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Citi Foundation and New Economic School launch new projects on financial literacy in Russia

NES conducts a survey and develops a course on financial literacy. Over 8,000 students and high school pupils in 5 regions will be covered by the Improving Financial Literacy in the Regions program supported by the Citi Foundation.

New Economic School (NES), under the Citi Foundation award, has launched a new project on financial literacy in Russian regions. The objective of the program is to educate Russian young people to the principles of personal finance and money management. The project involves organizing a series of financial education training courses in universities and schools and providing different resources for self-study.

The overall program has a composite structure and consists of 3 parts: survey that was conducted by New Economic School earlier this year, textbook on financial literacy and a series of courses on financial education to be organized in 5 regional universities.

The survey was conducted in Vladivostok, Yekaterinburg, Irkutsk, Nizhny Novgorod, Saratov, Tomsk and Ufa earlier this year to determine the level of financial literacy among university students. The key findings of the report are the following:

- **Students do not always effectively plan their budget.** On average, students spend approximately RUB 9,000 per month. Every third student keeps track of his/her incomes and expenses. Every second student fails to keep track of his/her incomes and expenses but approximately knows about its total amount. About 80% of students at least occasionally run out of money when there are still few days before their student allowance.
- **Financial literacy of students depends on their experience with use of banking services.** Every third student uses debit cards, every fourth - credit cards, every fifth - deposits. 6-7% of students invest directly or through mutual funds. The more experienced is the individual in usage of a certain bank product, the higher is the level of financial literacy that also extends to other spheres of life.
- **Students show a more paternalist approach to the state's role than grown-ups.** More than 80% of students believe that it is the state that has to cover losses on the bank deposits in case this bank gets bankrupt. Every third of them believes that it is the state that has to cover losses incurred through mutual funds, and every sixth - through stock.

The first ever popular textbook on financial literacy in Russia has been developed to serve as the teaching material for the academic courses. The book focuses on a range of subjects and finance concepts, such as financial planning, deposits, credit, cash management, securities, mutual funds, insurance, and financial brokerage. The book is written in simple language and is targeted at university students and broader audiences.

The series of financial education courses will take place in the cities of Rostov, Nizhny Novgorod, Yekaterinburg, Volgograd, and Samara. Around 30 university professors will pass a special training by the NES professors, and will then be teaching courses on financial literacy at various levels.

Sergei Guriev, Dean of the New Economic School, said: "Today's economic crisis proved once again that absence of basic experience in managing personal finance can lead to creation of bubbles in the securities markets and to raising financial and economic instability. The New Economic School is grateful to Citi for the opportunity to make a joint contribution into improving financial literacy of Russian people."

Zdenek Turek, Head of Citi in Russia & CIS, said: "Financial education and improving financial literacy are embedded in the core objectives of the Citi Foundation. The recent economic crisis highlighted their importance as one of the cornerstones of a stable financial system. Understanding the basics of personal finance enables people to see new opportunities, to avoid possible mistakes and, therefore, to be more successful. We are honored to partner with the New Economic School on this truly unique project. We strongly believe in its contribution to enhancing financial literacy in Russia."