

National Strategy
for Financial Literacy of the Republic of
Bulgaria

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Introduction

In the modern world, issues such as financial well-being of citizens, financial resilience of companies, financial literacy, as well as their importance for the stability of the financial sector, are increasingly being discussed to the fore. Financial literacy in turn depends on financial knowledge, financial behaviour and financial attitudes.

Financial education, financial inclusion and financial consumer protection are also priority policies both for EU Member States, including Bulgaria, and for international organisations and institutions such as the Organisation for Economic Cooperation and Development (OECD), the World Bank, the G20 and others. They also contribute to increasing financial literacy and policy making in this area.

The wide variety of financial products, their complexity and widespread application require a further increase of the financial literacy of the people. As digital technologies evolve, access to financial services is becoming faster and easier and they are increasingly being used. The development of the fintech industry provides new opportunities, but new risks and challenges in the use of financial services and hence financial literacy are emerging.

Modern social and economic processes in countries have a significant impact in increasing individual responsibility for own well-being. This implies the need for greater financial literacy for every citizen, regardless of age and social status, so that they can make adequate financial decisions. Financial literacy should therefore be regarded as an essential life skill, the building of which begins in childhood and continues to be developed and upgraded during the different stages of life.

Financial literacy is the personal responsibility of every citizen. But it must also be subject to a targeted policy of the state. Increasing the level of financial literacy of citizens can be regarded, on the one hand, as an investment in human resources development and, on the other hand, as a factor in increasing public welfare and ensuring sustainable economic and social development. Coordinated action is needed by all government institutions, financial sector supervisors, financial institutions and business, as well as by non-governmental organisations who are active in this field.

Despite the many programs, activities and measures that have been implemented in Bulgaria in order to increase financial literacy, so far in the country there is no adopted and implemented national strategy in this field. This *National Strategy for Financial Literacy and its Action Plan* aim to fill this gap.¹

In order for the strategy and plan of measures to be successful, they should be analysed within an appropriate coordination mechanism involving all interested parties. Their effectiveness should be regularly assessed and, if necessary, changes should be planned to stimulate financial

¹ The Action Plan to the National Strategy for Financial Literacy of the Republic of Bulgaria (2021-2025) is annexed to the Strategy and is an integral part of it. It covers the key and priority activities to be carried out in the subsequent years in order to increase the level of financial literacy. Institutions and organisations that are part of the Interdepartmental Working Group on Financial Literacy have also created a separate document on planned activities in the field of financial literacy, which will be published on the website of the Ministry of Finance.

literacy. This document clarifies both the mechanism by which financial literacy measures will be coordinated and the monitoring of their implementation.

The raising of the level of financial literacy is a long-term priority that can only produce specific results after targeted and sustained efforts.² This a long journey for which no end has been defined. Therefore, this National Strategy (the Strategy) and its Action Plan (Action Plan), as first government-level documents in this area, should be regularly analysed and updated.

² Further information on the definition and importance of financial literacy can be found in an annex to this Strategy.

Financial literacy in Bulgaria

This section aims to present the situation in Bulgaria regarding financial literacy. The emphasis will be on studies on the level of financial literacy and mapping of the activities implemented so far in the country.

Studies on the level of financial literacy in Bulgaria

No periodic studies on the level of financial literacy have been carried out in Bulgaria so far under the same methodology. It is therefore difficult to make a full comparison of developments over the years regarding the indicators of the level of financial literacy and to identify clear trends. Nevertheless, several studies have been carried out over the last ten years, including through programmes and projects of international organisations, that present the level of financial literacy and how it has changed over the years.

The most recent detailed study, implemented according to an established methodology³, is that of the OECD, carried out within a joint 5-year project (2018-2022) on financial literacy with the OECD (through its International Network on Financial Education - INFE) and the Ministry of Finance of the Netherlands⁴, where Bulgaria is a participating country. It was carried out in 2019 and its results were later included in the OECD Global Financial Literacy Survey published in 2020.⁵ This helped to compare the level of financial literacy in Bulgaria not only with the one in the countries of South East Europe (in this case the other countries of the project — Croatia, Romania, Georgia, the Republic of North Macedonia, Moldova and Montenegro), but also globally.

One of the most detailed earlier surveys of the level of financial literacy in Bulgaria was carried out by the World Bank in 2010.⁶ The data show that almost every second (about 46%) person believes that they have little or no knowledge in the field of finance. The predominantly negative self-assessment corresponds to the results of the questionnaire for an objective assessment of knowledge. The levels of awareness and use of financial products, knowledge of consumer rights, as well as confidence in the financial sector (institutions and financial companies) are relatively low. The results of the survey demonstrate differences between different social/demographic groups. The groups of low levels of financial literacy include the elderly and the youngest (16-17 years of age), people with low income, low level of education, unemployed/low-skilled workers, people living in small settlements, minorities. The 2010 survey also demonstrated that in this period the majority of households do not have savings, over a third fail to compile their own budget, and most of the people could not cover an unplanned financial obligation in the amount of BGN 1,500. (EUR 750).

³ <http://www.oecd.org/daf/fin/financial-education/2018-INFE-FinLit-Measurement-Toolkit.pdf>

⁴ OECD (2020), Financial Literacy of Adults in South East Europe - <https://www.oecd.org/finance/Financial-Literacy-of-Adults-in-South-East-Europe.pdf>. The methodology used for the study belongs to the OECD/INFE: OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion This toolkit is used globally to measure the level of financial literacy and financial inclusion, and is welcomed by G20 leaders in 2013.

⁵ OECD (2020), OECD/INFE 2020 International Survey of Adult Financial Literacy - <http://www.oecd.org/financial/education/oecd-infe-2020-international-survey-of-adult-financial-literacy.pdf>.

⁶ World Bank. (2010), Financial Literacy Survey: Report on the key findings of the survey <http://documents1.worldbank.org/curated/en/777811468026360561/pdf/698720ESW0P10101garia0FinLit0Report.pdf>.

A subsequent financial literacy survey conducted globally in 2014 estimated that 35% of Bulgaria's adult population is financially literate, which ranks Bulgaria 72nd in this survey out of 144 countries participating in the survey.⁷

In 2016, Junior Achievement, with the strategic partnership of the Ministry of Education and Science and using the OECD Methodology, conducted a national study on the level of financial literacy of Bulgarian students. More than 3000 primary, secondary and high school students from 200 schools from all over the country took part and completed online questionnaires in the computer offices of their schools in the presence of a teacher. In addition to establishing the level of financial literacy, the study aimed to identify the most significant gaps in students' knowledge and skills to serve as a basis for setting up targeted educational programmes. Questions from the OECD Programme for International Student Assessment were included in the questionnaire for high school students. The results generally show that the financial topics introduced with the new subject "Technology and Entrepreneurship" will not be entirely new and unknown to students whose level of financial literacy can be defined as satisfactory. But some of the topics require more in-depth and structured financial education, which demonstrates the interconnections between different areas.

In 2017, Junior Achievement Bulgaria also conducted a national representative study of the financial vulnerability of Bulgarian households, jointly with MetLife Bulgaria. The aim of the study was to investigate financial vulnerability as a consequence of the level of financial literacy in the country. The results confirm that compared to Europe, the financial vulnerability in Bulgaria is 33% higher (3 out of 4 Bulgarian households are financially vulnerable), but also stems from insufficient financial literacy (64% of households in Bulgaria do not have savings; 38% do not compile a budget for any reason – neither for periods nor for certain events; 35% say that they have financially dependent persons, but 28% of them neither save nor have life insurance; 28% of households do not get informed on financial issues, and 32% rely on information from relatives and acquaintances instead of financial professionals).

The results of the Financial Literacy Module - PISA 2018 - were announced on 7 May 2020. Measuring financial literacy through PISA is focused on how 15-year-old students apply financial knowledge and skills acquired inside and outside school. The financial literacy assessment in 2018 was conducted for the third time in the history of the PISA study. 20 countries/regions participated in this assessment. In 2018, Bulgaria participated for the first time in the assessment of the financial literacy of students, which helped to compile the necessary policies in this area. With a score of 432 points, Bulgaria ranks 16th among the 20 countries/regions participating in the survey. With an average financial literacy score of 505 points, the achievement of Bulgarian students demonstrates the need for educational intervention in this direction.⁸

⁷ Klapper, L. (2015), *Financial Literacy Around the World: Insights from the Standard & Poor's Rating Services Global Financial Literacy Survey*.
https://responsiblefinanceforum.org/wp-content/uploads/2015/12/2015-Finlit_paper_17_F3_SINGLES.pdf.

⁸ Out of the 20 countries and regions participating in the PISA 2018 survey, 13 are OECD members (Australia, seven Canadian provinces, Chile, Estonia, Finland, Italy, Latvia, Lithuania, Poland, Portugal, Slovakia, Spain and the United States) and 7 are non-members – Brazil, Bulgaria, Georgia, Indonesia, Peru, Russia and Serbia. See: OECD (2020), *PISA 2018 Results (Volume IV): Are Students Smart about Money?*, PISA, OECD Publishing, Paris, <https://doi.org/10.1787/48ebd1ba-en>. Summary of the results of Bulgaria's participation in financial literacy module in PISA 2018 was prepared by Natalia Vasileva, National Coordinator for PISA 2018, Centre for

In 2020, a national representative survey of the Association of Bulgarian Insurers was conducted: “Attitudes towards insurance and insurance literacy.”⁹ The results confirm that insurance literacy is generally unsatisfactory, with an average of 53% of all questions answered correctly. There are sharp differences between individual social groups. For example, the correct answer rate for people with tertiary/semi-tertiary education is 65% and the rate for people with primary/lower education is 29%. The survey aims to explore the level of confidence in the insurance sector, familiarity with and use of insurance products, consumer choice factors, sustainable attitudes towards insurance. The study contains a separate component “Insurance literacy”¹⁰, which examines the subjective and objective level of knowledge in the field of insurance. The data demonstrate an increase in the confidence in the insurance sector, as well as a relatively high level of understanding of the benefits of insurance, but there are clear deficits in informed consumer choice.

In *conclusion*, the results of the studies on the level of financial literacy over the last ten years show that considerable efforts are needed to increase it, such as the priorities and objectives of this Strategy. Analysing these results in detail helps to better define the measures and actions to be taken at national level in the field of financial literacy.

Evaluation in Preschool and School Education, Sofia 2020: http://copuo.bg/upload/docs/2020-05/FinLit_PISA2018_BGR.pdf.

⁹ http://www.abz.bg/bg_BG/zastrahovatelyen-pazar/proychvane-na-abz-ima-pozitivni-tendentzii-po-otnoshenie-na-doverieto-kum-zastrahovatelniya-sektor-1222.html.

¹⁰ http://www.abz.bg/bg_BG/news/proychvane-na-abz-zastrahovatelnata-kylyra-na-bulgarite-ostava-sravnitelno-niska-1232.html.

Where are we – the level of financial literacy in Bulgaria in 2019-2020

In order to better position Bulgaria in the region and on the global financial literacy map, we will pay attention to the data from the latest comprehensive OECD surveys, which were conducted both in South East Europe and globally, and the results of which were published in early 2020.¹¹

The analysis of the data from the study “Financial Literacy of Adults in South East Europe” points to some important trends. The level of basic financial knowledge of Bulgarians remains low (58%), with less than half of the people (47%) covering the basic minimum of correct answers (5 out of 7 questions). In the self-assessment of their own financial knowledge, 48% of respondents defined their level as average and 10% — as high.

Study data confirm the trend (which is valid for many other countries) of previous surveys to overestimate own knowledge, which carries risks and is a prerequisite for wrong financial decisions. The data also show that Bulgarians are doing relatively well with the short-term management and control of their finances. However, to a lesser extent than other countries in the region they plan long-term – they rely mainly on the state for their pension period (78.6%). A significant part of people save (77.6% vs. 67% on average in the region), with savings mainly held in cash or in bank deposits.

Data from the study also show significant differences between different social groups. The lowest overall score for financial literacy is for young people – 53% compared to 61% for people aged 30-60 and 57% for people over 60. Even more serious is the difference in the “working-unemployed” axis, where the difference in results reaches nearly 20%. On the other side are the owners of small and medium-sized businesses – they are significantly more financially literate than the national average, reaching a total score of 68%.

Figure 1 presents results on the level of financial literacy for Bulgaria, compared to countries in the South East European (SEE) region. The data are presented as a percentage of the maximum possible result for the three components of financial literacy (financial knowledge, financial behaviour and financial attitudes) as well as the average overall level of financial literacy for each analysed country (in parentheses). The maximum possible result is 100%, using as a basis all respondents who have answered the questions according to the OECD methodology.

¹¹ See again OECD (2020), Financial Literacy of Adults in South East Europe - , <http://www.oecd.org/financial/education/Financial-Literacy-of-Adults-in-South-East-Europe.pdf> and OECD (2020), OECD/INFE 2020 International Survey of Adult Financial Literacy - <http://www.oecd.org/financial/education/oecd-infe-2020-international-survey-of-adult-financial-literacy.pdf>.

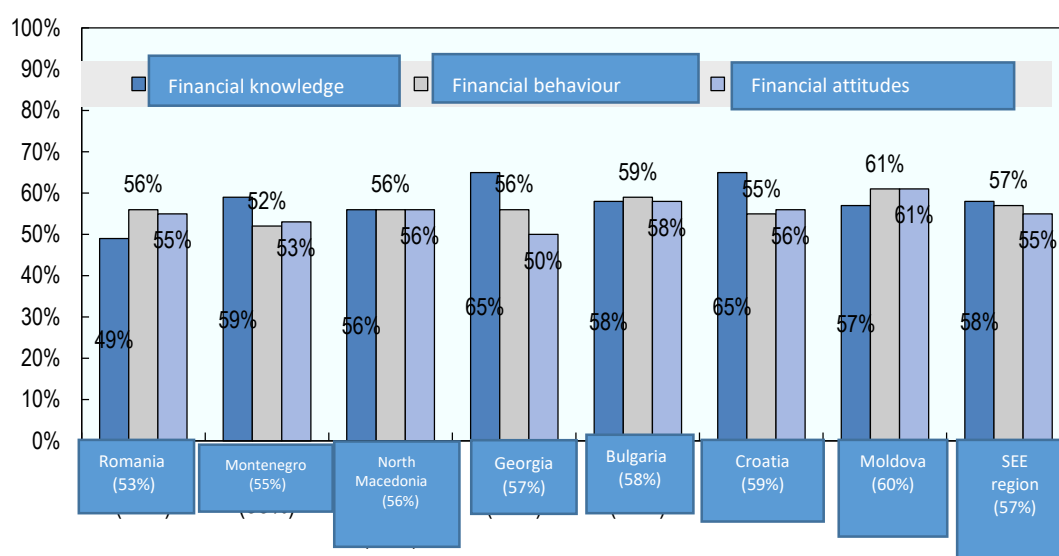


Figure 1: Components of Financial Literacy for South East Europe¹²

Source: OECD (2020), Financial Literacy of Adults in South East Europe

The results of the analysis show that the level of financial literacy in Bulgaria is about or slightly above the average for the surveyed countries in the South East European region. This applies both to the overall level of financial literacy and to the individual components of financial literacy. Of the seven countries in the region, Moldova has the highest score, while Croatia's score is slightly above Bulgaria's. The other four countries in the region register a slightly lower level of financial literacy, but again within limits that are close to those for Bulgaria.

It is important to make a comparison not only with the countries in the region, but also where Bulgaria is globally. The OECD Global Survey data published in 2020, presented in **Table 1**, have been used for this purpose.

Table 1: Financial literacy components in % (maximum score = 100)¹³

Country	Total: Financial literacy	Financial knowledge	Financial behaviour	Financial attitudes
Hong Kong, China	71.1	88.2	64.8	58.3
Slovenia	70.0	68.7	69.6	72.5
Austria	68.5	76.0	66.3	61.9
Germany	66.1	73.7	62.9	61.2
Estonia	63.5	70.7	58.8	62.1
Indonesia	63.5	53.2	69.7	66.8
Portugal	62.3	56.8	65.2	64.9

¹² Based on all of the respondents: for financial knowledge, financial behaviour and financial attitudes, as a percentage of the maximum possible result for the three components of financial literacy and on average for the three components of overall financial literacy (indicated in parentheses).

¹³ OECD (2020), OECD/INFE 2020 International Survey of Adult Financial Literacy.

Poland	62.1	71.1	60.6	52.4
South Korea	62.1	65.7	59.8	61.3
Czech Republic	62.0	64.9	59.1	62.9
Moldova	59.8	55.6	60.6	61.4
Malaysia	59.7	52.3	68.1	54.9
Russian Federation	59.6	68.7	54.6	56.0
Hungary	58.8	65.6	49.9	65.1
Croatia	58.6	63.4	55.5	55.6
Bulgaria	58.5	56.9	59.3	57.6
Peru	57.6	58.0	56.5	58.9
Georgia	57.6	62.5	56.3	50.0
Republic of North Macedonia	56.1	56.1	56.2	56.1
Montenegro	54.5	56.7	52.3	52.8
Colombia	53.5	54.9	53.2	52.0
Romania	53.4	48.3	55.7	54.7
Italy	53.0	56.1	46.3	61.0
OECD-11 average*	62.0	65.8	59.2	61.6
Average	60.5	62.8	59.2	59.2

* Average for 11 OECD member countries that have participated in the global study

The data show that there is a level of financial literacy in Bulgaria, as measured by the OECD methodology, which is below the average for the world and the OECD member countries that have participated in this study. Very close to the results for Bulgaria (slightly above or slightly below those for the country) are Moldova, Malaysia, the Russian Federation, Hungary, Croatia, Peru and Georgia. Only by the indicator of financial behaviour does the country record a level that is around the average for the world and the OECD member countries that have participated in the study.

As a general conclusion, while Bulgaria is comparable to the countries of the region, its level of financial literacy is lower than the one of most of the other Member States of the EU, as well as compared to OECD member countries. Targeted and effective policies and programmes to increase financial literacy in the country are needed in this regard, focusing both on the most immediate actions and the long-term perspective.

Mapping of the activities in the field of financial literacy in Bulgaria

Mapping of financial literacy activities is also an important element that should precede the development of the National Strategy for Financial Literacy. Such a description of the activities already carried out and their grouping by priority or type of activities makes it easier to map what has been achieved so far, to identify successful practices and existing deficits and on this basis to outline priorities for the future period. The updating of mapping should also continue during the implementation of the Strategy and its Action Plan.

The first more comprehensive mapping of activities in the field of financial literacy in Bulgaria was carried out by the Financial Literacy Initiative Foundation within the framework of a project funded by the NGO Support Programme in Bulgaria under the Financial Mechanism of the European Economic Area. It was published in the framework of the “White Book on Financial Literacy in Bulgaria”, which covers information and data up to February 2016.¹⁴ The White Book describes and systematizes the current resources in Bulgaria in the field of financial literacy, as well as the organizations, institutions and companies that provide them. A good example of systematisation of available resources in the field of financial literacy is also the website <http://www.finansovogramoten.bg/>.

When establishing the Interdepartmental Working Group on Financial Literacy at the Minister of Finance in the beginning of 2019, the institutions and organizations represented in it provided detailed information about the activities carried out by them, as well as about the target groups they are aimed at. The collection of this information and its systematisation have helped the drafting of this Strategy.

Within the framework of the 5-year joint project (2018-2022) regarding the countries of South East Europe on financial literacy with OECD/INFE and the Ministry of Finance of the Netherlands, in which Bulgaria participates, a document on the mapping of financial education in the country was also drawn up.¹⁵ The document was prepared by OECD representatives and agreed upon within the framework of the Interdepartmental Working Group on Financial Literacy. The recommendations in this document are also taken into account in the drafting of the Strategy.

More information on the achievements so far in the field of financial literacy in the country will be published on the website of the Ministry of Finance.

Digitisation and financial literacy

The digital technologies are entering all spheres of modern people's lives, but the population in Bulgaria still does not use them enough in the field of financial services or to improve its financial literacy. The new technologies give rise to additional challenges for some vulnerable groups of the society which, in addition to not being financially literate, are not digitally literate or lack sufficient resources and capabilities to take advantage of these opportunities.

At the same time, the new technologies provide many new and diverse opportunities and methods to improve the financial literacy of the digitally active people, especially among the younger or more active population.

The new technologies also provide more opportunities for faster and more diversified consumption of services and goods. However, this may cause problems regarding financial discipline, leading to problems with the financial stability of individual households or consumers. Therefore, the digitally active part of the population must also be financially literate,

¹⁴Financial Literacy Initiative Foundation (2016), White Book on Financial Literacy in Bulgaria, funded with the support of the NGO Programme in Bulgaria under the Financial Mechanism of the European Economic Area, Sofia, Bulgaria, <http://www.financialliteracy.eu/public/uploads/files/f8e5f3a361d08de3a346c139e97d9ee0.pdf>.

¹⁵ OECD (2019), Financial Education Mapping of Bulgaria: OECD/INFE Technical Assistance Project on Financial Education through the Constituency Programme of the Ministry of Finance of the Netherlands, Paris.

for which it is necessary to develop and implement specially designed educational programmes suitable for the digital environment.

The digitisation of financial products and services requires an improvement in financial literacy. It is necessary to be identified and promoted initiatives that enhance the digital and the financial literacy, complying with the characteristics, advantages, but also the additional risks associated with the digital services and products. The programmes, the activities and the projects at national level in this field should comply with the international standards and guidelines in this field.¹⁶

A regulatory framework should be put in place to protect the interests of the consumers of financial services during the use of the new technologies and the technological solutions. One of the topics where specific interest should be directed is the use of cryptoassets.

Digitisation issues are relevant to each of the priorities included in this strategy. Digital technologies are one of the main channels for implementing actions in order to increase financial literacy among different groups of the society, and knowledge of digital financial products and services (digital financial operations) is crucial in today's increasingly digitised economy. The raising of awareness regarding the new opportunities of the digital financial services and products, as well as protecting against the new risks associated with them, can be achieved by providing appropriate content and training tailored to individual target groups.

Coordination mechanism for financial literacy in Bulgaria

In Bulgaria, an interdepartmental coordination mechanism on financial literacy was established for the first time in 2013. It was based on the interdepartmental working group with broad participation of all interested parties, under the leadership of the Deputy Prime Minister for Economic Development and with supporting functions from the Ministry of Finance. Several meetings and initiatives have taken place under this mechanism and an initial version of a financial literacy strategy has also been developed.

In 2019, the interdepartmental coordination mechanism on financial literacy was re-established by an order of the Minister of Finance. The interdepartmental working group is headed by the Deputy Minister of Finance and the support is carried out by the Financial Market Regulation Directorate at the Ministry of Finance.

Representatives of key institutions and organisations with competences in this field - executive institutions, supervisory authorities, other financial sector institutions, financial services and consumer protection branch organisations, NGOs in the field of financial literacy, etc. participate in the interdepartmental working group established in 2019. In order to carry out the functions of the interdepartmental coordination mechanism successfully, regular updating of the composition of the working group is necessary. The Interdepartmental Working Group will play a leading role in reporting and analysing the implementation of this strategy and its action plan.

¹⁶ See for example: OECD (2018), *G20/OECD INFE Policy Guidance on Digitalisation and Financial Literacy*, <http://www.oecd.org/finance/G20-OECD-INFE-Policy-Guidance-Digitalisation-Financial-Literacy-2018.pdf>. These Guidelines of the Digitisation and Financial Literacy Policy were discussed at the meeting of the Finance Ministers and the Central Bank Governors of the G20 in Buenos Aires, Argentina, on 19-20 July 2018.

Key priorities and target groups of the National Strategy

This section sets out the key priorities and target groups in regard to which the National Strategy for Financial Literacy aims to make progress in the implementation of the measures. These are not the only directions under which activities and initiatives in the field of financial literacy should be implemented. However, they are aimed at addressing the main problems identified in the surveys carried out.

Key priorities

The key priorities of the National Strategy for Financial Literacy are aimed at building:

- knowledge and skills for short-term management of personal finances and financial control: budgeting and control of household expenses, timely servicing of obligations, reasonable estimation of commitments and purchases.
- knowledge and skills in risk management and building financial resilience.
- financial planning knowledge and skills in the medium and long term: setting objectives, saving and investing, including for the purpose of securing the pension period.
- knowledge and skills for the prudent use of financial products and services.
- awareness of financial products and services: knowledge of the nature, opportunities and risks inherent in the respective products and services, ability to make informed choices of products and services appropriate to the needs.
- awareness of the rights and obligations of consumers of financial services and consumer rights protection mechanisms.
- knowledge and skills on the use of digital technologies to increase financial literacy.

To be effective, financial literacy policies and interventions must be systematic, far-reaching, sustainable and result-oriented. Specific measures are envisaged for each of the priorities in the Action Plan of the National Strategy. Each measure contains a brief description of the activity, additional information, target groups, performance indicators, responsible institutions and organisations, as well as a timetable for its implementation.

The objective of this strategy is through the set priorities and measures for their achievement to maintain and gradually increase the overall level of financial literacy, which is currently measured at 58% according to the OECD methodology, as well as the individual components thereof, namely financial knowledge (58%), financial behaviour (59%) and financial attitudes (58%), respectively to bring the level of financial literacy in Bulgaria closer to average one of the EU and the OECD.

The key priorities of the National Strategy for Financial Literacy are:

1. Developing framework of competences in the field of financial literacy;
2. Developing content and providing opportunities for free access to educational and information resources and their promotion, including through digitalisation
3. Increasing the financial literacy of pupils and students;

4. Increasing financial literacy and stimulating financial inclusion of vulnerable groups and other society groups.

Priority 1: Developing framework of competences in the field of financial literacy

The current development of educational activities is characterised by dynamism, significant technological changes and continuous mobility. Educational systems are urgently looking for effective tools to measure and mutually recognise knowledge, skills and competences, addressing the creation of frameworks of competences.

The main benefits of developing a framework of competences in the field of financial literacy are the following:

- it is an instrument contributing both to building the necessary knowledge, skills and competences, easily measurable and comparable, and to organising a process of their evaluation;
- enables the development of learning content;
- provides an opportunity for periodic surveys regarding the level of competences and provides a source of information regarding the needs of development of competences;
- provides primary information that serves to develop strategies, plans and other operational documents addressing the needs of development of competences.

Defining the competences in the field of financial literacy, tailored to the specificities of individual target groups, is fundamental to the development of the educational interventions envisaged in the strategy, as well as to the offering of quality education and training in the field of finance. The identification of competences will support the process of creating appropriate educational content for the respective target group.

It is necessary to identify the thematic areas on which the National Strategy for Financial Literacy will focus. This means defining strictly the framework of competences, such as: income and savings, investments, long-term planning, retirement and pensions; consumer protection in the financial field; risks and insurance.

Once the basic scope of the framework of competences is specified, it is important to define precisely the content for each of them in the light of their specific needs and demand. In order for communication with individual target groups to be effective, it is essential that the content assigned to each target group be adapted and translated through the appropriate channels for the respective audiences.

Another significant point is to set specific measurable targets at the outset and to draw up an operational plan to achieve them with targeted results. This will allow the progress made to be quantifiable.

The National Strategy for Financial Literacy brings together and builds on existing strategic documents and directs the fragmented efforts and programmes made over the years in this regard. Attempts to use financial literacy programmes to promote financial products and services must be limited and comply with international standards in this area.

The identification of the competences will take place within the Interdepartmental Working Group on Financial Literacy, involving all responsible institutions and organisations in this process. If necessary, additional financial literacy experts and professionals will be involved.

Priority 2: Developing content and providing opportunities for free access to educational and information resources and their promotion, including through digitalisation

The development of educational products tailored to the framework of competences and to the specificities of the relevant target groups (both content and information channels) is essential for the effectiveness of educational interventions in increasing financial literacy. The results of the mapping of the existing initiatives show that students are the most actively addressed target groups, while for the other target groups interventions are rather sporadic. The reasons for this are the lack of adequate educational resources and insufficient use of available resources.

Educational content needs not only to be devoid of marketing messages, but also to comply with established standards (competence framework) and the specificities of the target groups. Another crucial point is the provision of free access to educational resources to ensure the higher coverage of the educational intervention.

Different approaches are available to achieve these priority objectives: creation of a free resource platform with modulated educational content that can be used individually, on the principle of blended learning or by trainers (and provision of a resource for training of trainers); creation of targeted resource platforms; use of existing resources and their possible adaptation, as well as taking active actions to promote them. It is also necessary to develop and implement a mechanism for assessing the effectiveness/impact of educational measures. These activities are also envisaged to be coordinated within the Interdepartmental Working Group on Financial Literacy.

The creation of a single platform or portal for financial literacy resources and activities will be a priority focus of the efforts of institutions and organisations in the area of financial literacy. The creation of this portal will require technical support from international institutions and organisations.

Creating a sustainable public understanding of the connection between financial literacy and quality of life is a prerequisite for establishing a more active position in terms of targeted search and use of educational resources. It is important for society to be informed about training opportunities and available educational and other resources and to have easy access to them. To this end, various forms of activities will be organised: information campaigns, events, competitions and more.

Priority 3: Increasing the financial literacy of pupils and students

Increasing the financial literacy of target groups pupils and students is particularly important in view of several factors: on the one hand, the registered low levels of financial literacy and, on the other hand, a long life horizon with all the resulting challenges and opportunities. The young generation will need to be able to manage money in the coming years in a context of greater unpredictability, greater personal responsibility for their own well-being, a more complex financial environment (including digital) and greater pressure for consumption.

Financial literacy through the school education system is generally highly effective due to the ability to ensure the scale and sustainability of the intervention. In general, the measures in this field are:

- Analysis and revision of current curricula and programmes for general education.
- Updating and/or developing new learning content/methodological materials/digital platforms and stimulating the use of existing resources.
- Training and qualification of pedagogues entrusted with the teaching of financial literacy (personal finances) in several aspects – increasing personal financial literacy, personal finance management skills and increasing knowledge and teaching skills on this topic.

Irrespective of the achieved results and the availability of targeted learning content (educational programmes backed up by teaching materials - aids for students and teaching manuals for teachers), the scope of financial education in the general education system (section A) still needs to be developed. Although financial literacy is part of classes in different disciplines, lessons on this topic can still be considered insufficient in curricula. Although individual schools and school management bodies are taking the initiative to introduce elective financial literacy subjects in sections B and C of their school curricula, there is still insufficient activity in this regard. Therefore, it is recommended to make greater use of elective and optional lessons for targeted financial literacy training

Financial literacy through the higher education system also needs to be addressed more actively, given on the one hand the life stage of young people and on the other the practical lack of sustainable training in the area of personal finances. In practice, young people are already in a situation of assuming responsibility for managing their personal finances, they are about to make substantial financial decisions that can predetermine their future well-being and they need to be informed.

The autonomy of higher education is a factor in increasing the financial literacy among students in terms of the design of the curricula of the different specialities in the different higher education institutions. Following the normative requirements for structuring the curriculum, there is an opportunity for partial or full inclusion of subjects in the field of financial literacy in elective or optional subjects, should academic management bodies be willing to do so. There is an opportunity, based on the expectations for increasing the practical preparation of students and strengthening the relationship with employers' organisations, experts to participate as guest lecturers on specific topics dedicated to financial literacy, regardless of the professional field in which students are trained. Another possibility is the development of research at higher education institutions in the field of financial literacy.

The financial sector plays a key role in the process, not only as a financial service provider, but also as a potential employer of trainees. In this sense, it is appropriate to organise an adequate process of knowledge transfer and discussion of current topics with students, which may have different manifestations: short-term internships; open-door days; digital educational resources; podcast.

The use of non-formal forms of learning is also a possible approach. For this purpose, other learning channels may be established or the existing ones may be developed outside the

education system. Libraries, community centres and other cultural and educational centres can be cited as examples. Provided that educational products are developed and quality training of trainers is ensured, significant results can be achieved, including addressing other target groups, even young people outside the education system.

It is also a priority to strengthen the actions and include personal finances subjects in *pre-school education system*. In this way, an understanding of the importance of managing personal finances will be developed from an early age.

Priority 4: Increasing financial literacy and stimulating financial inclusion of vulnerable groups and other society groups

The results of the latest surveys show serious differences in the level of financial literacy of individual social groups. Low levels of financial literacy are common amongst the groups of people with lower education, those with low income, those living in small settlements, as well as the adults. Low financial literacy is associated with inefficient or missing inclusion in the financial system with all the resulting negative consequences, a higher level of risky financial behaviour, and greater dependence on the social system. One of the most significant results of this is the lower quality of life of these groups. Appropriate educational intervention would have a positive effect not only at individual level, but also in reducing pressure on the social system.

Increasing the financial knowledge and skills of the population is indispensable, especially for disadvantaged groups. This is a major challenge as these target groups are characterised by inhomogeneity, consisting of persons with specific financial training needs, driven by gender, age, social and economic status, education and residence differences. It is necessary to create educational products that are tailored to the specifics of the target groups and to initiate programs through which trainings are conducted. There is also a need to raise awareness among these groups regarding the learning opportunities as well as the benefits and effects of such training. In order to ensure the effectiveness of initiatives, the involvement of state institutions working with the relevant target groups is essential.

In response to these challenges, activities will be undertaken to develop, implement and make available free of charge an electronic tool for identifying, measuring and evaluating basic financial knowledge and skills in the areas of personal finances management, family budget, taxes, social security and pension funds, insurance and banking, as well as e-learning for acquiring competences in financial literacy. The inclusion of unemployed people in specific vocational training courses in Finance, Banking and Insurance and Accounting and Taxation on the Vocational Education and Training List will be encouraged. Upon registration with the territorial divisions of the Employment Agency, jobseekers (unemployed; employed; students wishing to work during their free time; persons entitled to a retirement and age pension, persons receiving an occupational early retirement pension under Art. 168 of the Social Security Code, an old-age pension in another country or a reduced retirement pension under Art. 68a of the Social Security Code who do not work), including persons from vulnerable groups (unemployed young people, young people who neither study nor are employed (NEET's), early dropouts from the education system, financially vulnerable groups such as long-term unemployed persons, unemployed persons on social assistance, unemployed persons and persons with primary and lower education, unemployed people with permanent disabilities, unemployed people over the age of 50) will be informed about the possibilities for increasing financial literacy.

Demographically, population ageing is proving to be a long-lasting social process for European countries, including Bulgaria. According to the forecasts of the National Statistical Institute (NSI), the share of the population in the Republic of Bulgaria aged over 65 will increase from 17.7% in 2010 to 31% in 2060. The adverse demographic trends of ageing population and their impact on social development require the mobilisation of state institutions and civil society and call for targeted interventions, complementary policies, as well as quality development of human capital. It is particularly important that these interventions are long-term and complex in order to achieve sustainable results.

Despite the strong urbanisation of the population, about a third of the people over the age of 60 live in villages. The high territorial dispersion of the adult population poses a challenge to the provision of and access to services (social, health, training, etc.). At present, many free financial literacy resources are available on the Internet, which are an appropriate alternative in view of the challenges identified. According to NSI data from the 2019 survey on the use of information and communication technologies (ICT) in households and by individuals, 75.1% of households in Bulgaria have access to the Internet in their homes, with almost 51% of people of pre-retirement age (55-64) and 20% of people aged 65-74 regularly using the Internet (every day or at least once a week). In this regard and in view of the digitisation in the financial services sector efforts should be made to promote the use of ICT by people in retirement age and to provide additional training opportunities at local level.

Target groups

Financial literacy and financial education are important for every member of the society. In this regard, this National Strategy is aimed at all citizens in the country and all groups of society. It concerns both people with higher and lower incomes; people who already have a certain level of financial literacy, and those who need basic knowledge of how to manage their finances; people from big cities and rural areas.

Nevertheless, some of the priorities and measures in the National Strategy are aimed at specific target groups, namely:

- ✓ **Children and pupils in all stages of school education**
- ✓ **Students**
 - students in economic specialities
 - students in non-economic specialities
- ✓ **Pedagogues, academicians and financial literacy teachers (mentors, volunteers)**
 - Pedagogical specialists and persons teaching in pre-school and all stages of school education
 - Teachers at higher education institutions or other persons teaching financial literacy in the higher education system
 - Persons teaching financial literacy to other target groups
- ✓ **Economically active population**
- ✓ **Vulnerable groups facing a higher risk of poverty, social and financial exclusion, such as:**

- Unemployed and long-term unemployed persons
- Low-income earners
- Poorly educated persons
- Persons in pre-retirement and retirement age
- Other vulnerable groups

Vulnerable groups are groups that face a higher risk of poverty and social exclusion compared to the general population. Vulnerable groups are groups or communities of people who are at risk or are in a disadvantaged situation and who should receive additional support. A vulnerable group may comprise persons that, due to their economic situation, educational level, gender or age, need additional efforts to integrate and develop into society.

Financial education is important for the entire life cycle of the individual citizen or consumer. From the first decisions on how to save and what to spend money on in school years, to how to ensure a better life and decent old age during retirement. There are also some key events in the life cycle that people need to prepare for specifically because they can significantly affect their financial situation over a long period of time. Such events in life are, for example, marriage, buying a home through a mortgage, giving birth to and raising a child, possible long period of unemployment and others.

Financing of activities

In order to implement the priorities and measures of the National Strategy for Financial Literacy and its Action Plan, it is necessary to ensure sustainable and sufficient financing. Financing for financial literacy activities cannot be provided from just one or a limited number of sources, but must rely on funds from a variety of types of budgets, programmes and projects.

Better planning of activities at national level, which is also one of the tasks of this National Strategy, will more effectively target and optimise the allocated funds and resources for improving the financial literacy of the population, as well as help avoid possible duplication of activities and financing. Activities are expected to be funded through a combination of sources and programmes.

The main financing tool for financial literacy activities will be provided depending also on measures planned through the following sources:

- *Public institutions.* The Ministry of Finance, the National Revenue Agency, the Consumer Protection Commission, the Financial Supervision Commission, the Bank Deposit Insurance Fund and other public institutions and supervisory authorities are already allocating funds under their budgets and other resources to support their activities to improve financial literacy.
- *Branch organisations in the financial sector and financial institutions.* Branch organisations in the financial sector are increasingly allocating funds and resources, as well as making further efforts to improve consumer financial literacy in the relevant financial services sub-sector.¹⁷ Many financial institutions in the country also allocate funds and resources to improve financial literacy, most often as part of their corporate social responsibility strategy.
- *Financing of non-governmental sector activities.* In Bulgaria, there are a number of NGOs that raise funds and carry out activities aimed mainly at improving the financial literacy in the country.
- *Public-private partnerships.* Public-private partnerships can be used as a successful model for financing many programmes and activities in the field of financial literacy.
- *Funding under EU programmes and projects.* Financial literacy policy and the exchange of good practice between the Member States of the EU is an increasingly recognisable common European objective. In this regard, it is also possible to seek funding from EU programmes and projects.
- *Donor funding.* Many significant activities aimed at improving financial literacy activities have been implemented with the help of donor programmes and projects.¹⁸

¹⁷ Branch organisations in the financial sector generally implement their own programmes and activities to improve financial literacy. There are also coordinated actions between them, such as the signing at the end of 2017 of a Memorandum of Understanding between eight leading branch organisations in Bulgaria to establish a sustainable partnership in initiatives to increase the financial and economic literacy of students in the Bulgarian education system.

¹⁸ Examples in this regard are the 5-year joint project (2018-2022) on financial literacy implemented by OECD/INFE and the Netherlands Ministry of Finance, with the technical help of which this National Strategy and its Action Plan have been developed; the NGO Support Programme in Bulgaria of the Financial Mechanism of the

- *Other forms and sources of financing.*

The Action Plan to the National Strategy for Financial Literacy (2021-2025) does not provide for specific financial resources for the implementation of each of the measures. Measures and their implementation have a long horizon. As a general rule, in the implementation of programmes and activities, it is necessary to have an interim assessment of their effectiveness before planning further actions and their financing. It is also not possible to include in the Action Plan all the resources, some of which are about to be planned in a medium-term period, that could be provided by the government, non-governmental and private sectors. Some of the activities will require European and donor funding that is about to be negotiated. In the short term, mainly measures and actions of an organizational nature are envisaged.

The financing of the specific measures and activities of the Action Plan will be provided from the budgets of the respective institutions and organisations which are responsible for their implementation.

In order to implement the objectives of the National Strategy, the Ministry of Finance, as the coordinating institution in this field, plans to organise and finance an annual event in the country, attended by all interested institutions, organisations and individuals. The aim of this event will be to regularly discuss the implementation of priorities and objectives in the field of financial literacy, coordinate actions and outline the most important challenges in this area.

European Economic Area, which organized the study on the 2016 White Book on Financial Literacy in Bulgaria and many others.

Monitoring of implementation and impact assessment

The implementation of this National Strategy for Financial Literacy and its Action Plan should be monitored on an ongoing basis in order to take into account the progress made, to define the existing risks and to assess any need to update the priority activities. This monitoring should be carried out in several directions:

- *Every six months*, institutions and organisations that are members of the Interdepartmental Working Group on Financial Literacy will provide brief reporting on the implementation of the priorities and activities of the National Strategy and its Action Plan. This will help to frequently update information on the implementation of the activities.
- At each second six-month reporting of activities, the Ministry of Finance will prepare an *annual report* on the implementation of the National Strategy and its Action Plan, which will be submitted to a meeting of the Council of Ministers for approval for the purposes of greater transparency and accountability during the implementation of the activities.
- Upon expiry of the time period for implementation of the Action Plan to this National Strategy, *an assessment of the impact* of its implementation and the implementation of the Strategy as a whole will be carried out. The results from the assessment will help, if necessary, to update the National Strategy, in parallel with the elaboration of a new Action Plan to it, taking into account the achievements during the past period, as well as using the conclusions of the positive elements and the possible shortcomings in the implementation of the Strategy.

Impact assessment should be carried out not only in regard to the National Strategy, but also to the individual programmes and projects that are enshrined in it. The responsibility for this accountability will lie with the institutions and organisations implementing the relevant programmes and projects.

Definition and significance of financial literacy

Definition of the term “financial literacy”

In order to understand better the significance of financial literacy, it is important to define it appropriately. There is also a need to clarify a number of other terms that relate to and closely interact with financial literacy, such as financial education, financial inclusion, financial well-being, financial resilience, protection of the consumers of financial services, etc. For this purpose, we will use the definitions given to these terms by the OECD, whose standards and recommendations in this field are generally accepted globally.

Financial literacy is most often defined as a combination of financial awareness, knowledge, skill, attitude and behaviour that is needed to make sustainable financial decisions and to achieve individual financial well-being as the ultimate goal.¹⁹ Financial literacy is increasingly recognised as an important individual skill in people's lives. The need to increase financial literacy is driven by a number of factors such as the supply of increasingly numerous and complex financial products, the emergence of new risks for the consumers of financial services, the rapid development of the financial sector, the increase in the number and types of consumers of financial services and financial institutions.²⁰

In the OECD Methodology for Measuring Financial Literacy and Financial Inclusion (the Methodology²¹), financial literacy is measured by three constituent elements (components): financial knowledge, financial behaviour and financial attitudes. More information about them is contained in the additional text below.

In the beginning, financial literacy policies focused primarily on financial education. **Financial education** is defined by the OECD in 2005 as the process by which consumers of financial services and investors improve their understanding of financial products, concepts and risks by developing, through information, instructions or objective advice, skills and confidence to gain greater knowledge of financial risks and opportunities, to make informed choices, to know who to turn to for help, and to take other effective actions to improve their financial well-being.²² Financial education as a concept continues to play a leading role in the definition and policies regarding financial literacy. In recent years, however, the term financial literacy has emerged as a more comprehensive concept which in addition to financial education also contains other important components and activities.²³

Additional Text

¹⁹ Atkinson, A. and F. Messy, F. (2012) “Measuring Financial Literacy: Results of the OECD/International Network on Financial Education (INFE) Pilot Study”, OECD Working Papers on Finance, Insurance and Private Pensions, No. 15, OECD Publishing.

²⁰ OECD/INFE High-Level Principles on National Strategies for Financial Education, Endorsed by G20 Leaders in 2012.

²¹ OECD (2018), “OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion”, May 2018, <http://www.oecd.org/daf/fin/financial-education/2018-INFE-FinLit-Measurement-Toolkit.pdf>.

²² OECD (2005), Recommendation on Principles and Good Practices for Financial Education and Awareness.

²³ The new Recommendation of OECD in this area, which brings together several previous recommendations and standards of the Organisation and was adopted in October 2020, also uses the concept of financial literacy. See: OECD, Recommendation of the Council on Financial Literacy, OECD/LEGAL/0461.

Components of financial literacy

Financial literacy is considered to be a complex concept containing three main components: financial knowledge, financial behaviour and financial attitudes.

Financial knowledge as a component of financial literacy is necessary to be able to track news about the economy and financial issues, to compare financial products and services, and to make appropriate and well-informed decisions. Basic knowledge of financial concepts and the ability to apply capabilities for financial calculation provide consumers with the ability to act autonomously in managing their finances, as well as to react to news and events that may affect their financial well-being. Issues which OECD uses in its methodology to measure financial knowledge relate to inflation, living costs, interest rates, the ratio between profitability and risk, investment diversification.

Financial behaviour and the actions of consumers have an impact on financial resilience and well-being, both in the short and long term. Certain types of behaviour, such as late payment of bills, choosing financial products without adequate prior study and comparison, or taking an instant loan accordingly to meet income shortages, are likely to have a negative impact on the financial resilience and the financial well-being of the individual in the long term.

Financial attitudes is the third element that is directly related to the level of financial literacy of the population. It also influences the decisions of consumers of financial services. According to the OECD methodology attitudes to finance are examined by responding to three statements: I find it more satisfactory to spend my income than to save in the long run; I live for the day and let the next day take care of itself; the money is to be spent. The respondents replied to the three statements through a scale of five options — from “I fully agree” to “I completely disagree”.²⁴

Financial inclusion is another concept that is directly related to financial literacy. There is usually a directly proportional dependence between the two concepts. The higher the level of financial inclusion of consumers of financial services, the more financially literate they are as a rule. Financial inclusion is defined as the process of stimulating accessible, timely and adequate opportunities for the use of a wide range of regulated financial products and services, as well as the expansion of their use by all groups of the society. The more extensive use of financial products and services should be implemented through the application of existing and innovative approaches, including financial awareness and education. The aim of financial inclusion is to improve the financial well-being of the individual. Financial inclusion also stimulates the economic and the social inclusion in the society.²⁵ It is analysed through the knowledge and use of a number of financial products, the time elapsed since the recent use of a new financial product, etc.

²⁴ For the components of financial literacy and the questions which are put to the respondents, see: OECD (2020), Financial Literacy of Adults in South East Europe, <http://www.oecd.org/financial/education/Financial-Literacy-of-Adults-in-South-East-Europe.pdf>.

²⁵ Atkinson, A. and F. Messy (2013), “Promoting Financial Inclusion through Financial Education: OECD/INFE Evidence, Policies and Practice”, OECD Working Papers on Finance, Insurance and Private Pensions, No. 34, OECD Publishing.

Financial well-being also occupies an important place in defining financial literacy. The components of financial well-being are determined by a series of questions and answers that seek to highlight how respondents perceive their financial situation, how finances interfere with their lives, how serious their indebtedness is and ultimately whether adults can have a peaceful old age without worrying about their finances. Examples of questions and statements that determine financial well-being:

- how satisfied I am with my current financial situation;
- my financial situation limits my ability to do the things that are important to me;
- I usually worry about being able to pay my daily expenses;
- my finances control my life;
- I am concerned that money will not be enough;
- I have a high level of indebtedness;
- other.²⁶

Financial well-being is also closely linked to **financial resilience**. The financial resilience of an individual consumer or a retail investor is essential to maintain the stability of the financial sector and the real economy and thus to ensure economic and social sustainability of the society. Financial resilience also helps the population and the households to absorb the negative effects of unforeseen crises and shocks in the society, the economy and the financial sector. It contributes to the easier adaptation of consumers to changes and to addressing short-term and long-term risks and challenges.

Significance of financial literacy

The significance of financial education and financial literacy has been recognised for decades. However, over the last ten or fifteen years they have been increasingly targeted and systematic attention has been paid to them.

Financially literate people are the ones who are more responsible and able to plan better their economic and financial future. If financially literate people predominate in a society, the society itself is more stable and balanced. However, no matter how financially literate a society is, it will always have vulnerable population groups for which a targeted policy of improving financial literacy should be pursued. Such vulnerable groups are low-income people, the unemployed, people from small and remote settlements, people of retirement age, etc.

Moreover, financial products and services are constantly evolving, including through the uptake of digital technologies. That raises the need even for financially and digitally literate people who should also continue to improve their financial literacy. Thus financial literacy and financial education should remain a priority throughout the whole life cycle of an individual, while respecting the principle of “lifelong learning”. Financial literacy for children and the younger generation is crucial. Improving financial skills encourages the development of autonomy and discipline, and last but not least a propensity for entrepreneurial behaviour.

An important contribution to enhancing attention to financial literacy has been made by the OECD, which has adopted a number of recommendations, guidelines and standards in this field. The global nature of this organization helps to make these documents widely applicable not only among its member countries, but also among a number of other countries around the world,

²⁶ OECD (2020), Financial Literacy of Adults in South East Europe.

including Bulgaria. Other international organisations and institutions directly concerned with financial literacy issues are the European Union, the World Bank, the Group of the 20 largest economies in the world (G20) and others.

The actions and the measures at a national level in the countries around the world are very well developed. Around 55 countries in the world have already developed and implemented national strategies for financial literacy or financial education. Of these, at least 12 countries are already implementing revised versions of their national strategies, as they draw on the experience of the previous ones and their implementation. These are mainly OECD member countries, including countries that are Member States of the EU. In addition, around 20 other countries are actively developing national strategies, and in another 6 countries these strategies are at the planning stage.²⁷ Thus, in the following years most of the developed economies in the world, where financial products and services are well distributed, shall implement and carry out not only separate actions regarding financial literacy, but also coordinated priorities and measures that are the subject of their national strategies.

Financial education and financial literacy are components of financial services consumer protection in addition to the regulation of financial services and the control carried out by the relevant supervisory authorities.

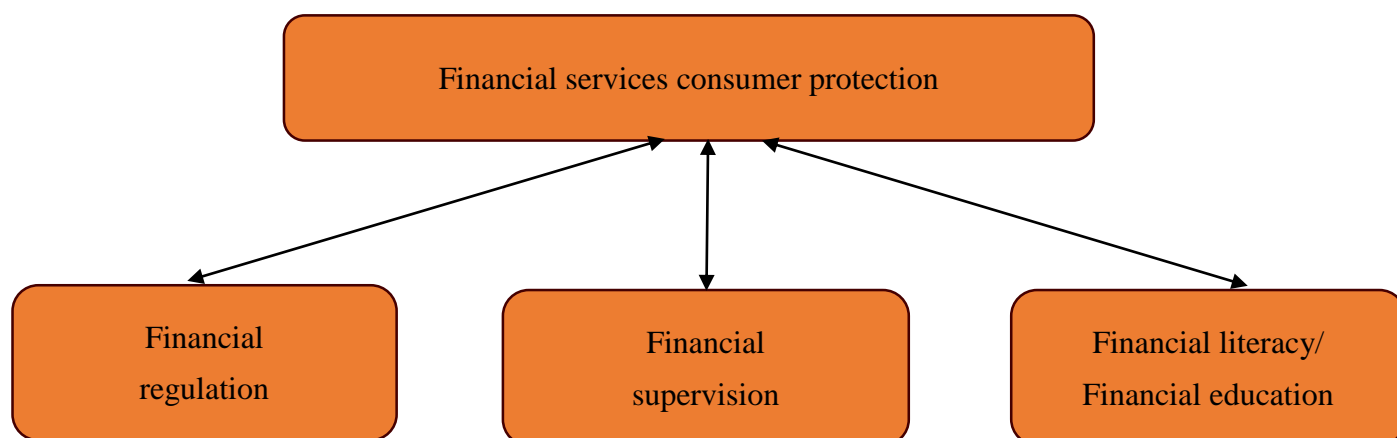


Figure 2: Financial services consumer protection

Financial regulation aims to provide uniform and harmonised rules for the financial services consumer protection. Those rules shall also apply to the provision of basic and non-misleading information by financial institutions on individual financial products and services. Financial service providers are legally responsible for providing such information to consumers and retail investors. As a rule, it is considered to be their legal obligation and it is not a component of financial literacy measures. In the last two decades, the regulation of financial services for consumer protection has further developed in Bulgaria, which is also due to the obligations to harmonise national legislation with the EU law.

Financial supervision by supervisory institutions is also important for the financial services consumer protection. In Bulgaria it is implemented mainly by the Bulgarian National Bank for

²⁷ These data is as of 2019 and it is from the following presentation: Monticone, C. and K. Kossev (2019), “Technical Assistance on Financial Education through the Dutch Constituency”, Sofia, Bulgaria, February 2019.

the banking sector and the Financial Supervision Commission for the non-banking sector (including capital markets, insurance sector, pension funds, etc.). The functions regarding consumer protection in Bulgaria are implemented through the Commission for Consumer Protection.

Financial regulation and financial supervision are not sufficient to protect the consumers of financial services. They provide only the legal and institutional framework for this matter.

Without the personal responsibility and behaviour of each consumer, of which financial literacy is an essential part, it is not possible to have a whole and effective level of protection when using different financial products and services. Training in the area of **personal finances** is also becoming increasingly a priority.

Financial literacy and financial inclusion are important for achieving long-term financial well-being and financial resilience of the population and the households. This in turn contributes to maintaining the financial stability of the financial system as a whole and the economy of the country.

Financial, economic and social inclusion are essential prerequisites for the prosperity and the development of the respective societies and economies. Targeted and coordinated financial literacy policies need to be implemented so that they can be implemented. Their coordination will, on the one hand, help to fill the so-called “white spaces”, i.e. to direct efforts to target groups and activities that have not so far been the subject of actions for increasing the financial literacy or, accordingly, these actions have been extremely insufficient. Effective coordination would also help to avoid duplication of the resources which are limited in their nature. These is also a part of the objectives of this National Strategy for Financial Literacy.

Crisis management and financial literacy

Over the last two decades, a number of crises and situations, which have faced serious challenges to societies, have unfolded in the world and in Bulgaria. In one way or another, each of these crises has further demonstrated the need to increase financial literacy among the population.

Similar crises occurred in Bulgaria in the 1990s, and the crisis in 1996-1997 led to the introduction of a currency board in the country.

The global economic and financial crisis, which began in 2007-2008, has severely affected the world and the European Union, including Bulgaria. Its consequences and effects were felt throughout the next decade. It is transformed into a debt crisis in some countries, but also into a crisis of confidence in the financial sector. And trust in the field of money and finance is easily disrupted, but it is very difficult and it takes a lot of time to rebuild it. It is precisely the efforts to promote the financial literacy of the population that are one of the most successful instruments for overcoming the effects of this crisis, as well as for overall improvement of the financial well-being of the population.

The COVID-19 pandemic since the beginning of 2020 also demonstrates in an unprecedented way the significance of the financial literacy and the financial behaviour of citizens and businesses. It has further intensified the vulnerability of many groups in the society, but it has also created new financially vulnerable groups, such as freelancers, whose income have significantly decreased during the pandemic.

Improving financial literacy can be deemed as a good and effective tool for crisis management. Any crisis should also be perceived as an opportunity. An opportunity for increased awareness of the need for adequate and responsible financial behaviour which shall support the management of personal finances, both in the context of economic upturn and in the event of crisis situations.