

Financial education and Literacy

(Growing Responsibly– Growing Responsibility)

EFSE annual meeting 2010

Liljana Shkodra

Deputy Head of RBG,

BKT, Albania

Importance of financial education and literacy

- Essential component for consumers empowerment
- Gives an understanding how to manage consumer finances
- Contributes in avoiding unnecessary risks, excessive debts and possible financial exclusion
- Improves understanding financial opportunities
- Contributes in consumer-customer welfare
- Contributes in building up a sound consumer regulatory environment

Who benefits?

Customers

- An improved financial access
- A better understanding of products and services that are offered to them,
- An improved financial situation,
- Reduces the risk of over indebtedness

Financial institutions

- An increase in level of sales
- A fair competition
- An increase in efficiency
- An increase in transparency
- A reduction in asymmetries of information

BKT promoting financial literacy

- **Web site**
- **Brochures**
- **Training courses**
- **Mortgage Consumer guide**
- **Media campaigns**

Mortgage Consumer Guide

Give information on mortgages for non-professional audiences and public education purposes only.

- Brief and relevant information on residential properties
- Theoretical insight into mortgage lending terms
- Requirements to a potential borrower
- Mortgage-related expenses
- Lists several practical advices



MORTGAGE LENDING IN ALBANIA

**WHAT YOU NEED TO KNOW WHEN
TAKING A MORTGAGE LOAN**



Educational Mortgage Lending Guide

Why a guide only for mortgage lending?

- Largest financial transaction
- Most significant financial decisions
- Engage 30% of gross family incomes
- Mortgage portfolio is about 10% of GDP*

* In Albania





Challenges and key supporters

- Individuals generally lack an adequate financial background
- They also generally believe that they are far more financially literate than is really the case.
- Collaborative partnership is important

Supporters

- Central Government
- Regulatory bodies (Central Bank)
- Albanian Association of Banks (as representative of banking industry)
- Various consumer protection associations
- Education institutions
- Mass media

Thank You