2%	1%	2%	2%	1%
Other methods	Saving or investing in some other way, other than a pension	9%	4%	7%	5%	5%	4%	3%	6%	5%

Table A.2. Scores split by gender

		Financial literacy score	Knowledge score	Behaviour score	Attitude score	Well-being score
Armenia	Female	11.1	3.4	5.1	2.6	7.7
	Male	11.3	3.7	5.1	2.6	8.5
Azerbaijan	Female	9.3	2.2	4.7	2.4	6.9
	Male	10.0	2.7	5.0	2.3	7.3
Belarus	Female	12.8	4.3	6.0	2.5	10.5
	Male	13.0	4.7	5.6	2.6	11.4
Kazakhstan	Female	12.5	4.1	6.0	2.4	9.5
	Male	12.5	4.2	5.9	2.4	9.7
Kyrgyz Republic	Female	11.4	3.1	5.9	2.5	9.7
	Male	11.8	3.4	6.0	2.5	10.4
Tajikistan	Female	10.4	2.9	5.2	2.4	7.4
	Male	11.1	3.1	5.5	2.4	8.4
Uzbekistan	Female	12.3	3.4	6.1	2.8	10.5
	Male	12.8	3.8	6.2	2.9	11.8
Russian Federation	Female	12.4	4.0	5.9	2.6	10.4
	Male	12.5	4.3	5.7	2.6	11.4
CIS average	Female	11.5	3.4	5.6	2.5	9.1
	Male	11.9	3.7	5.6	2.5	9.9

Table A.3. Scores split by age groups

		Financial literacy score	Knowledge score	Behaviour score	Attitude score	Well-being score
Armenia	young	11.9	3.5	5.5	2.8	10.1
	middle	11.2	3.6	5.1	2.5	7.5
	ageing	10.1	3.1	4.4	2.6	6.2
Azerbaijan	young	10.0	2.5	4.9	2.5	8.3
	middle	9.7	2.5	4.9	2.3	6.7
	ageing	8.7	2.0	4.7	2.1	6.1
Belarus	young	12.4	4.3	5.5	2.6	11.1
	middle	13.1	4.6	5.9	2.6	11.2
	ageing	12.8	4.4	5.9	2.5	10.3
Kazakhstan	young	12.5	4.1	5.9	2.4	10.0
	middle	12.7	4.3	5.9	2.5	9.7
	ageing	11.9	4.0	5.7	2.3	9.3
Kyrgyz Republic	young	11.3	3.1	5.6	2.6	10.9
	middle	11.9	3.3	6.1	2.5	9.7

	ageing	11.2	3.1	6.1	2.1	8.5
Tajikistan	young	10.6	2.9	5.4	2.4	8.4
	middle	10.7	3.1	5.3	2.4	7.6
	ageing	11.2	3.0	5.9	2.4	8.1
Uzbekistan	young	12.3	3.5	5.8	3.0	11.4
	middle	12.7	3.7	6.3	2.8	10.9
	ageing	12.6	3.5	6.4	2.7	11.8
Russian Federation	young	12.9	3.9	6.2	2.7	12.5
	middle	12.7	4.3	5.9	2.5	10.8
	ageing	11.7	4.0	5.3	2.5	9.6
CIS average	young	11.7	3.5	5.6	2.6	10.3
	middle	11.8	3.7	5.7	2.5	9.3
	ageing	11.3	3.4	5.5	2.4	8.7

Table A.4. Scores split by urban or rural residency

		Financial literacy score	Knowledge score	Behaviour score	Attitude score	Well-being score
Armenia	village	11.1	3.2	5.3	2.6	8.0
	town	11.1	3.4	5.1	2.6	7.7
	city	11.4	3.7	5.0	2.6	8.4
Azerbaijan	village	8.5	2.1	4.1	2.3	7.8
	town	8.9	2.0	4.5	2.3	7.6
	city	11.7	3.4	5.9	2.4	5.8
Belarus	village	13.0	4.4	5.9	2.7	10.6
	town	12.7	4.5	5.7	2.5	10.6
	city	13.0	4.5	5.9	2.6	11.2
Kazakhstan	village	12.8	4.6	6.0	2.2	9.9
	town	12.0	4.0	5.5	2.5	9.5
	city	12.7	4.2	6.0	2.5	9.8
Kyrgyz Republic	village	11.7	3.2	6.0	2.5	10.0
	town	11.3	3.1	5.8	2.4	9.5
	city	12.4	3.6	6.0	2.7	11.3
Tajikistan	village	11.5	2.7	6.1	2.6	7.7
	town	10.5	2.9	5.3	2.3	7.9
	city	11.4	3.5	5.4	2.6	7.9
Uzbekistan	village	12.6	3.5	6.2	2.9	10.9
	town	11.7	2.9	5.8	3.0	10.0
	city	12.7	3.8	6.2	2.8	11.7
Russian Federation	village	12.1	3.9	5.7	2.5	10.7
	town	12.5	4.1	5.8	2.6	10.6
	city	12.6	4.2	5.8	2.6	11.1
CIS average	village	11.7	3.5	5.7	2.6	9.7
	town	11.0	3.2	5.4	2.4	8.8
	city	12.4	4.0	5.8	2.6	10.0

Table A.5. Scores split by education level

		Financial literacy score	Knowledge score	Behaviour score	Attitude score	Well-being score
Armenia	none	9.8	2.2	5.5	2.1	7.8
	school	10.7	3.3	4.9	2.5	7.4

	university	12.2	3.9	5.5	2.8	9.1
	post-graduate	12.8	4.0	6.1	2.7	10.2
Azerbaijan	none	8.7	2.4	4.1	2.1	7.5
	school	8.9	2.2	4.5	2.3	7.0
	university	12.1	3.4	6.0	2.7	7.0
	post-graduate	11.6	3.1	5.5	3.0	10.1
Belarus	none					
	school	12.5	4.4	5.6	2.5	10.4
	university	13.4	4.6	6.0	2.7	11.5
	post-graduate	12.9	4.7	5.7	2.5	13.3
Kazakhstan	none	8.2	0.3	4.6	3.3	8.8
	school	12.2	4.1	5.7	2.4	9.3
	university	13.2	4.5	6.2	2.5	10.5
	post-graduate	13.1	3.8	6.6	2.7	9.8
Kyrgyz Republic	none					
	school	11.2	3.1	5.8	2.4	9.6
	university	12.5	3.6	6.3	2.7	11.1
	post-graduate	14.7	5.4	6.6	2.7	8.4
Tajikistan	none	9.7	3.0	3.8	2.9	5.2
	school	10.3	2.9	5.1	2.3	7.7
	university	11.5	3.2	5.9	2.4	8.3
	post-graduate	11.2	3.1	5.7	2.3	7.9
Uzbekistan	none	13.3	5.0	5.5	2.8	14.5
	school	12.4	3.5	6.1	2.9	11.0
	university	13.1	4.0	6.4	2.8	11.7
	post-graduate	14.1	4.1	7.2	2.9	10.9
Russian Federation	none					
	school	12.2	4.0	5.7	2.5	10.6
	university	13.2	4.5	6.1	2.6	11.7
	post-graduate	13.8	5.1	6.0	2.7	10.5
CIS average	none	9.7	2.5	4.6	2.6	7.3
	school	11.3	3.4	5.4	2.5	9.1
	university	12.7	4.0	6.0	2.6	10.2
	post-graduate	12.9	4.0	6.1	2.7	10.6

Table A.6. Scores split by income level

		Financial literacy score	Knowledge score	Behaviour score	Attitude score	Well-being score
Armenia	low	10.2	3.0	4.6	2.6	6.5
	medium	11.1	3.5	5.1	2.5	7.4
	high	11.9	3.8	5.4	2.7	9.3
Azerbaijan	low	8.2	2.0	4.0	2.3	6.9
	medium	9.2	2.3	4.6	2.3	6.9
	high	11.8	3.3	6.0	2.5	7.6

Belarus	low	12.4	4.3	5.7	2.4	8.7
	medium	12.8	4.3	5.8	2.7	10.7
	high	13.3	4.8	6.0	2.6	11.9
Kazakhstan	low	11.7	4.0	5.6	2.2	8.6
	medium	12.4	4.2	5.8	2.5	9.2
	high	13.5	4.5	6.4	2.6	11.3
Kyrgyz Republic	low	11.1	2.9	5.8	2.4	8.9
	medium	11.8	3.4	6.0	2.4	10.1
	high	12.6	3.6	6.4	2.6	11.1
Tajikistan	low	10.3	2.9	5.0	2.4	7.1
	medium	11.1	3.2	5.6	2.2	7.8
	high	11.5	3.2	5.9	2.4	9.1
Uzbekistan	low	11.9	3.4	5.7	2.8	10.0
	medium	12.9	3.7	6.3	2.8	11.2
	high	12.4	3.0	6.5	2.9	11.7
Russian Federation	low	11.6	3.8	5.4	2.4	9.1
	medium	13.0	4.3	6.0	2.7	11.0
	high	13.6	4.7	6.3	2.6	13.7
CIS average	low	10.8	3.2	5.2	2.4	8.1
	medium	11.9	3.6	5.7	2.6	9.5
	high	12.6	4.0	6.0	2.6	10.5

Table A A.7. Scores split by migrant status

		Financial literacy score	Knowledge score	Behaviour score	Attitude score	Well-being score
Armenia	other	11.0	3.4	4.9	2.6	7.8
	migrant	11.7	3.7	5.4	2.6	8.5
Azerbaijan	other	9.5	2.4	4.7	2.4	7.2
	migrant	10.6	2.8	5.5	2.4	6.6
Belarus	other	12.8	4.5	5.8	2.6	10.9
	migrant	13.2	4.7	5.9	2.5	11.5
Kazakhstan	other	12.5	4.2	5.9	2.4	9.7
	migrant	12.9	4.3	6.0	2.6	10.3
Kyrgyz Republic	other	11.5	3.2	5.8	2.5	9.9
	migrant	11.8	3.3	6.0	2.4	10.1
Tajikistan	other	10.7	3.0	5.3	2.4	7.8
	migrant	10.8	3.0	5.4	2.4	8.0
Uzbekistan	other	12.5	3.6	6.1	2.8	11.3
	migrant	12.9	3.7	6.4	2.7	10.4
Russian Federation	other	12.4	4.1	5.8	2.6	10.8
	migrant	13.3	4.4	6.4	2.5	12.4
CIS average	other	11.6	3.5	5.5	2.5	9.4
	migrant	12.1	3.7	5.9	2.5	9.7

Table A.8. Scores split by digital use

		Financial literacy score	Knowledge score	Behaviour score	Attitude score	Well-being score
Armenia	other	10.6	3.4	4.7	2.6	7.5
	digital	12.6	3.8	6.2	2.6	9.3
Azerbaijan	other	8.9	2.2	4.4	2.4	7.2
	digital	12.2	3.3	6.5	2.4	6.7

Belarus	other	12.3	4.4	5.3	2.6	10.6
	digital	13.7	4.7	6.4	2.6	11.4
Kazakhstan	other	11.5	4.1	5.2	2.3	9.0
	digital	13.3	4.3	6.4	2.5	10.3
Kyrgyz Republic	other	11.2	3.1	5.7	2.4	9.8
	digital	12.8	3.5	6.6	2.7	10.6
Tajikistan	other	10.6	3.0	5.2	2.4	7.7
	digital	11.6	3.2	6.2	2.2	8.6
Uzbekistan	other	12.2	3.5	5.8	2.9	11.3
	digital	13.3	3.8	6.7	2.8	11.0
Russian Federation	other	11.3	3.9	4.9	2.5	9.9
	digital	13.3	4.3	6.4	2.6	11.5
CIS average	other	11.0	3.3	5.1	2.5	9.0
	digital	13.1	4.0	6.5	2.6	10.3

Table A.9. Scores split by trust towards institutions

		Financial literacy score	Knowledge score	Behaviour score	Attitude score	Well-being score
Armenia	government	11.8	3.7	5.4	2.7	8.6
	NGOs	10.7	3.3	4.7	2.6	8.0
	private sector	11.7	3.6	5.5	2.6	9.2
	no one	10.0	3.1	4.4	2.5	6.5
Azerbaijan	government	10.5	2.7	5.4	2.4	6.3
	NGOs	9.4	2.5	4.5	2.4	9.4
	private sector	10.6	3.0	5.1	2.4	9.1
	no one	7.8	1.7	3.8	2.2	7.3
Belarus	government	12.9	4.5	5.9	2.5	10.9
	NGOs	13.4	4.9	5.9	2.6	12.1
	private sector	13.2	4.6	6.0	2.7	11.9
	no one	12.4	4.5	5.2	2.7	9.9
Kazakhstan	government	12.8	4.3	6.1	2.4	10.0
	NGOs	13.2	4.5	6.1	2.6	9.7
	private sector	13.1	4.2	6.3	2.7	10.2
	no one	11.2	3.8	4.9	2.5	8.8
Kyrgyz Republic	government	11.9	3.3	6.1	2.6	10.1
	NGOs	11.9	3.3	6.1	2.6	10.1
	private sector	11.8	3.5	6.0	2.4	10.0
	no one	10.7	3.0	5.3	2.4	9.5
Tajikistan	government	10.8	3.0	5.4	2.4	8.0
	NGOs	10.8	2.9	5.6	2.3	8.5
	private sector	11.5	3.3	5.7	2.5	8.3
	no one	9.8	2.8	4.8	2.3	6.9
Uzbekistan	government	12.5	3.6	6.1	2.8	11.2
	NGOs	12.9	3.8	6.4	2.7	10.8
	private sector	13.1	3.7	6.6	2.9	12.0

	no one	11.4	3.2	5.4	2.8	9.7
Russian Federation	government	12.7	4.1	6.0	2.6	10.8
	NGOs	13.1	4.8	5.8	2.4	10.4
	private sector	13.7	4.4	6.5	2.8	12.6
	no one	11.3	3.9	5.0	2.4	10.6
CIS average	government	12.0	3.6	5.8	2.5	9.5
	NGOs	11.9	3.8	5.7	2.5	9.9
	private sector	12.4	3.8	6.0	2.6	10.4
	no one	10.6	3.2	4.9	2.5	8.6

Annex B. Tables with the results of the regression model

The second part of Chapter 6 reports on the results of a regression model to explain the correlation of the financial knowledge score, the financial literacy score, and the financial well-being score computed from the data on a set of socio-economic individual characteristics. The former are called the dependent variables and the latter the independent variables. These variables are listed and described in the Table A B.1 below.

The dependent variable are chosen to represent the knowledge about the world of personal finance, the overall literacy score that includes a number of important behaviour and attitude traits, and the well-being score that represents broadly the intensity of individual financial stress; and how these are associated with individual socio-economic characteristics.

The chosen set of socio-economic characteristics as variables is inspired by the broad literature on determinants of financial literacy and in particular the following paper: Cupak et al (2018). This paper uses OECD/INFE collected data through the OECD Toolkit for Measuring Financial Literacy, comparable to the data used in this report, and conducts a similar analysis to identify determinants of financial knowledge. It then goes on to decompose the determinants of financial literacy on country and institutional level, an analysis that goes beyond the scope of this report. This report on the other hand looks at associations of financial knowledge and the composite scores of literacy and well-being and socio-economic characteristics.

The socio-economic characteristics are represented by dummy variables that largely take the value of 1 if the description of the variable is met; for example the gender dummy takes the value of 1 when the individual is male, which means that if there is a positive and statistical coefficient for this variable then being a male is positively correlated to the respective dependent variable. The groups of independent variables are composed of personal and social characteristics (like gender, age, being single or married, retired), educational attainment, place of residence (urban, rural), economic status (unemployed, income band, size of savings, migrant, self-employed), financial behaviour traits (savings behaviour, budgeting, long term attitude), digital savviness, and personal behaviour traits (risk-loving/aversion, trust). The majority are common to the literature, however novel a novel variable is trust, which can be measured through a question of what institutions or sources of information do individuals trust in their financial dealings.

Country fixed effects (dummy variables for each of the countries in the sample) are introduced to the second set of regressions to take account of unobservable processes and characteristics that may be underlying the regression analysis and affecting the dependent variables. These could represent for example changes in the macroeconomic environment, a number of policy initiatives undertaken in a specific country, or others similar. For the main section of the report, the regression results including the country fixed effects are used.

Individual country regressions are provided below for information purposes.

The regression models used are linear ordinary least squares (OLS) models with robust standard errors (robust standard errors is a technique to obtain unbiased standard errors of OLS coefficients under possible heteroscedasticity, which can bias the estimators). Sampling weights are used in the regressions to account for the different weights individuals carry in the samples as opposed to the entire population.

Table A B.1. Description of variables used in the regressions

Table of variables		
Type of variable	***Variable name***	***Variable description***
Dependent variables	*Financial literacy*	Financial literacy score (maximum 21) as per the methodology of the OECD 2018 Toolkit for Measuring Financial Literacy
	Financial knowledge	Financial knowledge score (maximum 7) as per the methodology of the OECD 2018 Toolkit for Measuring Financial Literacy
	Financial well-being	Financial well-being score (maximum 20) as per the methodology described in Chapter 2 of this report
Independent variables	*Gender*	Dummy variable: 1 for males and 0 for females.
	Young adults	Dummy variable: 1 if the individual is aged 18-29
	Middle aged	Dummy variable: 1 if the individual is aged 30-59
	Ageing	Dummy variable: 1 if the individual is aged 60 or older
	Education	Dummy variable: by type of education, 1-none, 2-school, 3-university, 4-post-graduate
	Urban residence	Dummy variable: by type of settlement, 1-village (under 3,000 residents), 2-town (3,000 to 100,000 residents) , 3-city (100,000 and above)
	Income band	Dummy variable: Income band equal to 1-low, 2-medium, 3-high (thresholds are tailored for each country during the survey)
	Migrant	Dummy variable: 1 if identified as migrant (migrant or their family, if they have worked abroad or received remittances over the past 12 months)
	Digital	Dummy variable: 1 if used a digital or mobile device over the past week for financial matters
	Savings cushion	Dummy variable: individual has a financial cushion for some time (1-week or less, 2-month or less, 3-three months or less, 4 - six months or less, 5- more than six months)
	Saving	Dummy variable: 1 for individuals who respond they actively save
	Budget	Dummy variable: 1 if individual reported budgeting regularly
	Long term	Dummy variable: 1 if individuals reported planning for the long term
	Unemployed	Dummy variable: 1 if individuals reported being unemployed
	Self employed	Dummy variable: 1 if individual reported being self-employed
	Risky assets	Dummy variable: 1 if individual reported holding risky assets (stocks, shares, bonds, crypto assets)
	Low trust	Dummy variable: 1 if individuals responded they do not trust any institution to provide financial news, advice, or education
	Single	Dummy variable: 1 if individuals reported being single or in a household of one
	Retired	Dummy variable: 1 if individual reported being retired
	Country fixed effects	Dummy variables taking the value of 1 for individual countries

Table A B.2. Main regression results on the whole sample

Dependent variables are: (1) financial knowledge score, (2) financial literacy score, and (3) financial well-being score. Country fixed effects are applied. For each variable the coefficient is reported on the top row and the t-statistic in the bottom row; for negative correlation the coefficient has a negative sign and the t-statistic value is in parenthesis. The (*) star sign denotes statistical significance to the following levels: one star is p<0.05, two stars is p<0.01 and three stars is p<0.001 (for a two-tailed test). This is to be interpreted that a coefficient with three starts (***) is statistically significant to the 99.9% level; or the probability of the correlation being a random occurrence and not a statistical patters is less than 0.1%. All regressions are done on the entire sample of 8,000 individuals.

	Financial knowledge	Financial literacy	Financial well-being	Financial knowledge	Financial literacy	Financial well-being
Gender	0.344***	0.336***	0.513***	0.326***	0.302***	0.510***
	9.07	5.49	4.51	9.02	5.13	4.64
Young adults (18-29)	-0.324***	-0.297***	0.859***	-0.226***	-0.246***	0.992***
	(-7.60)	(-4.40)	6.81	(-5.48)	(-3.74)	8.08
Education	0.320***	0.669***	0.504***	0.323***	0.693***	0.629***
	8.62	11.09	4.61	8.94	11.69	5.88
Urban residence	0.177***	0.173***	0.016	0.125***	0.132***	-0.016
	7.33	4.46	0.23	5.38	3.5	(-0.23)
Income band	0.145***	0.249***	0.212***	0.130***	0.295***	0.310***
	7.19	7.83	3.47	6.67	9.41	5.16
Migrant status	-0.161***	-0.111	-0.609***	0.062	0.11	-0.156
	(-3.74)	(-1.60)	(-4.61)	1.43	1.54	(-1.15)
Digital use	0.447***	1.589***	0.651***	0.133**	1.213***	0.076
	11.16	25.21	5.46	3.25	18.58	0.62
Savings cushion	0.114***	0.331***	0.482***	0.097***	0.288***	0.417***
	9.01	16.14	12.33	7.95	14.49	11.03
Self-employed	-0.219***	0.092	0.490**	-0.107*	0.149	0.535***
	(-4.42)	1.15	3.16	(-2.21)	1.92	3.58
Low trust	-0.359***	-1.265***	-0.649***	-0.323***	-1.139***	-0.502***
	(-7.27)	(-16.25)	(-4.49)	(-6.95)	(-15.35)	(-3.56)
Single individual	0.230***	0.139	0.792***	-0.099	-0.16	0.212
	3.98	1.55	4.79	(-1.74)	(-1.74)	1.25
Risky investment profile	0.101	1.037***	0.391	0.079	1.119***	0.555
	0.87	6.05	1.11	0.72	6.72	1.66
Retired individual	-0.064	0.097	-0.059	-0.204***	-0.132	-0.517**
	(-1.10)	1.02	(-0.34)	(-3.71)	(-1.47)	(-2.99)
Unemployed	-0.510***	-1.100***	-0.562*	-0.263***	-0.736***	-0.098
	(-6.72)	(-8.69)	(-2.33)	(-3.59)	(-6.02)	(-0.41)
Budgeting	-0.173***		-0.461***	0.001		-0.21
	(-4.35)		(-3.92)	0.01		(-1.79)
Saving	0.188***		1.062***	0.099*		0.605***
	4.3		8.22	2.32		4.71
Long-term planning	0.096*		0.129	0.169***		-0.006
	2.43		1.1	4.37		(-0.05)
Constant	1.658***	7.882***	5.152***	2.581***	8.748***	6.458***
	14.82	46.23	15.5	20.99	44.24	17.31
Country fixed effects	no	no	no	yes	yes	yes
Adjusted R-sq	0.125	0.243	0.081	0.213	0.305	0.15
N	8,000	8,000	8,000	8,000	8,000	8,000

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