

Financial Literacy Guidelines

(Striving for a Financially Literate Society)

Draft – 1



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1. Rationale

Financial inclusion is considered as one of the most significant policy areas to achieve inclusive and sustainable economic development. To achieve this broader objective, Bangladesh Bank (BB) has been undertaking innovative and effective initiatives to bring the financially excluded people under the umbrella of formal financial services. As part of these initiatives, BB has been promoting multi-faceted and affordable alternative delivery channels, customized services for marginal and specialized segments, financial literacy and consumer empowerment programs and policy interventions to make formal financial services available at the doorsteps of the mass people.

Financial literacy of the citizen is a prerequisite to make a sustainable financial inclusion. With a view to making financial inclusion initiatives more successful, BB has already taken a number of initiatives. A basic interactive web portal for financial literacy has been hosted in the internet containing literacy documents on different financial issues and services. Several television commercials, radio broadcasting commercials, advertisements in the newspaper, flyers, pamphlets, leaflets, video documentary have been made and released for building public awareness on financial literacy. In addition, BB arranges different financial awareness campaign such as open credit disbursement program, awareness raising campaign under different schemes and projects, special fairs such as Banking Fair, SME Fair, Women Entrepreneur Fair etc.

As a priority focus, BB has identified 'Strengthen financial education & financial literacy initiatives' as an important core objective in the Strategic Plan for 2020-2024. As per the goal no. 4 of the SDGs¹, it is required to ensure financial literacy for all, which is also incorporated in the draft National Financial Inclusion Strategy of Bangladesh (NFIS-B). One of the goals of NFIS-B is mandated for 'Promoting Financial Literacy and Consumer Empowerment'. A study paper² by BB finds that inadequate financial literacy is one of the major obstacles in access to finance in Bangladesh. Due to low level of financial literacy among the rural people, they are not aware of the available financial services in the market, which is causing inefficient use of the services. Also, during COVID-19 pandemic situation, where physical visit of financial service providers is discouraged, the digital financial

¹The Sustainable Development Goals (SDGs) consists of 17 goals which have been designed to “achieve a better and more sustainable future for all”.

²‘Survey on Impact Analysis of Access to Finance in Bangladesh’, July 2019, Pg-33.
https://www.bb.org.bd/pub/research/sp_research_work/srw1903.pdf

services can be a great resort to make the transactions online. The literacy on digital financial services may help people to know about online mode of transaction procedures.

Providers of financial services will also be benefitted from the spread of financial inclusion and financial literacy, as it would help them to capture the untapped business opportunities. Hence, banks must view the financial literacy initiatives as their future investments. BB, as a financial sector regulator, is committed to provide the necessary policy interventions to drive future developments in financial inclusion and will work in close coordination and engagement with institutional actors, to build awareness on their role to foster and promote financial inclusion. With this backdrop, BB is formulating this ‘Financial Literacy Guidelines’ to increase public awareness and financial literacy among the mass people of the country.

These guidelines are made exercising the powers conferred to Bangladesh Bank in Section 45 of the Bank-Company Act, 1991 (Act no. XIV of 1991).

2. Objectives

To achieve and sustain inclusive growth of the economy, these guidelines will provide guidance to create an empowered nation with right knowledge and skills for making responsible financial decisions. The objectives of these guidelines are:

- 2.1. To strengthen financial literacy, reduce knowledge gap and promote responsible financial behaviors in the society;
- 2.2. To foster positive attitude of people towards financial management;
- 2.3. To raise awareness among users to prevent financial fraud, reduce associated risk, and enhance consumer protection;
- 2.4. To establish financial literacy infrastructure at the national and local level to spread financial literacy program;
- 2.5. To ensure delivery of effective financial literacy contents based on the needs of different target groups;
- 2.6. To adopt appropriate tools to monitor and evaluate effectiveness of financial literacy policies;

3. Strategic Focus

3.1. Key Focus Areas

Following key focus areas on financial literacy will help to attain the strategic goals of these guidelines:

- 3.1.1. Savings, borrowing and financial planning
- 3.1.2. Financial Product and access to financial services

- 3.1.3. Entrepreneurship
- 3.1.4. Financial system and participants
- 3.1.5. Payment system and Digital Transformation
- 3.1.6. Grievance redress system and consumer protection

3.2. Target Group

Identifying target population is essential in order to implement the strategic approaches rapidly and achieve intended level of financial literacy in the society. This will help to choose suitable strategic approaches considering needs of different target groups. The following target groups can be considered (not limited to):

- i. Small Entrepreneur
- ii. Un-served & underserved people
- iii. Women
- iv. Farmers
- v. Micro-merchants
- vi. Students
- vii. Youth
- viii. Working adults
- ix. Working children and street urchin
- x. Senior Citizen
- xi. RMG workers
- xii. Migrant workers
- xiii. Others

3.3. Strategic Approach

This is a multi-stakeholder approach where Bangladesh Bank will be in lead role in guiding and coordinating financial literacy initiatives while other stakeholders are required to play the designated roles.

3.4. Action Plan

Four core-actions will help to deliver financial literacy to the target groups. These core actions are:

- 3.4.1. Content: Develop financial literacy contents for different target groups.
- 3.4.2. Capacity: Enhance capacity of target groups as well as financial literacy providers.

3.4.3. Communication: Use innovative and appropriate medium (technology, channels, places etc.) to provide financial literacy in an efficient and timely manner.

3.4.4. Collaboration: Collaborate with other stakeholders to streamline the financial literacy programs.

4. Implementation Plan

4.1. Implementation Structure:

4.1.1. These guidelines will be implemented through following financial sector participants regulated by BB, hereinafter termed as Financial Literacy Provider (FLP):

- i. Scheduled Banks
- ii. Mobile Financial Services Operators

4.1.2. BB shall actively participate in various financial literacy activities.

4.1.3. FLPs shall set up a “Financial Literacy Cell” in their respective head offices to conduct financial literacy programs.

4.1.4. Financial Literacy Cell of respective FLPs shall be responsible to make a yearly plan for conducting financial literacy programs primarily at district level and shall implement the same by involving branches/unit offices of the relevant area.

4.1.5. FLPs shall take initiatives to prepare financial literacy related contents in light of these guidelines.

4.1.6. FLPs shall take necessary steps to develop the master trainers/resource persons. FLPs may develop one or more trainer(s)/resource person(s) at the branch/unit level. Trainers/resource persons shall responsible to conduct the literacy sessions.

4.1.7. Financial Literacy Cell of FLPs or its respective local representative(s) will be responsible to collaborate with relevant government/private agencies, if necessary.

4.1.8. FLPs shall continuously engage with social, electronic, and print media to disseminate financial literacy-related knowledge. In their websites, they should have a separate tab naming ‘Financial Literacy’ under which learning materials shall be stored for citizens to explore.

4.2. Phases of Implementation

4.2.1. *Short-Term*: Short-term strategies here imply initiatives undertaken by FLPs that could bring immediate changes in knowledge, skill, ability, and behaviors of the end-user. Following is a list, but not limited to, of short-term strategies to attain a desirable level of changes in the financial literacy landscape of the country:

4.2.1.1. *Financial Literacy Programs*: FLPs shall conduct financial literacy programs about overall financial services available as per the plan set in section 4.1.4 To ensure maximum attendance, prior announcement should be made in that area highlighting the purpose and necessity of the Program. It is advisable to include the celebrities/reputed persons like representative of the local people, school teachers or respected popular persons of the area. FLPs shall conduct at least 4 programs in a year.

4.2.1.2. *Target group-based initiatives*: FLPs shall take customized initiatives to address the financial literacy needs of the target groups as set in section 3.2 at least once in a year covering each target groups. Financial literacy programs for different target groups can be arranged separately or in a single program.

4.2.1.3. *Half yearly thematic campaign*: BB shall announce semi-annual theme for campaign (digital payment, e-banking, money laundering, saving, etc.) and FLPs shall develop contents (banner, poster, info-graphic, leaflet, slogan etc) and disseminate the thematic message through various communication channels.

4.2.1.4. *Others*: Essay competition for students, street drama, simulation game etc.

4.2.2. *Long-Term*: Long-term strategies are aimed to develop a necessary infrastructure to provide financial literacy as a life skill to every citizen. Following is a list, but not limited to, of long-term strategies:

4.2.2.1. BB shall work with concerned authorities to include financial literacy contents in the national curriculum.

4.2.2.2. BB or FLPs may introduce module based certificate course on financial literacy on different platforms.

4.2.2.3. FLPs shall review and update financial literacy contents and strategies on a regular basis.

4.2.2.4. BB shall conduct, with the help of FLPs, Bangladesh Financial Inclusion & Financial Literacy Survey by adopting appropriate toolkit at a regular interval.

4.2.3. *Communication Tools*: Financial literacy requires a wide variety of tools considering the needs of different age groups and education level to get effective results from the initiatives undertaken. It is important to note that, while implementing financial literacy activities FLPs should not highlight their own products or mode of business, but focus on generic financial products/services. The following list consists, but not limited to, of tools that can be used:

- i. Training Booklet
- ii. Leaflet, Brochure, Banner & Poster
- iii. Presentation
- iv. Financial Diary, Financial Comics & Stories
- v. Simulation Game
- vi. Smartphone application
- vii. Advertisement (Audio-visual)
- viii. Instructional Video/ Info-graphics
- ix. Others

4.2.4. *Communication Approaches*:

4.2.4.1. *Target group based Modules*: FLPs should develop target specific modules for effective dissemination of financial literacy. While developing the modules real life examples can be incorporated to give easy and lasting impression on audiences' mind.

4.2.4.2. *Language & application of tools*: The language and tools of delivery of financial literacy should be appealing to the target groups in an understandable manner.

4.2.4.3. *Usage of Media*: FLPs shall consider multi-media channels which are well-accepted by target audience. For example social media, television, radio, audio-visuals, digital vans, digital display, kiosks, newspaper etc can be considered to serve this purpose.

4.2.4.4. *Learning through Simulation*: FLPs are advised to use simulation system to familiarize participants with various banking services (money transfer, e-banking, account opening, digital payments, ATM operation, grievance redress etc).

4.2.4.5. *Digital Transformation in Financial Sector*: Emphasis should be given to financial literacy initiatives related to the appropriate target group to expedite the digital transformation in the financial landscape of Bangladesh. The focused area to fulfill this agenda will be cashless banking, cashless payment environment, e-banking, mobile banking, mobile financial services, Fintech and Techfin, etc.

4.2.4.6. *Grievance Redress*: The FLPs shall aware the target audience regarding grievance redress mechanism of their institution. They should also inform the audience about Customers' Interest Protection Center (CIPC, hotline-16236) of BB. However, the aim is not to address and resolve any complain from the audience during financial literacy program, rather inform the audience about the complaining mechanism.

5. Monitoring and Reporting

5.1. Monitoring

5.1.1. Head office of each FLPs will track progress and quality of the literacy programs undertaken by them. Head office will conduct regular visit at the training sites. It will also measure the performance of the program and take appropriate measures to ensure achievement of intended objectives of the program.

5.1.2. Head office of each FLPs should collect and preserve the information of the conducted financial literacy program.

5.1.3. BB will visit the head office or any other training sites, if it deems necessary, of the FLPs from time to time to ensure proper implementation of the guidelines and to assess progress in achieving the objectives.

5.2. Reporting

FLPs shall send Financial Literacy Program Implementation Report on semi-annually basis to Financial Inclusion Department of Bangladesh Bank within 15 days after completion of each period. FLPs will have to publish the up-to-date information of financial literacy Program in its annual report and website.

6. Others

6.1. Risk Mitigation

Stakeholders shall take appropriate measures to mitigate various risks originated from limited resources, coordination between plethora of stakeholders, incompatible institutional framework, insufficient technical skill, and other factors.

6.2. Right to Amend

Bangladesh Bank reserves the right to amend, extend and modify any or every part of this policy to adopt, if it feels necessary, national or BB's strategies, international good practices, and recommendations. Bangladesh Bank will issue directions in this regard as and when necessary.