Kaliningrad Oblast: Pilot Region for Implementation of Financial Literacy and Financial Education Project in the Russian Federation

Acting Kaliningrad Oblast Finance Minister V. Ya. Porembsky

2011
Geographical location of Kaliningrad Oblast
Population of Kaliningrad Oblast, thous. people

- 2005: 942,4
- 2006: 938,6
- 2007: 937,4
- 2008: 937,4
- 2009: 937,6
- 2010: 938,3
- 2011: 939
- 2012: 942,6
- 2013: 947,6
- 2014: 948
- 2015: 948,3
Analysis and prospects of socio-economic situation

Ratio of average wage to subsistence level of employable population, %

Subsistence level as of 01.01.2011 is 5,729 rubles

* Data for Q3 2010
Share of residents with incomes below subsistence level, % of total population

* 13.5 % - forecast
Analysis and prospects of socio-economic situation

**Per capita GRP/GDP, thou. rubles**

- **Калининградская область**
  - 2005: 86.8
  - 2006: 109.7
  - 2007: 155.7
  - 2008: 193.9
  - 2009: 175.9
  - 2010: 204.2
  - 2011: 237.8
  - 2012: 318.4
  - 2013: 354.9
  - 2014: 435.7
  - 2015: 368.3

- **Российская Федерация**
  - 2005: 151
  - 2006: 188.9
  - 2007: 234
  - 2008: 291.8
  - 2009: 275.6
  - 2010: 318.4
  - 2011: 354.9
  - 2012: 393.7
  - 2013: 435.7
  - 2014: 333.4
  - 2015: 368.3
## Share of household savings in banks’ liabilities

<table>
<thead>
<tr>
<th>Indicator</th>
<th>As of 01.01.2011</th>
<th>% of 01.01.2010</th>
<th>As of 01.01.2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household savings</td>
<td>65 390,9</td>
<td>135,9</td>
<td>39,9</td>
</tr>
</tbody>
</table>
Household savings to loans in lending institutions of Kaliningrad Oblast, thou. rubles

Jan-09: 33,749,607
Jan-10: 48,127,576
Jan-11: 65,390,876
What bank products do you currently use?

- Оплата коммунальных услуг: 78.30% (Апрель 2008 года) 61.50% (Май 2009 года)
- Кредитование: 18.80% (Апрель 2008 года) 26.50% (Май 2009 года)
- Банковская пластиковая карта: 44.40% (Апрель 2008 года) 47.20% (Май 2009 года)
- Счета для безналичных операций: 5.50% (Апрель 2008 года) 8.70% (Май 2009 года)
- Денежные вклады: 20.70% (Апрель 2008 года) 55.40% (Май 2009 года)
- Денежные переводы: 11.30% (Апрель 2008 года) 17.20% (Май 2009 года)
- Обменные операции: 10.50% (Апрель 2008 года) 25.10% (Май 2009 года)
- Пифы: 0.90% (Апрель 2008 года) 1.20% (Май 2009 года)
What type of loan do you currently use (open-ended question)?

- ИПОТЕЧНЫЙ КРЕДИТ: 5.7%
- АВТОКРЕДИТ: 17.0%
- ПОТРЕБИТЕЛЬСКИЙ: 75.0%
- ДРУГОЕ: 2.2%

What types of bank deposits do you use or plan to use?

- ВКЛАД ДО ВОСТРЕБОВАНИЯ: 0.40%
- КРАТКОСРОЧНЫЙ ВКЛАД: 21.30%
- ДОЛГОСРОЧНЫЙ ВКЛАД: 19.10%
- ПЕНСИОННЫЙ ВКЛАД: 53.20%

Bankovskiye Novosti (Banking News), №7 (48), July 2009
Kaliningrad Sociological Service
WHAT IS MOST IMPORTANT TO YOU WHEN CHOOSING TYPE OF DEPOSIT?

- **РАЗМЕР ПРОЦЕНТНОЙ СТАВКИ ПО ВКЛАДУ**: Май 2009г. 28,9%, Июль 2008г. 49,3%
- **СТАТУС БАНКА**: Май 2009г. 32,1%, Июль 2008г. 48,5%
- **СТРАХОВАНИЕ ВКЛАДА**: Май 2009г. 17,4%, Июль 2008г. 21,0%
- **ВЫПУСК ПЛАСТИКОВОЙ КАРТЫ КО ВКЛАДУ**: Май 2009г. 5,7%, Июль 2008г. 19,4%
- **ВОЗМОЖНОСТЬ ПОПОЛНЯТЬ СЧЕТ**: Май 2009г. 11,7%, Июль 2008г. 18,8%
- **ВОЗМОЖНОСТЬ СНИМАТЬ ПРОЦЕНТЫ ПО ВКЛАДУ**: Май 2009г. 10,6%, Июль 2008г. 18,6%
- **СРОК ДЕЙСТВИЯ ВКЛАДА**: Май 2009г. 9,9%, Июль 2008г. 15,1%
- **УДОБСТВО ПОПОЛНЕНИЯ СЧЕТА**: Май 2009г. 11,0%, Июль 2008г. 15,1%
- **НАЗВАНИЕ БАНКА**: Май 2009г. 4,2%, Июль 2008г. 12,9%
- **МИНИМАЛЬНАЯ СУММА РАЗМЕЩЕНИЯ ВКЛАДА**: Май 2009г. 3,7%, Июль 2008г. 6,3%
- **ВАЛЮТА ВКЛАДА**: Май 2009г. 1,3%, Июль 2008г. 5,9%
- **РЕКОМЕНДАЦИИ БЛИЖНИХ И ЗНАКОМЫХ**: Май 2009г. 5,1%, Июль 2008г. 1,5%
- **ДРУГОЕ**: Май 2009г. 6,6%, Июль 2008г. 0,2%

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Sociological survey findings

http://gorodkanta.ru

Bankovskie Vklady (Bank Deposits) № 3 – 15.05.2009

Kaliningrad Sociological Service
Number of complaints to Kaliningrad Oblast Rospotrebnadzor Directorate in 2008-2010 regarding **lending** and **other financial services** to consumers

- **2008**: 47 complaints
- **2009**: 33 complaints
- **2010**: 81 complaints

2.5 times growth
Court decisions secured by Kaliningrad Oblast Rospotrebnadzor Directorate under Article 47 of the Code of Civil Procedure in cases related to protection of consumers of financial services

2009

3 decisions

95,000 rubles in favor of consumers

2010

29 decisions

900,000 rubles in favor of consumers
Concept of Kaliningrad Oblast Long-term Targeted Program of Improving Financial Literacy of Kaliningrad Oblast Residents in 2011 - 2015
Criteria of financial literacy level

- monthly records of household income and expenditures
- absence of excessive debts
- long-term financial planning (readiness to cope with contingencies, preparation for retirement)
- range of financial products and services used on the basis of informed comparison and choice
- understanding of financial issues
It makes sense to take systemic policy measures in the Kaliningrad Oblast to:

- develop the educational component of financial literacy
- establish sustainable institutions to support financial education and informing of the public about financial market affairs
- support initiatives of civic and financial institutions to improve financial literacy
- improve the consumer protection system on the retail financial market
Finance Ministry of Kaliningrad Oblast

Program objectives

- Improving the financial literacy of Kaliningrad Oblast residents, encouraging their responsible attitude to personal finances and sensible and efficient financial behavior conforming to long-term household interests

- More efficient protection of consumers of financial services in the Kaliningrad Oblast

Indirect Program objectives:

1. Helping improve the living standards of Kaliningrad Oblast residents and bolster social stability.
2. Helping develop the Kaliningrad Oblast financial market.
Finance Ministry of Kaliningrad Oblast

Expected outcomes

- Increasing the share of target groups of residents aware of the importance of risk-benefit correlations in choosing financial products to 70%.

- Increasing the share of low- and middle-income consumers of financial services who have begun to examine and compare consumer loan terms to 60%.

- Increasing the share of target groups of residents aware of the importance of procuring a financial “safety net” against unforeseen circumstances to 90%.

- Increasing the share of target groups of residents who have learned the fundamentals of the pension provision system to 80%.

- Increasing the share of adult residents who believe in the possibility of speedy and fair settlement of disputes with financial organizations to 80%.

- Increasing the share of high and higher school students whose knowledge of the fundamentals of the financial market and consumer services is rated as good and excellent to 85%.
Finance Ministry of Kaliningrad Oblast

Tactical Program goals

Establishing sustainable institutional mechanisms of support for and implementation of programs to raise financial literacy and develop financial education in the Kaliningrad Oblast

development of and support for keen interest among Kaliningrad Oblast residents in managing personal finances and in adequate value systems

development of informational systems of the financial market and mechanisms of protecting consumers of financial services in the Kaliningrad Oblast

development of a system of assessment and monitoring of the financial literacy levels of Kaliningrad Oblast residents
Target audiences

- School and higher school students
- Senior citizens
- Low- and middle-income active and potential consumers of financial services
- Businessmen, representatives of small and medium-sized businesses
Finance Ministry of Kaliningrad Oblast

Planned Program measures

Goal 1. Establishing sustainable institutional mechanisms of support for and implementation of programs to raise financial literacy and develop financial education

- including financial education programs, study aids and tools in the curricula of educational institutions

- organizing education and advanced training

- organizing work of financial literacy centers

- educating residents in financial literacy on the basis of a regional network of financial literacy centers, providing consultative services

- organizing and conducting public events (workshops, round tables, conferences, etc.)

- organizing competitions
Planned Program Measures

Goal 2. Development of keen interest in managing personal finances and in adequate value systems

- popularization and coverage of the Program on TV and in the printed and electronic mass media
- preparation and placement of thematic and analytical TV and radio programs
- preparation and placement of social advertising on TV and outdoors advertising on financial literacy themes
- preparation, printing and distribution of factsheets, booklets, brochures, pamphlets, etc. on financial literacy themes
- implementation of specialized media projects (production of special programs, radio programs, printed materials)
- organization of informational and educational activities as part of the introduction of the single all-purpose electronic card
- organization of informational and educational measures to encourage taxpayer honesty
Goal 2. Development of keen interest in managing personal finances and in adequate value systems

- organization of a financial “hotline” for Kaliningrad Oblast residents
- acquisition of financial literature and other methodological and information materials for educational and culture institutions, installation of information boards
- organization and conduct of financial advanced training courses for Kaliningrad Oblast journalists
- preparation and distribution of informational and reference publications jointly with higher education institutions
Planned Program measures

Goal 3. Development of information systems of the financial market and mechanisms of protecting consumers of financial services, shaping socially responsible behavior of providers of financial products and services

- development of educational simulator banks to simulate transactions of financial institutions and other educational and information tools

- design, development and maintenance of an online resource to provide information and consultative support for consumers of financial services

- development of information tools and resources for customers from among financial institutions

- adoption (updating) of regulations to make financial information more open and accessible

- organization of guest meetings of managers and specialists of lending institutions with the public

- shaping of socially responsible behavior of providers of financial products and services
Finance Ministry of Kaliningrad Oblast

Planned Program measures

Goal 4. Development of a system of assessment and monitoring of the financial literacy levels of Kaliningrad Oblast residents

- development of a comprehensive system of assessment and monitoring of the financial literacy levels of Kaliningrad Oblast residents

- conduct of sociological surveys for purposes of comprehensive assessment and monitoring of the financial literacy levels of Kaliningrad Oblast residents and subsequent monitoring of the efficiency of Program implementation
### Key Program participants and implementors

**Commission of Kaliningrad Oblast Government for Financial Literacy Improvement**

- Executive authorities of the Kaliningrad Oblast
- Association of Commercial Banks of the Kaliningrad Oblast, banks
- Educational institutions of secondary, elementary and higher professional education
- Main Directorate of the RF Central Bank for the Kaliningrad Oblast
- Regional division of the Federal Financial Markets Service in the North-Western Federal District and its territorial office for the Kaliningrad Oblast
- Rospotrebnadzor Directorate for the Kaliningrad Oblast
- Insurance and investment companies and pension funds
- Mass media
- Organizations selected through competitive procedures
## General information about the Program

<table>
<thead>
<tr>
<th>Name of the targeted program of the Kaliningrad Oblast:</th>
<th>Long-term targeted program of the Kaliningrad Oblast “Improving Financial Literacy of Kaliningrad Oblast Residents in 2011-2015” (hereinafter the Program)</th>
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<tbody>
<tr>
<td>Budget planning entity responsible for Program implementation:</td>
<td>Finance Ministry of the Kaliningrad Oblast</td>
</tr>
<tr>
<td>Program drafter:</td>
<td>Finance Ministry of the Kaliningrad Oblast</td>
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<tr>
<td>Program development deadline:</td>
<td>May 2011</td>
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</table>
| Program implementation timeframe and stages: | 2011-2015  
1st stage – 2011 год – 1st half of 2012 (preparatory stage);  
2nd stage – 2nd half of 2012 -2015 |
| Program financing: | 135 million rubles for entire implementation period.  
Total financing and distribution by sources and periods of financing to be specified at the time of the Program formation |
| Program financing sources: | Oblast budget, federal budget (including World Bank funds), contributions from financial market participants |