



STATE BANK OF PAKISTAN
SBP Banking Services Corporation (Bank)
Development Finance Support Department

National Financial Literacy Program Newsletter

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The National Financial Literacy Program (NFLP), a five-year program with a total target of one million beneficiaries, was initiated as from September 2017. The program aims at reaching out to the unbanked and underbanked segments of society and to provide them with the knowledge needed to make better financial decisions. The second year of the program saw its expansion to all 158 districts of Pakistan, thereby increasing its scope extensively. Moreover, a media campaign was also launched to increase awareness regarding NFLP.

It is heartening to note that during the first half of FY2018-19, DFSD—HOK in close collaboration with BSC offices and banks/partner institutes has been able to achieve more than 50% of the target for number of sessions. It is hoped that, with the support of all stakeholders involved, we will be able to continue with this momentum in order to reach our goal of financial inclusion.

Special points of interest:

- 36,560 accounts opened till 29th Nov. 2018.
- 45.4 per cent of these accounts were for females.
- 50.5 per cent of the NFLP target number of sessions for the second year has been achieved.

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Message from Group Head, Forex & Development Finance Group, SBP—BSC

As the second year of the National Financial Literacy Program (NFLP) moves towards its halfway point, it would be a good time to reflect upon the achievements of this year, as well as the obstacles faced. After the successful completion of the first year of the program, several of the operational issues that were being faced by the various stakeholders, including banks and partner institutions, had been smoothed out through constant dialogue and interaction at all levels. The second year has seen the effective expansion of the program to cover all districts of Pakistan and a larger target for number of beneficiaries.

While I appreciate the efforts made by banks and partner institutions in working towards this increased target with greater determination, I would also take this opportunity to remind you of the need to overcome certain shortcomings that the program still faces. These include the relatively low number of female participants, as well as difficulty faced in opening of bank accounts. Research shows that women are more likely to be financially illiterate compared to men, thereby remaining deprived of the information necessary to make effective financial decisions not just for themselves but also for their families. It is up to us to ensure that the target of 50% female participation in NFLP (currently 36%) is achieved so that the program may have more long-lasting results.

Similarly, the focus on opening of bank accounts must be increased so that beneficiaries of the program are able to practically implement the learnings from the classroom session in their future activities

related to saving and budgeting. The current account-opening figure stands at 46% since the beginning of the program, and we must make efforts to reach our target of account-opening by 80% of the participants of NFLP classroom sessions.

I hope that you will take these aspects of this program into consideration in the upcoming months and continue to work diligently for this national cause.

Shaukat Zaman

Group Head (FX&DF)



Half-Yearly Progress till 31st December 2018

During the first half of the current fiscal year, a total of 4,566 NFLP classroom sessions have been conducted across 158 districts of Pakistan against the target of 9,040 sessions, thereby meeting more than 50% of the target with regards to number of sessions.

The number of participants in these sessions was 84,729. Of these beneficiaries, 52,605 were male and 32,124 were female.

The total number of branchless

banking and Asaan accounts opened was 36,560, for 19,946 males and 16,614 females.

70% of the sessions were conducted in rural areas.

Rahim Yar Khan City, District Rahim Yar Khan



Garah Baloch, District Tank



Village Allahlok, District Mirpurkhas

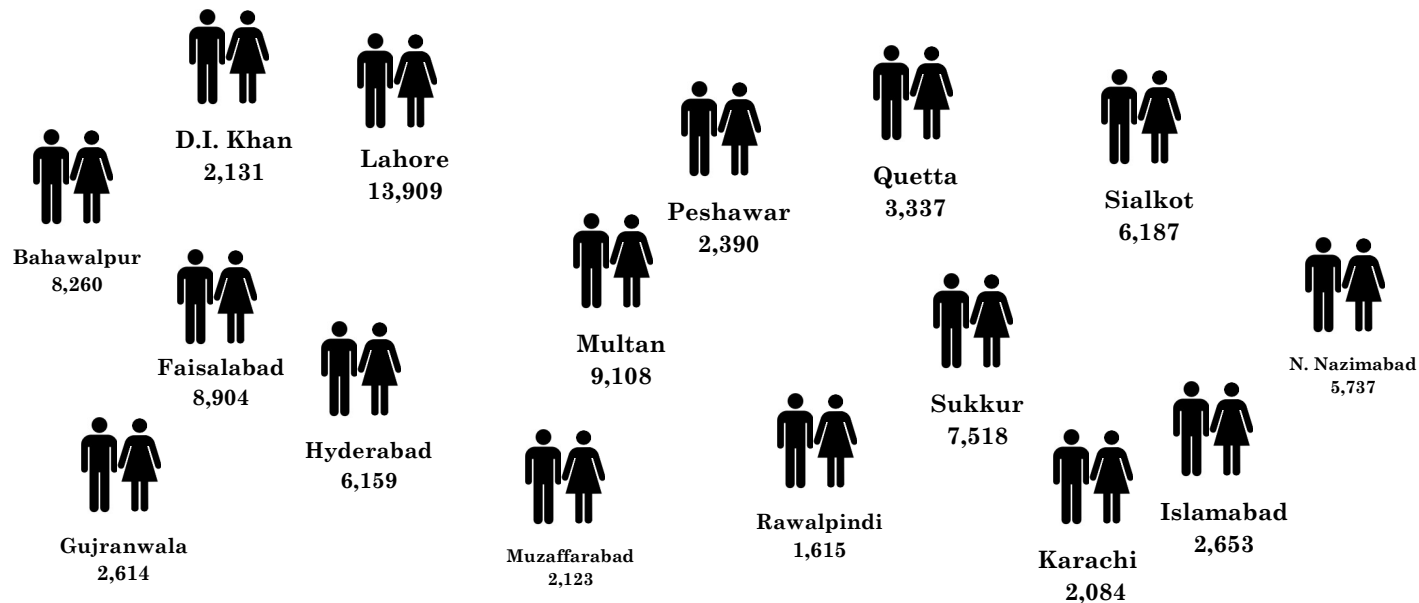


Taus, District Ghizer



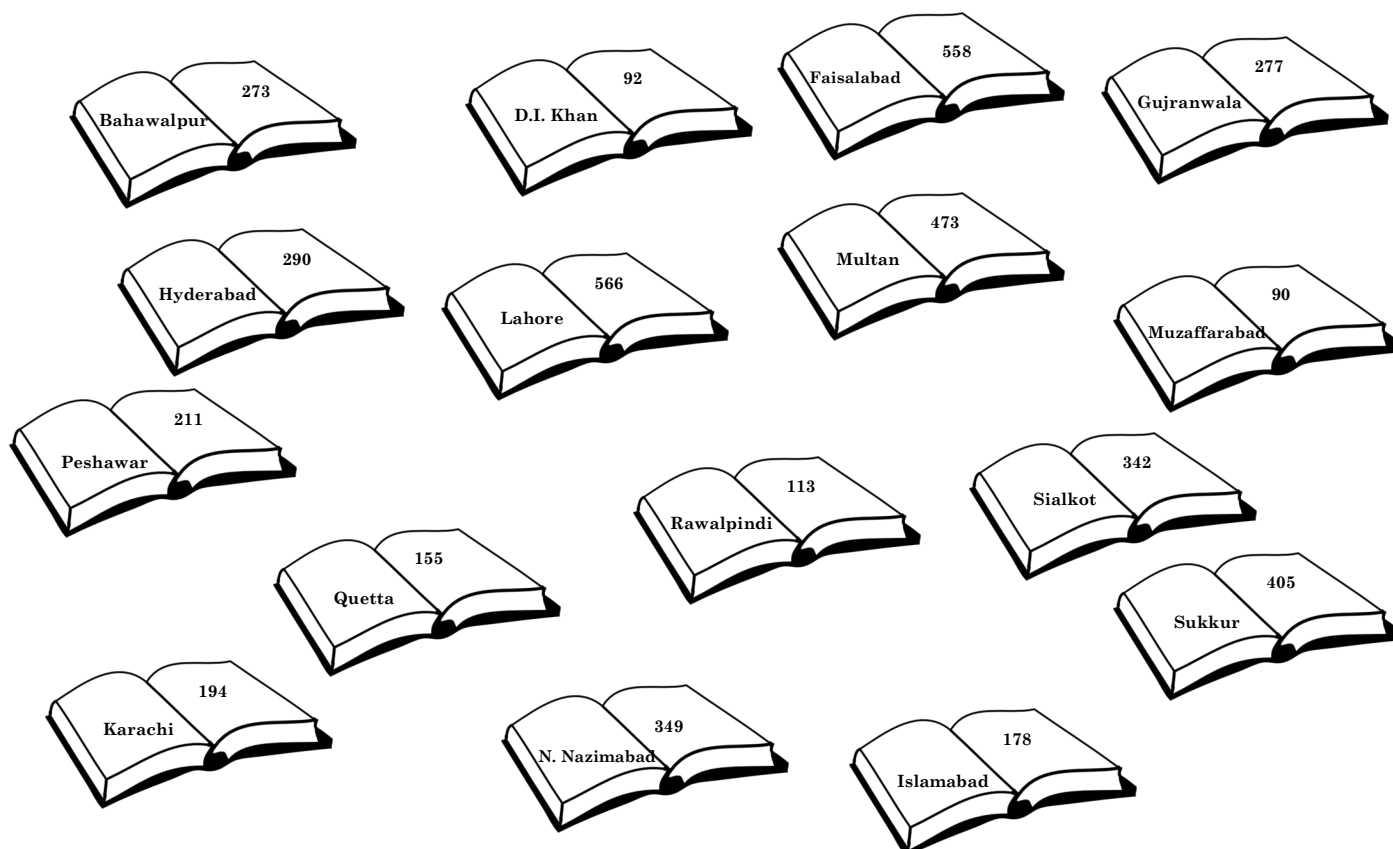
Key Statistics (till 31st December 2018)

SBP–BSC Office-Wise Number of Participants*



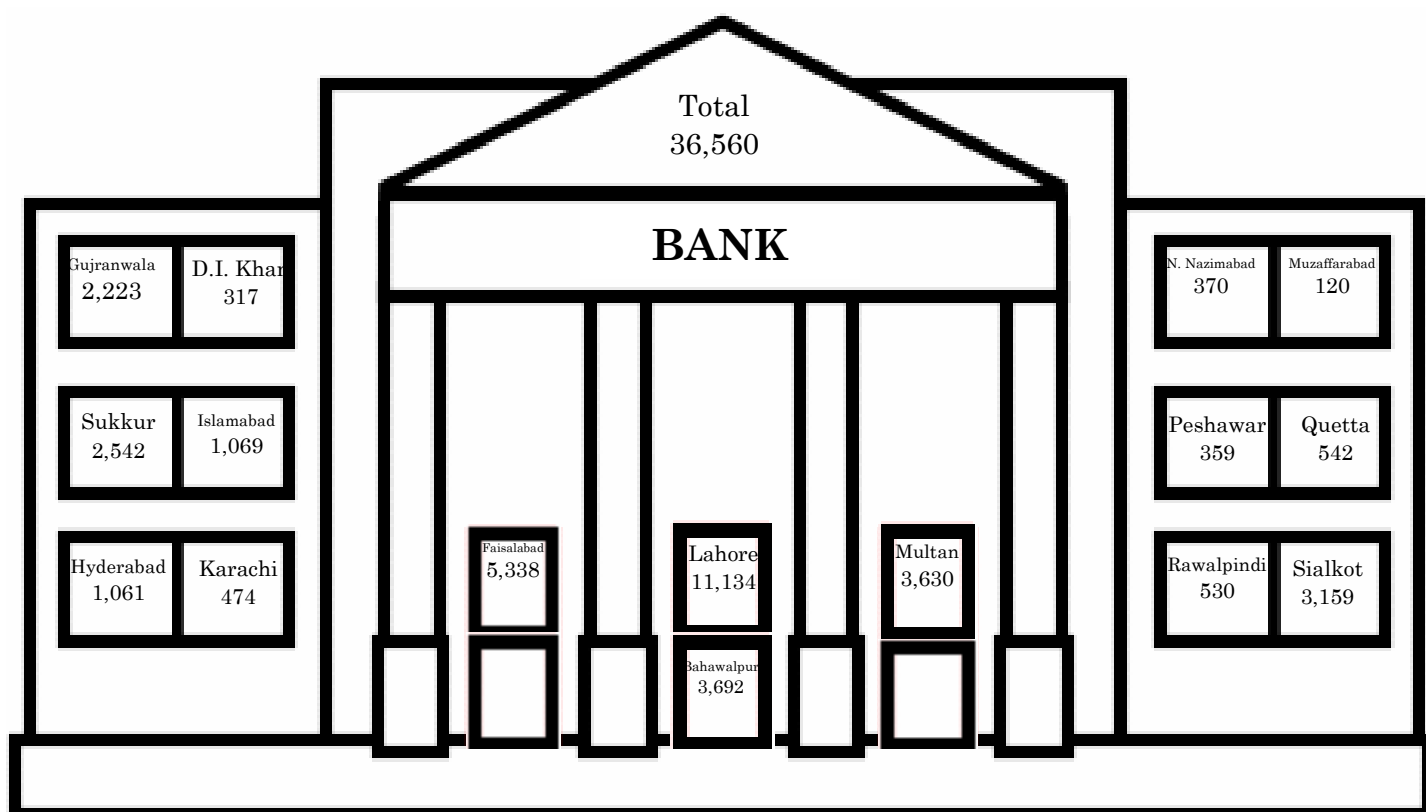
*The number of participants is based on the classroom sessions conducted for which complete information has been reported till 31st Dec. 2018.

Number of Classroom Sessions Organised through SBP–BSC Offices



Key Statistics (till 31st December 2018)

SBP—BSC Office-Wise Number of Accounts Opened by Banks*



*The number of accounts opened is based on the classroom sessions conducted for which complete information has been reported till 31st Dec. 2018.

Number of Classroom Session Organised by Banks

ABL	301	FINCA	45	NRSP-B	159
Al Baraka	91	FMFB	317	SAMBA	21
Askari	142	FWBL	33	SCB	37
BAFL	202	HBL	322	Silk	30
BAHL	231	HMBL	102	Sindh	133
BIPL	87	JS	139	Soneri	110
BOK	48	Khushhali	116	Summit	40
BOP	293	MCB	466	Telenor	58
DIBL	43	Meezan	95	UBL	243
FBL	78	Mobilink	38	ZTBL	184
		NBP	362		

NFLP Media Campaign

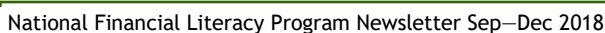
In the first phase, the print media campaign features the official mascot of the NFLP – Sikku – with introductory details of the program. The NFLP is dubbed as Sikka Baqaida in media campaign for generating greater recognition and appeal amongst masses. Since the publishing of ad in English and Urdu dailies on January 15, 2019, an overwhelming response has been received through the helpline by DFSD from all over the country. Additionally, in the subsequent phases, ads in print media will in-

Likewise, the radio campaign includes interviews of officials from DFSD on Sikka Baqaida explaining the objectives and operational procedures of the program. Moreover, specific responses from live

The NFLP website contains complete details of the program and is published in both Urdu and English languages for greater mass appeal. Moreover, the site also hosts various tools for effectively managing personal and household finances such as loan calculator, wealth accumulation calculator.



The comprehensive media campaign is expected to effectively supplement the grassroots level efforts of SBP and commercial banks to promote the awareness about the program and extend the reach by many folds amongst public.



NFLP Street Theatre

During the second year of NFLP, DFSD—HOK plans to conduct street theatre sessions across the country for imparting general awareness about financial services at grassroots level. Two sessions have been arranged so far as a pilot to enhance the effectiveness of the upcoming street theatre programs and to develop a comprehensive procedure for their conduct, and there are plans to conduct approximately 100 street theatres in the current fiscal year. During these street theatres, a pre-recorded theatre drama (titled 'Jitni Chadar Utney Paon') on financial literacy is played for target audience.

The first of the series of street theatres under the NFLP was conducted by DFSD—HOK through SBP – BSC Hyderabad in collaboration with Health and Nutrition Develop-

ment Society (HANDS) at Village Burfat (near Tando Allahyar) on 4th October 2018, and was attended by around 120 participants. The event was inaugurated by Mr. Shaukat Zaman, Group Head (FX&DF), who highlighted the importance of NFLP and its significance in creating a positive impact in society.

A second session of the NFLP street theatre was carried out collaboratively by SBP – BSC Lahore and Khushhali Bank in Habibabad (near Pattoki) on 10th November 2018 and was attended by approximately 80 participants consisting mainly of the farming community of the area. The aim of this session was to initiate the NFLP street theatre sessions officially. The first half of the program consisted of an awareness session on nursery farm-

ing, followed by the street theatre and subsequent interactive Q&A.

These initial sessions were a valuable experience in gauging the response of the target audience to the video and their comprehension of the concepts pertaining to sound financial practices being portrayed in the drama. The story was engaging and largely captured the attention of the spectators, who were able to correctly recall the main lessons at the end of the program. This was also an opportunity to explore ways to make the project more useful. It is hoped that the lessons learned from these sessions will be useful in increasing their efficacy, thereby contributing to the financial inclusion of marginalised segments of society.

NFLP—Capacity-Building Session by Khushhali Bank

Khushhali Microfinance Bank (KMFB) was inaugurated with the ambition to give access to finance to the underserved community and help reduce poverty. This is exactly aligned with what the State Bank of Pakistan aims to achieve through its National Financial Inclusion Strategy for Pakistan.

KMFB has roots in the remote rural and urban divides of the country; this makes outreach in such areas easier, thereby contributing to the success of the institution with regards to the implementation of NFLP.

The bank is taking keen interest in achieving its NFLP targets, which is evident from the special session



on NFLP recently arranged by the Bank with the cooperation of the DFSD Team of SBP—BSC. The session was attended by all Regional Focal Persons and Field Trainers of the bank from across the allocated districts, and aimed to bring all NFLP related staff to the same level of understanding on NFLP policies and procedures.

KMFB also extends support to other banks as a Partner Institution to help them achieve their NFLP targets, including several commercial banks in Lahore and Abbottabad areas.

KMBL has also shared five informational videos about financial literacy on its website and social media for awareness of general public including topics like:

Why Savings are Important, Saving account vs. Committee, how to open an account, how to use an ATM and how to use a cheque book.

The bank acknowledges the importance of financial literacy as a vital skill and will continue to support initiatives like NFLP.

(Based on info received from NFLP Lead Focal Person, Khushhali Microfinance Bank)

Financial Literacy in Developed Nations

Although it is generally believed that the need for financial literacy is only pertinent to low-income groups living in underdeveloped nations, this assumption is not completely true. In fact, all segments of society can benefit from financial literacy, as long as it is tailored to their specific needs. This is in line with the definition of financial literacy, the term generally referring to possession of the skills and knowledge on financial matters to confidently take effective action that best fulfills an individual's goals. While financial literacy programs in developing countries tend to focus on basic topics such as budgeting, saving and opening of bank accounts, those designed for more aware and educated audiences may include advanced topics such as the fundamentals of mortgage and car financing, financial planning for retirement etc.

It is common for financial literacy programs in developed countries to target a younger audience, with lessons for middle and high school students becoming a regular feature in various schools of USA and Canada. These lessons not only include elementary themes such as making additional income at that age, preparing a budget and planning for living on their own once they reach adulthood. Topics related to the banking sector, such as opening and operation of bank accounts, debt management and credit scoring are also taught. Once these have been mastered, the curriculum may move on to include more advanced topics like house and car loans, college loans and investment options, which allow the students to obtain a grasp on these topics much before the necessity of

applying the knowledge gained.

Financial literacy does not need to stop at this stage either. On the contrary, several colleges and universities have implemented financial literacy programs for their academia, thereby providing them the requisite information to succeed in today's professional environment. This is also necessary due to the fact that tuition fees have reached record peaks and several students are obtaining large amounts of student debt to finance their educations, which has a direct impact on their financial well-being once they graduate.

One example of such a program that has been successful in providing financial literacy to college students is 'Red to Black Peer Financial Coaching' at Texas Tech University. This consists of individual and group sessions on creating spending plans, the importance of early saving methods, how to maximize financial aid, managing student loans, and using credit. The university also organises an "America Saves Week" with several workshops focusing on financial literacy. The efforts do not stop here; several other universities have their own programs with a wide variety of topics covered and teaching methods, including compulsory one-semester courses on financial literacy, certifications that must be attained by all students, development of peer financial literacy coaches, scholarships for students who perform well on financial literacy exams and interaction with policy-makers for better understanding of the financial needs of adult life.

Although the financial literacy pro-

grams in developed countries may outwardly appear very different from those conducted in developing nations, the purpose of each of these remains the same. At the end, they all aim to provide the general population with the knowledge and skills to make better financial decisions, thus bringing an improvement not only in the lives of individuals but also building a more inclusive and egalitarian society.

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A History of Financial Literacy

Although it is a common notion that financial literacy programs are a recent phenomenon, this is far from the truth. Contrarily, the importance of financial literacy had been acknowledged a long time back, especially in the developed world, and steps had been taken to increase financial literacy in various target audiences, including students, general public, clients of financial institutions etc. Initially, the efforts made to increase financial literacy were of an informal nature, such as advice on money management from personal and professional acquaintances; these have evolved over the years to provide a structure to the imparting of financial education, with classes being offered on personal finance and professional counseling available.

One of the earliest recorded instances of an attempt to impart financial literacy was a column written by Benjamin Franklin, one of the most significant personalities in American history, in 1737 in the annual almanac published by him. This article, titled 'Hints for Those That Would Be Rich', contained financial advice that would be relevant even today. This was not the only time that he attempted to inculcate sound financial decision-making in people; in addition to writing several essays and letters pertaining to personal finance in his almanac, he also went on to compile the most important of his teachings into a book, 'The Way To Wealth', in 1758.

Financial literacy did not assume its current form even in the subsequent century, although its importance was beginning to be accepted more, and books and articles

continued to be written on the subject. James Gilbart, a banker from the UK, was one of these writers. He produced a large amount of literature on personal finance not just for the general populace but also for other bankers, and encouraged people to participate in the banking system due to the numerous advantages it offered. One such article, published in 1849, was titled 'Ten Minutes' Advice about Keeping a Banker' and explained the account-opening process in detail for those who would otherwise be intimidated by it.

This was also the time that 'savings banks' began to gain popularity. These generally had limits on the amount that was deposited and were marked by a lack of coverage and other constraints. These banks paid interest to depositors and also sponsored penny banks in schools. Soon, post office saving banks also appeared, which had greater local presence. However, neither of these offered other financial products such as loans and insurance. Other strategies to increase thrift and self-help in the population included the launching of War Savings Certificates aimed at lower-income groups and women, in the UK.

The 20th century saw the beginning of the concept of financial literacy as we know it today. It began to be seen as a serious academic topic and courses were taught in universities, although often under different names such as 'household finance' or 'consumer economics'. The need for thorough financial education was also recognised at an official level, such as the passing of the Smith-Lever Act of 1914 in the US, which focused on the provision of useful information to citizens and

led to the advancement of this discipline in educational institutions. The first research on personal finance was also undertaken soon after.

Asia has, however, been slower in adopting this trend. Several countries do not have a national policy in this regard as yet, and emphasis on financial education in schools in order to build a strong knowledge base is low. However, central banks in this region have been leading the charge in promoting financial literacy and consumer protection, with several programs being run by central banks, including Reserve Bank of India, Bank of Indonesia and State Bank of Pakistan.

A major shift in the dissemination of financial education has occurred in current times, based on the easy access to information that most people have due to the presence of smartphones and enhanced connectivity. Not only are people able to obtain all necessary information before making major financial decisions, they also have the option to take action with the click of a button. It is now possible to download various apps for budgeting and money management, thereby allowing people to keep track of their finances more easily. Moreover, innovations such as branchless banking have also provided options beyond the old-fashioned brick-and-mortar banks. It is hoped that financial literacy will continue to grow, as it has benefits not just for the individual but also for the nation as a whole.

(References provided on Page 8.)

NFLP—Views from Quetta Office

Keeping in mind the tough terrain of Balochistan, we make efforts to reach far-flung areas in this largest province of country to implement NFLP with real spirit and soul. Previously, we conducted 6 sessions near Bab e Dosti, at Chaman near Afghan border. In short period since ToT in September 2018, 5 NFLP sessions have also been conducted in district Washuk, far south of Baluchistan near Iranian border. In these 5 sessions almost 60 accounts were opened. There are many more examples of accessing

the far flung areas.

From NFLP desk, a number of correspondences were made with many community-based organisations and local bodies for their active and professional coordination as well as to know more ways we can work together. As financial inclusion is the key to higher economic growth and sustainable economic development of any country, BSC Quetta is striving to ascend efforts of SBP for



this bigger goal.

NFLP—Views from Muzaffarabad Office

Conducting sessions in the remote/ hilly areas such as Poonch and Kotli is not very easy; however, commitment and devotion of the field trainers made this all possible. Since the beginning of the program, Mr. Sajid Mehmood from HMBL Kotli and Mr. Tahir Rafiq Khan from ABL Poonch are associated with SBP BSC Muzaffarabad to conduct their own NFLP class



room sessions and to arrange NFLP

-SAP sessions for the student Field Trainers.

Both the field trainers are energetic and have used proactive approach to interact with the partner organizations and community. They not only managed and conducted sessions in tough areas but also met the targets they were assigned, thereby contributing to the success of the program in this region.

NFLP—Views from Hyderabad Office

At the time that NFLP was rolled out, I had a very vague idea about the program. I did not know how Field Trainers were going to conduct classes in addition to their already hectic work life. It seemed to be an arduous task assigned to field offices. However, the relentless efforts of the entire team involved;

DFSD-HOK, AFU units, Focal Persons from banks and Field Trainers, led to successful accomplishment of tasks. With a little extra effort, we were able to overcome the initial obstacles and the benefits of NFLP have become quite visible during our interactions with the participants. I believe that NFLP is

one the best Financial Literacy Programs initiated at a national scale and its fruits will be reaped in near future in terms of increased financial literacy and financial inclusion in the country

DFSD—HOK is the operational arm of DFG—SBP. One of their current projects is NFLP, which is a five-year program with a total target of one million beneficiaries.

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