

Striving for a Financially Literate Society

Financial Literacy Guidelines For Banks and Financial Institutions



**Financial Inclusion Department
Bangladesh Bank
Head Office, Dhaka**

Rationale

Fostering inclusive economic growth and sustainable development is one of the key objectives of Bangladesh Bank (BB). With this vision, BB is prioritizing a number of initiatives to promote financial inclusion henceforth inclusive economic growth. As a priority focus, BB has identified 'Strengthen financial literacy & financial education initiatives' as an important core objective in its' Strategic Plan for 2020-2024. Goal 4 of the SDGs, requires to ensure financial literacy for all. Furthermore, 'Promoting Financial Literacy and Consumer Empowerment' is identified as one of the core areas of focus in the National Financial Inclusion Strategy of Bangladesh (NFIS-B). In this backdrop, BB is keen to elevate the levels of financial literacy among mass people assuming that financial literacy shall promote responsible financial behavior of individual towards impactful financial decision.

BB is now essentially moving for a road map for striving for a financially literate society. This particular action plan focusing on formulating Financial Literacy Guidelines (FLGs) for Banks and Financial Institutions (FIs); revitalizing Financial Literacy Web Portal with interactive financial literacy materials; production and publicizing of financial literacy videos with special focus on women, marginalized and low income people, students etc. Since it is presumed that financial literacy can sensitize people to craft optimal choices between present consumption and savings for unexpected happenings, it is desirable that a financially literate society can contribute towards collective well being via rational behavior in financial management. In addition, COVID-19 pandemic has reassured the need for digital financial literacy (DFL) since physical visit for financial services poses high risk of contagion. Thus, a well designed financial literacy web portal can serve as an effective digital tool for digital financial literacy which can assist people with proper information and knowledge on financial services and matters.

These FLGs are expected to be beneficial for both Banks and FIs since implementation of this action plan will enable them to identify the untapped business opportunities countrywide. Hence, BB as a financial sector regulator is relentlessly committed to provide necessary policy interventions to drive future developments in financial inclusion and intends to work closely in coordination with institutional actors. These guidelines are thus considered to be useful tool to increase public awareness through financial literacy among mass people.

List of Acronyms

AFI- Alliance for Financial Inclusion

ATM- Automated Teller Machine

BB- Bangladesh Bank

CIPC-Customer Interest Protection Centre

CMSMEs- Cottage, Micro, Small and Medium Enterprises

DFL- Digital Financial Literacy

DFS- Digital Financial Services

FIs- Financial Institutions

FID-Financial Inclusion Department

FLGs- Financial Literacy Guidelines

FinTec- Financial Technology

FLPs-Financial Literacy Providers

FLW-Financial Literacy Wing

MFS-Mobile Financial Services

NFIS-B- National Financial Inclusion Strategy of Bangladesh

OECD-Organization for Economic Co-operation and Development

PSPs- Payment Service Providers

PSOs- Payment System Operators

RMG- Ready Made Garments

SDG- Sustainable Development Goal

SME-Small & Medium Enterprises

ToT- Training of Trainers

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1. Introduction

Financial literacy is essential in supporting financial inclusion, especially in the context of the advancement of Digital Financial Services (DFS). Leveraging on the phenomenon that financial literacy is a prerequisite for sustainable financial inclusion; BB has implemented a number of initiatives so far. Among the numerous measures, distribution of fly-leafs, brochures, pamphlets, leaflet regarding financial services, broadcasting commercials in television and radio on consumer protection, advertisements in the newspaper on information of regulated financial institutions, publicizing video documentary on financial services, streamlining school banking conferences across the country, arrangement of banking fair, open credit disbursement in favor of marginalized and low income people, awareness building program for CMSMEs, road shows, SME fairs, Women Entrepreneur fairs etc. are remarkable. These courses of actions are somewhat very effective to reach some portion of the target people however not thriving to encompass the whole segment of unserved or underserved people countrywide. In this connection, BB for the first time has taken initiative for issuing this Financial Literacy Guidelines (FLGs) with a view to rolling out a wide range of financial literacy programmes for mass people. These guidelines are intended to be implemented through Banks and FIs, hereby termed as Financial Literacy Providers (FLPs), within 7 years from its commencement. However, the implementation stream shall remain continued beyond the phased period. BB is also providing a complementary Financial Literacy Booklet to assist the officials of the FLPs so as to harmonize the financial literacy programs.

These guidelines are hereby issued on the basis of the power conferred to BB in the clause 7A (f) of the Bangladesh Bank Order 1972 and clause 45 of the Bank Company Act 1991 (Amended up to 2013).

2. Definitions

2.1 Financial Literacy

These guidelines have explored the definition of financial literacy provided by different pioneer organizations such as: OECD/INFE¹, AFI and different national strategies. Consequently, these guidelines assume that Financial Literacy refers to the awareness and knowledge on financial matters and services that effectively facilitates the skills, behavior and attitude of an individual towards impactful financial decision helpful for personal well being as well for the society as a whole.

2.2 Digital Financial Literacy:

These guidelines adopting the Alliance for Financial Inclusion (AFI) networks' definition of Digital Financial Literacy (DFL) as acquiring the knowledge, skills, confidence and competencies to safely use digitally delivered financial products and services, to make informed financial decisions.

3. Strategic Objectives

To create an empowered nation with right knowledge and skills for making responsible financial decisions, these guidelines recognize to achieve the following set of objectives:

- 3.1. Strengthen financial knowledge base so as to promote responsible financial behavior of the individual;
- 3.2. Capacitate people towards DFS and raise awareness against financial fraud, reduce associated risk and enhance consumer protection;
- 3.3. Reduce gender gap in financial services;
- 3.4. Ensure delivery of synchronized financial literacy based on the needs of different target groups through effective tools and monitoring mechanism;
- 3.5. Establish sustainable financial literacy infrastructure at the community as well as national level through creating enabling environment for the FLPs.

4. Strategic Focus

It is imperative that all the people shall have proper knowledge on financial management to make rational financial planning for future or unexpected happening. This behavioral change can be influenced through general literacy on key financial issues. This strategic focus thus adequately addressing the deliberation of conceptual leanings on some financial issues such as: savings, borrowing or payments that can help the impactful financial decision of the individual and reinforce the financial ecosystem.

¹ OECD-Organization for Economic Co-operation and Development. The OECD is at the forefront of financial literacy measurement worldwide.

OECD/International Network on Financial Education (INFE) has high-level membership from over 240 public institutions - including central banks, financial regulators and supervisors, ministries of finance and ministries of education - in over 110 countries.

4.1. Key Focus Areas

The key focus areas are hereby considered as follows:

- 4.1.1. Savings, borrowing and financial planning;
- 4.1.2. Financial product and access to financial services;
- 4.1.3. Entrepreneurship;
- 4.1.4. Financial system and participants;
- 4.1.5. Payment system and digital transformation;
- 4.1.6. Grievances redress mechanism and consumer protection.

4.2. Target Group

BB acknowledges that all the community people should be equipped with appropriate financial knowledge so that everyone has the capacity to make prudent financial decision. But aiming all the target people simultaneously may disrupt the intended outcome. Hence these guidelines distinguish the target people on tier basis whereby each tier shall consist of a combination of several target groups.

The target groups hereby divided into three different tiers while delivering financial literacy. The target groups shall comprise cross-cutting community. Both the financially included and excluded populace of the target groups shall be covered through tier distribution. The excluded people are basically un-served or under-served segment, who are hereby expected to reap the uncovered potential of the available financial services after financial literacy. Those who are already included in the financial system are expected to keep pace with the evolution of financial ecosystem.

The Tier-wise target groups are illustrated below:

Tier-wise Target Groups		
Tier-1	Tier-2	Tier-3
a) Farmers and low income marginalized/underprivileged people (eligible for 10/- TK account such as: day laborers, disaster affected people, social safety net beneficiaries, low wage earners, physically challenged people, third gender, itinerant community, working teens etc.); b) Students; c) Cottage & Micro entrepreneurs/ Micro merchants/Retailers; d) Women (Individual & Entrepreneur); e) Migrant workers.	a) Youths; b) SMEs; c) Other wage earners community, Salaried people; d) E-Commerce, F-Commerce, Home based entrepreneurs.	a) Teachers; b) Co-operative societies; c) Business associations; d) Other groups as identified and prioritized from time to time.

5. Implementation Strategy

5.1. *Implementing Partners*

The following financial sector participants regulated by BB shall be regarded as key implementing partners, hereinafter the FLPs:

- a) Scheduled Banks;
- b) Non-Bank Financial Institutions.

However, authorized Payment Service Providers (PSPs), Payment System Operators (PSOs) and Mobile Financial Services (MFS) providers shall be treated as supporting implementing partners.

5.2. *Formation of Implementation Unit and work plan*

- 5.1.1 FLPs are required to establish specific Financial Literacy Wing (FLW) in their respective head offices and allocate sufficient employees to stream the financial literacy programs efficiently. The FLW shall be headed by a Senior Executive and work under the direct supervision of Deputy Head of the institution;
- 5.2.2 The FLW shall be responsible for administering the financial literacy programs and reporting to the supervising authority and BB;
- 5.2.3 FLW of respective FLPs shall make a yearly plan as per [Annexure-A](#) for conducting financial literacy programs and shall implement the same by engaging branches/sub-branches/agent banking outlets/unit offices;
- 5.2.4 FLW of respective FLPs shall prepare the literacy contents in convenient language(s) in light of these guidelines and *Financial Literacy Booklet* provided. The contents should be approved by the competent authority of respective FLPs;
- 5.2.5 FLW shall review and update financial literacy contents and strategies on a regular basis;
- 5.2.6 FLPs would highlight DFS and generic financial products/services while developing financial literacy contents/ materials;
- 5.2.7 FLPs shall take necessary steps to develop trainers/resource persons who shall conduct the financial literacy sessions/programs. FLPs shall develop one or more trainer(s)/resource person(s) at each branch/unit level;
- 5.2.8 FLW of FLPs or its local representative(s) shall be responsible to collaborate with local government and/or private sector agencies in the respective jurisdiction, if or when necessary;
- 5.2.9 FLPs shall develop digital platform for financial literacy in parallel to face-to-face program. A precise tab naming 'Financial Literacy' shall be allocated to respective website of FLPs where financial literacy contents shall be stored for citizens to explore. Use of artificial intelligence (AI) such as: live Chatbot can be more user-friendly tool to financial literacy and consumer empowerment;

- 5.2.10 FLPs shall persistently engage with social media, electronic media, and print media to spread financial literacy targeting different group of people;
- 5.2.11 FLPs shall place a dedicated notice board/corner containing financial literacy materials at every branch/sub-branch/unit office/agent outlet and update the notice board/corner on a regular basis;
- 5.2.12 The PSPs, PSOs and MFS providers authorized by BB are encouraged to distribute financial literacy materials, publicizing information or use digital platforms to carry out financial literacy programs.

5.3. Phases of Implementation

These guidelines shall be implemented within 7 years from its inception to reach the target groups identified in section 4.2. The first year shall be treated as piloting year among these 7 years. The financial literacy programs shall be conducted on the basis of the following schedule. However, the cross-cutting target groups shall be considered in any particular group:

- 5.3.1 **1st to 3rd Year** : Target groups in Tier-1;
- 5.3.2 **4th & 5th Year**: Special focus for Target groups in Tier-2. However target groups in Tier-1 shall also be considered;
- 5.3.3 **6th & 7th Year**: Special focus for Target groups in Tier-3 However target groups in Tier-1 and Tier-2 shall also be considered;
- 5.3.4 Nonetheless, the flow of financial literacy programs shall be continued beyond the phased period until and unless further instructions provided by Bangladesh Bank with a view to reaching all the people in the society including unserved/underserved as well as target groups identified here.

5.4. Implementation Measures

- 5.4.1 ***Common action plans***: These actions include face-to-face training/workshop/conference/seminar that shall be arranged by the FLPs as per work plan recognized in section 5.2.2. These actions hereby aim to improve the knowledge on financial services and bring immediate changes in behavior of the individual towards personal financial management.

5.4.1.1 General Financial Literacy Program

FLPs shall conduct general financial literacy programs (in person/face-to-face) focusing on the topics specified in section 4.1 considering the frequency purview of Annexure-A in these guidelines. To ensure maximum attendance of the targeted people, FLPs are encouraged to arrange prior announcement in the intended area. The FLPs are advised to invite the celebrities/reputed persons such as: representative of the local people,

school/college/university teachers or respected professionals in their financial literacy programs.

5.4.1.2 *Target group-based Financial Literacy Program*

FLPs shall take tailored initiatives to address the specific financial literacy needs of individual target group set in section 4.2. Each program (in person/face-to-face) shall be arranged focusing on a particular target group, such as: women or youth or micro merchants etc. Financial Literacy providers can arrange particular literacy programs for the staffs/workers of their large client such as workers of the garments industry, workers of brick kilns etc. This action aims to serve the special purpose of financial literacy need for a particular target group. The FLPs are advised hereby to roll out the financial literacy contents as accordingly.

5.4.1.3 *Thematic campaign*

BB shall announce annual/semi-annual theme for financial literacy campaign (such as: digital payment, e-banking, password protection, money laundering, borrowing, saving, remittance etc.) and FLPs shall develop contents (banner, poster, leaflet, flyer, slogan etc.) and publicize the thematic message using various communication tools and channels specified in section 6.1 and 6.2.

5.4.1.4 *Financial Literacy Day*

FLPs are required to celebrate financial literacy day on First Monday of March in every year. FLW of respective FLP shall be responsible to arrange road shows or street plays in each branch/sub-branch/agent banking outlet/unit office area focusing on different thematic topics of financial literacy.

5.4.1.5 *Others*

Essay competition for students, street play, simulation game etc can be arranged as a part of common financial literacy programs.

5.4.2 *Specialized action plans:* BB assumed to play critical role in promoting financial literacy and financial education with a view to influencing lifelong skill for every citizen. These actions hereby aim to develop the necessary infrastructure to endorse financial literacy as an enduring ability for an individual to catalyze prudential financial management. Following are some, but not limited to, initiatives that are intended to be implemented in the longer term:

5.4.2.1 BB shall take necessary steps to include financial literacy contents in the National Curriculum of Primary and Secondary level;

- 5.4.2.2 BB shall take necessary steps to collaborate with teachers training institutes to incorporate financial literacy contents in their training courses so as to capacitate teachers for disseminating financial literacy among students and peers;
- 5.4.2.3 BB shall introduce Training of Trainers (ToT) program for the trainers of FLPs on a regular basis or as on when needed;
- 5.4.2.4 BB in association with BBTA/BIBM may introduce module-based certificate course on financial literacy on different platforms;
- 5.4.2.5 BB shall take necessary action to broadcast radio and television programs considering open question answer session on financial literacy;
- 5.4.2.6 BB shall introduce Financial Literacy Week with a view to institutionalizing financial literacy interventions.

6. Communication Strategy

Financial literacy initiatives require innovative tools and appropriate media (digital and/or material) to reach the target people efficiently. Both communication channels and tools are critical in reaching target groups considering their age, gender, level of education, geographical locations etc, .

The following are, but not limited to, some communication channels and tools that are suggested for FLPs to apply while communicating financial literacy amongst people:

6.1 Communication Channels

- i. Training, Workshop, Seminar, Conference, Symposium;
- ii. Website/web portal, Mobile Apps;
- iii. Electronic and print media;
- iv. Booth, Bill Board, Dashboard;
- v. Financial Literacy Corner;
- vi. Social Media such as: Facebook, Instagram, LinkedIn, YouTube, Twitter etc;
- vii. Road show, fair, social gathering;
- viii. Others

6.2 Communication Tools

- i. Fly-leafs, Pamphlets, Leaflet, Brochure, Banner, Poster;
- ii. Booklet, Presentation, Info-graphics;
- iii. Advertisements (virtual/printed), Audio-visualls;
- iv. Simulation game of Financial Services;
- v. Quiz/essay competition;
- vi. Live chatbot;
- vii. Financial literacy game;

- viii. Financial diary, comics/stories;
- ix. Financial podcast, Newsletter;
- x. Street play, folk song;
- xi. Others

6.3 *Communication Approaches*

- 6.3.1 ***Financial literacy contents:*** FLPs are strongly advised to focus on generic issues of financial services and matters including DFS as well as consumer protection measures while developing financial literacy contents and disseminating financial literacy programs;
- 6.3.2 ***Target group-based Module:*** FLPs should develop target specific module for effective dissemination of financial literacy. While developing the module real life examples can be incorporated to sensitize audiences' preference. For example: presenting a successful women entrepreneur can be encouraging for others;
- 6.3.3 ***Language of communication tools:*** The language of financial literacy contents should be easy, clear and understandable to the target groups. Info graphics or pictorial can be used to attract audiences' interest;
- 6.3.4 ***Preference in communication channel:*** FLPs shall consider well-suited channel/multi-media to reach the target people. For example, social media, digital display, booth, chatbot etc. can be effective channels for youths, students, tech-savvy generations and/or entrepreneurs; newspaper/other print media/radio or TV advertisements can be viable channels to reach the elderly people; banner, festoon, local announcement, television advertisement, radio jingles, audio-visuals etc. can be effective channels for marginalized people, senior citizen as well as other category of population.
- 6.3.5 ***Digital Learning:*** FLPs are advised to emphasize on disseminating digital financial literacy since it is incredibly crucial in this changing financial services landscape. The effort should be focused on less cash/cashless banking, cashless payment and settlement, e-banking, e-wallet management, mobile financial services, FinTech, customer protection etc.
- 6.3.6 ***Learning through Simulation:*** FLPs are advised to use simulation system to familiarize participants with various banking services (such as: money transfer, e-banking, account opening/maintaining, digital payments, ATM operation, grievance redress etc.).
- 6.3.7 ***Grievance Redress:*** The FLPs shall take necessary measures to make the target audience aware of the grievance redress system. FLPs are encouraged to inform the audiences about their respective Customers Protection hotline as well as BB CIPC (customer interest protection centre) hotline (**16236**) and the email (**bb.cipc@bb.org.bd**) & mobile app options of BB for any complaints regarding financial services. FLPs are advised to make audiences aware and capacitate them on tackling fraudulent and forgery in relation to financial

transactions. However, the aim is not to address and/or resolve any complaint on the spot rather capacitate the audiences with necessary information to assimilate the mechanism;

7. Monitoring and Supervision

8.2 Monitoring

- 7.1.1 FLW/Head office of respective FLPs shall monitor the progress and prominence of the literacy programs regularly. FLW shall be responsible for onsite visit of the programs and evaluate the performance. FLW is advised to develop their own performance evaluation mechanism in light of the monitoring framework in [Annexure-B](#) to monitor the progress;
- 7.1.2 FLW of respective FLPs are required to collect and preserve the data and information of the conducted financial literacy programs;
- 7.1.3 BB shall visit the Head office/FLW of FLPs and/or financial literacy programs of the FLPs, if it deems necessary, to monitor the implementation progress.

8.3 Reporting

- 7.2.1 FLW of FLP shall send Financial Literacy Initiatives Progress Report (both hard and soft copy) as per [Annexure-B](#) on bi-annual basis to the General Manager, Financial Inclusion Department (FID), Bangladesh Bank, Head office within 15 days after the completion of each period;
- 7.2.2 FLW of FLP shall submit the yearly plan (as mentioned in section 5.2.3) for the next year to FID within the month of December;
- 7.2.3 FLPs shall publish the up-to-date information of financial literacy initiatives in its annual report and website as well.

9. Others

10.2 Risk Mitigation

FLPs shall take necessary measures to mitigate various risks that may originate due to limited resources, coordination gap among stakeholders, incompatible institutional framework, insufficient technical skill, and other factors.

10.3 Right to Amend

Bangladesh Bank reserves the right to amend, extend and modify any or part of these guidelines, if it deems necessary, as a result of changes in national and/or BB's own strategies, international good practices and/or recommendations.