

# NATIONAL FINANCIAL EDUCATION STRATEGY 2021-2025



NATIONAL BANK OF ETHIOPIA



# National Financial Education Strategy: Ethiopia



National Bank of Ethiopia

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## List of Acronyms

ACSI	Amhara Credit and Saving Institution
AEMFI	Association of Ethiopian Microfinance Institutions
BSD	Banking Supervision Directorate
CBE	Commercial Bank of Ethiopia
CPFED	Consumer Protection and Financial Education Directorate
DFS	Digital Financial Services
DVV	Deutscher Volkshochsihu Verband-The German Adult Education Association
EBA	Ethiopian Bankers Association
EIA	Ethiopian Insurers Association
EIFS	Ethiopian Institute of Financial Studies
FCA	Federal Cooperative Agency
FCP	Financial Consumer Protection
FSMMIPA	Federal Small & Medium Manufacturing Industry Promotion Authority
FeUJC & FSA	Federal Urban Job Creation and Food Security Agency
GRAD	Graduation with Resilience to Achieve Sustainable Development
FIS	Financial Inclusion Secretariat
HABP	Household Asset Building Program
HIDA	Hiwot Integrated Development Authority
ISD	Insurance Supervision Directorate
MFI	Microfinance Institutions
MFSD	Microfinance Supervision Directorate
MSMEs	Micro, Small and Medium Enterprises
MWCY	Minister of Women, Children & Youth
NBE	National Bank of Ethiopia
NCFI	National Council for Financial Inclusion
NFISC	National Financial Inclusion Steering Committee
NFES	National Financial Education Strategy
NGO	Non-Government Organization
PSNP	Productive Safety Net Program
PSSD	Payment Systems and Settlement Directorate
RuSACCOs	Rural Savings and Credit Cooperatives
SACCOs	Savings and Credit Cooperatives
SNNPRS	Southern Nations Nationalities and Peoples Regional States
UNCDF	United Nations Capital Development Fund

## **ACKNOWLEDGMENTS**

The National Bank of Ethiopia has developed the National Financial Education Strategy 2021-2025 in close collaboration with all key stakeholders including development partners on financial inclusion and financial education. Various institutional and individual counter parts in the public, private and social sectors have been involved throughout the process, and have shared their time, experience and insights to the development of this document. The NBE is extremely grateful to its counterparts for their support and would like to reiterate the commitment to continue to join the efforts for the successful implementation of the National Financial Education Strategy 2021-2025. The NBE would also like to thank to its partners, specifically the World Bank Group and the Financial Education Working members for their support throughout the development of this strategy.

## **EXECUTIVE SUMMARY**

### **1. Introduction**

Financial education refers to the process of bringing and building basic knowledge, skills, attitudes, confidence and behaviors of target groups to enable them understand, select, make use of and manage financial products and services that fit their needs. Currently, different financial education programs and efforts have been undergoing in Ethiopia by self-initiated NGOs with extensive support from donors, the government in a school curriculum and that steered by the financial institutions with the aim to aware their clients and the general public about the products and services on offer. Due to the absence of financial education strategy, however, these efforts are sporadic, uncoordinated and lack strategic focus and goal. Consequently, financial literacy and capability in Ethiopia are at the lowest stage compared even with peers in Sub-Sahara African and negatively influence the level of financial inclusion. Roughly, 82 percent of the unbanked adults reported not owning an account due to lack of financial literacy or awareness. With this background, the National Financial Education Strategy has been formulated to provide for a coherent, collaborative and institutionally coordinated approach that synchronizes all efforts towards achieving a commonly shared and envisioned national goals and targets.

### **2. Current status of financial education**

Financial Capability Survey-Ethiopia, conducted by the WBG in 2017, uncovered the low level of financial literacy and capability with a significant gap remains particularly between rural and urban and men and women adults:

- ✚ While only 24 percent of rural adults own transaction accounts, adults in urban areas own 29 percent;
- ✚ Lack of financial literacy or awareness affected more women than men. Roughly 85 percent of unbanked women reported not knowing how or where to open an account as opposed to 80 percent of men;
- ✚ Women are less aware of financial terms than their male counterparts. 88 percent of male respondents have heard or know about public banks, as compared to only 78 percent of women. Women are also less likely to know how to open an account or consider alternatives before selecting a financial product than men;
- ✚ Roughly 14 percent of rural adults have heard or know about ATMs compared to 71

percent of urban adults;

- ✚ Women displayed significantly lower financial numeracy and literacy skill than their male counterparts. About 78 percent of male respondents can perform division while only 65 percent of surveyed women can do the same. Similarly, 45 percent of men understand the concept of inflation as compared to 38 percent of women;
- ✚ A little over half of surveyed group reported always planning how their money will be spent, and only 42 percent always stick to their plan; and
- ✚ Roughly 90 percent of the surveyed people reported seeking advice from their immediate social network before making an important financial decision. Around 59 percent of women reported receiving financial advice specifically from their spouse or partner, while men tend to rely more broadly on family and friends instead. Furthermore, those women in rural areas reported usage of some information from radio in addition to depending on their community leaders for information.

This has put Ethiopia among countries that have low level of financial literacy, capability and financial inclusion.

### **3. The current financial education programs**

The current financial education efforts in Ethiopia can be grouped into three broad categories that have been steered by the:

- i. Financial sector:** To raise awareness to targeted clients and the general public, players in the financial sector run different programs through different media;
- ii. Government:** Ministry of Education has curriculums specifically dealing with financial education topics under Civics and Ethical Education subjects for Grade 5 -12. Ministry of Finance as well has financial literacy package to the beneficiaries of the Productive Safety Net Program. Federal Cooperative Agency's runs specially designed financial education programs for the cooperative societies; and
- iii. Non-profit or donor organizations:** Provide financial education for adults in their own initiatives which are the most common in Ethiopia.

This Strategy capitalizes on these efforts to steer and speed up the financial education processes in Ethiopia. Sporadic efforts will be coordinated and directed towards achieving commonly shared national goals and targets of the NFES as assorted in the main documents.

#### **4. Barriers to financial education**

Although there are different and specific barriers to the low level of financial literacy and capability in Ethiopia, the overarching challenges can be grouped in to the following four strategic pillars: i/ Underdeveloped financial education infrastructure and limited centers; ii/ Fragmented programs, modules and ineffective delivery channels; iii/ Unsustainable dissemination and rollout; and iv/ Absence of coordination, monitoring and evaluation system.

The purpose of this National Financial Education Strategy is, therefore, directed to *provide a coherent, institutionally coordinated and focused approach to financial education delivery that will enhance the financial literacy and capability of millions of targeted groups* by strategically addressing the foregoing challenges and barriers.

#### **5. Strategic framework**

##### **Mission**

The mission of the National Financial Education Strategy is:

*“To improve and increase the financial literacy and capability of adults, households and enterprises, through financial education, to enable them make informed financial decisions”.*

##### **Vision statement**

The vision of the National Financial Education Strategy is:

*“Ensure that adults, households and enterprises in Ethiopia are capable of making well-informed financial decisions and ultimately improving their financial well-being by 2025”.*

## **Main strategies**

The following strategic pillars, which are derived from and aligned with the foregoing overarching underlying barriers, are formulated to translate the above stated vision and mission of the NFES to a reality:

- Strategy 1: Build robust national financial education infrastructure;
- Strategy 2: Design and implement impactful national financial education programs, modules and channels;
- Strategy 3: Ensure sustainable dissemination and rollout to reach scale; and
- Strategy 4: Build and implement effective coordination, monitoring and evaluation system.

Each of these strategic pillars is followed by specific programs: Rural Program, Women Program, Youth Program, Children Program and General Public Program. Specific modules with respect to saving, credit, insurance, payment and pension have also been packaged under each the programs<sup>1</sup>. Priority actions have been well identified and assorted in main document.

Analysis of preference of delivery of financial education indicated that women and most rural adults have a preference to learn about financial products and services through the local government office like kebele officials. Male respondents and urban adults reported a preference to learn through TV or advertisements and agents of financial service providers. For rural adults, face to face interactions were indicated as the preferred mode of delivery at the local Kebele level, followed by audio technologies. In view of these, the method and medium of delivery of the financial education have been adequately considered.

## **Financial education targets**

The NFES aims to ensure 75% of adults to report their awareness about financial products and services by 2025 from the current baseline of 47%. This would be complemented by a supply side target that roughly 10 million adults to be educated during the strategy period, 2021-2025. As part of the Financial Education Results Framework, therefore, high-level KPIs have been set

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<sup>1</sup> To reconsider opportunities, challenges and emerging incidents that dictate basic changes in the main elements of the strategy, a mid-term review of the strategy has been planned to be carried out by the end of 2023.

to monitor and evaluate the progress and impacts of the financial education efforts.

## **6. Coordination and institutional arrangements**

### **Linkages with NFIS governance structure**

The National Financial Education Strategy capitalizes on the existing governance structure of the National Financial Inclusion Strategy and purported to establish a Directorate to execute this strategy as well as the routines of the financial consumers' protection framework. The structures comprise of:

- i. The National Council for Financial Inclusion;
- ii. The National Financial Inclusion Steering Committee;
- iii. The National Bank of Ethiopia; and
- iv. The Financial Education and Consumer Protection Directorate housed at the National Bank of Ethiopia<sup>2</sup>

## **7. Monitoring and evaluation (M&E)**

To ensure effective implementation of the NFES: to track progresses, identify bottlenecks and measure impacts of the implementation of the strategy, a robust and well-planned M&E framework has been formulated.

## **8. Funding the implementation of the NFES**

Implementing the NFES strategy, among others, assumes the deployment and use of large number of trainers that will serve around the nation, such as Development Agents (DA) of MoA, self-initiated NGOs' and donors. These efforts call for training of trainers, development, printing and dissemination of education materials and top up for the trainers on the field such as DAs' of MoA etc. These require financial outlay. Bearing these in mind, the NBE may consider various funding options and approaches to support the implementation of this Strategy. The funding options may include, but not limited to, self-funding, donors fund and pooled funding depending on the sources.

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<sup>2</sup> To implement the NFES and Financial Consumer protection tasks, a Financial Education and Consumers Protection Directorate (CPFED) has been proposed in the NFES and approved by the board of the NBE.

## 1. INTRODUCTION

According to the 2017 Findex Survey<sup>3</sup>, an estimated 1.7 billion adults remain unbanked globally<sup>4</sup>, and are excluded from the use of formal financial services. In Ethiopia, an estimated 36.7 million adults do not own any type of formal transaction account. In a concerted effort to reduce financial exclusion and address the needs of the people, the National Bank of Ethiopia launched an ambitious National Financial Inclusion Strategy<sup>5</sup> (NFIS) in October 2017.

In Ethiopia, one underlying barrier to financial inclusion is the low level of financial capability and awareness among Ethiopian adults. Being financially capable means having the financial knowledge, skills, attitudes, confidence and behaviors to manage financial resources and understand, select, and make use of financial services that fit one's needs<sup>6</sup>. Having sufficient financial capability is critical in the context of financial inclusion as it helps to improve individuals' and households' financial well-being by enabling consumers to act in their own best financial interest.

Increasing the levels of financial awareness and capability of adults is not only a core pillar of the NFIS, it also broadly contributes to the achievement of Ethiopia's reform programs. To help ensure that an appropriate range of financial services are offered to consumers with increased financial capability, the NFIS action plan includes the following financial literacy actions: (i) conducting a mapping of financial education / literacy initiatives; (ii) conducting of a baseline survey to assess the levels of financial capability, and relevant gaps; and (iii) developing a National Financial Education Strategy to drive financial literacy and capability progress forward in Ethiopia.

In June 2016, a mapping of financial education was conducted to identify existing initiatives, assess gaps and highlight opportunities that can help drive progress on financial literacy in Ethiopia. This mapping exercise was followed by a financial capability survey (conducted

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<sup>3</sup> The World Bank Group. Global Findex Database 2017. <<https://globalfindex.worldbank.org/>>

<sup>4</sup> Unbanked in this context means without an account at a financial institution or through a mobile money provider.

<sup>5</sup> The strategy intends to help increase the percentage of Ethiopians that have access to a formal transaction account from 22 percent in 2014 (25 percent in 2016<sup>4</sup>), to 60 percent by 2020

<sup>6</sup> Responsible Finance. World Bank. <<http://responsiblefinance.worldbank.org/>>

between January and June 2017) to establish a baseline measure of the levels of financial knowledge, behaviors, literacy and numeracy skills of different Ethiopian populations.

In the absence of a financial education strategy, financial education efforts can be sporadic, uncoordinated and lack strategic focus. To this end, this National Financial Education Strategy has been designed to provide a coherent, institutionally coordinated and collaborative approach to financial education delivery.

This National Financial Education Strategy defines the terms ‘Financial Capability’, ‘Financial Education’ and ‘Financial Literacy; as follows<sup>7</sup>:

- Financial education is a tool for increasing consumer financial literacy. According to OECD (2005), financial education is the process by which financial consumers and investors improve their understanding of financial products, services and concepts and, through information, instruction and objective advices, develop skills and confidence to become more aware of financial risks and opportunities to make informed choices, know where to go for help, and take other effective actions to improve their financial well-being.
- Financial literacy characterizes the level of aptitude in understanding personal finance. It often refers to awareness and knowledge of key financial concepts required for managing personal finances and is generally used as a narrower term than financial capability.
- Financial capability is the capacity of consumers to act in one’s best financial interest, given socio-economic environmental conditions. It encompasses the knowledge (literacy), skills, attitudes, behaviors and confidence of consumers regarding managing their resources, and understanding, selecting and making use of financial services that fit their needs.<sup>8</sup>

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<sup>7</sup> Definitions based from (World Bank n.d.)

<sup>8</sup> Definitions based from World Bank. < <http://responsiblefinance.worldbank.org/>>

The terms financial education, literacy and capability are often used interchangeably, but represent very distinct concepts. In short, financial education is intended to increase the financial literacy of consumers, which enables individuals to become more financially capable (an outcome of improved financial literacy) when putting their knowledge into practice.

This National Financial Education Strategy aims to: (i) analyze the current state of financial capability in Ethiopia, including key financial education programs; (ii) identify priority target populations and actions; (iii) provide guidance on how to establish and operationalize a financial education coordination structure including monitoring, evaluation and reporting systems; and (iv) include resources (annexed) to equip key stakeholders with knowledge and tools required to implement the strategy. The rest of this National Financial Education Strategy (NFES) is structured as follows:

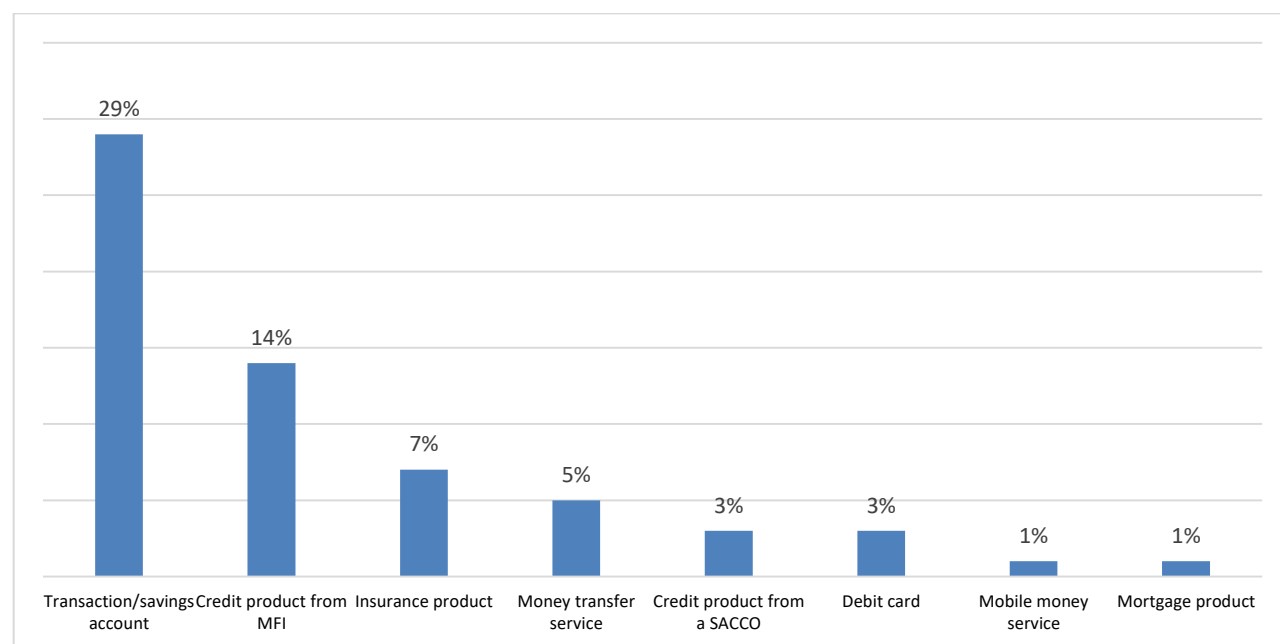
- **Section 2** assesses the current state of financial capability in Ethiopia and capability levels of Ethiopians;
- **Section 3** takes stock of strategic financial education activities, gaps and opportunities;
- **Section 4** explains the purpose, rationale and vision of this NFES, as well as strategy priorities and areas of focus, based on evidence presented in Section 2;
- **Section 5** provides a strategy framework for action;
- **Section 6** provides details on the coordination structure and NFES institutional arrangements;
- **Section 7** details a comprehensive Monitoring & Evaluation (M&E) framework to track financial education progress; and
- **Section 8** outlines priority actions of the NFES.

## 2. CURRENT STATE OF FINANCIAL CAPABILITY IN ETHIOPIA<sup>9</sup>

### 2.1. Financial access and inclusion

According to Global Findex<sup>10</sup>, access to a transaction account at a regulated institution among adults (ages 15+) has steadily grown from 22 percent in 2014 to 35 percent in 2017. However, a significant gap remains, particularly between rural and urban Ethiopian adults. Similarly, the recent Ethiopian Financial Capability Survey<sup>11</sup> estimates account access to be 29 percent of adults aged 18+. However, the survey found that while roughly 61 percent of adults in urban areas own an account at either a bank, MFI or SACCO, rural populations lag behind. Only 24 percent of rural Ethiopian adults own a transaction account. Figure 3.1 below provides a breakdown of ownership of different financial products and services by Ethiopian adults.

*Figure 2.1: Ownership of Formal Financial Products and Services in Ethiopia*



Financial access varies greatly by region. Account access in Addis Ababa and Dira Dawa city is

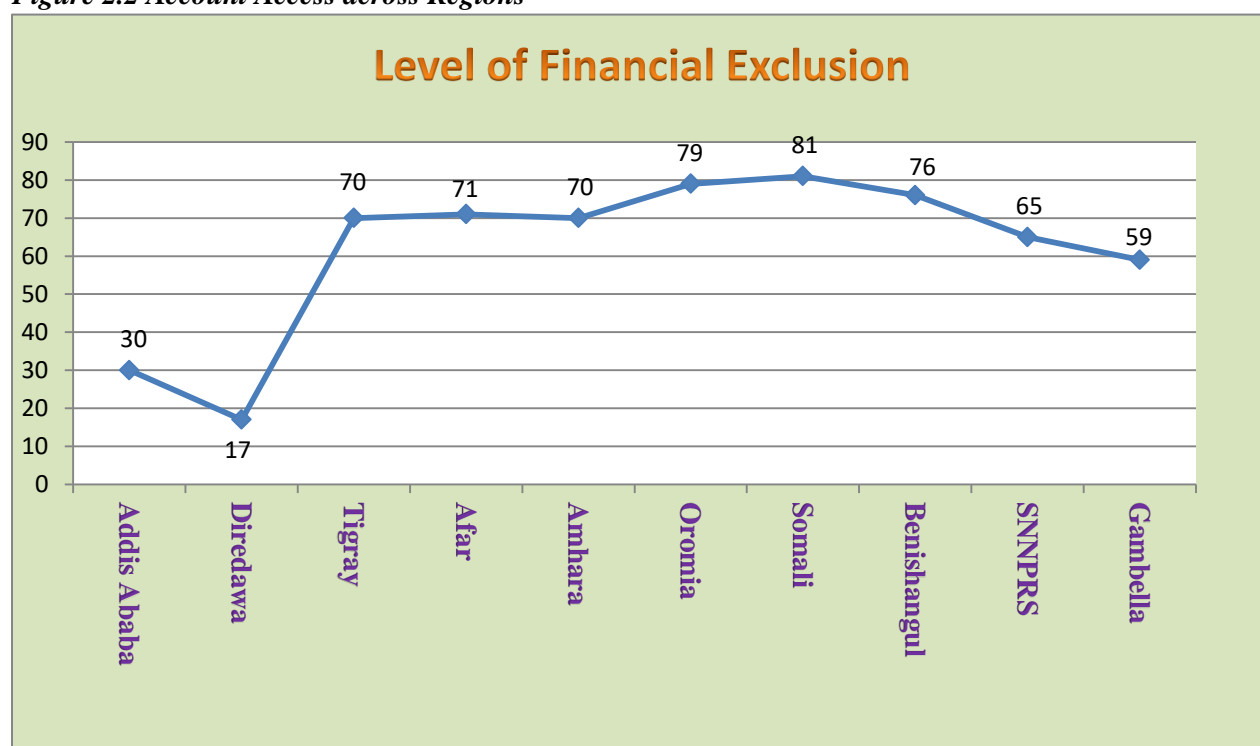
<sup>9</sup> The data analysis provided within this document is taken from the Ethiopia Financial Capability Survey in 2017 unless otherwise noted.

<sup>10</sup> World Bank Group, Global Findex Database. < <https://globalfindex.worldbank.org/> >

<sup>11</sup> The Ethiopian Financial Capability survey was conducted between January – June, 2017. The survey forms the basis of the analysis (unless otherwise noted), and was conducted using a nationally representative sample of 3500 Ethiopians across different regions. The survey was conducted in coordination with the NBE and CSA.

roughly 70 percent and 83 percent respectively; however, the percentage of adults that own an account drops greatly, outside of those two cities. Account ownership also varies by region, and some regions like SNNPRS, Tigray and Amhara exhibit higher rates of financial inclusion than other regions like Somali, Oromia, Afar or Benishangul Gumze. Figure 2.2 below provides a breakdown of the level of financial exclusion by region (measured as lack of ownership of a formal financial product from a bank, MFI or SACCO).

**Figure 2.2 Account Access across Regions**

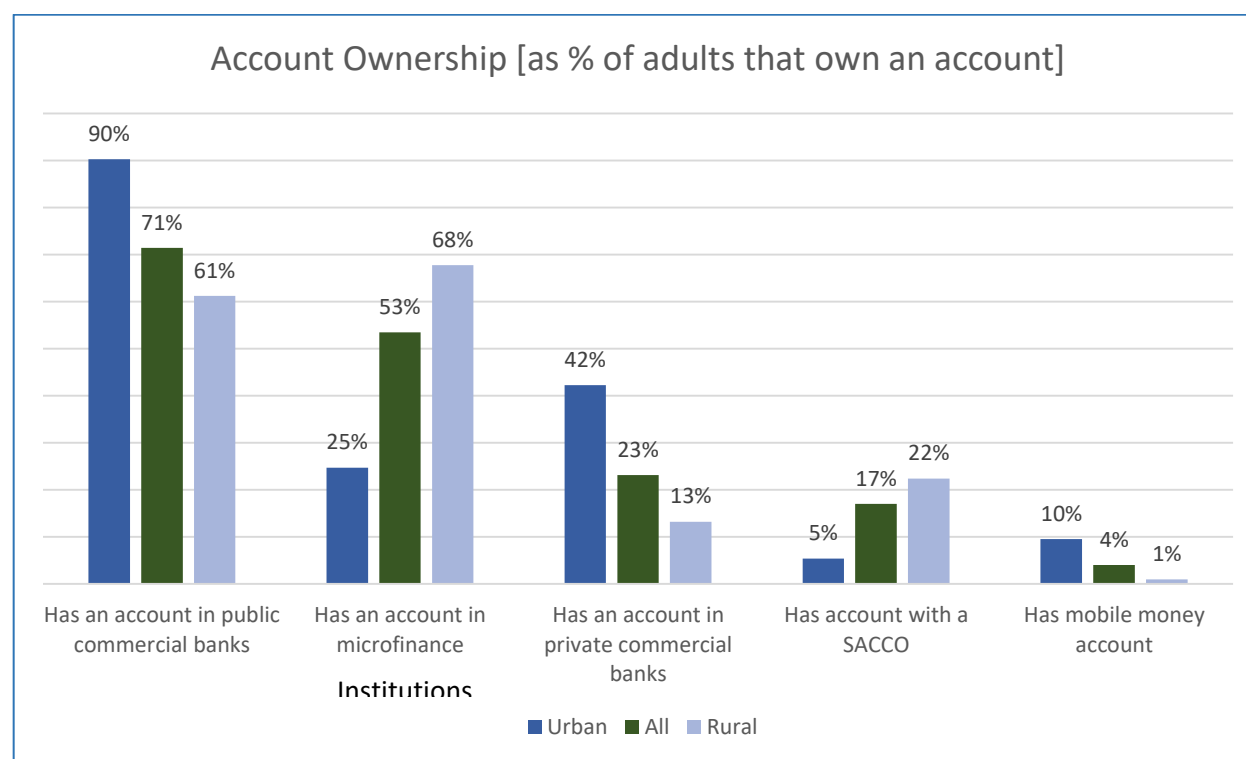


Most urban adults that own an account do so using either a public or private commercial bank (or both), whereas rural adults more frequently own products from either public banks or other financial service providers like MFIs or SACCOs. Roughly 61 percent of urban adults own an account – within this 61 percent, 90 percent own an account at the Commercial Bank of Ethiopia (CBE) and 42 percent own an account at a private bank<sup>12</sup>. This suggests that most urban adults who own an account have more than one account within the formal financial sector. Approximately 24

<sup>12</sup> Among the 61 percent of urban adults, some might have an account at the Commercial Bank of Ethiopia and another account at a private bank.

percent of rural adults own an account and they mainly report owning an account either at the CBE (61 percent) or with an MFI (68 percent), and 22 percent own an account through a SACCO. Rates of account ownership of the CBE are consistent with NBE supply side data, as roughly 70 percent of the total number of accounts in Ethiopia are reported by the CBE. This may be due to the large coverage of the Commercial Bank of Ethiopia (CBE) and their branch expansion plan into rural areas.

**Figure 2.3 Types of Account Ownership**



Few Ethiopians own a mobile money account (roughly 1 percent of adults). The vast majority of mobile money owners and users reside in urban areas. Therefore, mobile money products are not yet reaching rural adults. In general, mobile money awareness is low and only 13 percent of adults have heard of mobile money services (the majority living in urban areas). In addition, only 50 percent of Ethiopian adults report regularly using a mobile phone (and only 43 percent of women). Lack of phone ownership or regular usage has implications on both access to and usage of mobile products and services. In addition, if adults, predominantly rural adults, are not using mobile phones frequently it becomes difficult to attempt to deliver both financial services as well as financial education through mobile phones.

## **2.2. Barriers to financial access**

Roughly 82 percent of unbanked adults reported not owning an account due to a financial literacy or awareness barrier. Lack of financial education, literacy and capability is a significant barrier to financial access and prevents adults (many of whom are transacting frequently within the informal sector) from accessing or using a formal financial product. Financial literacy as a barrier to account ownership disproportionately affects more women than men. Roughly 85 percent of unbanked women reported not knowing how or where to open an account (as opposed to 80 percent of men).

Other barriers to account access include not having enough money to transact or save. Roughly 66 percent of unbanked adults reported not having enough money to appropriately use financial products or services. This often indicates that the respondents of the survey either did not think that they had enough money which warranted traveling to, opening and using an account or that the respondents did not have any cash left over after their daily expenses. However, of this group, 68 percent report using informal financial services like Iddir or Equb to manage risks and save. Therefore, there is a clear need to improve the levels of financial awareness and literacy levels in Ethiopia. This includes better understanding of non-traditional collaterals, credit reporting, and related financial opportunities. This will enable Ethiopian adults to be better informed about the range of products and services available to them. In addition, it will help adults understand how to open and use accounts, and how to take advantage of available formal financial services to help improve their financial well-being.

## **2.3. Financial awareness**

Awareness of various financial products, services and concepts is pivotal to further enabling financial access and inclusion. Basic awareness of financial products and services is a prerequisite to understanding and appropriately selecting the right financial tools to manage money and mitigate risks. However, many Ethiopians are unaware of basic terms associated with available financial products and services. Lack of awareness of financial products or delivery channels is often due to low level of exposure and access to various financial institutions and services.

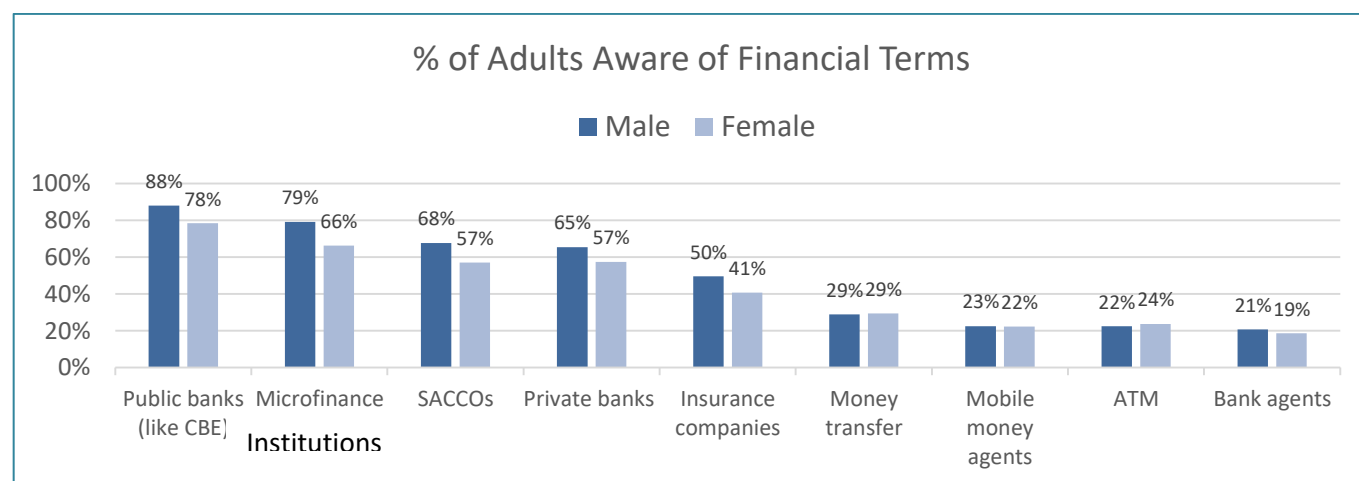
Overall Ethiopian women are less aware of financial terms than their male counterparts and may require further targeting to improve their financial awareness. For example, 88 percent of male

respondents have heard or know about public banks, as compared to only 78 percent of women. Roughly 79 percent of male respondents have heard or know about microfinance organizations, compared to only 66 percent of women. Ethiopian women are also less likely to know how to open an account or consider alternatives before selecting a financial product than men. This is further pronounced among rural women, where only 27 percent know how to open an account (as compared to 41 percent of men) and 34 percent report considering alternatives before selecting a financial product (as compared to 41 percent of men).

Location is also a critical factor that correlates to levels of financial awareness, and rural adults are less aware of financial terms than their urban counterparts. For instance, only 14 percent of rural adults have heard or know about ATMs compared to 71 percent of their urban adult peers. A similar pattern is observed with awareness of other access points like bank agents, money transfer services, etc. For instance, only 34 percent of rural Ethiopians report knowing how to open an account at a bank or MFI, while knowledge on account opening is indeed much higher among urban adults (77 percent).

Lack of education is also a key factor in financial awareness. Roughly 79 percent of adults with higher education are aware of ATMs as compared to only 22 percent with a primary education. These factors are often compounded, as rural adults, particularly women, receive less educational opportunities than their urban, particularly male, peers.

**Figure 2.4 Awareness of Financial Terms**

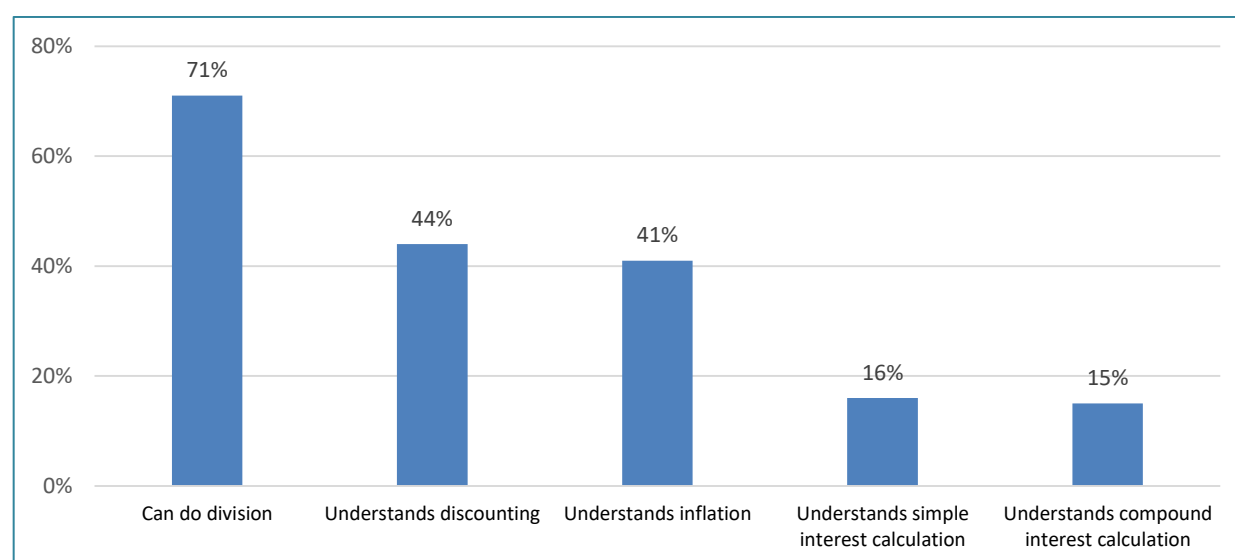


Source: World Bank Financial Capability Survey, Ethiopia - 2017

## 2.4. Financial numeracy and literacy

As part of the National Financial Capability Survey, a financial literacy quiz was enumerated to all respondents. In general, Ethiopian's demonstrate having a good foundation of financial numeracy skills in some areas and correctly answered multiple financial numeracy questions within the quiz. Roughly 71 percent of Ethiopian adults were able perform basic division, and roughly 44 and 41 percent were able to demonstrate an understanding of discounting and inflation.

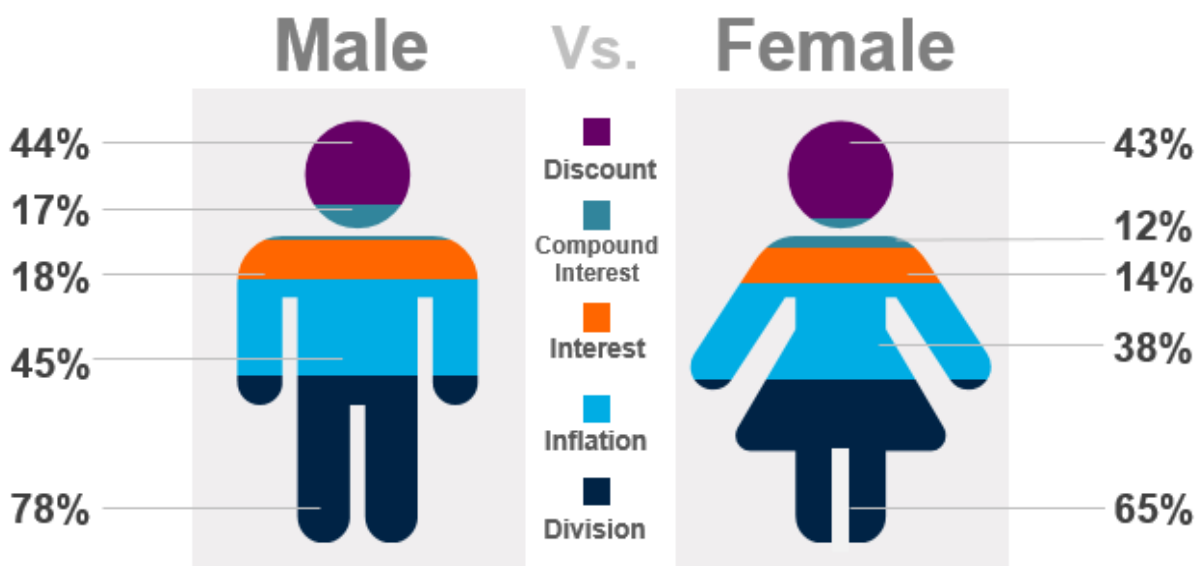
**Figure 2.5 Percentages of Adults Who Correctly Answered Financial Literacy Question Concepts**



Urban, male adults, particularly those who were already formally banked, hold higher levels of financial literacy than others. Women, on the other hand, displayed significantly lower financial capability and knowledge than their male counterparts. Significant gender gaps in understanding financial concepts emerged when answering various numeracy and financial literacy questions. For instance, roughly 78 percent of male respondents can perform division while only 65 percent of surveyed women can do the same. Similarly, 45 percent of men understand the concept of inflation as compared to 38 percent of women. Figure 2.6 below demonstrates the gender divide in understanding different financial concepts applied in a numeracy quiz and demonstrates that across all topics women scored less than men. It is interesting to note, however, that the gender gap is higher when quizzed on basic division (where many respondents had a broader range of education levels – or even no education at all) but that the gender gap narrows as education

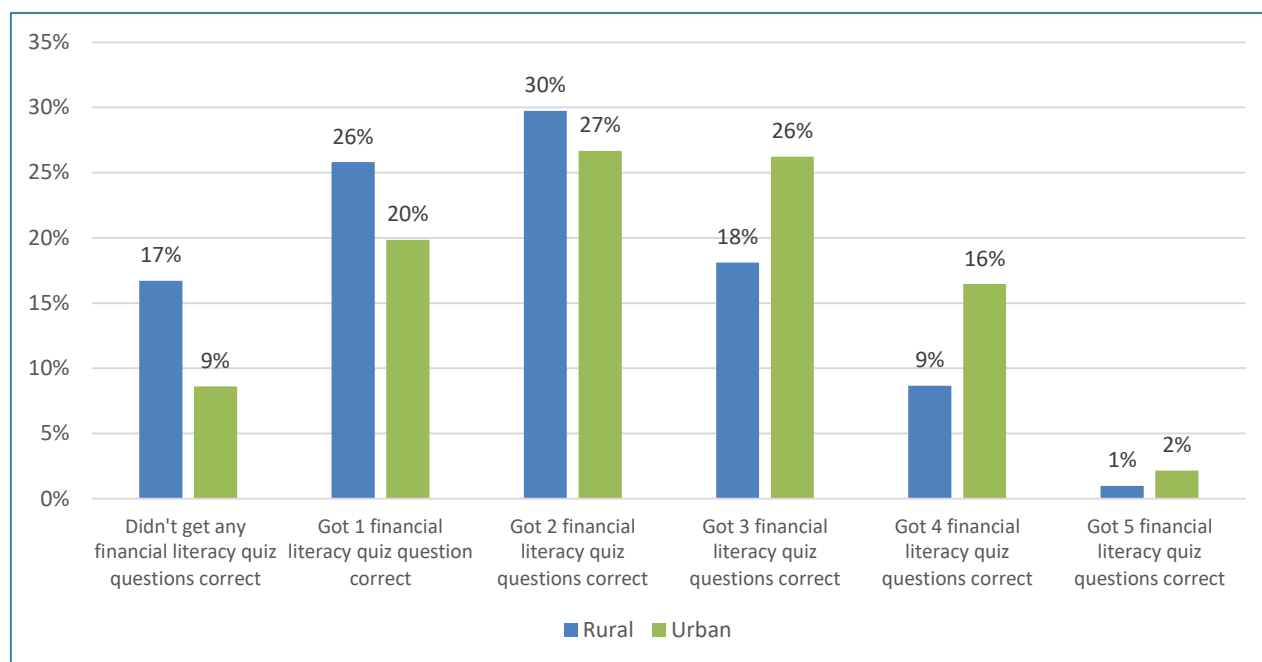
levels increase, which is demonstrated by respondents who answer more difficult questions (like discounting) correctly.

*Figure 2.6 Understanding of Financial Concepts by Gender*



Significant divides between urban and rural Ethiopians also persists when testing for financial literacy and numeracy skills. For instance, 17 percent of rural adults were unable to answer any financial literacy quiz questions administered through the national financial capability survey, as compared to 9 percent of urban Ethiopians. Regional differences are also pervasive, as, for instance, those in Tigray regions lag behind on this quiz – with only 33 percent and 40 percent able to score above average (as opposed to 50 percent). Banked adults tend to have better knowledge of basic financial concepts – 75 percent score above average on the financial literacy quiz as compared to 53 percent of unbanked adults that score above average. This demonstrates that a correlation exists between lack of exposure and usage of financial services and lower financial literacy and numeracy levels.

**Figure 2.7 Financial Numeracy and Literacy**



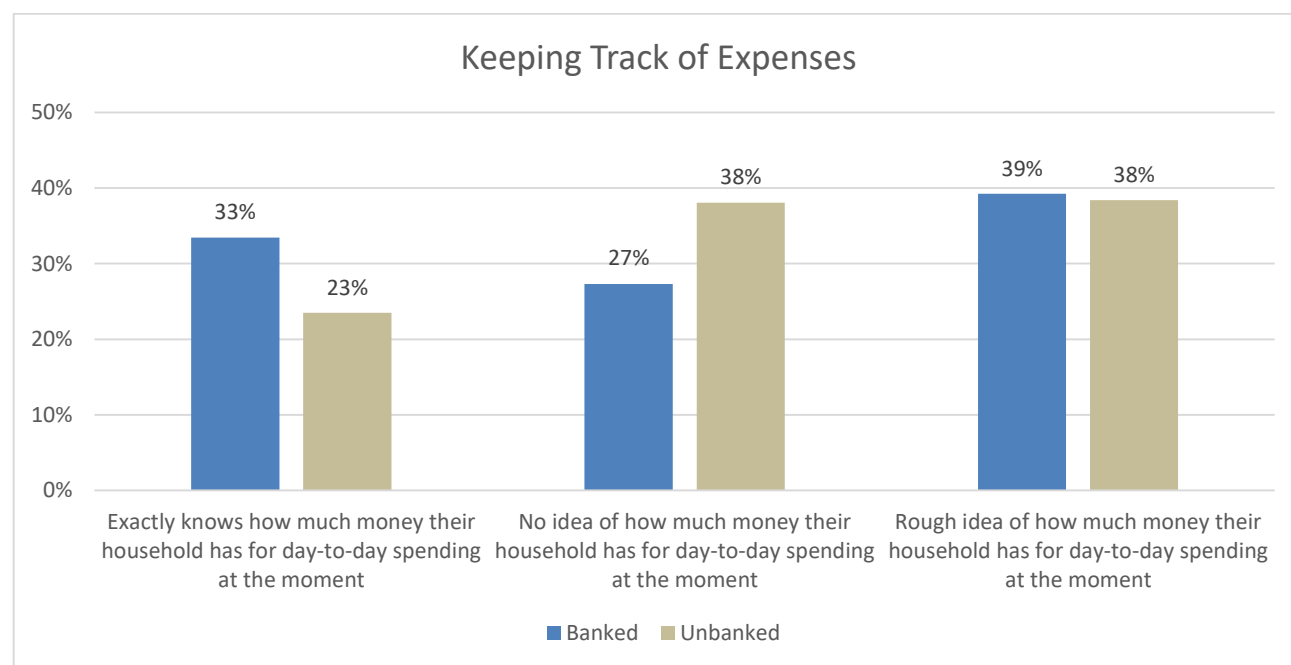
Source: World Bank Financial Capability Survey, Ethiopia - 2017

## **2.5. Financial planning and money management**

Budgeting is a basic strategy to manage one's finances to meet expenses and reach financial goals. With respect to financial management, a little over half of surveyed Ethiopians report always planning how their money will be spent, and only 42 percent always stick to their plan. A much smaller percentage of adults actually keep track of their day-to-day spending (26 percent) and those that are banked are more likely to keep exact track as compared to adults that are not formally served. Adults that often stick to their plan or keep track of their day-to-day spending also tend to score higher on the financial literacy quiz.

Almost all Ethiopians reported having a financial goal (94 percent). Some of the more important goals are to build or upgrade their home (38 percent), start a business (16 percent) or invest in a farm (15 percent). 91 percent of adult mention planning for their children's future as a financial goal. Almost all Ethiopians plan for their children's education by providing them with an education; this is quite consistent across gender, location, education and employment levels.

**Figure 2.8 Keeping Track of Expenses**

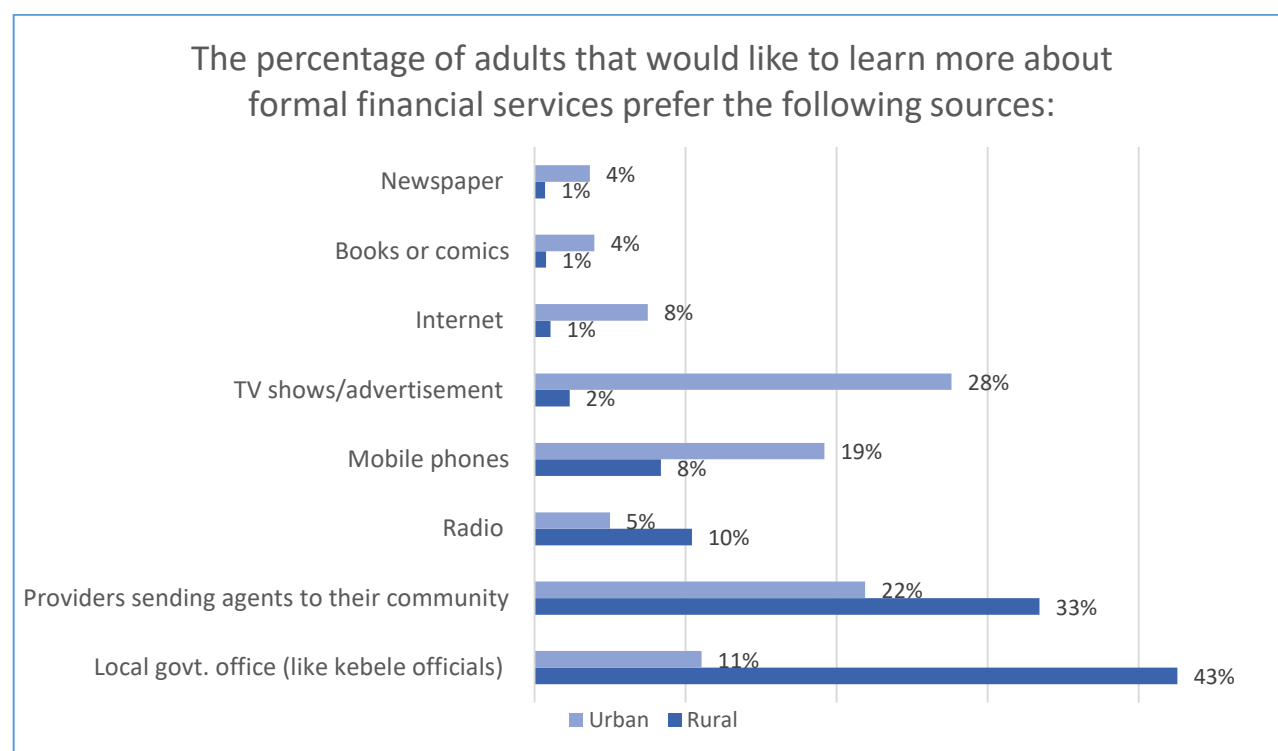


Source: World Bank Financial Capability Survey, Ethiopia – 2017

## **2.6. Learning preferences**

Ethiopian adults demonstrate a large appetite for learning more about formal financial services. Roughly 85 percent of Ethiopians indicate that they would like to learn more about services provided by banks, MFIs, debit cards and mobile money. However, different population groups also have different learning preferences. For instance, women and most rural adults prefer learning about financial products through the local government office like their kebele officials. Male respondents and urban adults reported a preference to learn through TV shows or advertisements and agents sent by financial service providers. For rural adults, face to face interactions were indicated as the preferred mode of education delivery at the local Kebele level, followed by audio technologies.

**Figure 2.9 Learning Preferences by Urban and Rural Populations**



Source: World Bank Financial Capability Survey, Ethiopia – 2017

## 2.7. Sources of information

Most Ethiopians (90 percent) report seeking advice from their immediate social network before making an important financial decision. However, men and women receive advice from different sources. Roughly 59 percent of women report receiving financial advice specifically from their spouse or partner, while men tend to rely more broadly on family and friends instead.

Mass media tools like radio adverts or mobile phones are commonly used in financial education programs to raise awareness about money management. However, in Ethiopia, adoption of mass media and using it as a platform for information differs by location and gender. Therefore, many channels that policy makers typically leverage to provide financial messages or awareness may not reach the Ethiopian populations that need it most. For instance, only 32% of rural women regularly use a mobile phone and therefore mobile messaging campaigns may not reach them well. However, those in rural areas and women report high usage of radio in addition to depending on their community leaders for information, suggesting that radio programming is a good channel to reach a national audience, including people living in remote rural areas.

### 3. STOCK-TAKING OF KEY FINANCIAL EDUCATION PROGRAMS

To address low financial capability levels in Ethiopia, financial education programs were mapped as part of this NFES. The stock-taking of key financial education programs helps identify the range of current efforts and understand an approach for coordinating and building on past efforts. In Ethiopia, most financial education activities are integrated into a more general education initiative or coupled with the roll-out of a new financial service. The majority of financial education programs is donor-supported, relatively small scale and implemented over a limited time period<sup>13</sup>.

Financial education efforts in Ethiopia can be grouped into three broad categories,

- i. Efforts by the financial sector to raise awareness among clients and provide financial education to the general public;
- ii. Efforts by the government at the national and regional levels to improve financial education levels. This includes the addition of a Financial Education Team in the national curriculum for grades 5 through 12 in the course on Civics and Ethical Education;
- iii. Efforts led by non-profit or donor organizations to provide financial education through various channels. Donor-driven initiatives for financial education are the most common in Ethiopia.

A summary table of relevant financial education programs identified during the Ethiopian Financial Education Mapping exercise is available in Annex 8.

#### 3.1. Donor-led financial education programs

Most financial education efforts in Ethiopia are donor-driven. There is an extensive network of international organizations that provide financial education programs. These are usually as part of a larger initiative and not necessarily specifically focused on financial education.

One of the efforts was driven by CARE Ethiopia, which had created 2,591<sup>14</sup> Villages Economic

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<sup>13</sup> A mapping exercise of financial education programs in Ethiopia was conducted to inform development of the National Financial Education Strategy.

<sup>14</sup> GRAD: Graduating Out of Social Assistance And Into Long-Term Food Security (available at [https://www.care.org/wp-content/uploads/2020/05/GRAD-Brief\\_0.pdf](https://www.care.org/wp-content/uploads/2020/05/GRAD-Brief_0.pdf))

and Social Associations having around 57,175 members that are enrolled in PSNP and educated under GRAD<sup>15</sup> program. Similarly, YouthStart, an initiative launched by UNCDF in partnership with MasterCard Foundation, aimed to increase access to financial services for low-income youth with an emphasis on savings and financial education and coordinated with Ethiopia ACSI and PEACE MFI to provide financial education to almost 280,000 youth. Such programs often develop a wealth of pre-tested and relevant financial education content and tools, adapted to the context of Ethiopia. These financial education experiences and materials can often be further leveraged and adopted by other programs or government initiatives to reduce duplication or re-inventing the wheel.

### **3.2. Government-led financial education program**

#### ***Ministry of Education***

One of the few stand-alone financial education efforts in Ethiopia is the Ministry of Education's effort to incorporate a Financial Education Team in the national school curriculum for students in grades 5 through 12. This is taught as part of the Civics and Ethical Education course. The Ministry of Education is also undergoing a curriculum review in 2018. With coordination from donor-led financial education programs, the Ministry of Education in coordination with the NBE may be able to improve their financial education curricula and materials by further aligning to good practices, adopting relevant pre-tested content and understanding lessons learned from other large-scale financial education initiatives.

#### ***Productive Safety Net Program***

Ethiopia's Productive Safety Net Program (PSNP) established in 2005, is an unconditional cash transfer program that reaches approximately 8 million households and includes a livelihood training that provides financial education for beneficiaries. PSNP beneficiaries who participated in the Livelihoods component under the Households Assets and Building Program (HABP) were incentivized to attend financial literacy trainings. However, the livelihoods component ended in 2014 and many PSNP beneficiaries who are currently migrating to using mobile financial services have not received extensive financial literacy trainings. One barrier to providing financial education through the PSNP program is that there is no single financial institution, product or

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<sup>15</sup> Graduation with Resilience to Achieve Sustainable Development (GRAD) is a 5-year USAID funded project to help the Government of Ethiopia find sustainable solutions to chronic food insecurity.

service that reaches all beneficiaries. This poses a challenge to developing a standard programmatic approach to financial education delivery.

### ***Federal Cooperative Agency***

The Federal Cooperative Agency (FCA), which currently supervises and regulates nearly 20,000 SACCOs, support Kebele-level SACCOs and RuSACCOs and to provide financial education to their respective members as well as community members. The program uses the HABP materials (used within the PSNP program). Coordination with the FCA in this initiative will be critical to successfully delivering financial education to rural Ethiopian adults, and the program can be enhanced by incorporating lessons learned from other programs in this space and leveraging additional materials.

### **3.3. Financial sector programs**

Some banks and MFIs offer financial education to their clients. For instance, ENAT bank has developed financial education tools and financial literacy training targeted to women. The training is delivered at all branches of the bank and includes educational dramas and games-based learning tools. Elements of such programs may be able to be standardized and encouraged by all banks nationwide. In addition, as part of the PSNP program, banks and MFIs offer some financial education when beneficiaries open an account to receive their cash disbursements digitally. However, the provision of financial education, particularly to low-income consumers, is not yet standardized in all banks or MFIs when an adult opens an account or gains access to other services. The provision of guidelines extending the process of disclosure and encouraging banks and MFIs to deliver key financial concepts and information to new customers at the point of first interaction and account opening should be considered.

#### **4. OVERARCHING CHALLENGES TO FINANCIAL EDUCATION**

The level of financial inclusion in Ethiopia is around 35% (Findex Global survey of 2017). This has labeled Ethiopia among the countries with low level of financial inclusion. Compared with peers in Sub-Saharan African countries like Kenya, Uganda, Rwanda, Tanzania and the average of SSA that respectively registered 82%, 59%, 50%, 47% and 43%, Ethiopia is lagging behind. Low level of financial literacy and capability are among the major overarching causes for the exclusion. Ethiopia Financial Capability Survey (2017) indicated that roughly 82 percent of unbanked adults reported not owning an account due to a financial literacy or awareness barrier and nearly 85 percent of unbanked women reported not knowing how or where to open an account (as opposed to 80 percent of men). The NFIS has also underscored the limited knowledge and awareness of adults, particularly in rural Ethiopia, about the regulated financial institutions, which are among the strategic causes for low level of financial inclusion in Ethiopia. It further commends the need for conducting a national survey to gauge more precisely the current status of financial capability in Ethiopia and then to design a national strategy to coordinate effective priority measures to increase financial capability over time.

Major barriers in providing financial education in Ethiopia, therefore, can be summarized within four overarching challenges: i/ Underdeveloped financial education infrastructure and limited centers; ii/ Fragmented programs, modules and ineffective delivery channels; iii/ Unsustainable dissemination and rollout; and iv/ Absence of coordination, monitoring and evaluation system.

##### **4.1. Underdeveloped infrastructure and limited centers**

Many adults do not have **access** to quality, strategically delivered financial education. The absence of a well-designed national financial education infrastructure such as national strategy for financial education, limited delivery centers, nationally responsible and coordinating body, committed and dedicated working group are among the fundamental barriers to sustainably run the programs in an organized manner. Lack of clearly identified education centers, clear guidelines and procedures that help to steer the national financial education endeavors, among others, deter the promotion of financial education in Ethiopia. The absence of fund dedicated to scale up certain programs and support financial education centers in a planned and certain ways has its negative consequence in the promotion of financial education at the national level.

#### **4.2. Fragmented programs, modules and ineffective delivery channels**

Various but fragmented financial education programs have been carried out in the country by different institutions: i) Government led: Ministry of Education, Federal Cooperative Agency, Productive Safety Net Programs; ii) Non-for profit organizations led: Such as CARE Ethiopia; and iii) Financial institutions led: such as Enat Bank, ACSI, AEMFI, EBA. However, many of these programs do not yet reach scale and their modules and delivery channels are inefficient, ineffective and not sustainable in certain ways.

Consequently, they are unable to bring the required level of capability that helps to shape the financial behavior of the people, particularly in rural Ethiopia. These programs and modules need to be directed and coordinated to achieve the envisioned national financial education goals. The absence of sharing best and effective practices among the current providers of the financial educations has as well limits effective delivery and reaching the required level of scale at the national level.

#### **4.3. Unsustainable dissemination and rollout**

There is no clear policy, plan and procedure that direct the dissemination and rollout of financial education even for programs that are currently running by many stakeholders. This has impacted negatively on the sustainability of many of the programs that have been started but unable to continue. These are partly due to the absence of defining clear responsibility to all stakeholders who have vested interest on the financial education agenda of the country. As leveraging on the existing financial programs that have been running in the country alone cannot help to fully ensure the achievement of the envisioned goals and outcomes, identifying new and potential human resources is critically essential to sustainably disseminate and rollout the financial education programs.

Naturally, the financial education dissemination process requires rigorous efforts of various stakeholders, which in some cases would be difficult to uphold without allocating fund for the purpose. The absence of Financial Education Fund (FEF) is, therefore, among the barriers to build tenable nationwide infrastructure and access centers to financial education.

As indicated under section 4.2, various fragmented financial education programs are being carried out in the country. Alignment of these programs with good practices that can leverage on well-tested modules and materials delivered at teachable moments would highly help to advance the promotion of financial education in the country. Moreover, designing financial education programs and modules need to take into consideration of the priority focus groups such as women and rural adults who are often lagging behind.

#### **4.4. Absence of coordination, monitoring and evaluation system**

There is no system to coordinate track, monitor and evaluate financial education initiatives, efforts, progresses and achievements of different stakeholders in the country. Consequently, it becomes impossible to gauge changes and impacts in financial education thus far and have created difficulty in making financial education programs sustainable.

As highlighted under section 4.2, there are various financial education programs running in the country by different institutions. Some of these programs, however, are overlapping and duplicating efforts and some are not efficient and effective. As a result, the required level of capability to shape and change the financial behavior of adults at the national level has not been progressing well. Most of the adults, particularly in rural Ethiopia, are excluded from financial transactions due to lack of financial knowledge and skill. This has been shading its negative influence on the promotion of financial inclusion, making well-informed financial decisions by most adults, improving financial well-being and ultimately to alleviate poverty.

To realize the required level of change and impact, reinforcing, coordinating and directing the financial education initiatives currently running in the country towards shared and common national goals would help to achieve the ultimate objectives. Addressing these overarching challenges is at the core of promoting financial education, increase financial literacy and bring capability that in particular help marginalized and low income people, the rural adults and women to change and shape their financial behavior and progressively enable them capable of making well-informed financial transactions that would eventually support the achievement of the financial inclusion targets set out in the NFIS.

## 5. NFES FRAMEWORK

There was no study that identifies financial education target groups at national level. Most of the programs that have been running in the country particularly by NGOs are focusing on urban areas and some small cities which are limited in scope and hence not accessible to most of the adults in general and women in rural areas in particular. The Ethiopian capability survey in 2017, however, evidenced that rural adults and women should and need to be given utmost priority and focus in financial education.

Given the low levels of financial capability in Ethiopia and the importance of financial education and literacy in money management, account ownership and financial inclusion, the NBE is establishing this National Financial Education Strategy.

### 5.1.NFES framework for action

Progress towards financial education requires a framework to underpin the NFES. The proposed framework reflects the challenges and underlying issues identified and discussed in Section 3 and 4.

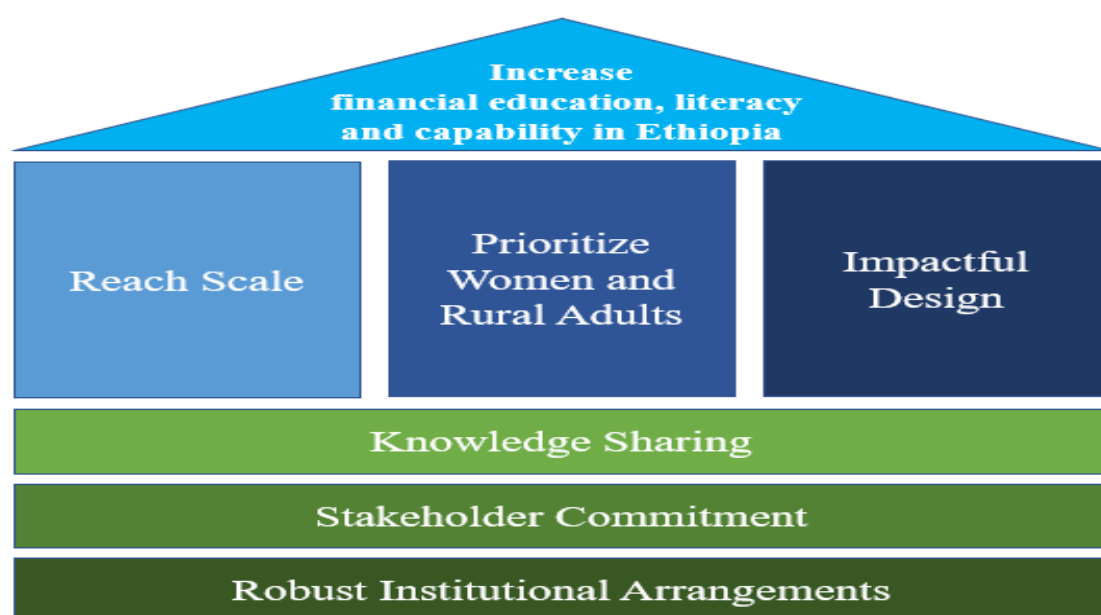


Figure 5.1: NFES Framework for Action

The NFES Framework for action calls for formulating and executing strategies to addressing the overarching challenges discussed under section 4. For effective implementation, the strategies need to be grounded on and guided by clear purpose, vision, mission and objectives as assorted below:

## **5.2.Rationale**

This NFES intends to provide a cogent framework which establishes priorities, promotes smoother and more sustainable cooperation between stakeholders, coordinates financial education initiatives to avoid duplication and recommends a monitoring and evaluation mechanism to ensure progress towards target goals. It also aims to further operationalize the National Financial Literacy Working Group and other aspects of the National Financial Education Strategy.

*The purpose of this National Financial Education Strategy is to provide a coherent, institutionally coordinated and focused approach to financial education delivery that will enhance the financial literacy levels and ultimately the financial capability of Ethiopians*

## **5.3.Mission**

The mission of the National Financial Education Strategy is:

*To improve and increase the financial literacy and capability of adults, households and enterprises through financial education, to enable them make informed financial decisions.*

## **5.4.Vision statement**

The core vision of the National Financial Education Strategy is:

*Ensure adults, households and enterprises in Ethiopia are capable of making well-informed financial decisions and ultimately improving their financial transaction well-being by 2025.*

## **5.5.Objectives**

The identified objectives of the National Financial Education Strategy are to:

- ✓ Build a sustainable financial education access infrastructure;
- ✓ Design and implement effective education interventions modules to reach scale and identify sustainable delivery channels for financial education;

- ✓ Establish sustainable governance mechanisms by identifying a lead coordinator to steer and coordinate the effective effort of national financial education delivery;
- ✓ Define specific roles and responsibilities of each stakeholder and propose a process by which stakeholders can maximize their use of available resources;
- ✓ Provide guidance and support stakeholders to perform their roles and responsibilities through the development of a detailed implementation plan; and
- ✓ Provide a structured monitoring and evaluation framework to track progress and ensure effective implementation of the NFES.

## **5.6. Main Strategies**

### **Strategy 1: Build Robust National Financial Education Infrastructure**

To effectively implement the National Financial Education Strategy, relevant governance arrangements will need to be in place to provide for policy guidance and implementation oversight, coordinate stakeholders consultation and efforts, and monitor and evaluate the eventual impact of the strategy. These includes i) formulating a NFES; ii) formulating policy and procedure for financial education; iii) establishing a financial education executing unit in the proposed CPFED; iv) building a robust Financial Literacy Working Group; v) reinforcing on the existing access points and creating new ones; and vi) creating Financial Education Fund that help to run the programs sustainably.

### **Strategy 2: Design and Implement Impactful National Financial Education Programs, Modules and Channels**

This National Financial Education Strategy encourages enhancing efforts to reach marginalized populations left behind the current programs. According to the 2017 Financial Capability survey, rural and female Ethiopians are not yet adequately reached by financial education efforts or formal financial services more broadly and are lagging behind national financial inclusion and capability levels. Therefore, there is a clear need to prioritize and strengthen financial education initiatives and aggressively strategize to reach rural adults and women. Other target populations, such as low-income urban adults, children and youth, will continue to remain as key target groups.

For all programs, a thorough assessment of the target population and their needs is crucial to designing effective and impactful financial education programs, modules and channels that in turn facilitate implementation, tracking and corrective intervention measures in a timely manner. In addition, programs should be formulated and delivered in a such way that leverage teachable moments and good practices that have been proven to work globally, particularly in the context of already existing financial services available to the people. This strategy calls for financial education programs to be specifically designed to bring impact which is backed by evidence. It is also important to note that programs should be designed within the context of key stakeholders/institutions mandate, and within the context of financial services that already exist within the lives of beneficiaries. Programs that are not within the reach of the already-existing programs or mandate, or that provide awareness or education around products and services that do not yet exist or fit for the target tend to be less successful as learned from good international practices.

For the target groups, therefore, the necessary programs (women, rural adults, youth and children) and modules (saving, credit, insurance, pension, payment, budget etc) together with the appropriate delivery channels would be designed. Guidelines that give direction to the providers will also be developed and periodically reviewed to ensure effective delivery of the programs ongoing basis.

### **Strategy 3: Sustainable Dissemination and Rollout to Reach Scale**

Financial capability levels among Ethiopians will continue to remain limited if sustainable and effective programs are not disseminated and rollout to those that need it most. Many social and government programs are currently providing financial services to many beneficiaries or consumers, and these programs can be leveraged to provide education appropriately at scale. This can also include leveraging financial service providers to provide targeted financial education to new customers and marginalized populations as feasible.

Therefore, formulating national financial education programs together with the necessary modules, delivery channels and setting suitable centers for the trainees help to build and bring the required level of financial capability to reach out scale. These should be supported and tasked

with clear plan for dissemination and rollout taking into consideration of each of the specific programs, modules and delivery channels.

#### **Strategy 4: Build and Implement Effective Coordination, Monitoring and Evaluation System**

In Ethiopia, already there exist several financial education programs that have been successful, and the knowledge and materials within these programs can potentially be leveraged and customized by new stakeholders to further and better design impactful programs. Therefore, strong coordination across various financial education programs and related stakeholders will help to promote knowledge sharing that includes good practices, insights, materials and lessons learned that can be used by other providers.

In view of the foregoing, coordination of stakeholders' commitment and cooperation will be critical to providing financial education that would bring impact and help to achieve the goals of the NFES. Stakeholders should commit to contributing to the NFES targets and goals by integrating financial education content, core messages or programs within their current activities and reporting progress over time.

The processes of coordination, monitoring and evaluation require building an internal tracking system to identifying key stakeholders, registering their initiatives and targets track their progresses against standards that should be set out. Moreover, this process helps to align the current active programs and initiatives with the national programs, modules and goals of the NFES.

Overall, effective coordination across stakeholders and monitoring and evaluation will be key to helping ensure programs are aligned to national goals, scaling-up successful programs, sharing learning or good practices among key public and private stakeholders, and monitoring and reporting national progress over time. To effectively carry out the monitoring and evaluation tasks of the financial education at the national level, among others, data infrastructure and tracking system will be designed and implemented. Rigorous testing and evaluation of programs prior to rollout will also be carried out ongoing basis. (The full content of monitoring and evaluation system is discussed under Section 7).

### **5.7. Financial education targets**

As part of Ethiopia's Financial Education Results Framework, high-level KPIs to monitor and evaluate financial education progress towards the achievement of the strategy has been established. The high-level financial education indicators and targets were designed to be achievable, but ambitious. The indicators were selected as being feasible to be collected and reported over time, and were informed by an analytic and consultative process. The indicators intend to both monitor and communicate overall progress towards policy objectives.

Multiple stakeholders, financial service providers and government institutions with programs related to the provision of financial services or financial education can commit to their own institutional targets which contribute to national goals of the NFES. The targets below will help to monitor the impact of financial education efforts on financial capability throughout the nation.

The Financial Education National Results framework will also leverage the financial inclusion strategy indicators to monitor improvements in general financial inclusion, including access to loans, insurance and other financial services as well as activity of accounts. The framework will also leverage the NFIS supply-side data indicators to measure performance in the interim. Since financial capability plays a critical role in the uptake and usage of formal financial services, increases in financial inclusion can indicate both contributions from and improvements of financial capability at a national level. Although there is no clear way to separate the contribution of financial education to overall financial inclusion at a national level using supply-side data, supply-side statistics will still provide an overview of the progress of the financial sector.

## a) Demand side targets

**Table 5.1 Demand Side Results Framework**

Indicator	Priority area	Baseline 2017	2021	2022	2023	2024	2025
1. Awareness of financial products and service(average scores) <sup>16</sup>	All	47 <sup>17</sup>	57	61	66	70	75 <sup>18</sup>
	Female	44	51	53	56	59	62
	Rural Adults	41	51	55	60	64	70
2. Percentage of adults reporting they know exactly how much money their household has for day-to-day spending	All	26	29	30	31	32	33
	Female	28	31	32	33	35	36
	Rural Adults	25	29	31	32	34	36
3. Percentage of adults that know how to open an account	All	41	53	57	62	68	74
	Female	37	46	49	53	56	61
	Rural Adults	34	45	49	53	58	64
4. Percentage of adults who report having an account at a bank or another type of financial institution	All	35	45	49	54	59	64
	Female	29	39	42	47	51	56
	Rural Adults	32	43	47	52	58	63
5. Percentage of adults saving at a formal financial institution	All	26	30	31	33	35	36
	Female	20	24	26	27	29	31
	Rural Adults	25	29	30	31	33	34
6. Percentage of adults that save for old age	All	9	10	10	11	11	12
	Female	6	7	7	7	7	8
	Rural Adults	9	11	11	12	13	13

Source: World Bank Financial Capability Survey, Ethiopia – 2017, World Bank Findex database, 2017

## b) Supply side targets

The National Financial Education Strategy, through various efforts and effective stakeholder commitment, will aim to provide effective financial education to around 12 million adults with a view to bring the total to 49million<sup>19</sup> adults by 2025.

<sup>16</sup> To calculate the average score, the methodology includes taking the most known financial products and services (saving, credit, payment, insurance, pension etc.), and weighting each term as “1” and taking the percentage mean average of adults who report being able to understand each term.

<sup>17</sup> Baseline: World Bank Financial Capability Survey 2017 is the latest demand side data, which is used as proxy to forecast 2025 targets

<sup>18</sup> Estimated based on demand side target set in the NFIS

<sup>19</sup> The target for supply side indicator is determined as 80% of 55% of adult population which is projected to be 112mln in 2025.

**Table 5.2: Supply Side Results Framework**

Indicator	Baseline 2017	2021	2022	2023	2024	2025
Number of adult population attended financial education programs (In million)	37	39	41	44	47	49

Although some questions could be raised on the quality and nature of the financial literacy training due to lack of consistency, standardization and focus, currently more than 35 million adults have received financial education and awareness in some form: During account opening, in the course of using the account, through advertisements (advocacy) and general delivery of financial education by microfinance institutions, banks, self-initiated NGOs and Ministry of Education. This includes around 22 million members of cooperatives, 8 million PSNPs beneficiaries and around 17 million under adult education program of the Ministry of Education. Considering a 20% overlapping on the trainings under all schemes, we consider at least 37million adults have received one or another form of financial education. This serves as base line for 2020. Over the course of the strategy period, therefore, it is envisioned to provide financial education for around 12 million adults.

## **6. COORDINATION AND INSTITUTIONAL ARRANGEMENTS OF THE STRATEGY**

### **6.1.Linkages with NFIS governance structure**

To advance financial inclusion in Ethiopia, the NFIS called for the establishment of a multilevel structure comprised of relevant authorities and actors. The structure comprises of:

- a. The National Council for Financial Inclusion;
- b. The National Financial Inclusion Steering Committee;
- b. The National Bank of Ethiopia;
- c. The Financial Inclusion Secretariat (FIS) – housed at the National Bank of Ethiopia; and
- d. coordinators, including a ‘Consumer Protection and Financial Education Coordinator’.

This strategy will leverage existing NFIS structures to the extent possible.

### **6.2.Policy guidance and implementation oversight**

The National Council for Financial Inclusion, which provides overall policy guidance relevant to the National Financial Inclusion Strategy, will be leveraged for the National Financial Education Strategy to help ensure that financial education remains a key policy priority in respective instructions, as per the financial inclusion strategy. In addition, the steering committee will also help oversee the implementation of the National Financial Education Strategy, receive regular updates and provide guidance and oversight to course correct as needed.

### **6.3. Stakeholders coordination and consultation**

The Consumer Protection and Financial Education Working Group, established after the launch of the NFIS, will be leveraged to serve as a consultation and implementation forum for the Financial Education Strategy efforts. New members of the working group should be introduced and include decision-makers from a wide range of institutions, including stakeholders from the public, private and civil society sectors. Since a range of government entities and private sector players deliver financial education, these stakeholders are critical to be included within the working group to enhance financial education efforts. In addition, stakeholders from civil societies that currently conducting large-scale financial education efforts should be represented in the Working Group as well to support new efforts and share their experiences and success.

The Working Group should be fluid in nature such that it can assign tasks to its members for implementation and can sometimes form sub-groups or task forces to implement the financial education agenda accordingly.

#### **6.4.Consumer Protection and Financial Education Directorate (CPFED)**

This strategy calls for the establishment of a dedicated CPFED. The Directorate should be comprised of three teams: (i) Financial Consumer Protection Regulation and Supervision Team; ii) Compliant Handling Team; and (iii) Financial Education Team.

Integrating the actions of these teams under one directorate help to leverage and complement to the efficient and effective execution that would eventually lead scale of operation and to the achievement of the targets set out in this strategy and the overarching goal of the NFIS.

Consumer Protection and Financial Education Directorate together with the working group should be responsible for ensuring the implementation of the NFES. To do so, the Working Group should convene at least quarterly, and, under its mandate, should:

- i. help finalize the NFES;
- ii. provide input into the selection and development of NFES actions over time;
- iii. help develop granular action plans and roadmaps to achieve the ultimate goal; and
- iv. coordinate with the NBE on the implementation of actions assigned to each member and lead institutions as needed.

The Financial Consumer Protection Regulation and Supervision Team, Compliant Handling Team and Financial Education Team would be structured, as stated herein below (Figure 6.1), under the proposed CPFED and leverage and complement each other to provide for the day-to-day administrative, coordination, and M&E functions to support the implementation of the National Financial Education Strategy. The Financial Education staff of the team should include:

- i. **Principal Financial Education Coordinator** who will lead the financial education agenda and the execution of the NFES;
- ii. **Senior 1 and Senior 2 Financial Education Specialists** who will support technically the activities of the unit, help to prepare recommendations for the

Working Group, coordinate across stakeholders to enable mutual support and learning, and provide technical support to relevant stakeholders to develop and implement new programs or improve / scale up existing initiatives. In addition, specialists should consistently keep track of new trends, research, and maintain a registry or stock-taking of key programs in Ethiopia, along with their reach and impact;

- iii. **Monitoring and evaluation specialist** who will track financial education progress at 3 levels: (i) the action level to monitor progress in the implementation of financial education programs; (ii) the outcome level to evaluate the success of financial education programs; and (iii) the national level to measure national progress (often through surveys) of the financial literacy framework and strategy. To do so, the M&E coordinator will also provide support to relevant working group members to integrate key indicators and M&E frameworks to track basic financial education information at a programmatic level.
- iv. **Administrative staff** to support the work of the Financial Education specialists under the leadership of the Director of the CPFED.

The staff of the Financial Education Team should work closely with FIS. Once established, the Financial Education Team should focus on the technical aspects of implementing the National Financial Education Strategy. The Directorate also should lead the coordination, communication and convening efforts (particularly with the Working Group) in the context of the NFIS, and act as the intermediary between the Directorate and the FIS, including reporting the progresses.

Until such time of establishing a dedicated directorate to lead, coordinate and implement the foregoing actions in a more planned and focused manner, financial education, financial consumers protection and complaint handing affairs will be carried out by respective supervision directorates of the National Bank of Ethiopia. The possible future structure of the directorate is also indicated in figure 6.1 herein below.

### **6.5. The financial inclusion secretariat**

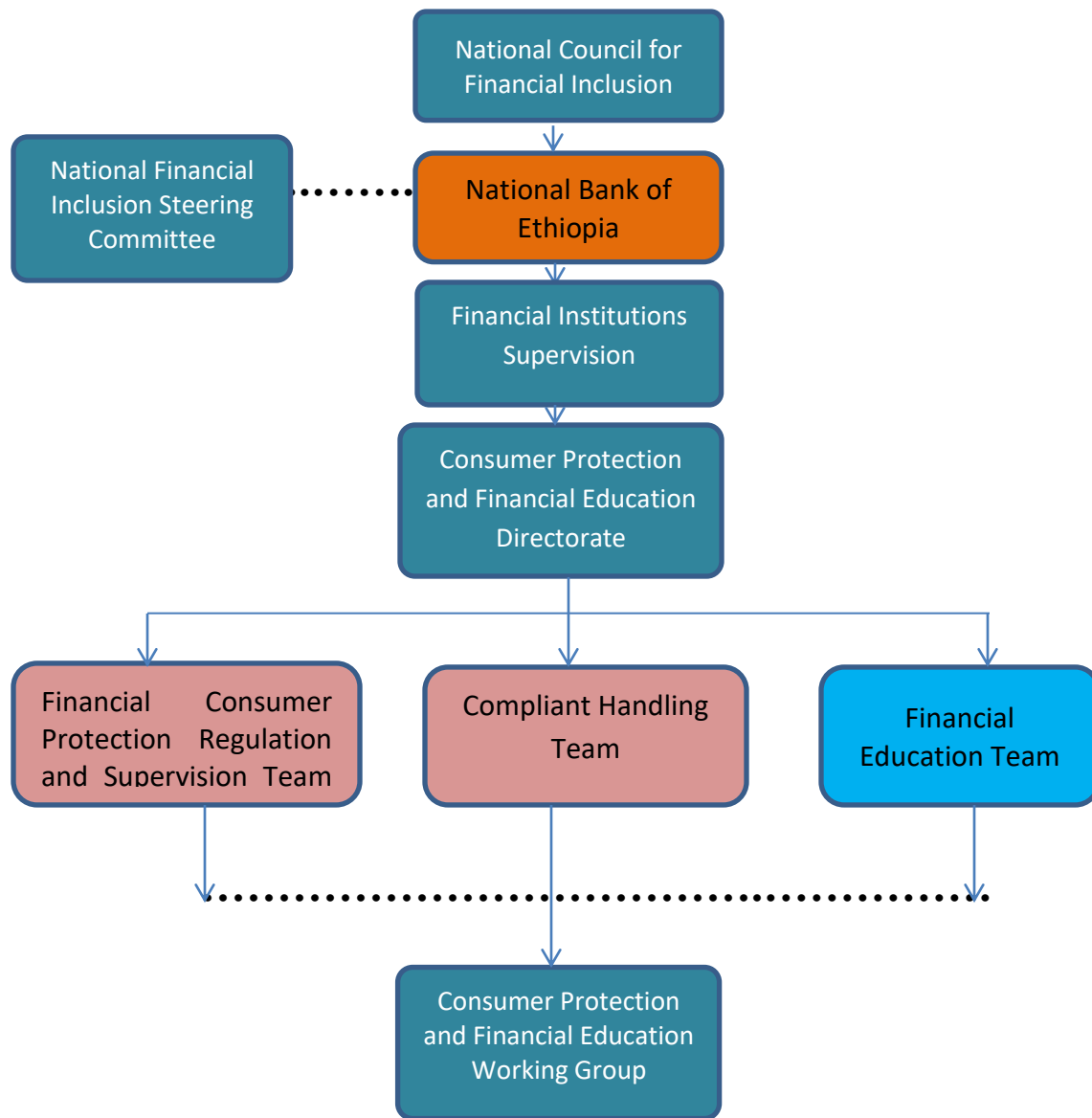
The Financial Inclusion Secretariat, which is mandated to provide day-to-day administrative, coordination and M&E functions for the National Financial Inclusion Strategy, will work in coordination with the CPFED to monitor the efforts of the National Financial Education Strategy and report progress to the Financial Inclusion Steering Committee, as per the governance arrangements stated within the NFIS.

Until the Consumer Protection and Financial Education Directorate is established and operational, the Financial Inclusion Secretariat should assume the convening functions of coordinating, monitoring and evaluating the implementation of the Financial Education Strategy in the interim.

### **6.6. Reporting and communicating progress**

The Consumer Protection and Financial Education Directorate will provide quarterly and ad hoc reports to FIS, as well as to the Financial Literacy Working Group. The Financial Inclusion Secretariat will be responsible for updating the Financial Inclusion Steering Committee on all progress with NFES implementation as it relates to the Financial Inclusion Strategy. In order to provide additional information and awareness on financial products and services and to report the progress of financial education efforts to the general public, detailed communication strategies will be formulated and made part of the monitoring and evaluation framework of CPFED.

**Figure 6.1: Financial Education Strategy Reporting Structure**



## 6.7.Funding

A flexible approach to funding sources should be considered to fund selected financial education actions. Together with the Financial Literacy Working Group, the Financial Education Team of the CPFED should help gain consensus on which funding model to utilize for its activities. Depending on the actions adopted, NBE may consider various funding options and approaches to support the implementation of the National Financial Education Strategy actions including, but not limited to:

- **Self-funding:** A lead organization funds its own financial education program(s) if it is under its mandate;
  - ✓ A private sector players might pay for a program from its own internal resources;
  - ✓ A public agency or ministry might pay for a program through a budget line item or the reallocation of budgeted funds<sup>20</sup>;
- **Donors funding:** There are several donors that may be interested in supporting financial education activities in Ethiopia. Once the planned, donor round-table for Financial Inclusion is established and operational, the group can be leveraged to fund selected financial education activities;
- **Pooled funding:** A group of organizations pool funds to fund a program. Funds might come from a combination of private, public, and civil society organizations to fund the efforts of one or more organizations.

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<sup>20</sup> One *caveat* regarding this source is that delays in the approval of an organization's budget can result in delays in the implementation of a new public program

## 7. MONITORING AND EVALUTAIION (M&E)

An effective NFES requires a robust and well-planned M&E framework to enable stakeholders to track progress, identify bottlenecks and measure impact on overall and priority populations. The M&E framework is designed to track progress against the objectives, activities and outputs outlined in the action plan to enable informed decisions on whether resources are being utilized effectively.

The measurement of progress towards financial education objectives set out by this Financial Education Strategy requires a monitoring and evaluation (M&E) system that is well-resourced, well-coordinated and accepted among the NFIS governance arrangements and related stakeholders. The Financial Education M&E system will comprise of four elements:

- **Data infrastructure** which provides relevant and reliable financial education data to comprehensively assess financial education reach and growth in financial capability over time.
- **A Financial Education results framework** that establishes key targets aligned with the policy objectives of the NFES for tracking;
- **Action plan tracking system** and reporting mechanisms that track the execution and outcomes of actions of the strategy to ensure that implementation is on track; and
- **Support the rigorous testing and evaluation of financial education actions** and programs to ensure the efficiency, effectiveness, and impact of financial education actions.

### 7.1.Data infrastructure

To measure progress of the financial education strategy and related actions, the Financial Education Team will be tasked with ensuring the following types of data are available as it pertains to the Financial Education Strategy:

- **Demand-side data** to measure and report on the Financial Education Results Framework. The Financial Education Team may need to integrate key financial education and capability indicators into the Ethiopian Socio-Economic household survey periodically carried out by the Central Statistics Agency;

- **Supply-side data**, including high-level KPIs or national goals and targets, collected by the NBE originally from providers of financial services and financial education programs to understand potential impacts of enhanced financial educational efforts;
- **Action-level data** collected by programs relevant to financial education actions to monitor and track the progress and reach of financial education efforts in Ethiopia.

## **7.2. Financial education results framework<sup>21</sup>**

The Financial Education National Results framework will also leverage the financial inclusion strategy indicators to monitor improvements in general financial inclusion, including access to loans, insurance and other financial services as well as activity of accounts. The framework will also leverage the NFIS supply-side data indicators to measure performance in the interim. Since financial capability plays a critical role in the uptake and usage of formal financial services, increases in financial inclusion can indicate both contributions from and improvements of financial capability at a national level. Although there is no clear way to separate the contribution of financial education to the overall financial inclusion at a national level using supply-side data, supply-side statistics will still provide an overview of the progress of the financial sector.

## **7.3. Action plan tracking system**

The Financial Education Team will be tasked with developing (in coordination with Financial Literacy Working Group members) steps to appropriately monitor action plans and their progress, which can also be used as Key Performance Indicators. As far as possible, the Financial Education Team should be responsible to put in place a log frame that clearly lays out how the action and program intends to generate outputs that will in turn yield program outcomes. Such outputs and outcomes, which should be reported by implementing institutions or the working groups themselves, can be leveraged as performance indicators to measure progress of the Financial Education strategy.

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<sup>21</sup> Ethiopia's Financial Education results framework establishes high-level KPIs to monitor financial education progress towards the achievement of the strategy. The high-level financial education indicators and targets were designed to be achievable, but ambitious. The indicators were selected as being feasible to be collected and reported over time, and were informed by an analytic and consultative process. The indicators intend to both monitor and communicate overall progress towards policy objectives.

The Financial Education Team will be mandated to develop, maintain and track progress of financial education actions and related programs, and monitor a set of outputs and outcomes to ensure that implementation of financial education actions is on track.

#### **7.4.Rigorous testing and evaluation**

There is a need for a more coordinated approach to rigorously test and evaluate financial education programs prior to national rollout. The Financial Education Team can support and encourage efforts for financial education programs to effectively monitor and evaluate the reach, efficacy and impact of ongoing programs. In addition, the Team can help coordinate and oversee the integration of rigorous testing or evaluations within financial education programs to assess their impact, share insights and scale up resources for effective financial education programs more efficiently.

#### **7.5.Reviews**

A mid-term review of NFES implementation, based on action plan progress and progress towards headline targets, should be conducted at the end of 2023 to take stock of progress and identify new challenges and opportunities associated with the action plan. Based on findings from the review, the NFES will be reassessed to identify new action items or corrective measures through a consultative process.

## **8. PRIORITY ACTIONS**

The National Financial Education Strategy should be a living document that prioritizes only a few actions at a time and includes flexibility for reassessment to periodically identify new actions and next steps. The rationale behind this method is based on a need to consistently (i) focus efforts on a few, core, impactful actions; (ii) continuously align efforts to international good practices; and (iii) continuously refocus actions and priorities over time, based on the needs of an evolving market. Therefore, the strategy should allow for a mid-term review based on which implementation of the strategy will be reviewed to refocus efforts and ensure its relevance.

The NFES prioritizes as assorted under Annex 1, based on the NFES Framework for Action, which should be implemented with core financial education good principles in mind (see Annex 6). The actions aim to first develop institutional capacity and infrastructure to spearhead the implementation of the NFES, then to build and integrate effective financial education initiatives into core national efforts. Detailed implementation plans should be facilitated by the CPFED and developed with the Financial Literacy Working Group.

## ANNEXES

### Annex 1: Financial Literacy Implementation Action Plan

No.	Action	Responsible body	2021	2022	2023	2024	2025
<b>Strategic Pillar 1: Build National Financial Education Infrastructure</b>							
1	Develop National Financial Education strategy	NBE					
2	Establish a financial education team to coordinate, monitor and evaluate financial education efforts	NBE					
3	Reconstitute a Financial Literacy Working Group	NBE					
4	Establish fund for the implementation of the strategy	NBE ,Working group					
5	Develop guideline for financial education providers	NBE, Working group					
<b>Strategic Pillar 2: Design and Implement Impactful National Financial Education Programs, Modules and Channels</b>							
<b>Program: Women</b>							
6	Develop TOR to design the necessary modules for saving, credit, insurance, pension, payment, DFS, budget etc...and delivery channels for financial education of women	NBE, FCA, CBE, EIC, AEMFI, EBA, EIA, Enat Bank, FSMMPA, FeUJC& FSA, MWCY, CARE Ethiopia					
7	Develop and standardize financial educational materials and modules for saving, credit, insurance, pension, payment, DFS, budget etc.	NBE, FCA, CBE, EIC, AEMFI, EBA, EIA, Enat Bank, FSMMPA, FeUJC& FSA , MWCY, CARE Ethiopia.					
8	Develop and standardize financial educational channels	NBE, FCA, CBE, EIC, AEMFI, EBA, EIA,					

No.	Action	Responsible body	2021	2022	2023	2024	2025
		Enat Bank, FSMMIPA, FeUJC& FSA, MWYC, CARE Ethiopia					
<b>Program : Rural Adults</b>							
9	Develop TOR to design the necessary modules for saving, credit, insurance, pension, payment, DFS, budget etc and delivery channels for financial education of rural adults.	NBE, FCA,AEMFI, MoA, ATA,CARE Ethiopia					
10	Develop and standardize financial educational materials and modules for saving, credit, insurance, pension, payment, DFS, budget etc.	NBE, FCA, AEMFI, MoA ATA, CARE Ethiopia					
11	Develop and standardize financial educational channels	NBE, FCA, AEMFI, MoA, ATA, CARE Ethiopia					
<b>Program: Youth and MSMEs</b>							
12	Develop TOR to design the necessary modules for saving, credit, insurance, pension, payment, DFS, budget etc. and delivery channels for financial education of youth and MSMEs.	NBE, FCA, CBE, EIC, AEMFI, EBA, EIA, ACSI MFI, PEACE MFI, FSMMIPA, FeUJC& FSA, MWCY					
13	Develop and standardize financial educational materials and modules for saving, credit, insurance, pension, payment, DFS, budget etc...	NBE, FCA, CBE, EIC, AEMFI, EBA, EIA, ACSI MFI, PEACE MFI, FSMMIPA, FeUJC& FSA, MWCY					

No.	Action	Responsible body	2021	2022	2023	2024	2025
14	Develop and standardize financial educational channels	NBE, FCA, CBE, EIC, AEMFI, EBA, EIA, ACSI MFI, PEACE MFI, FSMMIPA, FeUJC& FSA, MWCY					
<b>Program: Targeted General Public</b>							
15	Develop TOR to design the necessary modules for saving, credit, insurance, pension, payment, DFS, budget etc...and delivery channels for financial education of targeted general public	NBE, relevant working group, relevant key stakeholders					
16	Develop and standardize financial educational materials and modules for saving, credit, insurance, pension, payment, DFS, budget etc.	NBE, relevant working group, relevant key stakeholders					
17	Develop and standardize financial educational channels	NBE, relevant working group, relevant key stakeholders					
<b>Program: Schools</b>							
18	Develop TOR to design the necessary modules for saving, credit, insurance, pension, payment, DFS, budget etc...and delivery channels for financial education of school.	NBE, MoE, AEMFI,EBA,EIA					
19	Develop and standardize financial educational materials and modules for saving, credit, insurance, pension, payment, DFS, budget etc...	NBE, MoE, AEMFI,EBA,EIA					
20	Develop and standardize financial educational channels	NBE, MoE, AEMFI,EBA,EIA					

No.	Action	Responsible body	2021	2022	2023	2024	2025
Program :Financial Literacy Week							
21	Develop TOR to coordinate annual financial literacy week targeted different consumer groups of the population.	NBE, relevant working group, relevant key stakeholders					
22	Carry out the necessary preparation and coordination work for the literacy week.	NBE, relevant working group, relevant key stakeholders					
Strategic Pillar 3: Dissemination and Rollout to Reach Scale							
23	Identify effective and key providers.	NBE and responsible bodies (lead institutions ) of respective financial education programs					
24	Train trainers (TOT)						
25	Select the program, module(s) and channel(s).						
26	Identify the target group and their specific location.						
27	Disseminate or rollout the actual education.						
Strategic pillar 4: Build and Implement Effective Coordination, Monitoring and Evaluation System							
Establish and implement the NFES M & E system and reporting cycle							
28	Assign a dedicated team within the proposed CPFED.	NBE					
29	Map periodically and register all financial education initiatives in Ethiopia ongoing basis.						
30	Develop internal tracking systems.						
31	Develop and maintain supply and demand side data collection templates.						
32	Collect information periodically, analyze and prepare reports.						

No.	Action	Responsible body	2021	2022	2023	2024	2025
<b>Knowledge Sharing through series of learning events</b>							
33	Conduct a series of learning events for banks and micro finance institutions and technological service providers on innovative digital financial services, to share knowledge and increase their capacity to develop sustainable business models and suitable products and services.	NBE,EBA, AEMFI					
34	Assess the existing professional development and qualification opportunities and training courses covering electronic payment services.	NBE(PSSD), EIA, EBA, AEMFI					
<b>Savings</b>							
35	Conduct a series of learning events for banks and micro finance institutions on innovative savings products to share Knowledge and increase capacity to develop suitable services for the underserved segments.	NBE (BSD, MFISD), EBA,AEMFI					
<b>Credit (movable and immovable property) and Leasing</b>							
36	Improve the capacity of firms, financial institutions and other related stakeholders around new credit infrastructures.	NBE(BSD and MFISD), EBA, EIA, AEMFI					
37	Conduct a series of learning events for banks and micro finance institutions on innovative credit products to share knowledge and increase their capacity to develop suitable services for underserved segments, including MSMEs.	NBE(BSD and MFISD), EBA, AEMFI					

No.	Action	Responsible body	2021	2022	2023	2024	2025
38	Implement capacity building programs to banks and micro finance institutions to improve their capacity and expertise in dealing with the SME sector.	EBA, AEMFI,EIFS					
39	Assess the available professional development and qualification opportunities and training courses covering credit risk assessment and management activities.	NBE (BSD and MFISD),AEM FI, EBA					
<b>Insurance</b>							
40	Conduct a series of learning events for Insurers, to share knowledge and increase capacity to develop innovative insurance products for underserved segments.	NBE(ISD), EIA					
41	Conduct an assessment of the existing development and qualification opportunities and training courses covering retail insurance and micro-insurance, including group insurance.	EIA, NBE(ISD)					
<b>Conduct midterm review of the NFES</b>							
42	Conduct midterm review of the NFES on the basis of the financial capability survey carried out every two years and as need arises.	NBE					
43	Update the strategy.						

## Annex 2: Description of Priority Actions

No.	Recommendations	Description
<b>Foundation 1: Build Robust Institutional Arrangements for Financial Education</b>		
<b>1</b>	Build a Robust Financial Literacy Working Group	<p>Many public and private stakeholders are either planning to or are already implementing financial education programs. These stakeholders should be identified and invited to join the Financial Literacy working group to coordinate, share experiences and lessons learned, and act as a consultative platform to design and integrate new initiatives.</p> <p>The Working Group will meet quarterly with the aim to drive the financial literacy agenda forward, foster strategic partnerships, create synergies, review and generate new action items, and share insights and lessons learned.</p> <p>A range of stakeholders from both the public and private sectors should become members of the working group, and more stakeholders should be added over time. In the short term this strategy recommends including: (i) the FCA (to support efforts to include financial education as a core activity of their Cooperative Extension Agents); (ii) Commercial Bank of Ethiopia (CBE) (iii) Care Ethiopia; (iv) ENAT Bank; (v) PEACE MFI; (vi) Ethiopia ACSI; (vii) Kifiya; (viii) Agricultural Transformation Agency; (ix) the Association of Ethiopian Microfinance Institutions (AEMFI); and (x) the Ethiopian Bankers Association; among others. Additional stakeholders should be brought in to specific work streams as needed from industry and professional associations, for instance including the Legal Association, Accounting Association, and Insolvency Practitioners for financial awareness and capability raising around collateral registries and credit bureaus.</p>
<b>2</b>	Establish a Consumer Protection and Financial Education Directorate with Financial Education Team to coordinate sector-wide financial education efforts	<p>A Consumer Protection and Financial Education Directorate should be established by the NBE with a mandate to ensure that products and services are delivered and used by Ethiopian consumers in a responsible manner. The CPFED should consist of three teams: a (i) Financial Consumer Protection Regulation and Supervision Team; ii) Compliant Handling Team; and (iii) a Financial Education Team.</p> <p>Given the mandate of the CPFED, housing the Financial Education Team within a CPFED will offer a comparative advantage in linking and coordinating with relevant stakeholders involved with the roll-out of consumer protections around existing and new financial products and</p>

No.	Recommendations	Description
		<p>services.</p> <p>This NFES prioritizes allocation of staff within the Financial Education Team of the CPFED to coordinate and execute the strategy as well as monitor, evaluate and report the impact of related NFES actions.</p>
<b>Foundation 2: Stakeholder Commitment</b>		
3	Establish and implement the NFES M&E system	M&E framework designed specifically to monitor and evaluate financial education programs should be implemented by the Financial Education Team. The M&E framework should (i) detail an approach and methodology to consolidate financial education programs in Ethiopia and appropriately monitor their efforts. This may include requesting key financial education indicators from relevant programs to better track reach and impact of current efforts; (ii) evaluate national level financial literacy progress through core demand and supply side indicators; (iii) develop a coherent reporting system to disseminate progress and identify bottlenecks; and (iv) track NFES action progress over time. National level indicators should be added to existing surveys like the CSA's Ethiopia Socio-Economic survey for periodic tracking.
4	Define a national commitment for stakeholders for financial education provision	A National commitment or Goal should be defined by the Financial Literacy Working group which places a numerical, national target on the number of adults to be reached within financial education. Various implementing stakeholders can contribute to this national goal as feasible and report progress over time.
<b>Foundation 3: Knowledge Sharing</b>		
5	Leverage existing knowledge and share lessons learned	<p>Once established, the Financial Education Team, with support of the Financial Literacy Working Group and related stakeholders, should become a point of contact within the NBE for coordinating financial education in Ethiopia.</p> <p>This effort may include developing a mechanism (like a registration process) whereby NFES stakeholders can sign-up to receive or contribute insights, lessons learned, or relevant tools and materials, thereby helping to better align programs and stakeholders to good practice. This effort can also be linked to monitoring the reach of current financial education programs.</p>
<b>Cross-Cutting Pillars: Reach scale with impactful designed programs with focus on women and rural adults</b>		
6	Coordinate with the Ministry of Education to	The Ministry of Education is currently working to revise its school curriculum. Currently, the Ministry of Education

No.	Recommendations	Description
	revise the financial education module(s) in the school curriculum	<p>includes a Financial Education Team in the Civics and Ethical Education curriculum for grade 5 to 12. This NFES can work to broaden and revise the curriculum, and align it to good practice, so that students can cover a broader range of topics, like digital financial services and emphasize on practical skills with examples tailored to the Ethiopian context. Teachers can also receive training so they have the knowledge, skills and confidence to provide effective financial education to their students.</p> <p>This action should be implemented in close coordination with the Financial Literacy working group to leverage existing financial education materials, draw from lessons learned and offer a platform for consultation. Stakeholders and NGOs that have already developed curriculum and implemented programs can help tailor and make relevant the curricula for students, based on lessons learned from their own programs</p> <p>The Financial Literacy Working Group should also assess opportunities to provide financial education within university curricula and as extra-curricular as well. This may also include law and accounting schools for secured transactions or insolvency</p>
7	Support the Federal Cooperative Agency (FCA) in enhancing their Financial Education programs	<p>The FCA is currently expanding its cooperative extension agent network within Ethiopia to provide financial education to SACCO groups. Providing additional financial education to households within Kebeles is also within their mandate</p> <p>Through this strategy, the NBE and Financial Literacy Working Group should work to help strengthen the FCA financial education program, delivered by Cooperative Development Agents to Kebele-level communities. Knowledge sharing with Financial Literacy Working Group members and leveraging existing, relevant materials may help to re-vamp training and learning manuals, particularly for PSNP Kebeles.</p> <p>The FCA may want to leverage the Financial Literacy Working Group to develop and integrate digital literacy modules as well, particularly for PSNP Kebeles, as many PSNP beneficiaries receive disbursements through mobile wallets but without the relevant digital literacy skills</p>

No.	Recommendations	Description
8	Develop financial education guidelines for financial providers	<p>Guidelines and related tools like ‘Frequently Asked Question’ sheets (FAQs) can be developed and issued to financial service providers to encourage and direct them on how to provide basic financial education and core messages to consumers at teachable- moments (like at the point of account opening, particularly for low-income or first-time consumers)</p> <p>Guidelines for providers, as well as recommendations around education issues, core messages and relevant financial education tools, can be developed and customized per sector including for banks, microfinance institutions and SACCOs.</p> <p>Such guidelines will help ensure customers fully understanding basic concepts around their financial product or service (particularly loans), as well as their consumer rights and the range of other product offerings available to them. These efforts would be particularly impactful if adopted by the CBE, given the wide- reach of CBE branches.</p>
9	Improve awareness around new credit infrastructures law and systems operation	<p>Ethiopia has recently established new credit infrastructures serving consumers, small businesses, and financial institutions. Awareness campaigns, capacity building as well as targeted integration of curriculum in technical schools (like law schools and accounting schools) should be implemented to raise awareness and capability for consumers, financial institutions and related stakeholders around credit infrastructure (in particular for credit reporting, secured transactions, the collateral registry and insolvency). Awareness campaigns and capacity building should target potential consumers, firms, financial institutions and other related stakeholders (i.e judiciary) and include delivering communications through various media outlets<sup>22</sup></p>

<sup>22</sup> The WBG will support the NBE around these activities by hiring a communications firm to implement such activities before December 2019; any materials developed by the communications firm in this time period may be rolled out by the NBE and Working Group after the contract with the communications firm has ended.

### Annex 3: Roles and Responsibility of Key Stakeholder

Function	NCFI	NFISC	Financial Education Working Group	FIS	CPFED	Implementing Institutions
<b>Policy guidance and implementation oversight</b>						
Providing overall policy guidance for the National Financial Education Strategy	X					
Addressing bottlenecks to NFES implementation	X	X				
Securing and allocating resources	X	X	X			
Approving NFES implementation plans		X				
Determining areas where policy guidance or resources are needed		X	X		X	
<b>Stakeholder coordination, consultation and implementation</b>						
Distributing Financial Education actions and tasks to various institutions			X	X	X	
Establishing the Financial Education Team governance entities		X		X		
Convening and organizing the Financial Education Working Group				X		
Preparing recommendations and courses of action for the working group					X	
Developing NFES detailed implementation plans			X		X	
Facilitating coordination and implementation of related NFES actions				X	X	
Ensuring consistency and quality of NFES action implementation plans and current education efforts in Ethiopia					X	
Implementing actions or relevant NFES tasks			X		X	X
Reporting financial education reach and lessons learned						X
Sharing financial education pre-tested resources and materials			X		X	X
Liaising with international organizations				X	X	
<b>Consolidating, Communicating and Evaluating Progress</b>						
Developing an NFES Action Plan Tracker					X	
Consolidating and analyzing the implementation progress of NFES actions					X	

Function	NCFI	NFISC	Financial Education Working Group	FIS	CPFED	Implementing Institutions
Developing and maintaining a registry of key Ethiopian financial education programs and a compendium of resources					X	
Reporting and analyzing the reach and impact of current financial education programs					X	X
Tracking national financial education progress through data collection and analysis					X	
Preparation of internal Financial Education progress reports as part of the NFIS reporting for the NCFI and NSCFI					X	
Preparation of public NFIS progress reports that communicates financial education progresses				X		
Developing and implementing a communications strategy for the NFES					X	
Reviewing progress and guiding next steps		X	X		X	
Implementing or coordinating the implementation of evaluations of financial education programs prior to national rollout				X	X	

## Annex 4: Target Group Profiles

The NFES acknowledges that the opportunities and related actions to improve financial education will vary across different segments of the population. Given evidence from the 2017 World Bank Financial Capability Survey and consensus among NFES implementing stakeholders, the NFES prioritizes women and rural Ethiopians as target populations for which improved levels of financial capability is critical.

The following table summarizes the baseline status of awareness, access and literacy, which are basic components that make up the financial capability of individuals, across key Ethiopian consumer segments. It also lays out the opportunities for financial education and the most effective delivery channels based on findings from the 2017 World Bank Financial Capability Survey

Target Groups	Awareness	Access and usage	Literacy
<b>Urban Female</b>	<b>Profile:</b> Urban females are very well aware of formal financial services, over 90% know of commercial banks and over 70% know of other financial products and services like insurance, ATMs and money transfer services.	<b>Profile:</b> 58 percent are banked, and the majority bank with public commercial banks like CBE (51 percent) or private commercial banks (23 percent).  Most know how to open a bank account (76 percent) and the majority rely on formal financial services  Usage of digital channels for financial transactions is low, only 3 percent use mobile money and 14 percent used debit card.	<b>Profile:</b> While most urban females can handle financial calculations like division, they still lag behind more complicated concepts like simple interest (23 percent) and compound interest calculations (14 percent). Only a little under half of urban Ethiopian women can handle financial concepts like inflation (47 percent) and discounting (48 percent). However, 68 percent were able to score above average on the financial literacy quiz.  67 percent report having an exact plan for their expenses and 52 percent report always sticking to their plan, but only 33 percent keep exact track of their spending
	<b>Opportunity:</b> Focus learning on consumer	<b>Opportunity:</b> Efforts to reach urban	<b>Opportunity:</b> Most urban females have

Target Groups	Awareness	Access and usage	Literacy
	<p>protection</p> <ul style="list-style-type: none"> <li>– only 44 percent considered alternatives before purchasing a product, and efforts to increase awareness of digital financial services</li> <li>– only 32 percent heard of mobile money services.</li> </ul>	<p>female can focus around commercial banks. Develop material and provide training to staff at financial service providers, particularly public and private commercial banks to educate consumers on product features and requirements, particularly usage of debit cards and remote usage of bank account.</p>	<p>financial goals primarily around household improvements like acquiring furniture and new utensils (46 percent) and starting (21 percent) or growing a business (10 percent). Efforts can be focused around helping urban women build skills to take advantage of advanced financial products (insurance and formal credit) and partake in higher levels of planning.</p>
	<p><b>Learning Preferences:</b>  Almost all urban women indicate wanting to learn more about financial products and services (86 percent). The majority report getting their information by watching television (80 percent) and through mobile phones (84 percent), which corroborates with urban women reporting their preferred channels for learning through TV advertisements (31 percent), mobile phone (19 percent) and local government offices like kebele officials (12 percent). Hence, channels such as the television, mobile phones and local government should be leveraged to implement financial education/capability initiatives on increasing usage of digital delivery channels, product features and financial planning among urban women.</p>		
<b>Rural Female</b>	<p><b>Profile:</b>  Most rural Ethiopian women are aware of basic formal financial products and services offered by public commercial banks (73 percent), MFIs (61 percent), SACCOs (52 percent), etc. However, most excluded from the formal financial sector.</p>	<p><b>Profile:</b>  While they are aware of formal financial products and services, the majority of rural women don't have access to formal financial services – 82 percent are unbanked. Among the 18 percent that report having bank accounts, most use public commercial banks (12%) or microfinance organizations (12%). Over half use informal insurance and</p>	<p><b>Profile:</b>  Just like their urban counterparts, rural women struggle with more complicated financial concepts like interest rate calculations – only 12 percent can do simple interest or compound interest calculations. 49 percent report having an exact plan for expenses and 42 percent report sticking to their plan. Only 7 percent report not having any financial goals.</p>

Target Groups	Awareness	Access and usage	Literacy
		approximately one third (22 percent) report saving informally. Most rural women (64 percent) report not enough money as the main barrier to account ownership. 73 percent of rural women report not knowing how to open an account – this is the highest among the consumer segments described in this table.	
	<b>Opportunity:</b> Rural women should be a priority segment given low take-up of formal financial products. Only 34 percent considered alternatives before purchasing a financial product. Hence, efforts through large scale government programs like PSNP to improve learning around consumer protection and product features, should be considered.	<b>Opportunity:</b> This segment needs to be drawn into the formal financial sector through learning focused on product types and requirements, given that rural women report having informal savings but also perceive that they don't have enough money to open a bank account.  Initiatives to increase physical network of access points in rural areas will be key improving account ownership among rural women.	<b>Opportunity:</b> Financial education programs should target budget management and financial planning, in addition to practical financial concepts (like interest rate calculations) and their connection to financial products (personal bank agriculture loans) that could be used by rural women to reach their goals.
	<b>Learning Preferences:</b> Similar to urban women, 84 percent of rural Ethiopian women want to learn more about financial products and officials. The preferred source of learning is through local government like kebele officials and most get their information through their community leader (71 percent) or by listening to the radio (49 percent). These		

Target Groups	Awareness	Access and usage	Literacy
	delivery channels, particularly through local kebele official, financial education campaigns through the radio, and large scale government programs like PSNP should be leveraged while implementing financial education programs for rural women.		
Urban Male	<b>Profile:</b> Over 90 percent of urban Ethiopian men have heard about financial products and services offered by public and private commercial banks. More than 70 percent are aware of ATMs and money transfer services, and 69 percent have heard of mobile money agents which are the highest among the consumer segments described in this table.	<b>Profile:</b> This segment displays the highest level of financial access and capability. 68 percent of urban males are banked and the majority have an account with a public commercial bank like Commercial Bank of Ethiopia (CBE). While it is higher than urban women, only 7 percent have a mobile money account. The most common financial product among urban males is a transaction/savings account (67 percent). Despite reasonably high levels of account ownership among urban males, 53 percent report using informal insurance (iddir) and 32 percent report having an informal saving product like Equb or with self-help groups.	<b>Profile:</b> Most urban males can handle basic financial concepts like division (91 percent), inflation (60 percent) and discounting (57 percent). Similar to other segments, understanding of interest rate calculations is still low (36 percent – simple interest, 18 percent – compound interest). In terms of planning, 62 percent exactly plan how their money will be spent but 44 percent stick to their plan.
	Given reasonably high levels of awareness of financial products and services among urban males, focus should be on increasing usage. Urban males may also need to enhance their understanding of consumer rights and complaints mechanisms.	<b>Opportunity:</b> Efforts should be focused on encouraging more financial transactions at formal financial institutions. Develop material and provide training to staff at	<b>Opportunity:</b> Financial education around budgeting and debt management might be most useful for this segment.

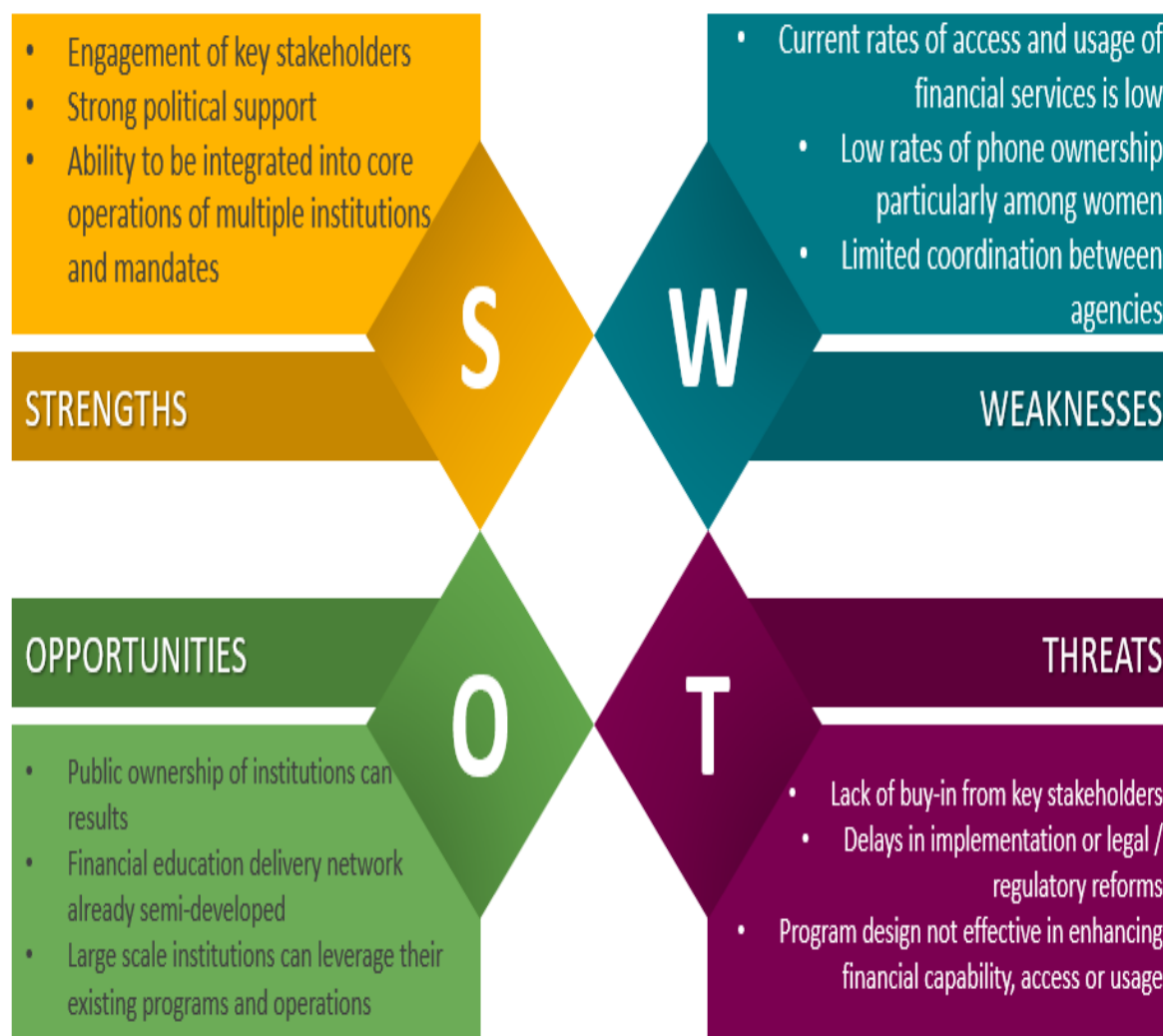
Target Groups	Awareness	Access and usage	Literacy
	Financial education on second tier products such as insurance and pensions will be relevant for this segment.	financial service providers, particularly public and private commercial banks to educate consumers on product features and requirements.	
	<b>Learning Preferences:</b> Preferences for learning about financial products and services are mostly divided across learning from agents sent by financial service providers (25 percent), mobile phones (20 percent) and TV shows or advertisements (22 percent). Financial programs should leverage these channels while implementing initiatives around increased usage, awareness of second-tier products and consumer rights. Training on budgeting and debt management, or product features might be most effective when delivered at a bank branch or through an agent sent by the bank.		
<b>Rural Male</b>	<b>Profile:</b> Awareness of physical access points for financial services are moderate. 87 percent have heard of public commercial banks (like CBE) and 78 percent have heard of microfinance organizations. Awareness of digital financial products and services among this segment is very low. Less than 20 percent have heard of ATMs or bank agents or mobile money agents.	<b>Profile:</b> While slightly better off than rural females, the majority of rural males are also unbanked (72 percent). Informal insurance is one of the most commonly used financial products (58 percent) among this segment. Just like their female counterparts, almost no rural men report using a mobile money service.	<b>Profile:</b> 76 percent can do division and, 43 percent understand the concept of discounting as well as inflation. Similar to other segments, rural Ethiopian men struggle for interest rate calculations.  Almost all individuals in this segment report planning (either exactly or at least roughly) how their money will be spent, and the majority stick to their plan at least sometimes.  Most financial goals are focused on building a home/upgrading their existing accommodations, or farm investments.
	<b>Opportunity:</b> Efforts should be focused on educating rural Ethiopian men on digital delivery channels for financial services. Initiatives to improve	<b>Opportunity:</b> Just as in the case of rural women, initiatives to increase physical network of access points in rural	<b>Opportunity:</b> Financial education programs should target budget management and financial planning, in addition to practical

Target Groups	Awareness	Access and usage	Literacy
	understanding of products and their requirements particularly formal insurance or requirements for account opening to remove misconceptions around formal financial services, should be considered.	<p>areas will be key improving account ownership among this segment.</p> <p>Encouraging take-up and usage of formal financial products and services by marketing and providing targeted products through financial service providers, during key moments such as formal agriculture insurance before planting season should be considered.</p>	financial concepts (like interest rate calculations) and their connection to financial products (personal bank agriculture loans) that could be used by rural men to reach their goals.
	<p><b>Learning Preferences:</b></p> <p>There is a preference for learning or getting information from the local government office or community leaders like kebele officials (39 percent). 79 percent report getting information in general, from their community leader and 57 percent listen to the radio. Training on financial products and its offering through financial service providers should be held at the local government office or community center. Financial education training through large scale government programs like PSNP and financial education campaigns through the radio can also be considered for this segment.</p>		
<b>Youth</b>	<p><b>Profile:</b></p> <p>Most youth are familiar with basic financial services provided at a public (83 percent) or private commercial bank (66 percent). However, similar to other segments, knowledge of mobile money services is lagging behind – only 32 percent report having heard of mobile money services.</p>	<p><b>Profile:</b></p> <p>Ethiopians between ages 18-24 are mostly unbanked (70 percent). Those with bank accounts mostly depend on public commercial banks (24 percent). The most commonly used product among Ethiopian youth is informal insurance (46 percent). When it comes to savings, 30 percent report having informal savings and</p>	<p><b>Profile:</b></p> <p>77 percent can do simple division but just like other consumer segments, more complicated financial concepts seem to be difficult for Ethiopian youth. In terms of planning, only 56 percent report having an exact plan for their expenses, while 44 percent actually stick to their plan.</p>

Target Groups	Awareness	Access and usage	Literacy
		30 percent report having formal savings. However, 56 percent report not knowing how to open an account.	
	<b>Opportunity:</b> Given that youth are typically more technologically savvy, learning should be focused around digital financial services to improve financial capability with regard to awareness and access to financial products and Services.	<b>Opportunity:</b> Efforts should be focused around increasing take-up of formal insurance and converting informal savings to formal savings. along with initiatives that familiarize youth with the basics of account opening.	<b>Opportunity:</b> Financial literacy initiatives should be timed around life-cycle events such as entering the work force to equip youth with managing their own finances. Efforts should be directed at schools, universities or job training programs to improve financial capability among youth. Due importance should be given to youth especially because they are still forming financial behaviors which can be more easily improved as opposed to adult consumer segments whose habits are set and less susceptible to change.
	<b>Learning Preferences:</b> Ethiopian youth seem to most prefer learning from agents of financial service providers who are sent to their community (31 percent) and tend to get their information from their community leader (61 percent) or by listening to the radio (64 percent). Hence, efforts to increase financial capability of youth should be delivered through channels such as agents from financial service providers, messages from their local kebele officials or trainings at the kebele center and perhaps financial education campaigns or programs delivered through the radio. Delivery of financial education should be timed around key life-cycle events such as entering the work-force or starting higher education to equip youth with effective and responsible financial management at a young age.		

## Annex 5: SWOT Analysis

A SWOT analysis is a useful and widely used tool for understanding the Strengths and Weaknesses of an initiative, and for identifying the Opportunities and Threats to a particularly objective. In this case, the below SWOT analysis identifies strengths, weaknesses opportunities and threats on the implementation of Ethiopia's National Financial Education Strategy towards the achievement of financial inclusion in Ethiopia.



## **Annex 6: Good Principles to Consider for Financial Education in Ethiopia**

Improving financial capability of Ethiopians means developing an effective financial education ecosystem where adults receive education during teachable moments and that is relevant and contextualized to their lives. There are many objectives of financial education programs, but a core objective should be to help provide adults the necessary resources and skills to manage money and navigate the financial sector and related products and services effectively and responsibly, with full understanding of their consumer rights. To develop this ecosystem, different institutions and stakeholders, including financial institutions, should be able to deliver financial education in a way that is efficient and within their core mandate. One pitfall of financial education efforts in some countries include grand campaigns or events which often are time and resource intensive, but don't generate impactful change. Oftentimes workshops or lecture-based seminars in villages and schools, particularly by financial institutions, have not been shown to be effective. Ensuring that financial education efforts in Ethiopia are impactful means integrating good practices for financial education within the design and delivery of financial education programs and efforts. In addition, understanding efforts that are ineffective from other country experiences (or through impact evaluations) is also critical for identifying an appropriate strategy to improve the sector efficiently.

### ***Designing and Delivering Effective Financial Education Programs***<sup>23</sup>

The following tips should be taken into consideration by all parties to improve the effectiveness and impact of financial capability programs and activities in Ethiopia:

- Financial education efforts should stay within the core mandate of an institution.
- Financial education should be delivered at “teachable moments”, and within the context financial services actually available to individuals. For instance, awareness and education on mobile banking may not be relevant for rural adults that do not often use mobile phones or have access to an agent. Education should be provided when relevant context is available to consumers. Using teachable moments (i.e. a time when an individual is about to make an important financial decision or use a financial service, such as making a deposit into a savings account or receiving a loan disbursement) for financial education helps receivers retain their knowledge and newly acquired financial tools and behaviors. Teachable moments often occur around critical life events<sup>24</sup>, like receiving a cash transfer from the government or taking out a loan. Such timings can be leveraged to provide financial capability, since individuals during those moments are more likely to be receptive to new information and

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<sup>23</sup> This section draws extensively from the recently issued “Good Practices for Financial Consumer Protection 2017” World Bank report. [World Bank Group, 2017. “*Good Practices for Financial Consumer Protection, 2017 Edition*”, World Bank, Washington, DC]

<sup>24</sup> Center for Financial Inclusion. Using Teachable Moments to Reach Consumers when they are Making Financial Decisions. <<https://cfi-blog.org/2016/04/19/teachable-moments-reach-consumers-when-they-are-making-financial-decisions/>>

adopt behavioral changes as part of their financial service. Leveraging “teachable moments” is an effective strategy to connect real-life decision making together with financial education and helps to ensure that information is more likely to be retained, used and can influence cash management behaviors<sup>25</sup>

- Extra educational efforts should be provided to first-time users (and even low-income / less-educated consumers) of financial services, particularly for digital financial services where risks are often higher than traditional financial services.
- A variety of channels and delivery mechanisms should be used for financial capability programs, including both face-to-face training programs and non-traditional channels that leverage technology, mass media, or behavioral interventions, such as nudges, reminders, and choice architecture.
- The delivery channels for, and content of, financial capability programs should be client-focused and reflect the demographics, cultural and financial context, and learning needs and preferences of the target population.
- Financial capability programs should be cost-effective and make optimal use of resources.
- Financial capability programs should be designed not only to increase recipients' knowledge, but also to enable them to develop and practice their skills, to instill responsible attitudes, and, most important, to promote financially capable behaviors.
- So far as possible, financial capability initiatives should be fun, entertaining, and interactive and use simple messages that will resonate with the target audience. Where practical, they should involve “learning by doing.”
- Financial capability messages should provide objective advice and should not be used as marketing initiatives for financial products or services.
- Financial capability messages should be repeated and reinforced over time, as one-off interventions are unlikely to be successful.

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<sup>25</sup> Center for Financial Inclusion. Using Teachable Moments to Reach Consumers when they are Making Financial Decisions. <<https://cfi-blog.org/2016/04/19/teachable-moments-reach-consumers-when-they-are-making-financial-decisions/>>

- So far as practicable, financial capability programs should build on successful programs already being undertaken in a country and leverage insights from the existing evidence base of effective financial capability programs in other countries.

### ***Strengthening the Financial Education of Women<sup>26</sup>***

Women often face different constraints than men with respect to accessing financial products and services. Specifically, women tend to face different constraints and responsibilities related to education, skills, mobility, household work and child care, which can impact their ability to take advantage of financial education programs. Therefore, when designing financial education programs these gendered constraints should be considered to ensure women can receive targeted education that suits their educational needs and delivery preferences. The development of gender-sensitive, localized and culturally-appropriate financial education should be a major consideration. It is critical to ensure that, when designing the program, stakeholder consultations include both female and male representatives and women are properly consulted to understand and ensure their perspectives are integrated into program design. The following tips should be considered when developing financial education programs to better reach and suit the needs of women:

- Programs should develop gender-sensitive strategies for education delivery, and educators should have a grasp of gender-sensitive approaches to facilitation;
- Educators should always work to encourage equal participation in sessions that involve both male and female beneficiaries;
- Programs should dedicate resources to hire female educators or staff members, especially to help facilitate activities and sessions that may be separated by gender;
- Including training options for women to receive education and training in female-only, gender disaggregated environments is helpful in enabling women to feel more comfortable and open when discussing thoughts on financial topics;
- If feasible, including house visits as training options for women will help to include women who may otherwise have difficulty traveling;
- Working with women to identify optimum timings for trainings will help ensure the timings are relevant to their schedule, as the timings and workload of women differ from those of men;

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<sup>26</sup> This section was drawn from the World Bank's 'Integrating Financial Education into Cash Transfer Programs' report. World Bank Group, July 2018. "Integrating Financial Education into Cash Transfer Programs". < <http://documents.worldbank.org/curated/en/866461531462775238/pdf/128334-WP-PUBLIC-Integrating-FinCap-into-G2P.pdf>>

- Avoiding reference to gendered behaviors in content and trainings is crucial, as otherwise it may reinforce stereotypes and inhibit conversation. In addition, content should advocate for and include scenarios where women take active roles in financial management and decision making.

### ***Enhancing Digital Financial Literacy<sup>27</sup>***

Electronic payment instruments or mobile money platforms are quickly becoming a means to reach financially excluded populations. Such success stories are evident in east Africa, with the rise of M-Pesa products in Kenya and Tanzania. However, an e-payment platform can often be a previously underserved adult's first exposure to the formal financial system and its various digital delivery channels. Many adults often face barriers<sup>28</sup> to accessing and using their account, which should be addressed through the delivery of tailored digital financial education.

For adults using a digital transaction account for the first time, receiving financial education through the same platform and using a digital financial education delivery mechanism may holistically strengthen their familiarity with digital tools.

Typical modules that will need to be considered when trying to enhance the digital literacy of a population, particularly in the wake of digital savings or transaction schemes, include building skills to use electronic payment instruments, raising awareness and knowledge of digital delivery mechanisms (like ATMs, mobile money, card-based services, POS machines, agent networks, etc.), and PIN literacy. Modules may be considered for all types of electronic payment methods (mobile, card or agent based) and should include: (i) Opening and filling an e-payment account; (ii) Receiving electronic transfers; (iii) Using and spending e-payments (particularly mobile money if applicable); (iv) Accumulating and saving e-payment funds; (v) Utilizing additional financial service offerings; (vi) Managing cash transfer funds and avoiding mistakes and fraud; (vii) Whom, how and where to complain for e-payment issues.

### ***Leverage existing, tested materials for delivering financial education***

Ethiopia currently has an eco-system that can produce materials in a variety of media to enable programs to deliver engaging content, exercises, and tools that should result in changes in the behavior of the learners they engage. Many organizations that have already developed and tested

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<sup>27</sup> This section was drawn from the World Bank's 'Integrating Financial Education into Cash Transfer Programs' report. World Bank Group, July 2018. "Integrating Financial Education into Cash Transfer Programs". <  
<http://documents.worldbank.org/curated/en/866461531462775238/pdf/128334-WP-PUBLIC-Integrating-FinCap-into-G2P.pdf>>

<sup>27</sup> Common barriers to digital access and usage of accounts includes (i) a lack of knowledge of the services available; (ii) low numeracy levels; (iii) little understanding of the financial infrastructure; (iv) discomfort with the concept of e-payments, especially mobile money; and (v) low confidence pertaining to the use of e-payments, particularly for women.

<sup>28</sup> Common barriers to digital access and usage of accounts includes (i) a lack of knowledge of the services available; (ii) low numeracy levels; (iii) little understanding of the financial infrastructure; (iv) discomfort with the concept of e-payments, especially mobile money; and (v) low confidence pertaining to the use of e-payments, particularly for women.

a wide range of financial education content and materials can be further leveraged. These resources should be collected, compiled and consolidated for other organizations and institutions to leverage off successful materials.

### ***Monitoring National Financial Education Reach***

A national strategy and coordination unit can help develop key performance indicators to track the progress of financial education programs and measure the direct and indirect impact of financial education efforts. Prior to program implementation, guidance can be provided to key stakeholders to establish key financial capability targets and key performance indicators (KPIs), and relevant tools can be circulated to program staff on how to collect data. Many of these indicators can be predefined and standardized to try to aggregate across various programs to be able to assess progress at the provincial and national levels. Defining KPIs and targets ahead of implementation will provide structure for assessing progress and effective rollout and should be aligned with a programmatic theory of change.

## **Annex 7: Financial Education Mapping Exercise**

A mapping of financial education programs in Ethiopia was conducted to inform development of the National Financial Education Strategy in June 2016. The exercise intended to map recent or ongoing initiatives to understand their reach and impact. Although not exhaustive, Annex 8 provides a summary of financial education initiatives conducted over time.

The most common financial education content focused on savings mobilization, specifically using formal accounts at a bank, MFI, SACCO or RuSACCO to save, followed by debt management and budgeting. Overall content of financial education programs in Ethiopia conformed to international standards in terms of clarity of presentation, logical structure and limited reliance on text to convey messages<sup>25</sup>. However, the mapping exercise is limited and only provides a general overview of programs in Ethiopia that incorporate different approaches.

A wide range of channels are used to deliver programs to their target populations that make up a variety of audiences: children, youth, women, PSNP beneficiaries, farmers, etc. These efforts are typically grounded in different business models with varying end goals. Donor-led/voluntary initiatives, which are most common in Ethiopia, aim to provide financial education out of a genuine interest to improve financial capability of the Ethiopian population. For financial sector programs, a positive business case in creating a potential market for future products and services motivates efforts to further financial education. Government led efforts are primarily a result of a legal mandate that aims to improve financial capability of a target population. These motivations often overlap and have different implications on how financial education programs are operationalized.

## Annex 8: Major Organizations Providing Financial Education

Category	Organization Name	Program Name	# of Programs
Financial Sector Programs	1. Public Financial Enterprises Agency (PFEA) and Commercial Bank of Ethiopia	PFEA Financial Education Strategy	1
	2. Nyala Insurance	Education associated with marketing	1
	3. ENAT Bank	ENAT financial education	1
	4. Ethiopian Insurers Association	Insurance awareness program	1
Government Led Programs	5. Ethiopian Government	The Ethiopia Protection of Basic Services (PBS) project	1
	6. Ministry of Agriculture & Natural Resources	No information	1
	7. Federal Cooperative Agency	No information	1
	8. Ministry of Youth & Sport	No information	1
	9. Government of Ethiopia, multiple ministries	PSNP-4	1
	10. Regional Government of Tigray, the Prison Administration and DECSI	The Mekelle Prison Project	1
NGO/Donor Led Programs	11. World Learning	Social and Financial Education for Pupils in Ethiopian Primary Schools	1
	12. Vision Fund	Children and Youth Program	1
	13. Hiwot Integrated Development Authority (HIDA)	Children and Youth Program	1
	14. Hope Enterprise	Children and Youth Program	1
	15. Save the Children	Partnership for better achievement in Ethiopia	2
	16. Dires for Development	Project Ethiopia; Empowering disabled youth with entrepreneurial skills	2
	17. PEACE MFI	YouthStart, Adult financial literacy program	2
	18. ACSI	YouthStart, UNCDF	1
	19. Wasasa	Microlead	1

Category	Organization Name	Program Name	# of Programs
	20. AEMFI	Microlead	1
	21. DVV International's Regional Office, East and Horn of Africa	Integrated Women's Empowerment Program (IWEP)	1
	22. Mother's Union Christian care for families	Literacy & Financial Education Program	1
	23. Ethiopia Assemblies of God Church, Economic Development Association	Program: "10x10"; Women's Micro- Enterprise	2
	24. UN Women	Joint Program on Gender Equality and Women Empowerment- Rural Women Economic Empowerment Component	1
	25. Pupillary	Pupillary Empowering Women in Ethiopia	1
	26. Nuru International	Nuru Ethiopia Financial Inclusion Program	1
	27. The Confederation of Ethiopian Trade Unions (CETU)	Providing security through SACCOs in Ethiopia	1
	28. WISE (Organization for Women in Self Employment)	WISE Capacity Building Project	1
	29. CARE Ethiopia	GRAD Program	1
	30. International Livestock Research Institute	Education associated with marketing weather-based index insurance	1
	31. World Food Program, UN	Education associated with marketing weather-based index insurance	1

## Annex 9: General Category of Stakeholders for Financial Education

Category	Organization Name
Financial Sector	Financial Institutions and their respective associations
Public sector	Public ministries and agencies such as; <ul style="list-style-type: none"> <li>• Ministry of Education</li> <li>• Ministry of Agriculture</li> <li>• Agricultural Transformation Agency.</li> <li>• Federal Cooperative Agency</li> <li>• Government of Ethiopia (for PSNP-Project)</li> <li>Ethiopian Postal Service Enterprise</li> <li>• Ministry of Finance</li> <li>• Minister of Women, Children &amp; Youth</li> <li>• Ethiopian Central Statistical Agency</li> </ul>
Donor Community	International development agencies (e.g. World bank, UNDP)
Civil societies	NGOs and charities (e.g. Care Ethiopia, Microlead) Business Associations (e.g. The Confederation of Ethiopian trade Unions)
Technological service providers  ,MNOs, delivery channels	Technology providers
Media	TV channels, Radio stations and websites

## Annex 10: Working Group Members<sup>29</sup>

Institutions	Number of representatives
1. ACSI	1
2. AEMFI	1
3. Agricultural Transformation Agency	1
4. CARE Ethiopia	1
5. Commercial Bank of Ethiopia	1
6. Enat Bank	1
7. Ethiopian Institute of Financial Studies	1
8. Ethiopian Bankers Association	2
9. Ethiopian Insurance Corporation	1
10. Ethiopian Insurers Association	2
11. Federal Cooperative Agency	1
12. FeUJC & FSA	1
13. FeSMMIDA	1
14. Ministry of Agriculture	1
15. Ministry of Education	2
16. Minister of Women, Children & Youth	1
17. PEACE MFI	1
18. NBE	1
<b>Total</b>	<b>21</b>

<sup>29</sup> Depending on the circumstance key stakeholders listed under Annex 9 may be invited to join the working group

## **Annex 11: Experiences on development and implementation of financial education strategy Singapore**

*MoneySENSE is the national financial education programme in Singapore.*

It is spearheaded by the Financial Education Steering Committee (FESC). The Monetary Authority of Singapore chairs the FESC, which comprises representatives from several public sector agencies and government ministries, including the Ministry of Education, Ministry of Health, Ministry of Manpower, Ministry of Social and Family Development, Central Provident Fund Board, National Library Board and People's Association. (OECD/INFE Policy Handbook, 2015, page 90)

### **Malaysia**

*Co-operation among the private sector, central bank and Ministry of Education paving the way to mandatory financial education.*

Beginning in 2017, financial education will be implemented progressively into the secondary school curriculum in mathematics, English language, Malay language, commerce, basic economics and living skills. The proposed financial education framework comprises the following six financial literacy elements. Their respective learning standards for different school grades have been used by the MOE as key reference in the embedment of financial education into the school subjects:

- Money, Source of Income and Career Choice;
- Financial Responsibility and Decision Making;
- Money Management and Planning;
- Savings and Investments;
- Credit and Debt Management;
- Risk Management, Wealth Protection and Insurance.

(OECD/INFE Policy Handbook, 2015, page 108)

## **Brazil**

### ***The leadership of a multilateral body and the creation of a public-private partnership***

Brazil's National Strategy for Financial Education (Estratégia Nacional de Educação Financeira – ENEF) was formally established by Presidential Decree (Presidency of the Republic of Brazil, 2010). This act also created the National Committee for Financial Education (Comitê Nacional de Educação Financeira – CONEF), to handle the implementation phase of Brazil's National Strategy (NS). CONEF is responsible for ENEF's strategic governance, and coordinates its implementation: it sets the objectives of the strategy, and the guidelines and bylaws covering its financing, implementation, and evaluation. The Committee is also authorized to create working groups with expertise to provide technical support and to approve its own bylaws.

### ***CONEF is composed of the following members:***

1. A Deputy-Governor of the Central Bank of Brazil (Banco Central do Brasil – BCB);
2. President of the Securities and Exchange Commission (CVM);
3. Superintendent-Director of Brazil's National Superintendence for Pension Funds (PREVIC);
4. Superintendent of Brazil's Superintendence of Private Insurance (SUSEP);
5. Executive-Secretary of the Ministry of Finance (MF);
6. Executive-Secretary of the Ministry of Education (MEC);
7. Executive-Secretary of the Ministry of Social Security (MPAS);
8. Executive-Secretary of the Ministry of Justice (MJ); and
9. Four representatives of civil society: The Brazilian Financial and Capital Markets Association (ANBIMA), Brazil's major stock exchange (BM&FBOVESPA), the Brazilian Association of Banks (FEBRABAN), and the Brazilian Insurance Confederation (CNSEG).

The Presidency of CONEF rotates among the first five members listed above. As determined in CONEF's bylaws, the four representatives of civil society must be chosen among self-regulatory bodies recognized by one of the four regulators; industry associations from financial, capital, insurance, or pension markets; and consumer protection organizations. These representatives have a renewable 3-year mandate. Their current mandates are valid until December 2017.

### ***The establishment of sub-committees and dedicated working groups by project/policy area***

The Presidential Decree creating CONEF also established a Pedagogical Support Group (Grupo de Apoio Pedagógico – GAP) to provide pedagogical guidance to all ENEF's actions. The Group

is composed of the Ministry of Education (MEC) and the four financial regulators, as well as by educational institutions and associations: The National Council of Education, five federal educational institutions appointed by MEC, the National Council of Education Secretaries (CONSED) and the National Union of Municipal Education Managers (UNDIME). The Ministry of Education presides over GAP and also serves as its Executive Secretariat. All the educational content of ENEF's actions is submitted to the GAP. As a multidisciplinary group, with strong methodological background, it is the forum for detailed in-depth discussions that revises and approves all financial education pedagogical material. It meets whenever convened, and the meetings are usually preceded by intensive revision activity of the documents for discussion. Since the beginning of ENEF's implementation, GAP has been meeting face-to-face around 3-4 times a year, with meetings lasting 1-2 days. The consistency of GAP's input and approach is ensured by the permanent presidency of the Ministry of Education.

The Permanent Technical Commission (Comissão Permanente – CP) is another consultative committee part of the national strategy. CP assists CONEF at the technical level, proposing rules, parameters and guidelines for ENEF's plans and actions. CP also advises CONEF by issuing recommendations on possible partnerships, branding of financial education material, financial literacy assessments and ENEF's website, among others. It is composed of representatives from the institutions that are part of CONEF, and its internal governance structure follows CONEF's presidency rotation scheme. The representatives sitting in the CP are drawn from those directly involved in implementing Financial Education initiatives within CONEF's members.

Consequently, the meetings of the CP are instrumental in preparing and discussing issues before these are submitted to CONEF's strategic approval. The CP serves as the forum to discuss the details of the implementation of most of ENEF's programs, and where most of the hands-on work is performed. CP meetings regularly encompass the presence of CONEF's partner Brazil's Association of Financial Education (AEF-Brasil) (see the case study "Brazil: a public-private partnership in action").

CP meets nearly once a month, mostly via videoconference, and each meeting usually lasts around four hours. CP members permanently consult with the strategic levels of their own

institutions before entering the meetings. Decisions are usually made by consensus and then transmitted to CONEF (OECD/INFE Policy Handbook, 2015, page 50).

## **India**

### ***The creation of a new public body in charge of the implementation of the national strategy***

A Technical Group on Financial Inclusion and Financial Literacy of the Financial Stability and Development Council Sub-Committee (FSDC-SC) headed by the Deputy Governor, Reserve Bank of India, with representation from all financial sector regulatory authorities is the institutional mechanism set up to coordinate the efforts of all the financial sector regulators in the field of financial education. The National Strategy for Financial Education (NSFE) for India has been prepared under the aegis of this Technical Group.

A National Centre of Financial Education (NCFE) has then been established as a specialized institution for implementation of National Strategy for Financial Education. It reports to the Technical group. The main role of NCFE is creating standard financial education material for various segments of the financial sector, develop and maintain a website exclusively for financial education which will be a one stop repository of all financial education activities by all the financial sector regulators:

- Reserve Bank of India;
- Security and Exchange Board of India;
- Pension Fund Regulatory and Development Authority;
- Insurance Regulatory and Development Authority; and
- Forward Market Commission.

All the above-mentioned financial regulators fund NCFE through an annual budget approved by the Technical Group. NCFE's activities are guided by a Core Committee which comprises one senior officer from each of the participating regulators. The mandate of the Core Committee is to give in-principle approval to the projects to be implemented by NCFE after going through funding needs of the activities/projects of NCFE which will then be placed before the Technical Group for approval (OECD/INFE Policy Handbook, 2015, page 51).

## Uganda

### *Bank of Uganda Spearheading development of development of Financial Literacy Strategy*

Bank of Uganda has spearheaded the development and implementation of a Strategy for Financial Literacy (FL) in Uganda. The rationale behind the Strategy has been to provide focus, drive and momentum; encourage the development of high quality resources; encourage the use of simple, clear and compelling messages; reduce the risk of duplication and unintended gaps; enable partners to learn from each other; and encourage the active participation of a wider range of stakeholders.

During this process, the Bank of Uganda has engaged more than 150 stakeholders. This structured consultative process aimed to mobilize the expertise and resources of a broad range of organizations, developing a strategy founded on the principles of cost-effectiveness, cooperation, sustainability and feasibility. The development of the Strategy has been supported by the German Development Cooperation through GIZ and guided by a high-level Financial Literacy Advisory Group comprised of influential decision makers drawn from the public, private and NGO sectors. The process culminated in the launch of the Strategy on Friday 16th August, 2013. The Financial Literacy Website was also launched at this event.

### *Strategy for Financial Literacy in Uganda*

The Strategy for Financial Literacy in Uganda recommends priority activities through five major channels, or “strands”.

**Financial Education in Schools:** Incorporation of FL into the secondary school curriculum as part of the overall reform of the curriculum, as well as into the primary school curriculum through the development of supplementary materials and teachers’ trainings; extension of extra-curricular FL activities.

**Financial Literacy for the Youth:** Incorporation of FL into university exit courses and training of community FL mentors who incorporate FL into the activities of already existing youth clubs and associations.

**Financial Literacy and Rural Outreach:** Provision of FL trainings to rural communities, capitalizing on existing trainings and trainers. This includes the use of a variety of community channels, such as community radios, community parliaments, and many more.

**Financial Literacy in Workplaces, Clubs & Associations:** Improving FL at formal workplaces through presentations and trainings, as well as presentations being held to informal workers through their associations.

**Use of Media for Financial Literacy:** Development of a lively and vibrant website dedicated to FL; engagement of newspapers and magazines and radio to increase their FL content, as well as the use of social media. (Source: Bank of Ghana; 2019)