

FINANCIAL LITERACY DEVELOPMENT IN THE REPUBLIC OF MOLDOVA: PERSPECTIVES AND CHALLENGES

DEZVOLTAREA EDUCAȚIEI FINANCIARE ÎN REPUBLICA MOLDOVA: PERSPECTIVE ȘI PROVOCĂRI

¹Stela CIOBU

E-mail: stela.ciobu@gmail.com

²Victoria IORDACHI

E-mail: timush_v@yahoo.co.uk

¹Academy of Economic Studies of Moldova
MD-2005. Chisinau, Rep. Moldova, Banulescu Bodoni 61 str.
tel: (+37322)224128, fax: (+37322) 221968, www.ase.md

²National Institute for Economic Research
MD-2064. Chisinau, Rep. Moldova, I. Creanga 45 str.
tel: (+37322)501106, fax: (+37322) 743794

Abstract *In the Republic of Moldova, financial inclusion it is not sufficiently developed. Financial literacy is closely interconnected with financial inclusion of the population. Moreover, it is increasingly recognized that consumers of financial products and services need adequate financial literacy in order to make informed decisions about important financial matters.*

The main reasons for the low level of financial inclusion in Moldova should be attributed, first of all, to the low-income level of the population and lack of financial literacy on the one hand, and the rapid development of financial products on the other. Governments, development institutions, and economists are promoting a broad agenda of inclusion in economic and social life, including universal access to education, health care, social security, clean water, and sanitation.

Financial literacy has become an important subject in the Republic Moldova as well and the objective of this article is to identify the ways of improving it in our country.

Keywords: *access to education, consumer protection, digital payments, financial inclusion, financial literacy, financial services, National Bank of Moldova etc.*

JEL CLASSIFICATION: *I1, I22, I24, I280*

Introduction

Financial inclusion is part of a broader financial development agenda, which also includes the development of efficient financial intermediaries and markets to support economic growth. In this section is an important distinction between two different channels through which in theory financial development can reduce poverty levels across the world and discuss empirical evidence for both channels.

Greater financial inclusion in emerging economies, as well as worldwide developments in technology and deregulation, have resulted in widening access to all kinds of financial products. Growing numbers of consumers, therefore, have access to financial products and services from a variety of established and new providers delivered through traditional and digital channels, including traditional financial institutions, online banks and mobile phone companies.

Whilst many of the products available bring advantages and help to improve financial well-being, some are also complex and pose new challenges or risks. Young people and children increasingly have access to financial products and services.

Financial literacy is the ability to understand how money works. It is the art of investing and managing money and the ability to make sound financial decisions.

Lack of financial literacy is a heavy burden on the country, as expenses on financial security rise. A number of demographics, financial, socio-economic and technological trends in the last decades imply a greater need for financial education and literacy among children and young people around the world than in previous generations. Children and young people have increasingly access to traditional and digital financial products and services from a young age. This can create a number of new challenges and services from a young age. This can create a number of new challenges and risks, given their limited experience and financial literacy. Moreover, demographic and socio-economic trends have brought about a transfer of risk to individuals, resulting in greater individual responsibility for many financial decisions, and greater economic insecurity for young people.

The subject of the present article is very actual and important for the Republic of Moldova, due to the fact that financial inclusion contribute to poverty reduction and economic activity and eventually economic growth, although this link is less well established and requires further scientific research in the world and Moldova.

There is an increased need to improve financial literacy of individuals in Moldova given the transfer of a range of financial risks to consumers, growing complexity and evolution of financial products/ markets and the increase of active investors in the financial landscape.

Moreover, financial inclusion and the national strategies for financial literacy in Moldova indicate the need for a comprehensive approach that includes a sound consumer protection framework.

1. Financial literacy – international experience

Many countries are developing and implementing national strategies or plans for financial literacy. At the beginning of 2019, more than 70 countries around the world were actively designing or implementing a national strategy. Most of these strategies identify children, young people and/or students among their main target audiences.

In most countries, the lead bodies for the national strategy for financial literacy are financial regulators, Ministry of Finance or Central Bank. The Ministry of Education is typically responsible for issues related to the introduction of financial literacy in schools, as part of its wider responsibilities for formal literacy.

This means that the development of financial literacy for children and young people, and especially in school, requires a close collaboration between financial and literacy authorities (more than is the case for other target audiences). Collaboration between financial and literacy authorities is a challenge for many countries, as they do not generally work in partnership, have different mandates, priorities and lines of accountability.

To overcome this challenge, some countries have found ways to coordinate through the governance mechanism of the national strategy. The success of co-ordination mechanisms rests on first gaining high-level political support, especially from the Ministry of Education.

In Portugal, for instance, the fact that the private sector was already engaged in uncoordinated and potentially based financial literacy activities in school motivated the Ministry of Education to become involved, so that it could have greater control over what was happening in the classroom. The Ministry of Education could also be motivated by the importance of financial literacy as a 21st century skill, and by evidence that financial literacy increases engagement and performance in mathematics, and has 'spillover' effects on attainment more generally.

Many students find mathematics a difficult subject, or that it lacks 'real world' relevance for them. There is increasing evidence to show that using financial topics as a context for learning can increase engagement with mathematics and even improve attainment. This can be a powerful argument for including financial literacy in the curriculum.

In an experiment in Australia, researchers introduced financial literacy as a context for learning mathematics in four primary schools in low socio-economic areas. Teachers devised real life exercises and games, within the context of the national curriculum for mathematics. The research found that children taught financial literacy understood and applied mathematical concepts better, were more enthusiastic about mathematics, and expanded their knowledge and understanding of financial issues. There were also benefits in terms of general capabilities, such as collaborative working.

In many countries around the world, the Ministry of Education sits on the committee that coordinates the national strategy. For example, in Poland, the Ministry of Finance has a dedicated team for the financial literacy system, which is responsible, with others, for co-operation with the Ministry of Education, to ensure a systematic approach to financial literacy.

In Armenia and Belarus, coordinating financial literacy in schools is a joint responsibility between the Central Bank and the Ministry of Education, within the framework of the national strategy.

The national strategies for financial literacy of Armenia, Azerbaijan and Belarus and the specifically target children and young people. They aim at introducing financial literacy in schools and design extracurricular activities for young people. These countries also define financial literacy in school as one of the main priorities of their strategies and set up effective cooperation mechanisms between public authorities, in particular between ministries of literacy and central banks.

Armenia offers a good example of financial literacy in schools, which is the first priority of its national strategy. The Steering Committee for the design and implementation of the strategy defined the need and advantages of a comprehensive, lifelong learning approach to financial literacy. The steering committee includes over 30 public, private and community organizations either as permanent members or as observers, and is chaired by the Central Bank of Armenia. The Ministry of Education and Science is one of the 14 permanent members of the steering committee and co-chair of Financial Literacy in school stream. Financial literacy projects in school are jointly implemented by the Central Bank and the Ministry of Education and Science. The Ministry of Education and Science delegated the implementation of financial literacy teacher training to the institute, which reached over 2500 teachers across Armenia in 2018. The number of teachers and schools trained is expected to increase to 12000 in 2021. Consequently, the integration of financial literacy in school became one of the main components of the strategy and a priority at a government level. Since the adoption of the strategy in 2014, the Central Bank of Armenia closely collaborates with the Ministry of Education and Science and the National Institute of Education. In 2014, the Steering Committee created a Working Group responsible for the integration of financial literacy in schools. Since then, the Working Group has started the implementation of financial literacy components in schools.

Belarus provides another example of collaboration at the national level. In 2014, the Ministry of Education and the National Bank of Belarus adopted a long-term joint action plan to increase the level of financial literacy of children in the Republic of Belarus between 2015 and 2018. In addition to that, the second revised national strategy called "Joint Action Plan on Improving Financial Literacy for 2019-2024" adopted by the government defines youth and schoolchildren as a core target group. A stated aim of the action plan is to introduce financial literacy in the school curricula in the form of facultative courses, in addition to extracurricular activities for youth.

In Portugal, the Ministry of Education has been involved in the National Plan for Financial Literacy since its inception in 2011. The Ministry signed a protocol of cooperation with the three financial supervisors (Central Bank of Portugal, the Portuguese Securities Market Commission and the Insurance and Pension Funds Supervision Authority) to develop a medium- to long-term strategy for promoting financial literacy in schools. Every year this working group defines the plan of activities to be implemented in order to achieve the objectives of the financial literacy strategy for schools. The working group meets regularly and closely monitors activities, to ensure that implementation is proceeding according to plan.

The close cooperation between the financial supervisors and the Ministry of Education ensures a consistent and step-by-step implementation of the National Plan, including: the development of principles for financial literacy initiatives, core competencies for financial literacy, a teacher training program, and the publication of workbooks to support financial literacy in schools.

Financial literacy in school as part of curricular teaching. The experience of the OECD shows that an increasing number of countries have introduced financial literacy initiatives in primary and secondary schools. Countries are integrating financial literacy into one or more existing subjects through a cross-curricular approach, or as an optional stand-alone subject. A limited number of countries have financial literacy as a compulsory standalone topic.

The CIS countries have adopted various approaches to implement financial literacy in schools. Countries such as Armenia, Azerbaijan have introduced elements of financial literacy in existing subjects; other countries, such as Belarus, have designed optional courses in schools.

In Armenia, financial education was introduced progressively through all grades into the following subjects: Mathematics (age 6 to 12 years old, 2-6 grades); Me and the world around (age 6 to 10 years old, 2-4 grades), Algebra (age 13 to 17 years old, 7-11 grades); Social science (age 14 to 17 years old, 8-11 grades). A nationwide teachers' training program is implemented under the leadership of the Ministry of Education and Science in cooperation with the central bank.

In Belarus, financial literacy is mainly introduced through optional courses in schools. As defined in the second version of the National Strategy of Financial literacy (2019-2024), one of the main working pillars are the further development and introduction of optional classes for all age groups into the literacy process, the development of teaching supports, teaching kits, and workbooks for financial literacy. Currently, secondary school students have the opportunity to attend optional classes of economic and financial literacy.

These elective classes are available as "Fundamentals of Economic Knowledge" for students of grades 5-11, "Fundamentals of Entrepreneurship" for students of grades 10-11, and "Fundamentals of Financial Literacy" for students of grades 8-9.

To support the project, the National Bank of Belarus organizes financial literacy schools for teachers. Events are based at the literacy institutions "Academy of Postgraduate Literacy" and "Minsk State Palace of Children and Youth". Seminars are held on various topics such as "Know your money", "Features of lending to individuals", "Carrying out deposit operations", "Credit histories", "Non-cash payments", "Remote banking services", and "Leasing for individuals".

Policy makers can support parents and families to teach children and young people about financial literacy by encouraging practical activities to transmit knowledge, attitudes and habits around money. Involving parents in financial literacy programs for their children seem to be effective in increasing the financial literacy of children and adolescents.

Monitoring, evaluation and assessments are different ways to learn to what extent students are progressing over time and programs are making a difference. They are essential components of the successful introduction of financial literacy programs in schools, and for children and young people.

Assessing students, or children and young people in general, is a way to identify and test their level of performance in financial literacy and to see if this changes over time. Assessment helps understand which financial literacy topics children find more difficult, to inform changes to what is taught, or pedagogical methods. It can also help identify children who are doing less well than their peers, and who might need extra help. Financial literacy assessments can include testing in the classroom, formal examinations, national and international tests.

In addition to providing evidence and track progress, assessments can send strong signals about the importance of the topic. Introducing a financial literacy component in classroom tests or national exams would increase significantly the importance attached by students and teachers to the subject, and would increase the chances that teachers would teach it.

Extracurricular and out-of-school programs. Extracurricular activities include delivering financial literacy in schools, by teachers or other experts, but not as part of the school curriculum. In addition to public authorities, national and international non-profit organizations and representatives of the financial sector, such as financial institutions are often involved in providing extracurricular financial literacy to children and young people in CIS.

In addition, many institutions deliver financial literacy to youth through large number of events and tools outside of schools. This includes using digital tools and games to reach a large audience, celebrating national money weeks/months, organizing visits to financial institutions, and initiating competitions or summer schools. Below are examples of the most common programs.

Seminars/trainings and summer schools. In Armenia, extracurricular financial literacy activities in schools are partly supported by Junior Achievement, based on a Memorandum of Understanding with the Ministry of Education. Junior Achievement cooperates with some schools and organizes extracurricular classes for students in these schools. The program is based on the methodology provided by Aflatoun and includes: doing business and entrepreneurship (e.g., writing business plans), and a citizenship component (e.g., becoming responsible citizens).

Additionally, since 2011, some schools participate in the Citizen project on financial literacy, implemented in collaboration between the Central Bank of Armenia and the Non-Government Organizations "Civitas - Armenian Centre for Democratic Literacy". The objective of the project is to empower teachers and students with knowledge, skills, and tools that will allow them to foster personal budget management and develop their sense of responsibility as citizens.

The project includes teachers' and students' training during the entire school year. This is an independent project and is realized in addition to the standard nationwide program of financial literacy and training of teachers led by the Ministry of Education and the Central Bank.

Competitions, Olympiads and games. Olympiads and competitions are an alternative way of teaching financial literacy in schools during extracurricular activities. They have the advantage of transmitting specialized knowledge and skills to youth interested in the topic, but do not cover a large number of students. Olympiads and competitions are popular in some CIS countries, such as Armenia and Belarus.

In Armenia, Junior Achievement in cooperation with the Central Bank, organizes an annual Brain-Ring Competition on economic and financial issues for high school students. Students from 100 different high schools compete on economic and financial questions. Participants and the winning

team receive awards from the Central Bank, Junior Achievement and other financial institutions that express an interest to take part in the event.

The National Bank of Belarus, in cooperation with the Ministry of Education, organizes a National Olympiad of Financial Literacy among pupils and a competition among university students for the best research project on economic issues. Several financial games, such as Financial Football online game developed by VISA have been adapted and implemented in the majority of CIS countries.

Celebration of international events. Armenia, Azerbaijan, Belarus and Kazakhstan participate in the Global Money Week (GMW), an annual event initiated by the NGO Child and Youth Financial International. Several stakeholders from the public, private and not-for-profit sector take part in the event by organizing various financial literacy activities for children and youth in schools and outside of school. Most CIS countries also participate in the World Saving Day, which includes activities to raise the awareness about the importance of saving among youth.

2. Indicators for financial inclusion and financial literacy in the world and Moldova

Financial services are foundational to addressing some of these pressing global issues and achieving a wide array of development goals, as evidenced by an expanding body of research. Numerous studies have demonstrated that access to bank accounts and payment services have a measurable impact on poverty, because:

- make day-to-day transactions possible, including sending and receiving money;
- safeguard savings, which can help households manage cash flow spikes, smooth consumption and build working capital;
- help finance small businesses or microenterprises, helping owners invest in assets and grow their businesses;
- support planning and paying for recurring expenses, such as school fees, utilities payment;
- mitigate shocks and manage expenses related to unexpected events such as medical emergencies, death in the family, theft, or natural disasters;
- improve poor families' overall welfare.

Financial inclusion contribute to poverty reduction – that is, bring people out of poverty on a sustained basis when they can use financial services that help them to grow their businesses and invest in literacy.

It may contribute to economic activity and eventually economic growth, although this link is less well established and requires further scientific research in the world. The benefits of financial inclusion extend beyond individuals and households. Shifting cash payments to digital delivery whether it is social welfare transfers made by governments to citizens; or people paying their taxes, fees and bills to governments; or payments made between people - can improve their efficiency and reduce the amount of money lost to corruption.

The global financial industry has enabled access to financial accounts for millions of financially excluded people in recent years. While taking stock of this achievement, the industry is now confronted with the fact that low usage and inactivity has kept dormancy rates persistently high.

This is especially true across developing countries, where some of the highest growth rates in account ownership are found. This growth in access is accompanied by reviews of rigorous studies around the world that find mixed, sometimes contradictory, evidence on the impact financial services are having on several indicators of financial well-being.

The world experience consistently shows that poor people use financial services to help them achieve two intermediate outcomes on the way to improved well-being: building resilience and capturing opportunities.

This dynamic framework implicit in the literature suggests more tangible outcomes from the use of financial services at any resilience level is reflected in the following figure:

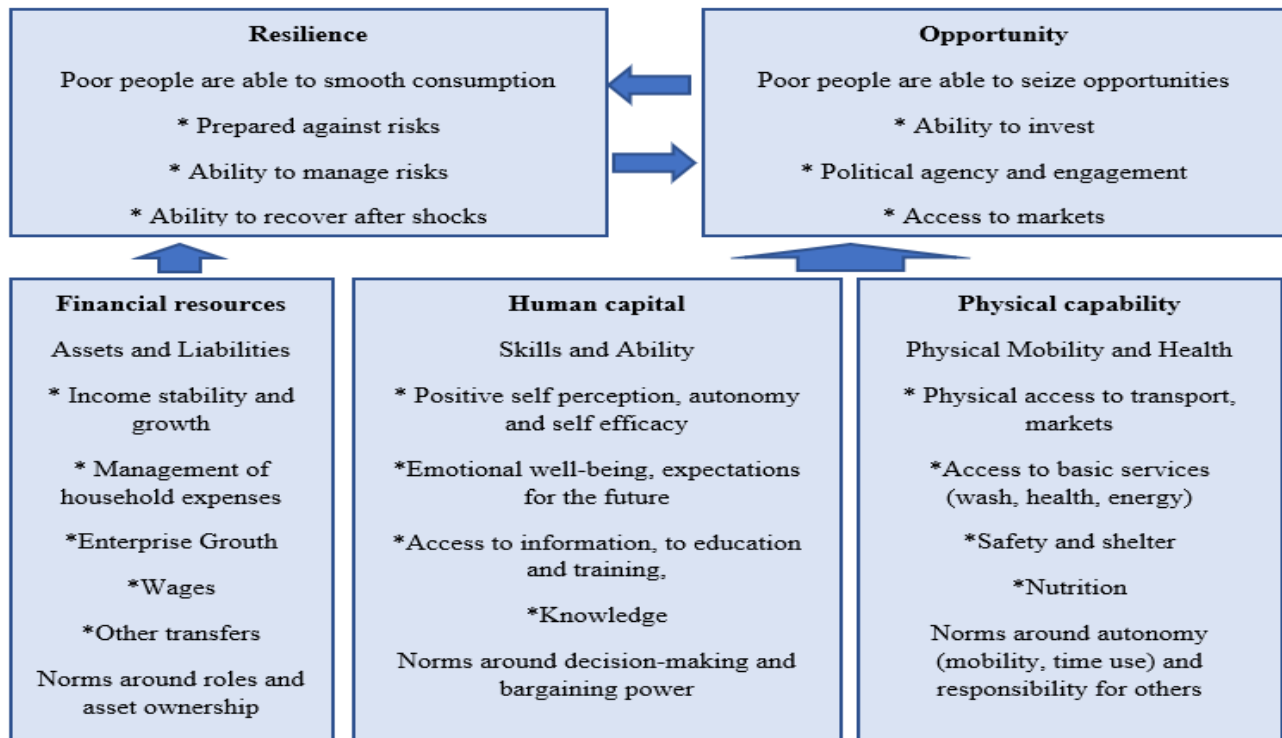


Figure 1. How financial inclusion improve well-being

Source: elaborated by author on the basis of information presented in the: *How financial inclusion can boost nations health and well-being.* [online]. [cited 18 September 2020]. Available: <<https://www.cgap.org/blog/how-financial-inclusion-can-boost-nations-health-well-being>>.

These outcomes reinforce each other in a virtuous cycle: more of one leads to more of the other. Taken together, they give the financial inclusion community a wider lens through which to examine the impact pathways of financial services. By acknowledging that these outcomes have pre-conditions related to financial resources, human capital, physical capability and country context, the impact of financial services changes when some of those pre-conditions are lacking for any individual will be insignificant.

There are two main barriers in assessing the state of financial inclusion:

- Data for financial inclusion indicators is collected once in three years. Given the rapid rhythm of scientific and technological progress in the field of information technology, data obtained by international organizations might be partially outdated.
- In the Republic of Moldova, the data and indicators collected by the bodies regulating the activities of financial organizations, as well as by statistical organizations, do not correspond to the indicators used by international organizations.

In Moldova the share of adults with an account in financial institution rose from 18% in 2011 and 2014 to 44% in 2017. Even compared to developing countries (63% in 2017) the rate of adults (age 15+) with account is very low. However, we should notice a significant growth rate, as

the share of adults with an account increased by 2.4 times between 2011 and 2017, which is represented in the following figure.

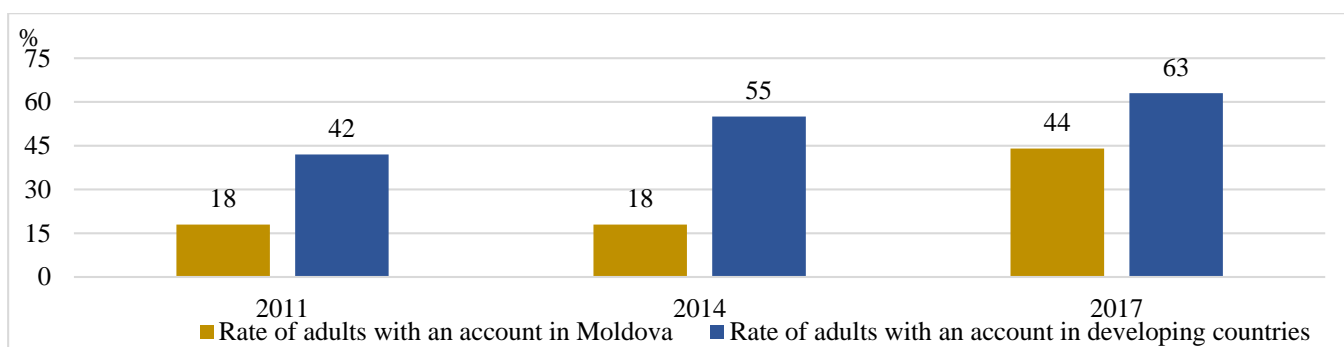


Figure 2. Rate of adults with an account in Moldova and developing countries

Source: elaborated by author on the basis of information presented in the: Global Findex. [online]. [cited 26 August 2020]. Available: <https://globalfindex.worldbank.org/#data_sec_focus>.

Account ownership is lower among less educated adults in Moldova. The gap in account ownership between adults with secondary and primary literacy in Moldova was 26% in 2017, which is more by 18% compared to 2011. This data is reflected in the table 2.2 and figure 2.13.

Globally, 56 % of adults with a primary literacy or less have an account, compared with 76 % of those who have completed secondary school and 92 % of those with higher literacy.

Table 1. Gap in account ownership between the adults with secondary and primary literacy in Moldova and developing countries

Indicator	2011	2014	2017
Rate of account ownership among adults with secondary literacy or more, %	22	22	48
Rate of account ownership among adults with primary literacy or less, %	4	2	22
Gap in account ownership between adults with secondary and primary literacy in Moldova	18	20	26
Gap in account ownership between adults with secondary and primary literacy in developing countries	20	20	20

Source: elaborated by author on the basis of information presented in the: Global Findex. [online]. [cited 26 August 2020]. Available: <https://globalfindex.worldbank.org/#data_sec_focus>.

In Moldova the use of digital payments is developing in relevant direction. Nevertheless, this development is hampered by low incomes of the population.

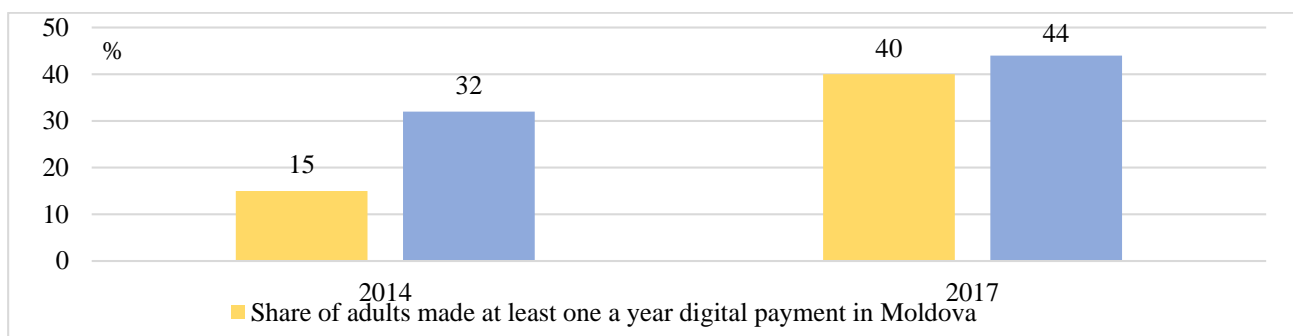


Figure 2. Evolution of digital operations ratio in Moldova and developing countries from 2014 to 2017

Source: elaborated by author on the basis of information presented in the: *Global Findex*. [online]. [cited 26 March 2020]. Available: <https://globalfindex.worldbank.org/#data_sec_focus>.

In RM share of adults made or received at least one digital payment was 40 % in 2017 which is more by 25 % compared to 2014. Compared to developing economies the ratio of adults using digital payments in Moldova was less by 4% in 2017.

However, it is noticeable that the development of digital payments in Moldova is faster than in developing countries. Digital payments ratio also includes usage of mobile money, a debit or credit card, or a mobile phone payment which make hard to assess the account usage.

In the diagnosis (we have presented just several examples), we may find that certain parts of the population are systematically excluded from the financial sector. Or we may find that certain parts of the population are over-indebted. The correct policy response will not only respond with solutions but will be able to prioritize the solutions. One way of prioritizing would be based on the vulnerability of the population affected, for example. Another would be based on the ease or expense of implementation relative to the size of the population reached or the severity of the problem. Once policy is implemented, data continues to play a role in monitoring its effectiveness. This can be as simply tracking the level of inclusion over time, or it may be done by determining the measurable impact from a policy decision against the cost of its implementation. This monitoring function then provides a key component of the feedback loop in the process of refining or redefining policy reforms.

Financial inclusion and the national strategies for financial literacy indicate the need for a comprehensive approach that includes a sound consumer protection framework. Effective consumer protection frameworks comprise supportive regulatory supervisory environments, full disclosure, ethical business practices and effective dispute resolution mechanisms. There is an important link between financial inclusion and consumer protection in that a well-designed framework can generate consumer trust and confidence, leading to more active and appropriate use of financial products and services by consumers. Indeed, policy work and research on financial inclusion attempt to address involuntary exclusion by promoting an effective regulatory and legislative environment.

There is an increased need to improve financial literacy of individuals given the transfer of a range of financial risks to consumers, growing complexity and evolution of financial products/markets and the increase of active investors in the financial landscape.

Financial literacy can therefore play a role in protecting consumers and further building trust and confidence in the financial sector.

New delivery technologies, such as mobile phones and e-money, hold promise for promoting financial inclusion, but require appropriate regulatory frameworks to achieve this while remaining

consistent with financial stability and other regulatory requirements. It is difficult to achieve a consistent approach because in many cases service providers are not banks.

3. Financial literacy policy a component of the national inclusion strategies in the Republic of Moldova

Financial inclusion is emerging as a priority for policymakers and regulators in financial sector development, with an increasing number of countries introducing comprehensive measures to improve access to and usage of tailored financial services, informed by a fast-growing body of experience and knowledge. More than 60 countries have initiated financial inclusion reforms in recent years. The growing priority placed on financial inclusion is illustrated by the commitments made by financial regulators from more than 20 developing countries to financial inclusion and to financial literacy.

The National Bank of Moldova strategies concerning financial inclusion could be studied as promoting development of financial inclusion and financial literacy.

Financial inclusion promoted by the NBM. For National Bank of Moldova, financial inclusion matters for a number of reasons:

First, there is the impact of financial inclusion, and financial development more generally, on long-term economic growth and poverty reduction, and thus on the macroeconomic environment. Access to appropriate financial instruments may allow the poor or otherwise disadvantaged to invest in physical assets and literacy, reducing income inequality and contributing to economic growth.

Second, financial inclusion has important implications for monetary and financial stability, policy areas that sit at the very core of central banking. Increased financial inclusion significantly changes the behavior of firms and consumers, in turn influencing the efficacy of monetary policy. For example, greater inclusion should make interest rates more effective as a policy tool and it may facilitate central bank's efforts to maintain price stability.

Strategies of the National Bank are not only providing the correct functioning of legislative acts related to financial inclusion, and ensure continuous improvement of the legislative framework in accordance with European standards.

Strategy for implementing the BASEL III standards in the Republic of Moldova under the legal framework of European legislation. The main legislative instruments of legal framework concerning implementation the Basel III standards providing development of financial inclusion in Moldova.

- Law on the activity of banks no. 202 of 06 October 2017.
- Law on Payment Services and Electronic Money, no. 114 of 18 May 2012.
- Regulation on the activity of non-bank payment service providers, approved by the Decision of the Executive Board of the NBM no. 217 of 16 August 2019.
- Regulation on the credit activity of non-bank payment service providers, approved by the Decision of the Executive Board of the NBM no. 158 of 5 June 2019.
- Regulation on the provision of payment services through automated remote service systems, approved by the Decision of the Executive Board of the of the NBM no. 62 of 09.03.2017.
- Regulation on payment cards, approved by the DCA of the NBM no. 157 of August 1, 2013.

Also, financial inclusion development is mentioned in the **strategic objectives** for 2018-2020 of the NBM.

a) improvement of the monetary policy framework and monetary policy implementation optimization. Application of the monetary policy instruments and measures to ensure and maintain price stability and to promote the development of the local financial market;

b) consolidation of the financial stability and of macro-prudential management functions. Maintaining the stability of the banking sector, as well as supporting the stability of the financial system through assessing, preventing and managing crisis situations;

c) banking sector consolidation and risk-based supervision implementation. Banks regulation and supervision in order to ensure safe conditions for their activity and to respect the requirements of a prudent administration, which will ensure the protection of the depositors and other creditors interests and the good functioning of the banking system;

d) Quality improvement of the national currency and of the level of cashless payments use. Promoting the efficiency, security, accessibility and innovative character of payments. Promoting the credibility of the national currency by increasing its quality and security level.

e) Institutional capacity and efficiency consolidation. Streamlining the NBM operational activity through the institutional modernization and strengthening its internal capacities in order to carry out its main attributions.

Financial literacy promoted by the NBM

In Moldova in the last 3 years, the volume of loans granted to individuals by banks the number of bank cards in circulation is increasing. On the other hand, the sector of non-banking lending also registered a rise in the number of loan beneficiaries. These evolutions show a rapid increase in the use of financial products by the population. This is why we need a higher level of financial knowledge to prevent eventual risks, including over-indebtedness. Therefore, the analytical notes will reflect the most important concepts and financial products, such as inflation, the effective annual interest rate, consumer credit, car leasing, insurance.

The National Bank of Moldova contributes to the promotion of financial literacy:

- organizes and participate in events concerning financial literacy legal framework
- launches financial literacy projects
- publish information **on the website of the national bank, as well as posting leaflet information in commercial banks, post offices, non-bank credit organizations.**

On 11.03.2014 was organized the event "Elaboration of the concept of the National Strategy for Financial Literacy". Participants of the event were representatives of public authorities, the literacy environment and civil society, literacy experts and participants in the financial market of the Republic of Moldova, economic analysts, as well as external partners.

The discussions included identifying the target groups for financial literacy, giving priority to children and young people. Thus, the possibility of a long-term effect will be realized at different levels of the company.

Other target groups would include persons with disabilities, migrants and beneficiaries of overseas remittances, women and students. The latter also represent an appreciable potential of trainers, who in time will transmit the accumulated knowledge to different segments of the public. At the same time, the speakers emphasized the direct connection between social inclusion and financial inclusion. Thus, the inclusive literacy programs currently implemented in the Republic of Moldova reflect a system of child protection.

The participants of the event discussed the financial literacy tools successfully applied in us and in other countries and the need to set up an optimal cross-sectoral, but also a general set.

At the end of the discussions, it was decided to detail the advanced proposals to be incorporated in a preliminary project of the concept of the National Strategy for Financial Literacy. It is to be examined.

The National Bank of Moldova aims to contribute to the development of a solid financial system through financial literacy, where consumers are well-trained, protected and make financial decisions in a responsible manner. In March 2019 the National Bank of Moldova and independent analytical center "Expert-Grup" with financial aid to the Government of Sweden launched project "Learn! Give sense to money". The main goal of the project is to teach how to make right financial decisions, some of which have significant implications for the individual financial stability of the person and of his/her family. Among the most important events with a financial impact, characteristic of the Moldovan society, may be contracting a consumer credit in case of buying a dwelling using the mortgage, buying a car using the leasing, buying personal goods, investing in financial market instruments, using certain saving instruments.

Recommendations

➤ It is important that indicators of financial inclusion used in Republic of Moldova were correlated or even identical with indicators used by international organizations like world Data Bank. Nowadays, financial inclusion indicators used by National Bank of Moldova are number of credit or debit card and ratio of credit card usage. The indicator with which the world data bank is working is the percentage of the adult population with an account in a financial institution.

➤ In order to set up effective institutional and coordination mechanisms for financial literacy targeting children and young people it is important to:

- ensure high-level political support for financial literacy in schools, especially from the Ministry of Education, at an early stage;

- develop formal co-operation arrangements through the governance mechanisms of the national strategy for financial literacy (where one exists) and/or through dedicated protocols and agreements between financial authorities and the Ministry of Education, clearly setting out objectives, roles and responsibilities.

➤ The share of unbanked adult population is high in Moldova. In order to decrease this ratio government, need to include older adults which represent the main part of unbanked. It can be done through government and social payments system using credit cards.

➤ Government with help of the National Bank of Moldova need to promote partnership between Fintech companies with financial institutions to create well optimized mobile payment platforms.

➤ Online payment system for commodities need to be simplified and optimized. The National Bank of Moldova should regulate the mechanism of calculation of commission fees of non-banking payment system providers.

➤ As for any other target audience, it is important that the development of financial literacy for children and young people starts from a diagnosis. Assessing the financial literacy of children and young people is a way to learn about their knowledge and skills, track changes over time, and identify vulnerable groups. Introducing assessment in school can be a way to make students and teachers aware of the importance of the topic, with the idea that 'what gets measured, gets taught'.

➤ Impact evaluation is a key step to measure the causal effect of a program. In combination with small-scale pilots, it allows policymakers to evaluate the content, teaching materials, and teaching methods before adopting them on a larger scale.

➤ All good practices for financial inclusion implementation are linked with the financial literacy and consumer protection legal framework development. Without well planned financial

education financial inclusion may have negative influence such as population indebtedness, which can lead to a decrease the standard of living of vulnerable group of population.

➤ In addition to promote financial literacy, it is necessary to elaborate legal framework regarding protection the rights of consumers of financial products. It is also necessary to regulate the refinancing rate in micro-finance organizations as well as it is regulated in commercial banks.

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