

Dimitar Bogov: Improving education and access for children and youth to financial services

Address by Mr Dimitar Bogov, Governor of the National Bank of the Republic of Macedonia, at the 3rd Annual Regional Meeting for Europe and Central Asia (ECA), Skopje, 2–3 October 2014.

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Dear Ministers,

Esteemed guests,

Dear ladies and gentlemen,

It is my honor and privilege to welcome you all here in Skopje, Macedonia to this important event for the region of Europe and Central Asia. The aim of this meeting is to gather together in one place the regional leading policy-makers, financial institutions and experts that are engaged in the issues of children and youth access to financial services, financial inclusion and financial education, employability and entrepreneurship opportunities, to share success stories and challenges.

There has been some progress made in these fields because of the existence of international movements such as Child and Youth Finance International that are keen to develop a generation that will be better prepared to prevent future financial crisis by increasing the financial education, access to finance, employability and entrepreneurship skills of children and youth. On a global level, significant progress has been achieved in advancing the mentioned priorities.

Important steps have already been made in the area of improving access to financial services in the previous years. Access needs to be complemented by the quality of the financial services. The quality of financial services and the participation in the financial system is equally important for all participants in the system. Children and youth are participants as well. They are undoubtedly part of every economy, part of the societies and their opinion matters.

What we need to do today and tomorrow, is to make sure that all 70 children and youth participants from across Europe and Central Asia will present to the policy makers their action points for creating appropriate and sustainable youth economic opportunities. As the mission of Child and Youth Finance International states: “By ensuring youth are included as active participants in the decision-making process we believe that the policies shaped will be more youth-focused and inclusive, and the youth themselves will be more inclined to agree with the policies as they helped create them.”

There is an existence of appreciation that the level and quality of financial education and financial inclusion of youth in every economy will have a significant impact on the prospect for sustainable growth. The financial inclusion will also provide an opportunity for further advancement that would support and facilitate sustainability of financial stability. A key point for ensuring the financial stability is the financial capability of consumers itself so that they can meaningfully participate in the financial system. Financial education is a powerful driver of empowerment of consumers' skills. It empowers them with tools and knowledge on how to manage and make their personal financial decisions and budget.

Smart financial planning such as the personal budget, savings, investments and retirement can help every household to enjoy better lives while diminishing financial shocks at the same time. Financial education can play a key role in getting to these outcomes. The financial education supports not only the individual well-being, but also the financial stability in one economy. Referring to the recent financial crisis, consumers that can make informed and sound decisions about financial products and services are helping to promote sounder

economic stability. Not only the consumers will gain knowledge through financial education, but more important is that they are assured of fair treatment.

Consumers need to apply the economic way of thinking while making their important financial decisions. In order to develop important skills, we need to provide them good quality education that will enrich their behavior with critical thinking and decision making skills as well.

To provide contextual and conceptual effective financial education, we need to include financial education in the schools curriculums. Financially literate consumers can assess risks and make informed decisions about the suitability of financial products to their specific situation. The individual responsibility for financial planning takes on greater importance. Consumers need to clearly understand how the system works and what the new products really offer.

At the institutional level, in 2011, the National Bank of the Republic of Macedonia launched its own Financial Education Project that has been growing and developing year after year, embracing many different activities mainly focusing on financial education for children and youth. We are trying to build financial capabilities among the population launching the project that has a goal to raise the awareness for the importance of savings.

At the national level, by improving the cooperation between the regulatory authorities, it is vital to ensure that the respective strategies are aligned to achieving the common goals of financial education and financial inclusion. Since last year, there have been some efforts for institutional arrangements to bring authorities together in the Coordinating Body of the Regulatory Authorities for Financial Education in Macedonia to secure a joint commitment towards clearly defined and measurable financial education and financial inclusion goals. With joint strength, we will establish national co-ordination frameworks, and our main goal is to define the national financial education and financial inclusion strategies. While we focus on financial education initiatives at the national level, equally important is that adequate attention be accorded at the global level.

We begin this two-day regional conference with our vision firmly focused on our long-term goal of universal access for children and youth to financial services. This event provides an opportunity that brings together knowledge, expertise and best practices from all across the Europe and Central Asia that I am sure will prove useful for all of you here and will provide fruitful meetings, interesting sessions and most importantly – will make an impact.

Thank you very much!