

Teaching wise money management

National Bank seriously concerned about financial literacy of population

By Alexey Aksenov

Everyone needs a certain degree of economic understanding in order to budget their income and expenditure and use financial services wisely. Almost half of the population has a credit history — long or short — but, naturally, we need to understand the risks before borrowing money and be aware of our ability to meet repayments, to avoid gaining a bad credit history. People also need to appreciate the most profitable form of holding savings.

The National Bank's current plan aims to enhance financial literacy over the coming five years — as approved with the Government. The Deputy Chair of the National Bank, Sergey Dubkov, notes that they have spent 18 months working on the plan and are now keen to see it in action.

Naturally, joint efforts are always more effective, so the Association of Belarusian Banks, which unites most players on the market, is helping in the national campaign, alongside the Ministries for Economics, Finance, Labour and Social Pro-

tection, and Information. They are joined by the Sociology Institute at the National Academy of Sciences of Belarus and by the National Statistics Committee.

Ideally, people's understanding of how to manage their finances should improve in a measurable way; polls and target groups will be used to gauge this. Moreover, a *Financial Literacy* textbook is to be released, with schools running classes in this sphere, as agreed with the Education Ministry. Mr. Dubkov is convinced that the foundations of economic knowledge should be 'cultivated' as early as possible. "Otherwise, as recent research shows, university graduates may be unaware of elementary economic terms, unless they have studied specific professional specialities. We'll run financial literacy courses at universities to tackle this situation," notes Mr. Dubkov.

The National Bank is joining others worldwide in pursuing an international goal of public financial awareness, encouraging people to save wisely — rather than hoarding money 'under the mattress.' Natu-



Commercial banks to take part in improving financial literacy of citizens

rally, by putting money to work, we benefit not only ourselves but the economy. Citizens may be distrustful of bonds issued in Belarus, knowing little about them, so this is clearly an area for education.

Deputy Economy Minister Dmitry Golukhov forecasts, "The

long-term effect should be greater volumes of 'visible' savings, bringing this money into circulation and reducing the dependence of the national economy on external financing. This should promote more stable development."

Macro-economics has its founda-

tion in micro-economics, down to well thought-out planning of family budgets. While children will no doubt enjoy learning about the 'grown up' world of spending, saving and borrowing, adults will also be targeted by the plan via a TV quiz soon to be broadcast.

Potential built on co-operation

Meeting Russia's Deputy Prime Minister, Arkady Dvorkovich, to assess potential for serious industrial co-operation, Belarus' PM notes that five joint Belarusian-Russian companies may launch this year

By Vladimir Khromov

Automobile and agricultural machinery plants (MAZ-KamAZ and Gomselmash-Rostselmash) are due to open in 2013, alongside microelectronics enterprises, scientific centres and companies producing mineral fertilisers.

Belarus' First Deputy Prime Minister, Vladimir Semashko, asserts that all the existing sites are 'fully operational, stable and functioning perfectly' while being regularly modernised. Mr. Dvorkovich has been invited to tour all the plants, having seen the exhibition centre at Gomselmash Production Association, its major assembly line and central design bureau.

The President of the Russian Association of Agricultural Machinery Manufacturers, Rosagromash, and the co-owner of Rostselmash JSC, Konstantin Babkin, have already shown interest in collaborating with the Belarusian company. Negotiations have taken place at Grodno Azot JSC regarding interaction between the joint stock company and Russian companies.

In Minsk, Mr. Dvorkovich also visited MAZ, in his role as co-ordinator of projects from the Russian side. Mr. Semashko will be doing



The meeting with Deputy Prime Minister of Russia, Arkady Dvorkovich

the same for Belarus. Mr. Dvorkovich tells us, "We've agreed that, in the coming weeks, intensive negotiations will be conducted across all areas, primarily regarding major projects, such as the integration of MAZ and KamAZ, alongside possible integration of Grodno Azot with a Russian company."

Although the Russian Deputy Prime Minister hasn't concealed the fact that major technical consultations lie ahead, he is hopeful that agreements will be swift in coming (unlike those for the establishment of BelRosAuto Holding). In particular, he stresses that 'approaches will be combined, with companies encouraged to find ways of bring-

ing beneficial results for both countries'.

The two sides have agreed on sci-tech interaction via the GLO-NASS project, being run by the Russian and Belarusian Academies of Sciences and the Skolkovo Foundation. It will discuss scientific prospects, aiding the application of theoretical research and the implementation of definite projects.

Russia and Belarus are embracing an industrial policy of long-term co-operation, creating macro-conditions for integration of their companies, following agreements reached at a recent session of the Council of Ministers of the Union State, hosted by Moscow.

Unavoidable cost of everyday life

Everyone knows that the cost of utilities rise with time. No one can avoid expenditure on heating, water and electricity. However, compared to most neighbours, Belarusians pay far less for their electricity and water: just over one fifth of their actual cost.

The Government has warned that consumers will need to cover a greater proportion of the cost soon, with differentiated tariffs being introduced to reduce uncontrolled consumption.

The Russian Ministry for Economic Development recently published a report showing that its citizens pay a greater proportion of their income for public services than do EU members: 10 percent compared to an average of 8 percent. Estonians pay of an even more shocking average of 20 percent of their salaries on utilities, with the Lithuanians, Latvians and Moldovans close behind (19, 18 and 17 percent respectively). The Croatians set aside 16 percent of their income.

On average, residents of EU countries pay 8 percent. The French spend a modest 7 percent, while UK residents, the Swedes, the Spaniards and the Finns all pay 6 percent of their average salaries.

Meanwhile, the Austrians pay 10 percent and the Germans 9.

Of course, costs reflect energy prices and various other factors. Within the EU, the average cost is \$185-275 per month. The Lithuanians, with their average salary of \$675, pay more than those in Britain, where the average monthly salary is \$3,000. The Poles earn an average of \$1,250 yet pay as much as the British. Eastern Europeans are most unlucky, since tariffs remain similar to those in the more developed states, despite their salaries being much lower. Naturally, winters in the Baltic States are colder than in Italy or Spain, bringing higher costs.

According to the National Statistics Committee, in Belarus, the share of expenditure on public services at farms was 3.2 percent on average for the third quarter of 2012. Brest Region residents spent most — 3.5 percent, while Minsk Region residents spent the least — 2.9 percent. In the Vitebsk Region, citizens paid an average of 3.3 percent of their income. This stood at 3.4 percent in the Gomel Region, 3 percent in the Grodno Region and 3.2 percent in the Mogilev Region. Minsk residents spent 3.4 percent of their income on light, water, heating and solid waste removal.