

# **Financial literacy of population in the Republic of Belarus: facts and conclusions**

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**Kroytor S.  
Obrazhey O.  
Podvalskaya V.**

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# **1 Major conclusions**

## **1.1 Financial literacy of population in the context of current trends of economic development**

During several recent decades, the specialists say much about the necessity of wider participation of citizens in the processes taking place in the financial markets. On the one part, wider use of services and products offered by country's financial institutions will contribute to the implementation of rights and expansion of opportunities for citizens in the financial sector, because it will assist in making their economic activities more vigorous, in improving their skills in own resource management, and will make possible to use savings more efficiently, to plan expenses, to assess financial risks and benefits and, finally, will strengthen their financial safety and stabilize their standard of well-being. On the other part, attraction of population's financial resources into the national economy will result in growth of efficiency of the real sector of economy due to higher strength and capacity of country's financial market.

The problem of participation of citizens in the processes taking place in the financial markets is especially important for countries with the transitional economy including the Republic of Belarus that is in the stage of formation and needs significant financial investments for the economic sector support and development. Under these conditions, population's funds used as the internal investment resource provide sufficiently strong potential source of support for the state's financial and economic stability and the efficient mechanism for prevention of social tension. There are awareness of each individual citizen about the situation at the financial market, knowledge in legal mechanisms for protection of financial service customers, capability to arrange own economic activity efficiently and to use own funds reasonably are the critical factors now determining the well-being of an individual person and the efficiency of operation of the economy as a whole.

## **1.2 National survey: the image of Belarus**

The Institute of Sociology of the National Academy of Sciences of Belarus interviewed the citizens of Belarus within the scope of the survey, "Financial Literacy of Population in the Republic of Belarus: Assessment and Analysis". The goal of this research was to find the level of awareness of Belarusians in the financial sector, to study the skills in making use of financial services and the population's knowledge about consumer's rights in the sector of financial services and about the procedures for protection of these rights. The survey covered the adult population of the Republic of Belarus, with the nation-wide representative sample, 1500 persons. Within the scope of the survey, the respondents were asked to answer 60 questions, predominantly taken from similar surveys carried out by the World Bank in neighboring countries and adapted in accordance with the specific features of the financial market in Belarus.

The survey was carried out to solve the following tasks:

- ✓ find the level of financial literacy of population in Belarus (through the self-assessment and answers given to the test questions);
- ✓ study the patterns of population's financial behavior with regard to the family budget management, savings management, debt and credit management;
- ✓ reveal the types of financial services in highest demand by Belarusians;
- ✓ study the level of awareness of population in the Republic of Belarus with regard to the protection of customer rights in the sector of financial services;
- ✓ analyze the situation in financial literacy in groups of population by gender, age, education and region.

According to the survey results, the following approximate portrait of the Belarusian customer of financial services can be prepared. The typical customer of financial services poorly

understands the financial products, uses only several basic services provided by the financial sector (such as payments for public utilities, currency exchange, payments through terminals, credits and current account) and rather poorly informed about the mechanisms of protection of customer's rights in the financial sector.

As a rule, respondents overestimated their level of skills in financial matters as compared with their real ability to understand them. For example, about 70% of respondents estimated their financial literacy level as "satisfactory", "good" or "excellent", with real result significantly poorer: about 60% in the test in financial mathematics and about 36% in the test in financial awareness. More than half of respondents gave wrong or no answers to most of test questions in finance.

However, with the relatively low current level of financial literacy of population, understanding the financial matters by the citizens became significantly better during the several recent years. For example, the number of respondents having the good level of familiarity with the matters of financial mathematics is currently twice higher than in 2013. In our opinion, this is an evidence of efficiency of measures taken by the governmental agencies for improvement of financial literacy among the population of the country, and this provides grounds for further implementation of these measures.

The respondents have demonstrated the best results in questions covering the discounts (where 84% of respondents gave correct answers), the guarantor's liability (about  $\frac{3}{4}$  of respondents), the inflation level ( $\frac{2}{3}$  of questioned persons) and the floating interest rate ( $\frac{2}{3}$  of respondents). The worst results were demonstrated in questions covering the income on bonds (less than 10% of answers were correct), guarantees for deposits in credit unions, investment guarantees and bank deposit guarantees (about a quarter of questioned persons gave correct answers). Special attention should be paid to the fact that the Belarusians are informed quite poorly about the differences between credit cards and debit cards (37.3% of correct answers), while these financial services are quite common for the Belarusian population.

About 15% of respondents have negative experience in financial services. In most cases, this experience results from use of a bank deposit (about 37%) and a consumer's credit (about 30%).

Over 47% of respondents supposed that the interests of both parties will be taken into consideration in case of possible disagreement with a financial institution. About 30% of respondents have a pessimistic opinion: they are sure that a conflict will be resolved in favour of the financial institution. Almost every fifth of respondents gave don't know answers for this question, and less than 5% of respondents expect that the conflict will be resolved in their favour. Facing a problem, the Belarusians in most cases took no actions (almost 45% of respondents) or terminated the service usage before the contract termination date (about one third of respondents).

The population's ideas about the conditions making reasonable to buy on credit are the following. Almost every fourth of respondents noted that it is reasonable to use a credit to pay for education or to buy necessary goods advantageously during sales. Every fifth expressed an opinion that it is reasonable to take the credit if the credit interest rate is less than the deposit interest rate.

Most of Belarusians do not give great importance to the detailed recording of their incomes and expenditures; however, many of them, all in all, understand the amounts of their earnings and spendings (about 70% of respondents).

The respondents who had unspent money remaining at the time when they earn the next income preferred to keep this money in cash (about 55%) or to spend this money for buying consumer's goods (about 50%). Much less common were the cases when the respondents deposited the saved amounts in a bank and/or kept these amounts not withdrawn from their accounts (12%) or lent to their friends or relatives (9%). The rarest were the cases when the respondents used unspent money to buy securities, invested this money into their own business, purchased gold or jewels (less than 3%).

During the recent three years, the patterns of management used for unspent household incomes remained almost unchanged, and the Belarusians, as before, prefer to spend this money for buying goods or to keep at home but not to invest or to use the financial instruments available at the country's market to obtain more incomes. In our opinion, the analysis of reasons for such "non-strategic" behavior is worthy of special attention within the scope of further studies. At present, we can make only several assumptions with regard to the reasons for such behavior of the population. These reasons can include low level of confidence in the country's financial institutions (while the trend for growth of confidence in these institutions exists in the recent years, it seems to be insufficient for the population to entrust its money to them); low level of population's awareness about the opportunities offered by the financial market for growth of available funds, small range of services offered and high prices for these services.

Almost  $\frac{3}{4}$  of respondents want and can save money. Most of them (43.4% of all respondents) are adherent to the "residual saving" strategy, saving money remaining after all necessary expenditures for day-to-day needs. For others (almost 20%) the savings are the priority; they allocate some amount from the household budget for savings and use only the remaining part to satisfy their day-to-day needs. The percentage of respondents spending all money for their day-to-day needs and making no allocations for savings is almost 34%.

For about two thirds of respondents allocating a part of their incomes for savings, the primary motivation for the saving behavior is to accumulate money "for a rainy day", i.e. for unexpected expenses, with this number growth by 7.1 percentage points as compared with 2013. About one third of those who can and want to save money make savings in order to improve their life in the future; slightly more than 17% make savings in order to be financially independent or to leave an inheritance for their heirs. Less than 8% of respondents use their savings to obtain additional incomes as interests on deposits or as increase in value of shares and bonds, or to provide means for life after retirement.

Most of respondents (of those who answered negatively when asked whether they have savings), 82.2%, have noted low incomes as the major reason preventing from saving money. As compared with 2013, the number of Belarusians unable to make savings due to low incomes grew by almost 17 percentage points. Less than 10% of respondents consider money saving senseless, cannot deny themselves the pleasure of buying goods or make no savings due to lack of confidence in financial institutions. Some optimism is inspired by the fact that the rate of respondents refusing to make money savings due to lack of confidence in financial institutions dropped by 6 percentage points as compared with 2013.

To resolve their financial problems, most of respondents resort to the reduction of consumption and thrift (almost  $\frac{2}{3}$  of those who faced the problem of insufficient money). Asking relatives, friends and acquaintances for assistance in situations of lack of money is quite common (about 44%). Almost quarter of respondents uses their savings in situations of lack of money, with this number drop by 6 percentage points as compared with 2013. Maybe this is due to worsening the material well-being of population that, in turn, as referred above, has resulted in reduction of population's savings or in unwillingness to spent available savings in the situation of financial uncertainty and insecurity of the future. The rarest measures taken by respondents in situations of lack of money include off-hour and additional job, asking friends and relatives for non-repayable financial support, or solving the problem of money deficit by a credit card, a credit obtained from a bank, property sale or withdrawing the necessary amount from the own business (less than 10% of respondents).

More than one third of respondents do not keep track of variations at financial markets. About a quarter of respondents regularly take interest in variations of inflation levels, amounts of pensions, social welfare payments and tax benefits. Information about variations of interest rates for deposits and changes at the real estate market is required by about 20% of respondents. About every fifth takes interest in variations of prices for oil, gold, precious metals; the period since 2013 saw more than doubling the rate of citizens tracking the variations in this segment of the financial market. Slightly more than 15% of respondents track the variations at the real estate

market. The trends of interest rates for deposits and credits are the objects of attention for about every eighth Belarusian. It should be noted that the population's attention with regard to variations of interest rates for deposits and credits significantly dropped during the several recent years (by 6.1 and 10.2 percentage points respectively). It is likely that this fact confirms our hypothesis asserting that, with the crisis phenomena in the economy resulting in reduction of incomes of individuals and their families and in growth of uncertainty with regard to the future, the population's stance on money has been changed, resulting in rethinking the own strategy of savings and expenditures. As noted above, the population in the existing situation tries to spend less and to save more (at home, not in the bank, e.g. by converting the savings into the foreign currency); not to invest money into a bank because nobody can be sure that the state and banks will be able to guarantee the saving preservation; and not to take credits because, with the incomes reduced, the cost of credits becomes too high for the population. The rarest matters of interest for Belarusians are variations of stock market quotes and indices (less than 3%).

For respondents, the major sources of information about changes at financial markets are the special Internet resources, more than 55%, about 15% greater than in 2013. About 46% of respondents receive this information from special newspapers and magazines. About 40% of respondents obtain information about the processes at financial markets from their friends and acquaintances; about 30%, from advertising; about 25%, from employees of banks, insurance companies and other financial organizations. The rarest are the cases when the respondents ask independent consultants or brokers for this information (less than 4%).

In the course of the survey, respondents were also asked to specify the aspects of personal finance management they want to know more about. According to the data collected, in highest demand is the information about the legal system for protection of rights of consumers of financial services and the procedures to be carried out in case of violation of these rights as well as the information worthy of special attention for signing an agreement with a bank or a financial company; for each of these matters, more than 25% of respondents want to expand their knowledge. About every sixth respondent wants to learn to plan skillfully the purchases of durable goods, to find more information about the banking services and about the sources of information describing these services. Every seventh respondent wants to obtain more information about the credits, the pension system and the procedures making it possible to gain incomes in an advanced age. It should be noted that, with the level of financial literacy in Belarus not very high, about 30% of respondents assert that they do not need any additional information.

All in all, Belarusians do not assess their financial standing highly. About 60% of respondents rated it as satisfactory. About every fourth respondent considers it to be poor or very poor. The rate of respondents describing their financial condition as good or very good is only 9.4% of the total number of those covered by the survey.

Almost half of respondents noted that their families have enough money for food and clothes but face difficulties with buying durable goods. About every tenth family has no difficulties with buying durable goods; however, very costly goods are problematic for these families. Slightly more than 8% of respondents face problem of money deficit even for food; the financial condition of these families can be described as critical.

Comparison of respondents' self-assessments of their standard of well-being as well as their real incomes resulting from surveys in 2013 and 2016 demonstrates that both indicators dropped during the recent three years, i.e. the material wealth of population worsened and, as a result, Belarusians feel themselves poorer.

The subsequent sections of this report contain the detailed information describing the level of financial literacy of population in Belarus, the patterns of population's financial behavior in terms of the family budget management, savings, debt and credit management, information about the financial services used by Belarusians most commonly and the population awareness about the procedures available in Belarus for protection of rights of consumers of financial services, including these data in comparison with the results of similar survey held in 2013. The report

text body contains also the analysis of the situation in groups of population by gender, age, education and region.

### **1.3 Further steps**

For Belarus, at its current stage of development, attraction of population's savings into the national economy, with these savings used as the investment potential, is the promising way to the improvement of the country's well-being.

However, as demonstrated by this survey results, this is hindered by low activity of the population at financial markets. Although the situation became slightly better during several recent years, the country's citizens still poorly understand the financial matters, demonstrating the interest towards the events on the financial markets quite rarely, and reluctantly use the financial products and services. The rate of Belarusian population practically not involved into the financial sector is still significant.

What shall be done to expand the citizens' inclusiveness into the financial processes? First, the work shall be continued for improvement of population's financial literacy, i.e. its awareness about the financial instruments, products and services, its knowledge in mechanisms of protection of rights in financial activities, and training in skills of own finance management. This will make the citizens capable to assess financial risks, to compare them against possible benefits resulting from use of various financial instruments and to make reasonable and grounded solutions in own capital management, investment and growing. Special attention should be paid to the members of vulnerable social groups (such as people in advanced age, people with lower level of education, school and university students, inhabitants of rural regions) having lower level of competence in own finance management as compared with other citizens. Second, the level of population's confidence in the financial institutions shall be increased because this factor, to a great extent, is a prerequisite for readiness of Belarusians to entrust their money to these institutions. Third, the range of financial products and services available for citizen's use under beneficial conditions must be expanded. Fourth, the legislation intended to protect the rights of consumers of financial products and services shall be further improved. Fifth, efforts should be continued for popularization of information resources in financial literacy and protection of rights of consumers of financial services.

This, in turn, means that the need exists in further development and implementation of the range of governmental measures implemented by governmental agencies for improvement of population's financial education and inclusiveness into the processes taking place at the financial market of Belarus.

## **2 Research methodology**

The empirical research, covering the nation-wide representative sample, was carried out by the Institute of Sociology of the National Academy of Sciences of Belarus during the period from 30 January to 14 February, 2016, concerning the financial literacy, knowledge in finance and financial service usage, and the population awareness about the rights in consumption of financial services and procedures for protection of these rights. The survey was carried out by way of personal interviewing at respondents' places of residence. The total sample size was 1500 persons. Adult persons, age 16 or older, leaving in Belarus, took place in the survey. The respondents were asked to answer 60 questions, predominantly taken from similar surveys carried out by the World Bank in other countries (Russia, Ukraine, Azerbaijan). The similar research was carried out in Belarus in 2013. The sample of 1500 respondents is sufficient for Belarus to obtain significant and reliable results.

The interview form is subdivided into 5 sections. Section 1 contains questions concerning the financial literacy self-assessment by a respondent. Section 2 contains a set of relatively easy test questions from financial mathematics. Section 3 consists of the questions for assessment of the level of knowledge in financial terminology and the degree of awareness about the rights in the financial service usage. Section 4 contains questions about the financial services and financial behavior patterns used by respondents and their relatives (households). Questions asked in Section 5 are intended to gather information about the respondent's social and demographic status.

To achieve the research goals, the nation-wide multistage stratified sample was used. The settlement size was used as the stratification criterion. For the purposes of the sample preparation, the population of Belarus was subdivided into five zones. The first zone comprised the cities with a population of more than 250,000; the second zone, the cities with a population from 100,000 to 250,000; the third zone, the cities with a population from 50,000 to 100,000; the fourth zone, the cities with a population from 10,000 to 50,000; the fifth zone, the cities with a population less than 10,000. The sixth zone comprises the rural population. The sample structure provides rural population sampling in accordance with the urban population zone, making the resulting data representative. The research covered all six regions of the Republic of Belarus: Brest, Vitebsk, Gomel, Grodno, Minsk and Mogilev Regions. The statistical error is not higher than 5%. See Table 1 for the total sample size by types of settlements.

**Table 1. Sample size by types of settlements**

Region	Zones	Settlement	No. of respondents
Brest	1	Brest	49
	2	Baranovichi	30
		Pinsk	24
	4	Ivatsevichi	26
		Gantsevichi	14
	6	Rural population	74
<b>Region total</b>			<b>217</b>
Vitebsk	1	Vitebsk	55
	2	Orsha	19
		Novopolotsk	16
	3	Polotsk	13
	4	Gorodok	17
	5	Braslav	24
6	Rural population	55	
<b>Region total</b>			<b>199</b>
Gomel	1	Gomel	78
	2	Mozyr	17
	3	Zhlobin	33
	4	Dobrush	22
	5	Korma	17
	6	Rural population	62
<b>Region total</b>			<b>229</b>

Region	Zones	Settlement	No. of respondents
Grodno	1	Grodno	51
	2	Lida	16
	3	Slonim	19
	4	Volkovysk	17
	5	Bolshaya Berestovitsa	14
	6	Rural population	53
<b>Region total</b>			<b>170</b>
Minsk	1	Minsk	281
	2	Borisov	25
		Soligorsk	15
	3	Molodechno	19
		Slutsk	14
	4	Smolevichi	17
Stolbtsy		18	
5	Krupki	18	
6	Rural population	102	
<b>Region total</b>			<b>509</b>
Mogilev	1	Mogilev	56
	2	Bobruisk	35
	4	Shklov	30
	5	Krasnopol'e	11
	6	Rural population	44
	<b>Region total</b>		

The random route sample with the quota control was used to select respondents. Gender, age and education were used as the controlled parameters. The quotas were configured to represent the population of the Republic of Belarus in terms of these parameters. The route restrictions were set in accordance with the settlement type and restricted the number of respondents at one street (not more than 10 persons in large cities, 5 persons in small towns and rural settlements), in one house (not more than 5 persons in large cities, 3 persons in small towns, 2 persons in rural settlements), in one section of an apartment building (not more than 2 persons in large cities and small towns, 1 person in rural settlements), in one flat (not more than one person in all types of settlements). See Tables 2, 3, 4 for the major parameters of a sample in terms of respondents' gender, age, education and region of residence.

**Table 2. Distribution by gender and age**

	Respondent's gender		Total
	Male	Female	
16-24	14.6%	9.7%	11.9%
25-34	22.5%	20.3%	21.3%
35-44	17.4%	15.8%	16.5%
45-59	27.1%	31.2%	29.3%
60 and older	18.5%	23.0%	20.9%
Total	100.0%	100.0%	100.0%

**Table 3. Distribution by gender and region**

	Respondent's gender		Total
	Male	Female	
Brest Reg.	14.6%	14,8%	14,7%
Vitebsk Reg.	13.2%	13,0%	13,1%
Gomel Reg.	15.4%	15,0%	15,2%
Grodno Reg.	11.5%	11,2%	11,3%
City of Minsk	18.4%	19,1%	18,8%
Minsk Reg.	15.3%	15,1%	15,2%
Mogilev Reg.	11.6%	11,7%	11,7%
Total	100.0%	100.0%	100.0%

**Table 4. Distribution by gender and education**

	Respondent's gender		Total
	Male	Female	
Primary	0.9%	2.1%	1.5%
Basic or incomplete secondary	11.5%	12.4%	12.0%
General secondary	25.4%	20.1%	22.5%
College or vocational school	41.6%	42.6%	42.1%
Incomplete higher	0.6%	0.7%	0.7%
Higher	20.0%	22.1%	21.1%
<b>Total</b>	100.0%	100.0%	100.0%

Survey network personnel's work quality was controlled in several stages:

1) visual inspection to ensure that the forms are filled completely at the coding and data entering stages;

2) route sheets checking by telephone to check whether the people took part in the survey, whether the respondents' social and demographic characteristics listed in route sheets are the same as their real social and demographic characteristics, and whether the interviewers observe the survey procedure (30-50% of phone numbers specified by each interviewer are checked by telephone);

3) computerized inspection of the research database using special software to find questionnaires filled identically or almost identically (85-95% of answers are identical), followed by visual comparison of these questionnaires and additional checking by telephone.

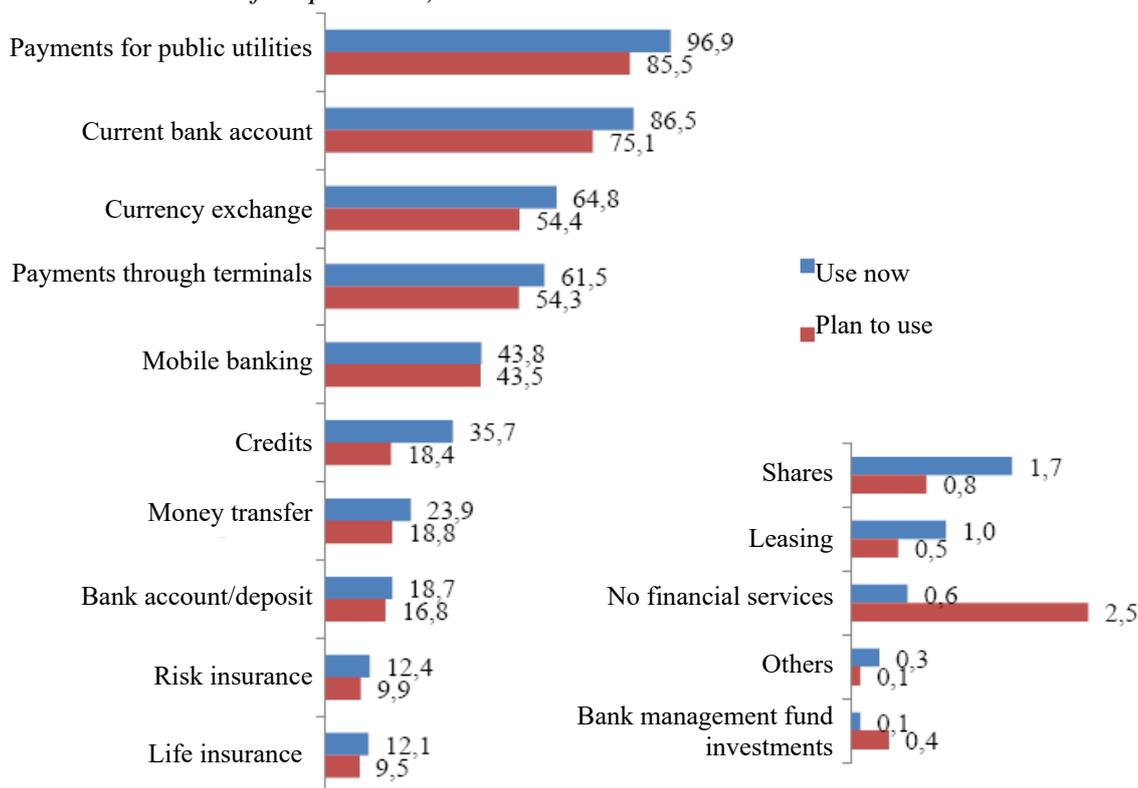
### 3 Use of financial services

#### 3.1 Use of financial services: current level

The research results demonstrate that the financial service usage is relatively low in Belarus (see Diagram 1). Most of citizens use only basic financial services. The most popular financial service among Belarusians is the payment for public utilities: about 97% of respondents and their family members regularly pay the bills for public utilities. The group of services in highest demand among the citizens of Belarus includes also current bank accounts (this service is used by more than 85% of respondents), currency exchange (almost 65% of respondents), payments through terminals (almost 2/3 of respondents), and mobile banking (about 44% of respondents).<sup>1</sup> The crediting service is used by slightly more than one third of the interviewed Belarusians. Almost every fourth of respondents regularly make money transfers. About every fifth of Belarusians keeps money in bank accounts and deposits. Slightly more than 12% of respondents noted that they have insured their life, and about the same is the percentage of respondents who have used the risk insurance service. Less than 2% of respondents use such financial instruments as shares, leasing and bank management fund investments.

**Diagram 1. Financial service usage structure in 2013 and 2016**

*What financial services (from the listed ones) are used personally by you or by your family members? What are the financial services you personally plan to use within the next 2 years? (% from the total number of respondents)*



The results of this research compared with the results of similar survey carried out in 2013<sup>2</sup> demonstrate that there were no significant changes during the recent 3 years in the range of

<sup>1</sup> Several answers could be given for this question, resulting in the sum of percentages exceeding 100%.

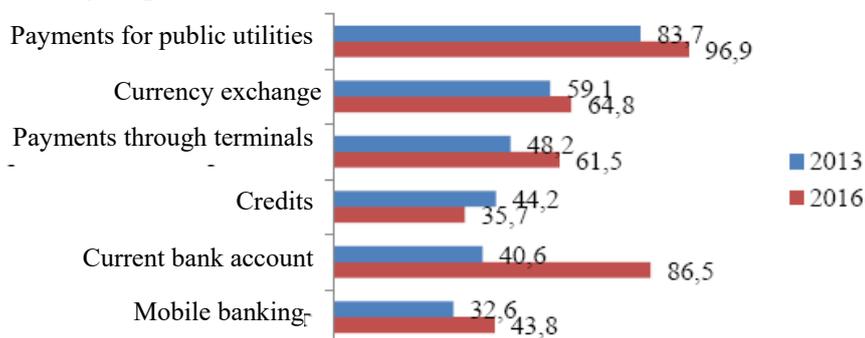
<sup>2</sup> The results of survey, “Financial Literacy of Population in the Republic of Belarus”, carried out among the population of the Republic of Belarus in July – August, 2013, were used as the materials for comparison. The similar tools, sampling procedures and interviewing methods were used for surveys in 2013 and 2016. As a result, comparable data sets were prepared that can be used to compare the situation in terms of usage of financial services by the country’s citizens and to analyze the trends of its variation.

financial services most popular among Belarusians. In both cases, the list of six financial services used by the highest number of country's citizens include payment for public utilities, currency exchange, payments through terminals, credits, current bank accounts and mobile banking (see Diagram 2). It should be noted that the demand for almost all these services grew during the specified period. The greatest increment of the number of users is recorded for the current bank account; for this financial service, the number of users approximately doubled (from 40.6% to 86.5%). It is likely that this significant increment results not only from real growth of the number of users of this service but also from the growth of population's financial literacy during this period, making the users capable to identify the current account as such. In our opinion, several years ago the percentage of citizens incapable to distinguish between the current account and other types of bank accounts, e.g. the saving account, was much higher than now. It is quite possible that it was due to this misunderstanding that several respondents who noted in 2013 that they have no current account really had it. The second largest increment of the number of users is for payments for public utilities and payments through terminals. The number of respondents using these services grew respectively by 13.2 and 13.3 percentage points. The number of Belarusians using the currency exchange service grew by 5.7% as compared with this number recorded three years ago. The only service that became less popular during the recent three years is credit: during this period, the number of users for this service dropped by 8.5 percentage points.

**Diagram 2. Structure of usage of financial services most popular among the population in the Republic of Belarus in 2013 and 2016**

*What financial services (from the listed ones) are used personally by you or by your family members?*

*(% from the total number of respondents)*



### 3.2 Plans to use financial services in the future

Within the scope of the survey, respondents were also asked to specify the financial services they plan to use in the future. According to the collected data, the demand for several types of financial services will drop during the next 2 years (see Diagram 1).

For example, quite significant reduction is expected for the number of such now-popular services as payment for public utilities through the bank (by 11.4 percentage points), current bank account (by 11.4 percentage points), currency exchange (by 10.4 percentage points), payment through terminals (by 7.2 percentage points). Attention should be paid to the fact that the number of Belarusians planning to use credit services in the next two years is 17.3% less than the current number of users of this service, i.e. the reduction of the number of Belarusians using the credit services almost in half can be forecasted. Also, insignificant reduction of money transfers (by 5.1 percentage points) can be expected in the nearest future. The indices of variation for other financial instruments, such as mobile banking, bank accounts and deposits, risk insurance, shares, bank management fund investments and leasing, are within the statistical

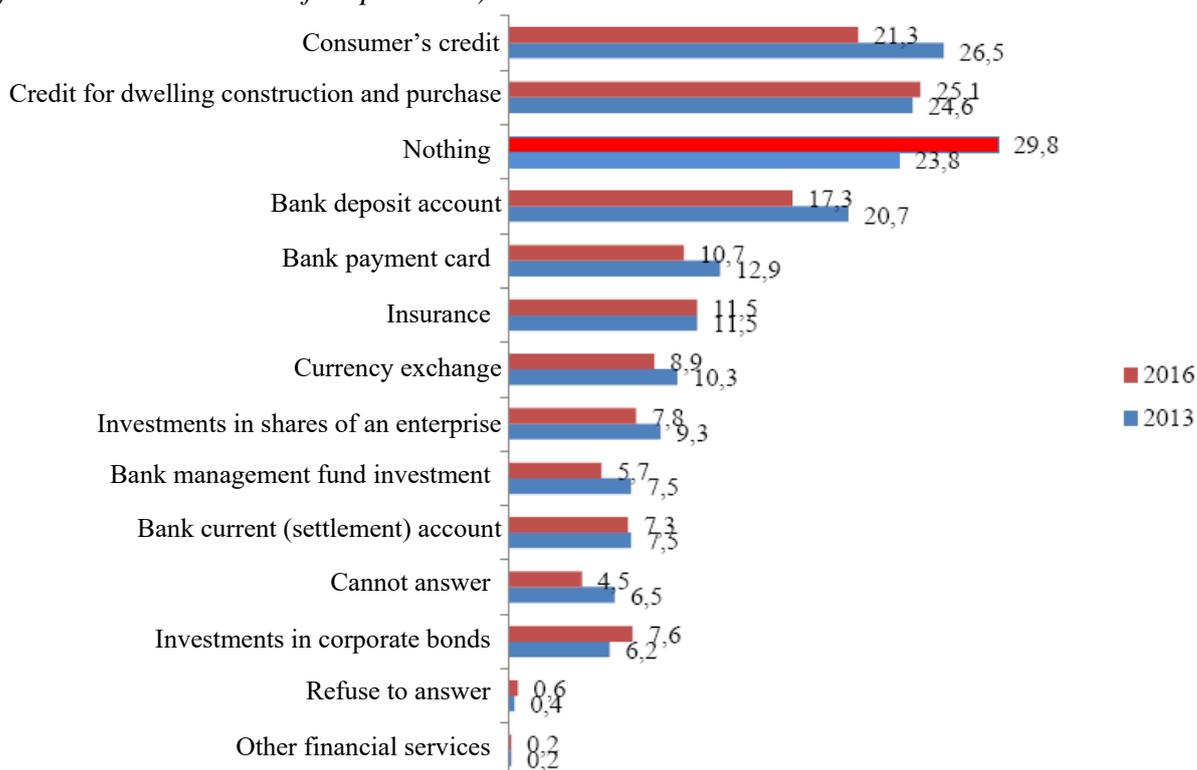
error; so, they cannot be analyzed meaningfully. It means that no or insignificant changes should be expected in the next 2 years for the numbers of users of these financial instruments.

As for the population's need for additional information about the financial services, the greatest number of respondents wants to learn more about such types as credits for dwelling construction and purchase, consumer's credits and bank deposit accounts (see Diagram 3). Respectively 25.1%, 21.3% and 17.3% of respondents said that this information is interesting for them. About every tenth respondent wants to obtain additional information about the insurance and bank payment cards. Information about currency exchange, about investments in shares of enterprises and corporate bonds, and about a current bank account is interesting for 7%...9% of Belarusians who took part in the survey. It should be noted that about 30% of respondents do not need information about any services. This situation seems to be especially controversial taking into consideration that the level of financial literacy of the majority of Belarusians is not high and they poorly understand the financial instruments. More concern results from the fact that the number of citizens having no need for any information about financial services grew during the recent three years, though insignificantly (by 6 percentage points).

Some differences were found between the age groups with regard to the financial services they want to know more (see Table 4.5, Annex 4). For respondents in age from 18 to 34, the highest demand is for information concerning the services of crediting (consumer's credits, credits for dwelling purchase and construction), insurance and currency exchange. Bank deposit accounts are interesting more often for respondents in age from 35 to 44. Those asked in age from 25 to 44 have a need, more often than others, to expand their knowledge in services of investments (in the bank management fund, in shares of enterprises and in corporate bonds). The lowest level of interest for additional information about the financial services was recorded among the respondents in age 60 and older; half of them don't want to expand their knowledge about any financial services, much more than for respondents in other age groups.

Significant differences with regard to this matter were also revealed for the groups differing in their level of education (see Table 5.5, Annex 5). These differences are both in terms of the degree of respondents' interest for additional information about the financial instruments and in terms of the types of services the respondents prefer to obtain information about. So, for respondents with lower education level, as a rule, the need for information about the services offered by the financial market is less common. For example, more than half of respondents with the primary education and about half of respondents with the basic or incomplete secondary education expressed no interest for additional information about any financial services. As for the types of services interesting for respondents from different groups, the following shall be noted. Respondents with college education demonstrate more interest for additional information about the consumer's credits, credits for dwelling construction and purchase, current bank accounts, currency exchange. Respondents with incomplete higher education predominantly have a need for additional knowledge about the financial services such as bank accounts (current (settlement) bank account, deposit bank account), insurance, credits for dwelling construction and purchase, investments (in the bank management fund, in shares of enterprises). Respondents with higher education predominantly need information about the investments (in corporate bonds, in shares of enterprises, in the bank management fund) and credits for dwelling purchase and construction.

**Diagram 3. Need for additional information about the financial services in 2013 and 2016**  
**What are the financial services you want to know more about?**  
 (% from the total number of respondents)



Within the scope of the survey, respondents were also asked to specify the personal finance management aspects they want to know more about. According to the collected data, the highest demand is for information about the legal system for protection of rights of consumers of financial services and the procedures to be carried out in case of violation of these rights as well as the information worthy of special attention for signing an agreement with a bank or a financial company: for each of these matters, more than 25% of respondents (see Diagram 4) want to expand their knowledge. About every sixth respondent wants to learn to plan skillfully the purchases of durable goods, to find more information about the banking services and about the sources of information describing these services. Every seventh respondent wants to obtain more information about the credits, the pension system and the procedures making it possible to gain incomes in an advanced age. It should be noted that, with the level of financial literacy in Belarus not very high, about 30% of respondents assert that they do not need any additional information.

The data analysis has demonstrated that some differences exist between social and demographic groups in terms of additional information they need with regard to the personal finance management.

For example, women, in higher degree than men, take interest in getting additional knowledge about the pension system operation and the procedures making it possible to gain incomes in an advanced age (see Table 3.3, Annex 3).

Respondents in age from 18 to 44 have a need, more often than others, to heighten their level of financial literacy; first of all, they take interest in matters of conditions for crediting and fulfillment of credit liabilities, insurance, information about the criteria for choosing the services of banks and financial companies, and information about protection of rights of financial service consumers in accordance with the national legislation (see Table 4.3, Annex 4). Respondents in younger age group (18-24) take interest, more often than others, in information making it possible to learn how to plan the purchases of durable goods; in knowledge about the sources of information about the banking services, about the rules of understanding and skills in

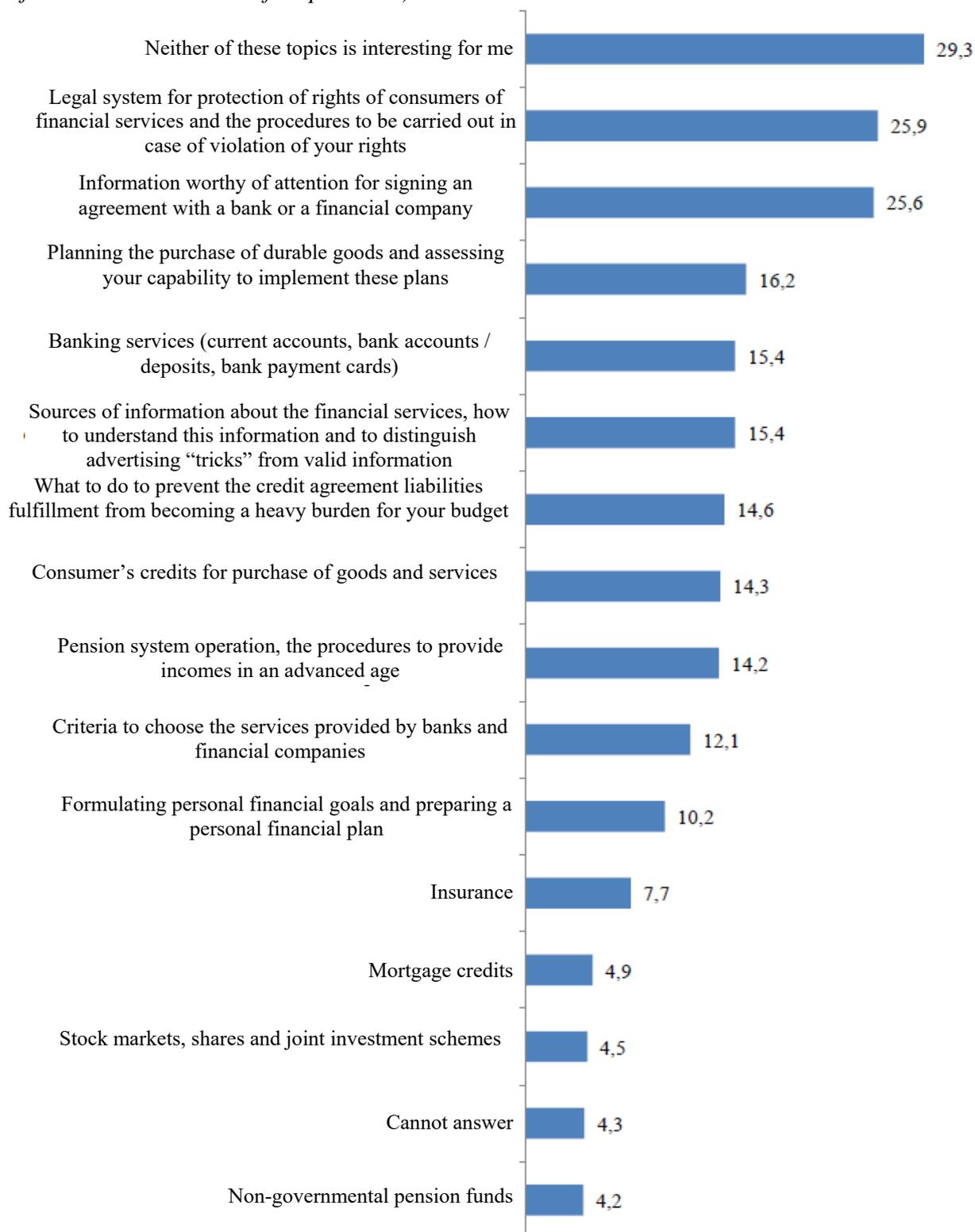
distinguishing between false and information; and in knowledge about the matters worthy of special attention for signing an agreement with a bank. Respondents in age 45 and older want to understand better the pension system operation, the methods making it possible to gain incomes in an advanced age, and to know more about non-governmental pension funds. Respondents from the older age group (60 and older) have demonstrated the lowest level of interest for improvement of their knowledge in matters of personal finance management.

The correlation also exists between the interest for additional training in personal finance management and respondent's education level (see Table 5.3, Annex 5). This interest is higher in groups of respondents where the level of education is higher.

**Diagram 4. Need for additional information about the matters of personal finance management**

*What are the topics in personal finance management interesting for you to study?*

*(% from the total number of respondents)*



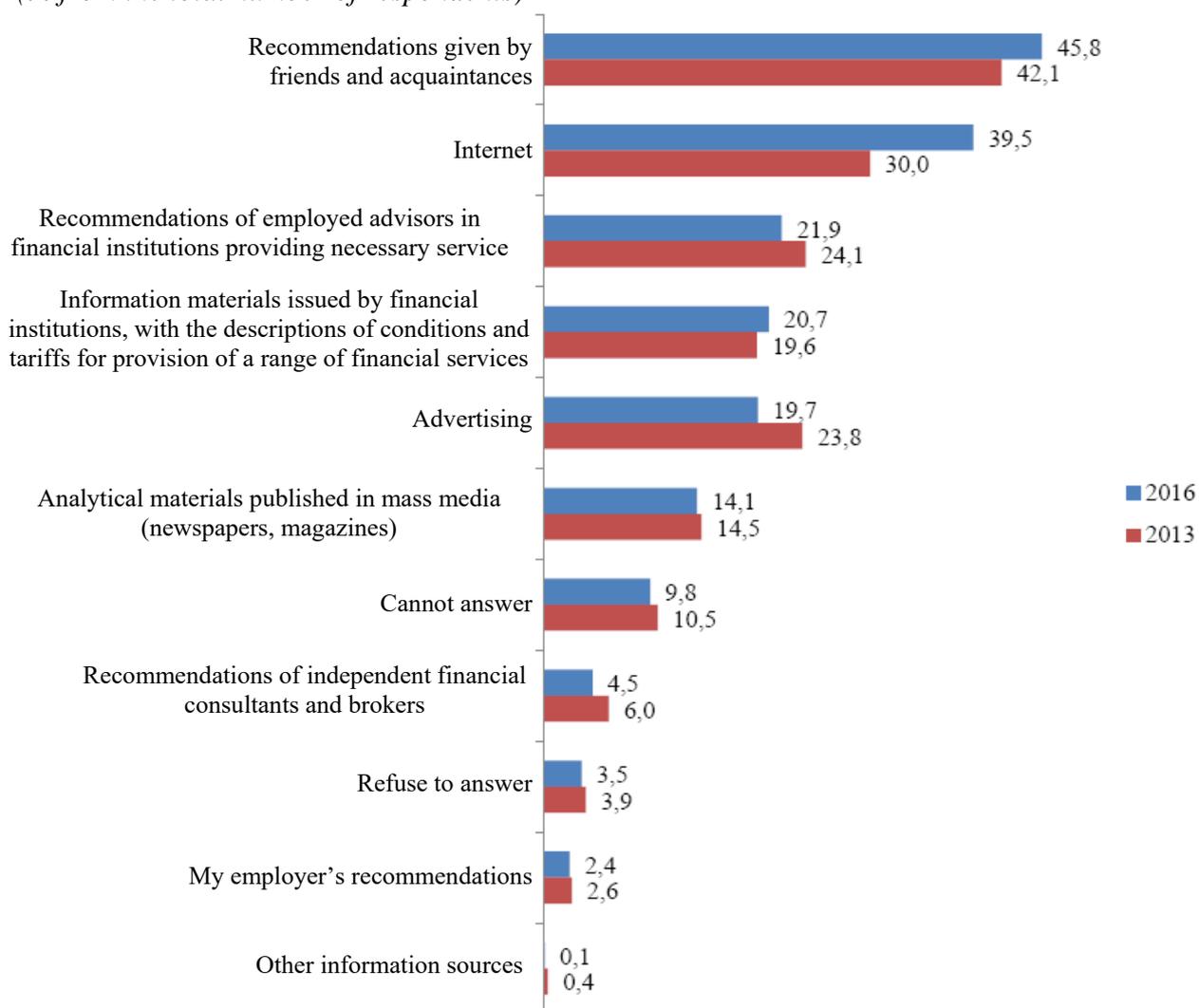
According to the survey results, recommendations given by friends and acquaintances are used as the major source of information when choosing a financial institution to obtain a financial service: almost 46% of respondents use this source (see Diagram 5). About 40% of respondents resort to the Internet sources for this information, with this percentage increased

almost by one third (9.5 percentage points) as compared with 2013. Almost 22% of respondents pay attention to the recommendations of employed advisors in financial institutions providing necessary service. Information materials issued by financial institutions, with the descriptions of conditions and tariffs for provision of a range of financial services, are used as sources of information about financial institutions for the purposes of financial service choice by approximately every fifth respondent. Similarly, approximately every fifth respondent takes such information from advertising materials. For every seventh Belarusian, analytical materials published in mass media are the sources of information for choosing a financial institution. The rarest (less than 5%) are the cases when the respondents rely on recommendations of independent consultants and brokers or respondent's employers when choosing a financial institution.

**Diagram 5. Information sources used when choosing a financial organization in 2013 and in 2016**

*What are the sources of information you use when choosing a financial institution to obtain the financial service?*

(% from the total number of respondents)



**3.3 Satisfaction and expectations**

The research has revealed that about 15% of respondents have negative experience in financial services. Considering the situation in terms of regions, it is obvious that the number of citizens having such experience is much less in Mogilev and Brest Regions than in other regions

(see Table 6.8, Annex 6). Among the people in these regions, less than 10% of respondents have such an experience, while in other regions and in the city of Minsk the percentage of respondents who faced negative experience in financial services varies from 14% to 20%.

Diagram 6 demonstrates that the negative experience is predominantly associated with the receipt of a bank account or deposit (about 37% of cases) or consumer's credit (almost 30% of cases). Rarer are the cases when this experience is gained when using a bank credit card (13.6%), bank debit card (about 10%) and credit for dwelling construction and purchase (about 9%). The rarest are the cases when respondents experienced negative impression when they used an automobile credit or carried out the transactions at the stock market: these answers were chosen by less than 5% of citizens having negative experience in usage of financial products or services.

The analysis of data has demonstrated that in different age groups the negative experience is associated with different financial services (see table 4.9, Annex 4). Most of respondents in age 60 and older (74.5%) and 42% of respondents in age from 45 to 59 have obtained negative experience in usage of bank accounts or deposits. At the same time, more than half of respondents in the youngest age group (18-24 years) and about one third of respondents in age from 25 to 44 faced negative experience when they used consumer's credits.

Some differences also found with regard to the negative experience in usage of financial instruments in terms of gender (see Table 3.9, Annex 3). For example, men face negative experience in usage of credit cards twice more often than women (every fifth man and every tenth woman has such experience). In our opinion, it can be due to the fact that men prevail among the users of this service because it is common when it is a man, as a head of a family, undertakes financial liabilities and registers his name as a user of services used by other family members.

The analysis of situation in terms of regions demonstrated that the negative experience of most of respondents in Grodno Region and half of respondents in Vitebsk Region is connected with the usage of bank accounts or deposits (see Table 6.9, Annex 6). For respondents in Minsk Region, Gomel Region and the city of Minsk, facing the negative experience was more common in usage of consumer's credits; for respondents in Brest Region, in usage of credits for dwelling construction and purchase. As for respondents in Mogilev Region, the rate of problems faced in usage of credits and deposits was equal.

**Diagram 6. Negative experience in usage of financial services**

*Do you have negative experience while receiving financial services?*

*(% from the total number of respondents)*

*What are the services this negative experience connected with?*

*(% from the number of respondents who answered yes at the previous question)*

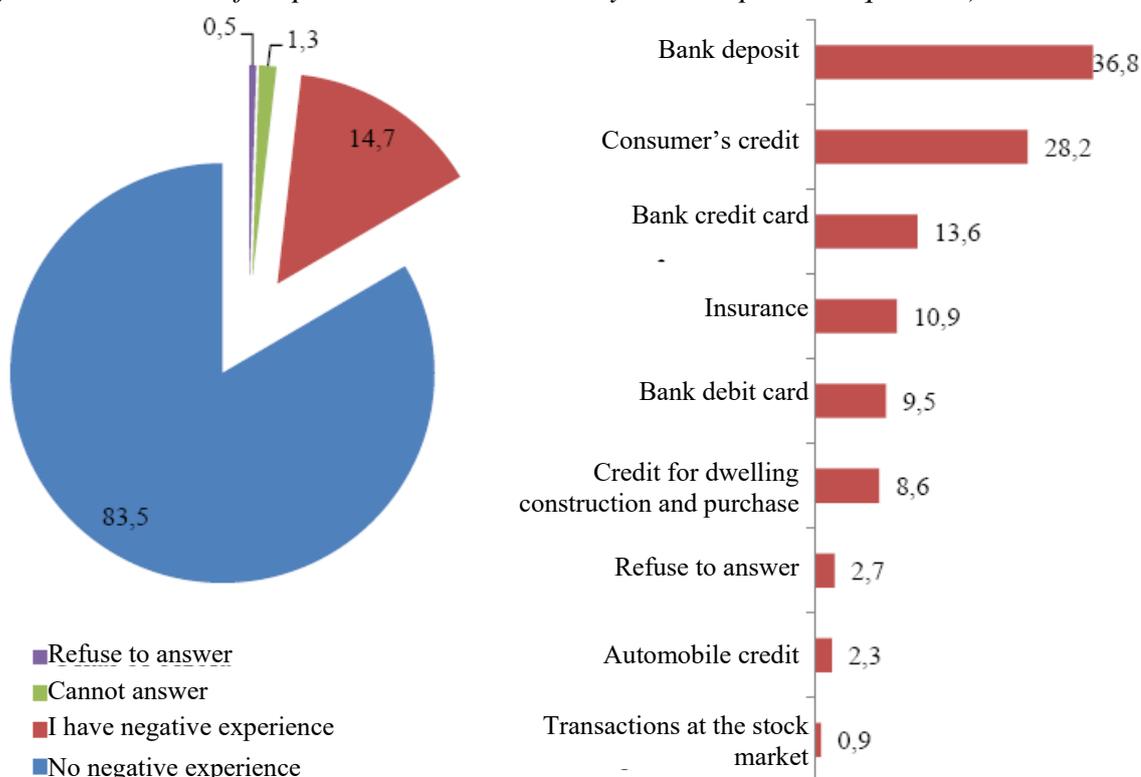
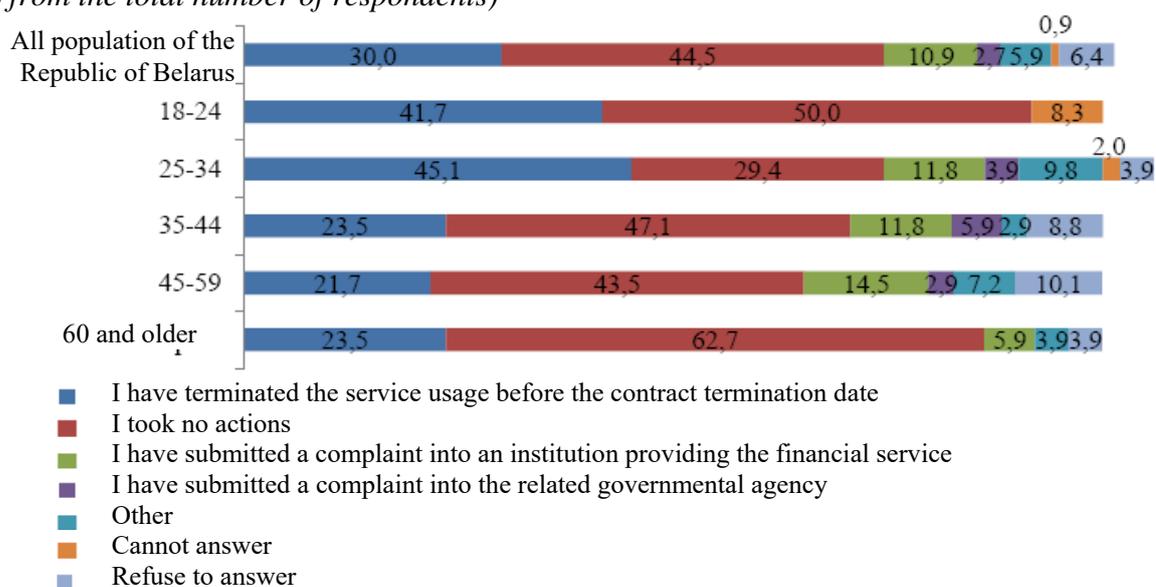


Diagram 7 demonstrates that when Belarusians faced a problem they predominantly took no actions (almost 45% of respondents) or terminated the service usage before the contract termination date (about one third of respondents). About 13% of respondents resorted to submission of complaints into an institution providing the financial service or into the related governmental agency as the method of protection of their interests in financial matters.

In terms of groups by age, the situation is as follows (see Table 4.10, Annex 4). Respondents in age from 25 to 34, in most cases, responded to low quality of a financial service by termination of usage of this service before the contract termination date (slightly more than 45%). For other groups, no action was the most common response for the negative experience in financial services; for respondents older than 60, no action response in case of problems was more common than for other ages.

The data analysis in terms of regions demonstrated that people in Vitebsk, Minsk, Grodno and Brest Regions preferred no action when they faced a problem; in Mogilev Region and the city of Minsk, service usage termination was the most common response (see Table 6.10, Annex 6). In Gomel Region, people resorted to no action or responded by service usage termination in case of a problem.

**Diagram 7. Response in case of low quality of financial services, in terms of age groups**  
**How you responded when you faced a problem?**  
 (% from the total number of respondents)



Expectations of respondents with regard to outcomes of their possible conflict with a financial organization, in their opinion, are as follows. Over 47% of respondents supposed that the interests of both parties will be taken into consideration in case of possible disagreement (see Diagram 8). About 30% of respondents have a pessimistic opinion: they are sure that a conflict will be resolved in favour of the financial institution. Almost every fifth of respondents gave don't know answers for this question, and less than 5% of respondents expect that the conflict will be resolved in their favour.

As a result of analysis of the situation in terms of social, demographic and territorial groups, several differences with regard to this parameter were revealed. For example, men are less optimistic than women in their assessments of expected outcomes in case of a conflict with a financial institution (32.6% and 25.6% respectively supposed that the conflict will be resolved in favour of the financial organization) (see Table 3.11, Annex 3).

The highest percentage of respondents sure that the interests of both parties will be taken into consideration for the disagreement resolution is in young age groups (18-34) (see Table 4.11, Annex 4). The respondents of age 35 and older are less optimistic in their forecasts: in these groups of respondents, those who expect that a conflict will be resolved in favour of the financial organization prevail.

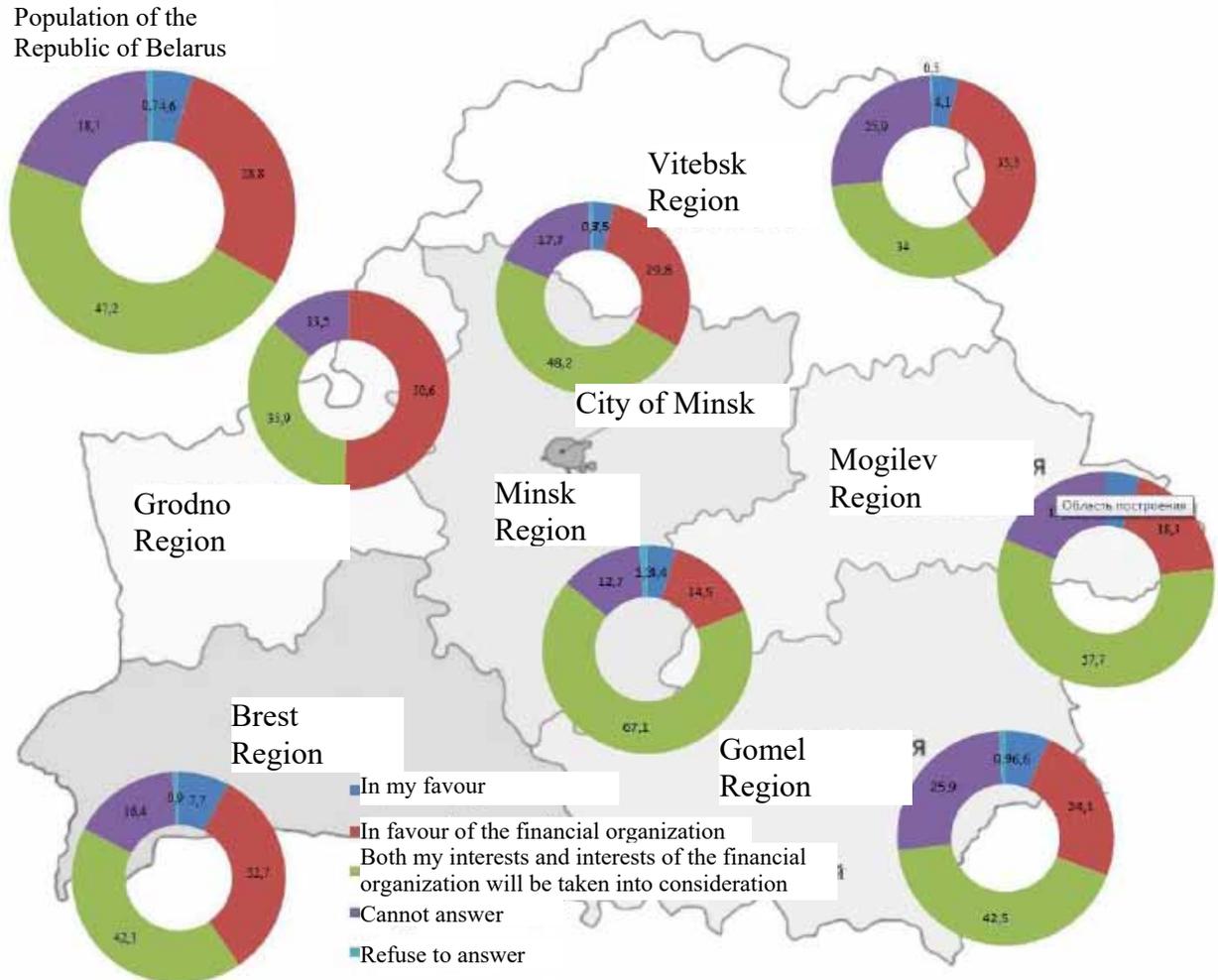
Education-related differences in this matter are as follows: as a rule, the higher is the respondent's education, the more positive are his/her forecasts concerning an outcome of a conflict with a financial organization (see Table 5.11, Annex 5).

The research results also demonstrate significant differences in expectations of respondents in different Belarusian regions with regard to an outcome of possible conflict with a financial organization (see Table 6.11, Annex 6). The most pessimistic assessments of possible conflict outcome are given by people in Grodno Region: half of them expect that a conflict will be resolved in favour of a financial organization. The expectation of both parties' interests taken into consideration for resolution of a conflict prevails in Minsk and Mogilev Regions. Resolution in favour of a customer, as the most probable conflict outcome, is considered more often by respondents in Brest and Gomel Regions.

**Diagram 8. Expectations with regard to an outcome of a conflict with a financial organization**

*Let's assume that you are in conflict with a financial organization (bank, insurance company etc.) concerning the financial service provided for you. In your opinion, what an outcome will be?*

(% from the total number of respondents, % of respondents in regions)



## 4 Financial literacy and awareness

Among the tasks of the survey, there was a task to assess respondents' subjective consideration about their own financial literacy level and, also, collection of objective information describing this level. For this purpose, within the scope of the survey, the respondents were asked to answer the questions of two types: first, to self-assess the financial literacy level using a five-point scale (where 1 means completely no knowledge and skills in own finance management, and 5 means excellent skills in financial matters); second, answer several test questions in financial literacy.

Within the scope of research data analysis, subjective and objective assessments of respondents' skills in financial matters were compared. The comparison results demonstrate that Belarusians, while they assess their level of financial literacy as relatively not high, typically overestimate their knowledge and skills in finance. As a rule, respondents overestimated their level of skills in financial matters as compared with their real ability to understand them. For example, about 70% of respondents estimated their financial literacy level as "satisfactory", "good" or "excellent", with real result significantly worse: about 60% in the test in financial mathematics and about 36% in the test in financial awareness. More than half of respondents gave wrong or no answers to most of test questions in finance.

However, the trend for growth of financial literacy of population exists in the recent three years, followed by the growth of population's self-assessments of skills in financial matters.

### 4.1 Financial literacy self-assessments

The results of analysis of subjective assessments of financial literacy demonstrate that the respondents most commonly self-assessed their financial literacy level as satisfactory: this answer was chosen by 50.9% of respondents (see Diagram 9). Every fifth respondent described his/her level of skills in financial matters as unsatisfactory. 7.2% of respondents recognize themselves as financially illiterate, noting that they have no knowledge or skills in finance. Only 18.3% of respondents said that they understand financial matters well (16.3%) or excellently (2%). Taking into consideration that negative and neutral self-assessments of financial literacy significantly prevail over positive ones, the conclusion can be made that, all in all, Belarusians estimate their level of skills in financial matters as relatively not high.

The results of analysis of subjective assessments of financial literacy in terms of social and demographic characteristics demonstrate that self-assessments of skills in financial matters by women are lower than those by men. Much more women than men have described their financial literacy level as unsatisfactory (see Table 3.2, Annex 3).

As for age-related differences in financial literacy self-assessments, the highest self-assessments are given by respondents in age 25-34; the lowest, in age 45 and older (see Table 4.2, Annex 4). One third of respondents in age 25-34 have described their skills in financial matters as "good" or "excellent", almost 1.5 times higher than in the sample as a whole. Respondents in age 45 and older (45-59) describe their financial literacy as unsatisfactory more often than others. Complete absence of knowledge or skills in financial matters is admitted most commonly by respondents in age 60 and older (every fifth).

As a rule, the higher is the respondents' education level, the higher their subjective self-assessments of knowledge in financial literacy are (see Table 5.2, Annex 5). For example, complete absence of knowledge or skills in financial matters is noted, more commonly than in other categories, by respondents with primary and incomplete secondary education; as for respondents with incomplete higher and higher education, they estimate their financial literacy level, most commonly, as good or excellent.

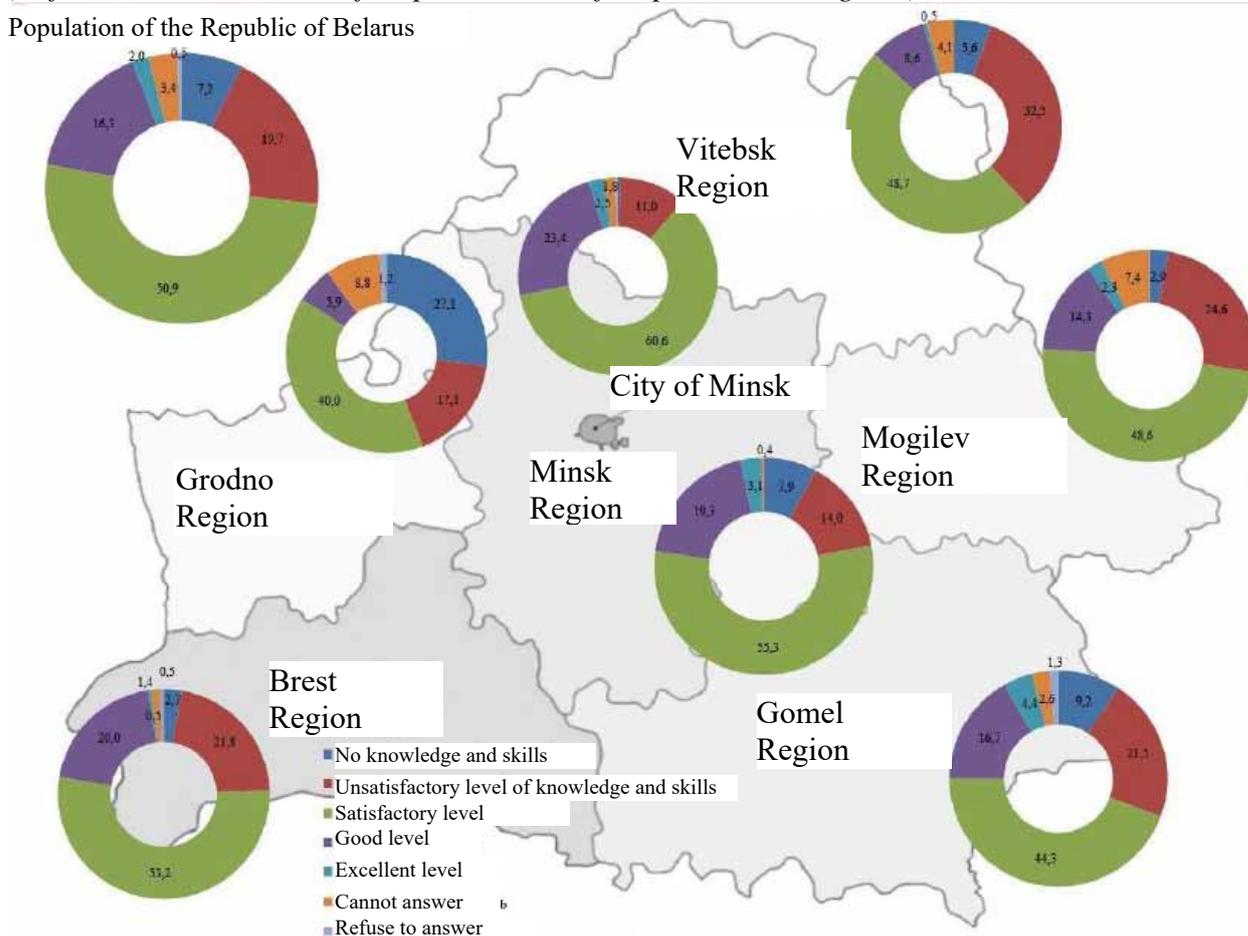
The analysis of data also revealed some differences in terms of regions (see Diagram 9). The greatest number of respondents admitting no knowledge or skills in finance is in Grodno Region (27.1%). The greatest number of respondents describing their level of financial

knowledge and skills as unsatisfactory is in Vitebsk Region (32.5%), while the positive assessments of financial literacy are most common in the city of Minsk.

**Diagram 9. Financial knowledge and skills self-assessment**

*Do you consider yourself to be financially literate?*

*(% from the total number of respondents, % of respondents in regions)*

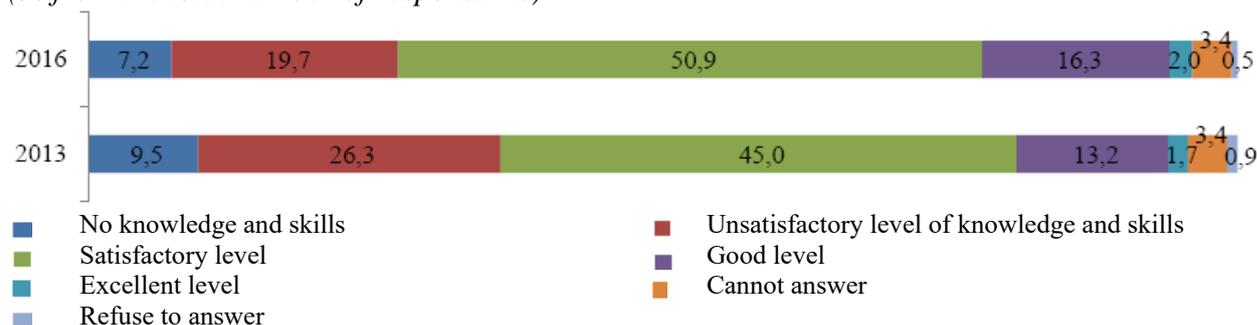


It should be noted that now (see Diagram 10) the population's self-assessment of financial literacy is higher than several years ago. For example, in 2016, as compared with the results of the research held in 2013, the number of respondents describing their financial literacy level as unsatisfactory dropped (from 26.3% in 2013 to 19.7% in 2016) and, respectively, the number of those who describes their financial literacy level as satisfactory grew (from 45% to 50.9%).

**Diagram 10. Financial knowledge and skills self-assessment in 2013 and 2016**

*Do you consider yourself to be financially literate?*

*(% from the total number of respondents)*



## 4.2 Financial mathematics test

To assess the level of knowledge in finance, the respondents were asked to answer 7 test questions in simple interests and compound interests to the deposits, inflation, Purchasing capacity, discounts, credit and bond yield. In each case, respondents were expected to carry out some calculations and choose one answer from several listed options. See Table 5 for the list of questions in financial mathematics.

The test results provide grounds to describe the real level of knowledge of Belarusians in financial mathematics as satisfactory. For 11.5% of respondents, very little or no knowledge in financial mathematics was found; they managed to answer only one or no test questions. Unsatisfactory level of financial literacy was demonstrated by 29.2% of respondents: they gave 2-3 correct answers. About every fifth respondents have satisfactory level of knowledge (4 correct answers out of 7). One third of respondents have demonstrated good skills in financial mathematics (5-6 correct answers). Only 3.3% of respondents (see Diagram 11) managed to answer all (seven) test questions correctly.

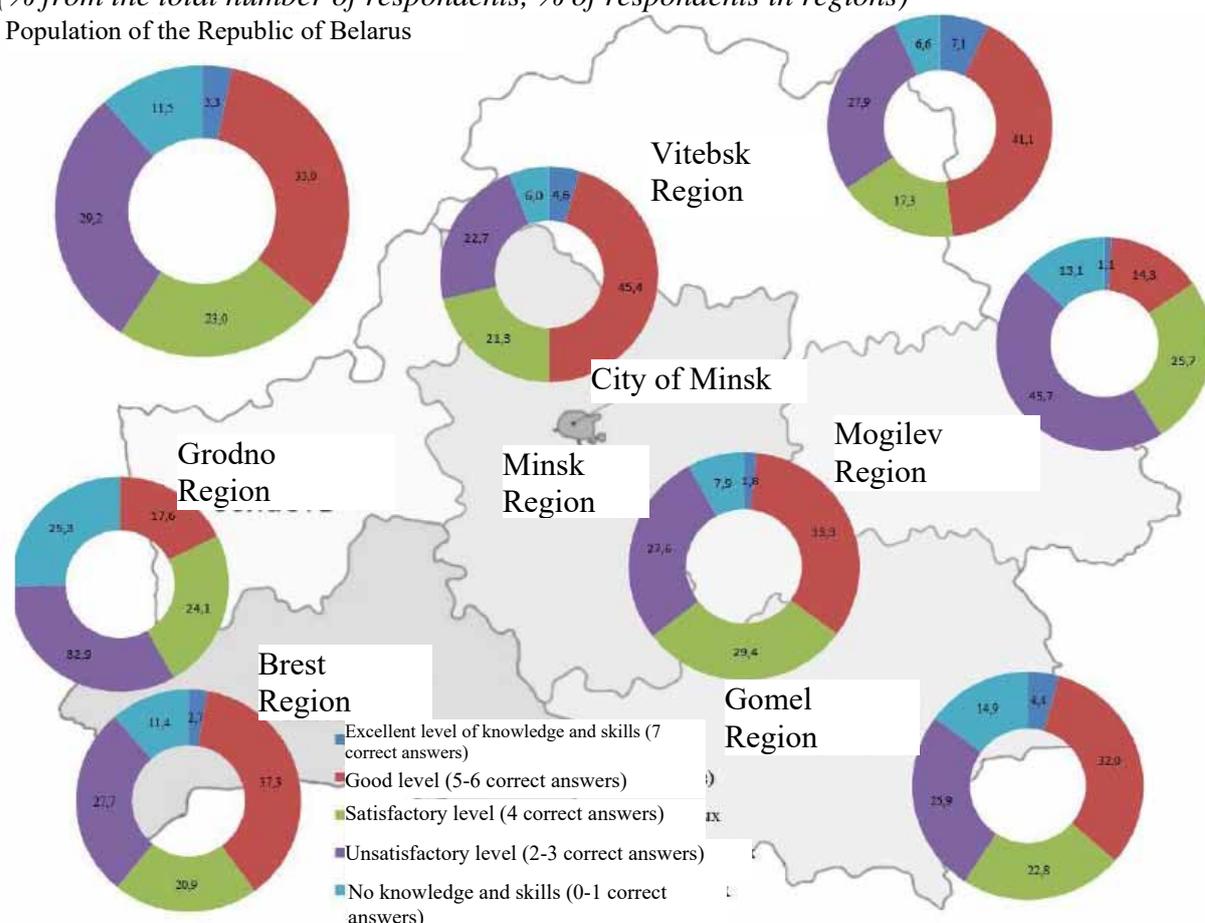
The analysis of test results in regional terms has demonstrated that the highest awareness of the population in financial mathematics is in Vitebsk, Minsk, Brest and Gomel Regions and in the city of Minsk: most of respondents in each of these regions has satisfactory, good or excellent level of knowledge and skills in finance (see Diagram 11). The worst test results were demonstrated in Grodno and Mogilev Regions: in each of these regions, about 60% of respondents have low level of knowledge and skills or completely unaware in financial mathematics.

However, with the relatively low current level of financial literacy of population, understanding the financial matters by the citizens became significantly better during the several recent years (see Diagram 12). For example, the number of respondents having the good level of familiarity with the matters of financial mathematics is currently twice higher than in 2013. At the same time, we see reduction of percentage of respondents having no knowledge and skills at all (from 17.8% in 2013 to 11.5% in 2016) and having unsatisfactory level of financial literacy (from 40.1% in 2013 to 29.2% in 2016). In our opinion, this is an evidence of efficiency of measures taken by the governmental agencies for improvement of financial literacy among the population of the country, and this provides grounds for further implementation of these measures.

**Table 5. Test questions in financial mathematics**

<b>Description</b>	<b>Questions</b>	<b>Possible answers</b>
Simple interest	Let's assume that you deposited 1,000,000 Belarusian Rubles on the bank account for 2 years with the fixed interest rate, 8% per annum. Simple interest is applied for the deposit. Assuming that you will not withdraw money from your account or add money to it, calculate the amount of your account after two years.	More than 1,160,000 Belarusian Rubles
		Exactly 1,160,000 Belarusian Rubles
		Less than 1,160,000 Belarusian Rubles
		I cannot answer even approximately
		Refuse to answer
Compound interest	Let's assume that you deposited 1,000,000 Belarusian Rubles on the bank account for 5 years with the fixed interest rate, 10% per annum. Simple interest is applied for the deposit. Interests are accrued at the end of each year and added to the account principal. Assuming that you will not withdraw money from your account or add money to it, calculate the amount of your account after five years.	More than 1,500,000 Belarusian Rubles
		Exactly 1,500,000 Belarusian Rubles
		Less than 1,500,000 Belarusian Rubles
		I cannot answer even approximately
		Refuse to answer
Inflation	Let's assume that you deposited money in the bank with the interest rate 10% per annum. The inflation rate is 12%. In your opinion, with the amount of your account after one year, will you be capable to buy more goods than currently, or less goods, or the same quantity of goods as currently?	More goods than a year ago
		The same quantity of goods
		Less goods than a year ago
		I cannot answer even approximately
		Refuse to answer
Purchasing capacity	Let's assume that after one year your income will be doubled and retail prices will be also doubled. In your opinion, with these new conditions, will you be capable to buy more goods than currently, or less goods, or the same quantity of goods as currently?	More goods than currently
		The same quantity of goods
		Less goods than currently
		I cannot answer even approximately
		Refuse to answer
Discounts	Let's assume that you found some model of a TV set in the sale in two shops. The initial price was 2,000,000 Belarusian Rubles. One shop offers a discount of 150,000 Belarusian Rubles; another shop applies a discount of 10% of the initial price. Choose a shop offering more favorable conditions for a buyer.	Discount of 150,000 Belarusian Rubles
		10% discount
		I cannot answer even approximately
		Refuse to answer
Prepaid credit	Let's assume that you got a credit, 12,000,000 Belarusian Rubles, that must be paid during a year in equal amounts, 1,000,000 Belarusian Rubles monthly. The bank asserts that the credit interest rate is 0%; however, it charges a commission, 600,000 Belarusian Rubles, to be paid to obtain a credit. Calculate the real interest rate for your credit.	Less than 5%
		Exactly 5%
		More than 5%
		I cannot answer even approximately
		Refuse to answer
Bond yield	Let's assume that you purchased, for 900,000 Belarusian Rubles, a bond with a par value of 1,000,000 Belarusian Rubles. The bond shall be repaid after one year, bringing you a coupon yield, 150,000 Belarusian Rubles. Assuming that you will not sell a bond before repayment, calculate you bond yield.	Less than 15%
		Exactly 15%
		More than 15%
		More than 20%
		I cannot answer even approximately
		Refuse to answer

**Diagram 11. Financial mathematics skills test**  
**Seven questions in financial mathematics**  
 (% from the total number of respondents, % of respondents in regions)  
 Population of the Republic of Belarus



**Diagram 12. Financial mathematics skills test in 2013 and 2016**  
**Seven questions in financial mathematics**  
 (% from the total number of respondents)



Analyzing the respondents' answers for each question separately, we see that the best results were demonstrated for the question about the discounts: almost 84% of respondents managed to give a correct answer (see Diagram 13). This is likely because the situation in which a person needs to understand the discount amount and to choose the more favorable conditions of purchase is quite common for most of respondents. Also, quite high level of awareness was demonstrated by respondents when they answered the question about inflation: about 2/3 of respondents have calculated the inflation level correctly. More than half of respondents managed to answer correctly the questions about simple and compound interests for deposits and about the Purchasing capacity. About 45% of respondents answered correctly the questions about the prepaid credits. The worst results were demonstrated for the questions about a bond yield; the

overwhelming majority of respondents answered incorrectly or gave don't know answers (more than 90%). In 2016, respondents gave significantly better answers for all questions in financial mathematics than in 2013 (see Diagram 12).

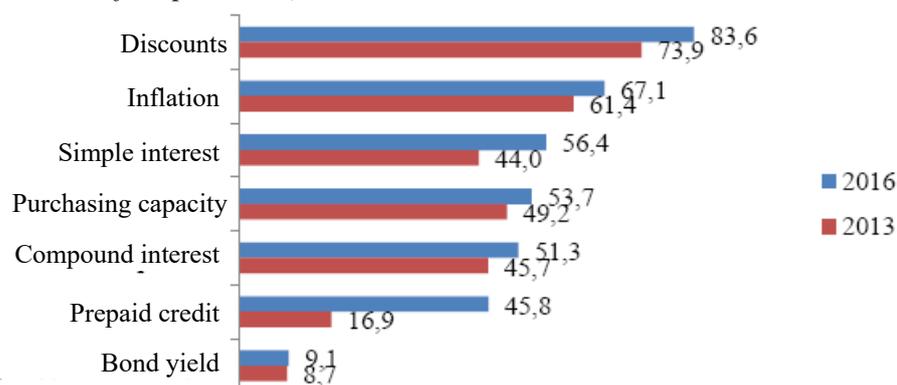
The analysis of answers in the financial mathematics test in terms of age groups demonstrates that the respondents in age 60 and older answered poorer for six test questions of seven ones (see Tables 4.12 – 4.18, Annex 4). No significant differences were found between the numbers of correct answers given by respondents in other age groups, i.e. all these groups demonstrate approximately equivalent skills in financial mathematics.

Test results also vary with the respondents' education (see Tables 5.12 – 5.18, Annex 5). Respondents with the primary education have demonstrated poorer results in all questions than respondents from other groups. Respondents with the basic education gave more correct answers than those with the primary education but, at the same time, have demonstrated much poorer understanding in financial matters than the respondents in other age groups. For the whole sample, the trend exists for growth of the number of correct answers with the higher level of education of respondents. The similar is the situation resulting from the analysis of questions given for answers in the financial awareness test: the higher is the respondents' education level, the more correct answers are given by this respondent.

### Diagram 13. Answering the questions in financial mathematics in 2013 and 2016

#### *Seven questions in financial mathematics*

*(% from the total number of respondents)*



### 4.3 Financial awareness test

To assess knowledge in financial awareness, respondents were asked to answer 14 questions in 1) financial terminology (within the scope of this set, the respondents were asked for definitions of terms, such as franchise, credit history and float rate interest); 2) financial products and services (questions in this set cover insurance contracts, plastic cards and securities); 3) financial institutions' liability to their clients (these questions were asked to assess the respondents' awareness about the liability of banks to their depositors, guarantor's liability and bank's capability to pay compound interests on deposits to a depositor); and 4) consumer's right protection mechanisms (questions in guarantees for bank deposits, deposits in credit unions and bank management funds, insurance guarantees, and the question for awareness about the organizations that a citizen should address in case of a conflict with a financial organization). See Table 6 for a complete list of questions in the financial awareness test.

**Table 6. Financial awareness test questions**

Description	Questions	Possible answers
<b>Financielese</b>		
Insurance franchise	Do you know what is a <i>franchise</i> ?	Yes, this is an amount of money that must be paid to the insurance company to buy an insurance policy
		Yes, this is an amount of money that a beneficiary shall earn in accordance with an insurance document in case of an insured event
		Yes, this is an amount of money that the insurance company shall withhold from the insurance compensation paid to the beneficiary
		Cannot answer
		Refuse to answer
Credit history	Do you know what is a <i>credit history</i> ?	This is information about the quality of credits of a bank, and this information is available in this bank's financial reports
		This is information describing how the credit recipient executes credit liabilities, and this information is available in the Credit Registry of the National Bank of the Republic of Belarus
		This is information about the security defaults declared by an issuer, and this information is available in the state registry of issues of securities
		This is information describing how the Republic of Belarus executes its liabilities related to its sovereign debts
		None of these
		Cannot answer
Float rate interest	Do you know what is a <i>float rate interest</i> ?	This is an interest rate that can be changed during the period of validity of a credit or a deposit
		This is an interest rate that is varied with the "basic rate"
		This is an interest rate that can be changed by any party to an agreement without the other party's consent
		This is a rate opposite to the "fixed rate"
		None of these
		Cannot answer
<b>Financial products</b>		
Insurance contract	Do you know the difference between the life insurance and the risk insurance?	The life insurance covers my life, the risk insurance covers my risks, and any insurance company may provide both services at the same time
		The life insurance covers life and health, while the risk insurance covers accidents and liability, and an insurance company may provide only one type of service
		There is no difference between these insurance services
		Cannot answer
		Refuse to answer
Plastic cards	Do you know the difference between the credit card and the debit card?	The debit card can be used to withdraw more money than the amount available on the account, while the credit card can be used only to withdraw money available
		The credit card can be used to withdraw more money than the amount available on the account, while the debit card can be used only to withdraw money available
		There is no difference between these types of cards
		Cannot answer
		Refuse to answer

Table 6 (cont'd)

Securities	What is the difference between a share and a bond?	A share confirms that the contribution was made into the statutory fund (i.e. the amount of money necessary to establish an organization), while a bond does not confirm it
		A bond can be redeemed by an issuer organization, while a share cannot.
		For shares, a floating return is always set; for binds, both floating or fixed return can be set
		Any bonds can be sold at a secondary market, while some shares cannot.
		Both citizens (i.e. natural persons) and organization (legal entities) may have bonds in their possession, while only organization (legal entities) may have shares in their possession
		Shares can be pledged, while bonds can not
		No difference between shares and bonds
		Cannot answer
		Refuse to answer
Liability at the financial service markets		
Banks' liability	What are the procedures (from the list given) that must be done by banks in accordance with the applicable legislation of the Republic of Belarus?	Set equal interest rates for all credits
		Set equal interest rates for similar credit categories (such as credit cards, automobile credits, mortgage credits etc.)
		Disclose the complete interest rates for credits
		None of these
		Cannot answer
		Refuse to answer
Compound interest on deposit	In accordance with the legislation of the Republic of Belarus, may a bank or a non-banking financial and credit organization pay compound interests on deposits?	No, it is prohibited
		Yes, but only if this is specifically stipulated in agreement terms and conditions
		Yes, at the bank's discretion
		Cannot answer
		Refuse to answer
Guarantor's liability	If you give formal consent to be a guarantor for your friend's credit, what are the liabilities arising for you?	No liabilities arise, this is only my goodwill gesture for my friend
		I shall have to repay my friend's debt if he/she fails to repay a credit
		I shall have not only to repay my friend's debt but also shall be subject to criminal responsibility for my friend's failure to meet his/her credit liabilities
		Cannot answer
		Refuse to answer
Consumers' rights protection mechanisms		
Conflict resolution	In your opinion, what organization you must address to protect your rights in case of a conflict with a financial institution concerning a financial service provided for you?	The National Bank of the Republic of Belarus
		The Ministry of Finance of the Republic of Belarus
		The Council of Ministers of the Republic of Belarus
		Courts of general jurisdiction
		Belarusian Banks Association's Arbitration Court
		It depends on the kind of financial service giving rise to the conflict
		Cannot answer
		Refuse to answer

Table 6 (cont'd)

Bank deposit guarantee	Imagine the situation. A citizen has opened a deposit, 15,000,000 Belarusian Rubles, in a bank in the Republic of Belarus; however, after some time, this bank was declared bankrupt and dissolved. In your opinion, what will be a maximum amount compensated to the depositor by the bank?	Nothing will be compensated to the depositor
		1,500,000 Belarusian Rubles
		5,000,000 Belarusian Rubles
		7,500,000 Belarusian Rubles
		10,000,000 Belarusian Rubles
		Cannot answer
		Refuse to answer
Investment guarantee	Imagine the situation. A citizen has invested 15,000,000 Belarusian Rubles in a bank management fund; however, after some time, this amount sharply reduced as a result of a financial crisis. What amount of damage will be compensated for by the state?	The state will not compensate for the damages
		1,500,000 Belarusian Rubles
		5,000,000 Belarusian Rubles
		7,500,000 Belarusian Rubles
		10,000,000 Belarusian Rubles
		The state will completely compensate for the damages
		Cannot answer
Refuse to answer		
Guarantee for deposits in credit unions	Imagine the situation. A citizen has deposited 15,000,000 Belarusian Rubles in a credit union; however, after some time, this union was dissolved due to its financial insolvency. What is a maximum amount of damage that will be compensated for by the state?	The state will not compensate for the damages
		1,500,000 Belarusian Rubles
		5,000,000 Belarusian Rubles
		7,500,000 Belarusian Rubles
		10,000,000 Belarusian Rubles
		The state will completely compensate for the damages
		Cannot answer
Refuse to answer		
Insurance guarantee	Imagine the situation. A citizen has purchased an insurance policy (except for the mandatory insurance for vehicle owners) in an insurance company; however, after some time, this company was dissolved due to its financial insolvency. How it affects the insurance policy?	It will become invalid and declared null and void
		Responsibility for the insurance policy implementation will be transferred to the another insurance company; more likely, it will be a state-owned company
		Responsibility for the insurance policy implementation will be transferred to the state directly, but with the limit for its amount, 1,500,000 Belarusian Rubles
		Responsibility for the insurance policy implementation will be transferred to the state directly, in accordance with the terms and conditions of the first agreement with the insurance company
		Cannot answer
		Refuse to answer

Diagram 14 demonstrates that the respondents' results for questions in financial awareness were poorer than in the financial mathematics test. More than 44% of respondents have demonstrated the unsatisfactory level of knowledge in finance (i.e. they gave correct answers for 4-6 questions from 14); those who have no knowledge and skills in finance (3 correct answers or less) comprise about 20% of Belarusians who took part in the survey. For about every fifth respondent, the level of knowledge can be described as satisfactory (7-8 correct answers). Good level of financial literacy was demonstrated by 12.6% of respondents (9-11 correct answers). Only several respondents (18, or 1.2%) managed to demonstrate excellent test results (12-14 correct answers for 14 questions).

Within the scope of analysis, the correlation was found between the test results and the respondent's education (see Tables 5.19 – 5.32, Annex 5): as a rule, the higher the respondent's education, the more correct answers are given by this respondent for test questions and, vice versa, the poorer is the respondent's education, the smaller is the number of questions he/she can answer successfully.

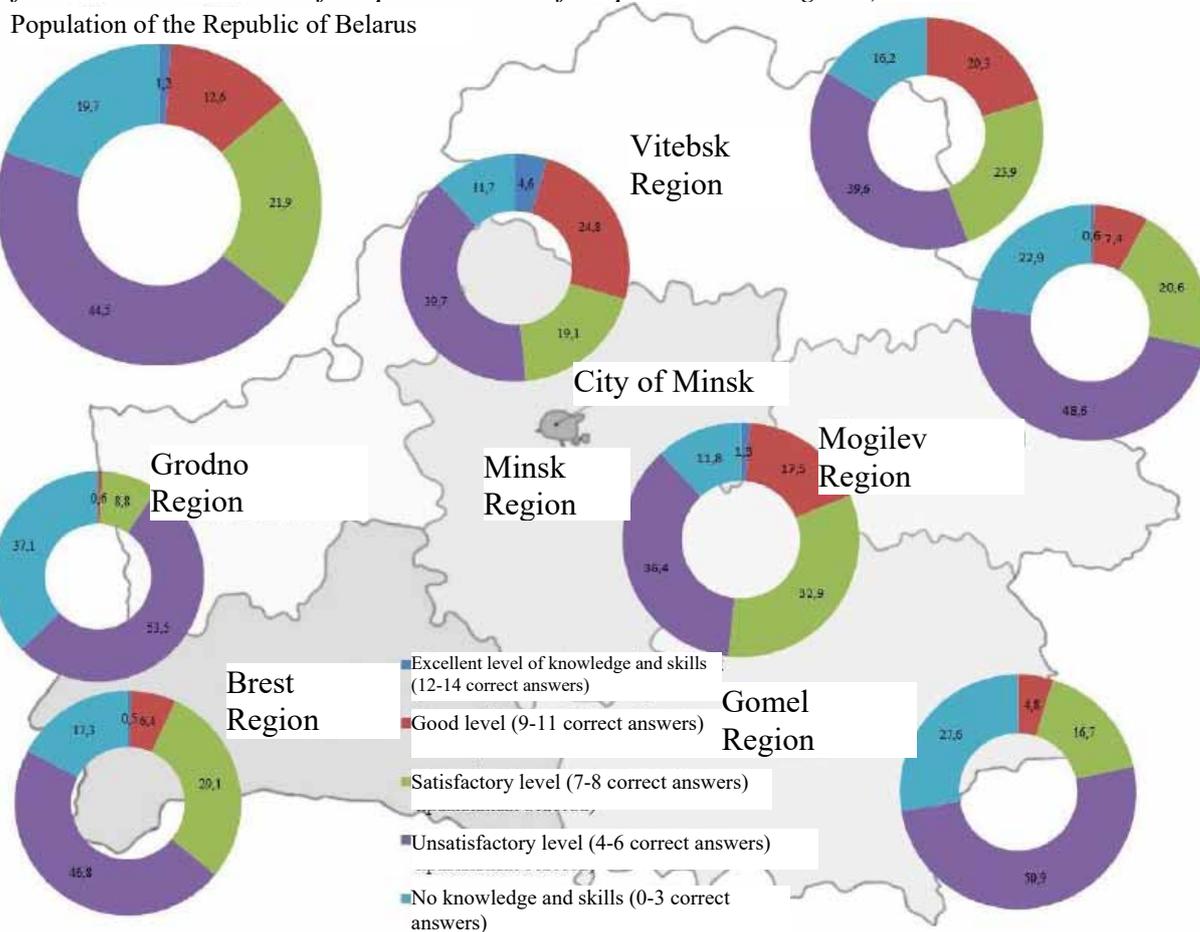
As for differences in financial awareness assessments in terms of regions, the greatest number of respondents demonstrating no knowledge and skills is in Grodno Region: about 40% of respondents in this region gave 3 or less correct answers for the test questions (see Diagram 14). Unsatisfactory level of knowledge and skills was most commonly demonstrated by test results of respondents in Grodno Region (53.5%) and Gomel Region (50.9%). Satisfactory level

of knowledge was most common in Brest Region (29.1%) and Minsk Region (32.9%). The percentage of respondents demonstrating good and excellent level of knowledge is higher in the city of Minsk (24.8% and 4.6%).

**Diagram 14. Financial awareness test**

***Fourteen questions in financial awareness***

*(% from the total number of respondents, % of respondents in regions)*

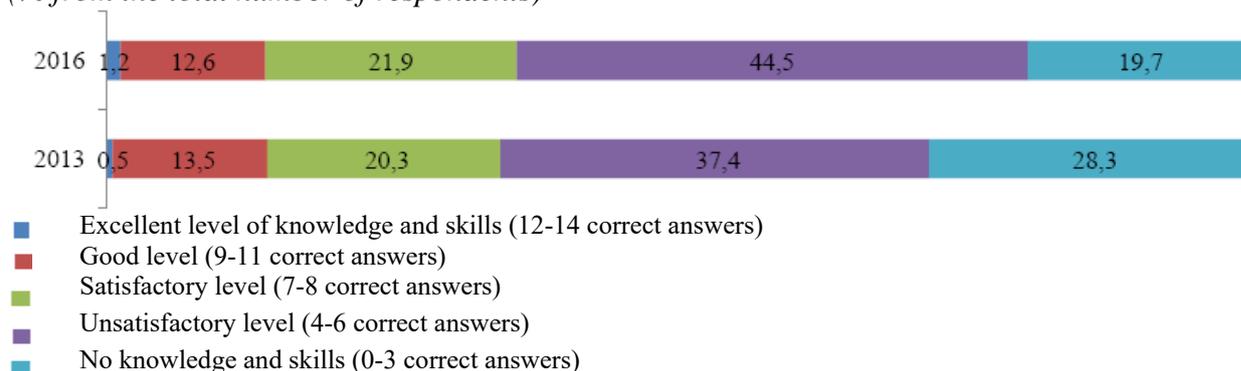


Comparing the results of surveys carried out in 2013 and 2016 in terms of respondents' answers in financial awareness test, we see that the test results in 2016 are slightly better than three years ago. Diagram 15 demonstrates that this is due to the reduction of the percentage of respondents having no knowledge and skills in finance, with these respondents progressing to the group where the level of skills in financial instruments can be described as unsatisfactory. At the same time, the number of respondents having satisfactory, good or excellent skills in finance remains almost unchanged as compared with the results as of 2013.

### Diagram 15. Financial awareness test in 2013 and 2016

#### *Fourteen questions in financial awareness*

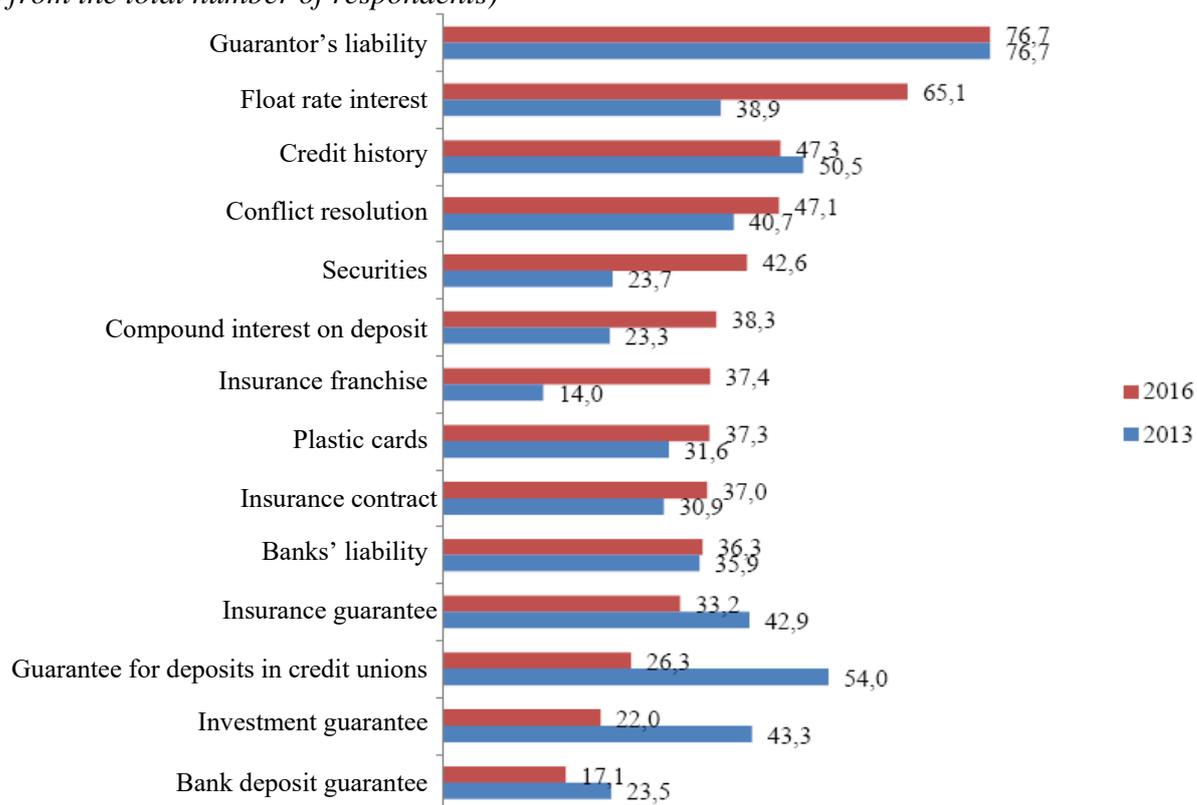
(% from the total number of respondents)



As for answers given for each question in the set of questions in financial awareness, the situation is as follows. The highest level of awareness was demonstrated by respondents answering the question about the guarantor's liability: about  $\frac{3}{4}$  of respondents answered it correctly (see Diagram 16). Belarusians are also informed quite well about the float rate interest: for this question, the correct answer was given by almost  $\frac{2}{3}$  of respondents. About half of respondents answered correctly to the questions about the credit history and the conflict situation resolution. In such financial questions as securities, compound interest on deposit, insurance franchise, plastic cards, insurance agreements and liability of banks, insurance guarantee, from 33% to 43% of respondents have demonstrated their understanding. The poorest understanding was demonstrated by Belarusians in information concerning guarantees for deposits in credit unions, guarantees for investments and bank deposits: about a quarter of respondents managed to answer these questions correctly. The fact worthy of special attention is that Belarusians understand quite poorly the difference between credit and debit payment cards (37.3% of correct answers), irrespective of quite common use of these financial services by Belarusian population.

Diagram 16 demonstrates that the respondents coped with the question about the guarantor's liability similarly well as in 2013; the level of awareness is better than three years ago in such questions as a float rate interest, resolving a conflict situation with a financial organization, securities, insurance franchise, compound interest on deposits, plastic cards and insurance agreement; however, understanding became poorer in questions concerning the credit history, insurance guarantees, guarantees for deposits in credit unions, guarantees for investments and bank deposits.

**Diagram 16. Answering the questions in financial awareness in 2013 and 2016**  
**Fourteen questions in financial awareness**  
 (% from the total number of respondents)



## 5 Financial behavior

Within the scope of research, the Belarusian population's financial behavior features were also studied, such as own finance management, credit usage and indebtedness.

### 5.1 Financial well-being

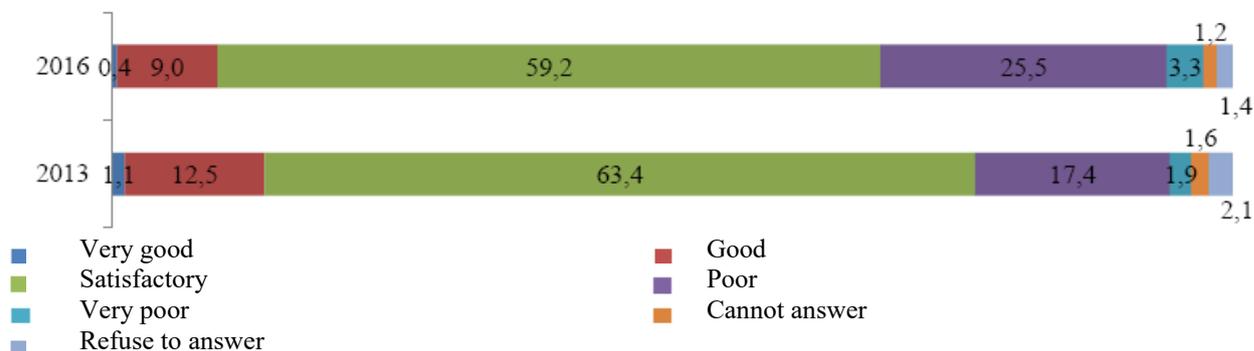
Within the scope of the interview, respondents were asked to answer two questions about their financial standing level. The first question was intended to gather respondents' subjective wealth level self-assessment using a five-point scale where 1 means very poor financial standing and 5 means very good condition. The second question was intended to measure the real level of respondents incomes (or their families) and was asked as a set of statements each of which contained a range of financial opportunities available for the respondent (or his/her family), e.g. "we have enough money to buy food but have problems in buying clothes". Within the scope of analysis, information gathered in both questions was compared.

According to the data gathered from the first question, almost 60% of respondents consider their financial standing as satisfactory (see Diagram 17). About every fourth respondent considers it as poor or very poor. The percentage of respondents describing their financial standing as good or very good is only 9.4% of the total number of Belarusians covered by the research.

**Diagram 17. Financial well-being level self-assessment in 2013 and 2016**

*How do you assess the financial standing of your family?*

*(% from the total number of respondents)*

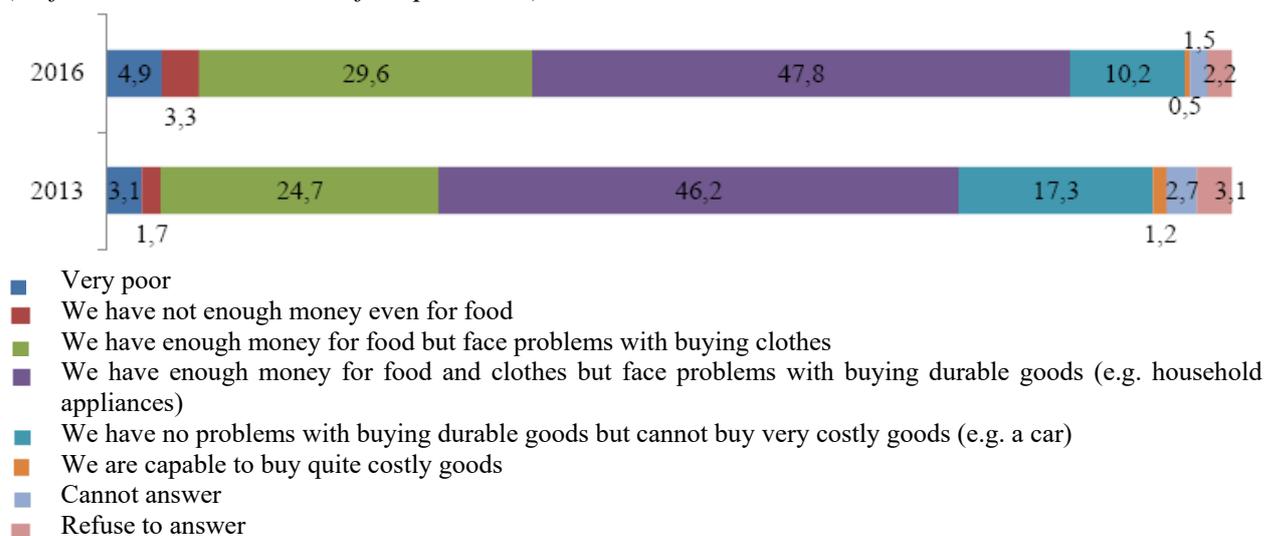


The situation with the real level of consuming opportunities for households can be described as follows. Almost half of respondents noted that their families have enough money for food and clothes but face difficulties with buying durable goods (see Diagram 18). About every tenth family has no difficulties with buying durable goods; however, very costly goods are problematic for these families. Slightly more than 8% of respondents face problem of money deficit even for food; the financial standing of these families can be described as critical.

Comparison of respondents' self-assessments of their standard of well-being as well as their real incomes resulting from surveys in 2013 and 2016 demonstrates that both indicators dropped during the recent three years, i.e. the financial standing of population worsened and, as a result, Belarusians naturally feel themselves poorer.

**Diagram 18. Real level of financial well-being of households in 2013 and 2016**  
*Choose a statement (from the listed ones) that describes the financial standing of your family most closely.*

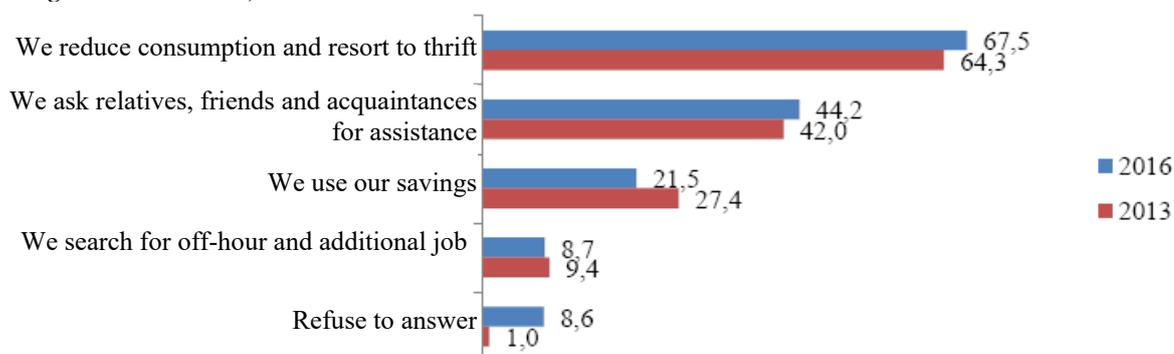
(% from the total number of respondents)



Within the scope of the survey, respondents were also asked what they do in a situation when they run out of money before receiving a new income. Diagram 19 demonstrates that almost 2/3 of those who faced the problem of money deficit resort to the consumption reduction and thrift to resolve their financial problems. Slightly more than 44% of respondents prefer to ask relatives, friends and acquaintances for assistance (i.e. to borrow money). Almost quarter of respondents uses their savings in situations of lack of money, with this number drop by almost 6 percentage points as compared with 2013. Maybe this is due to worsening the material wealth of population that, in turn, has resulted in reduction of population's savings or in unwillingness to spent available savings in the situation of financial uncertainty and insecurity of the future. About 9% of respondents resort to off-hour and additional job. The rarest measures taken by respondents in this situation include asking friends and relatives for non-repayable financial support, or solving the problem of money deficit by a credit card, a credit obtained from a bank, property sale or withdrawing the necessary amount from the own business. These respondents comprise less than 3% in the sample size.

**Diagram 19. Household behavior patterns in case of lack of money in 2013 and 2016**  
*What do you (or your family) usually do if you run out of money before receiving a new income?*

(% from the total number of respondents who faced the problem of money running out before receiving a new income)



The data analysis has demonstrated that the most common behavior tactics in all age groups in a situation of running out of money before receiving a new income is an attempt to

reduce consumption and to thrift (from 37% to 52% in various age categories; see Table 4.40, Annex 4). It was also revealed that the respondents in younger ages more commonly ask relatives, friends and acquaintances for assistance than older respondents.

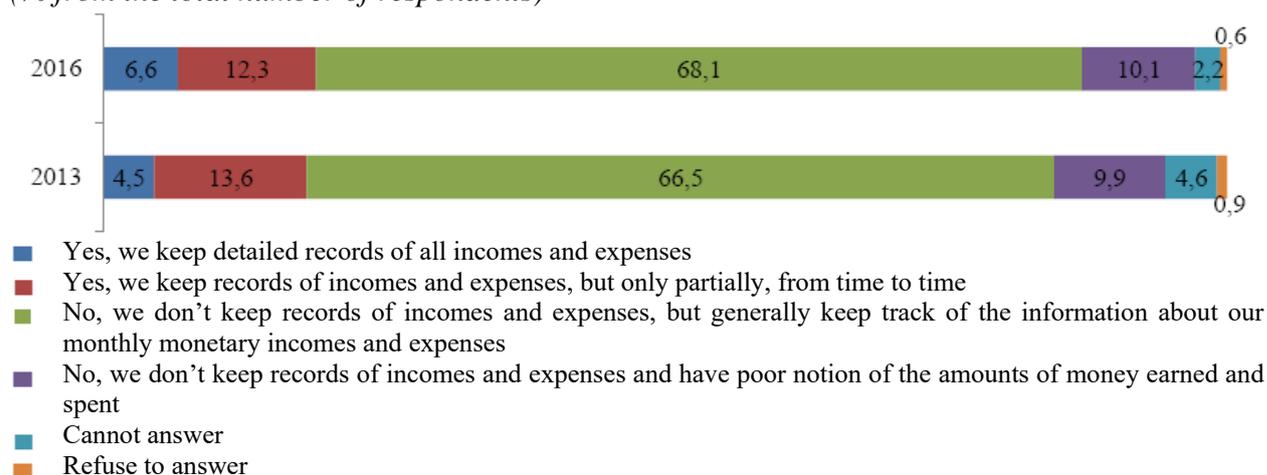
## 5.2 Family budget management

To study the behavior of respondents in budget management, they were asked to answer several questions concerning incomes and expenses, credits, loans etc.

The results of this research have demonstrated that most of Belarusians do not give great importance to the detailed recording of their incomes and expenditures; however, many of them, all in all, understand the amounts of their earnings and spendings. About 70% of respondents keep no records of their incomes and expenses but generally keep track of the information about their monthly monetary incomes and expenses (see Diagram 20). 12.3% of respondents record their incomes and expenses from time to time. About every tenth respondent keeps no records of his/her incomes and expenses and has poor notion of the amounts of money earned and spent. Only 6.6% of respondents keep detailed records of their incomes and expenses. According to the data collected, there were no significant changes during the recent 3 years in the strategies used by the population of the country to record incomes and expenses.

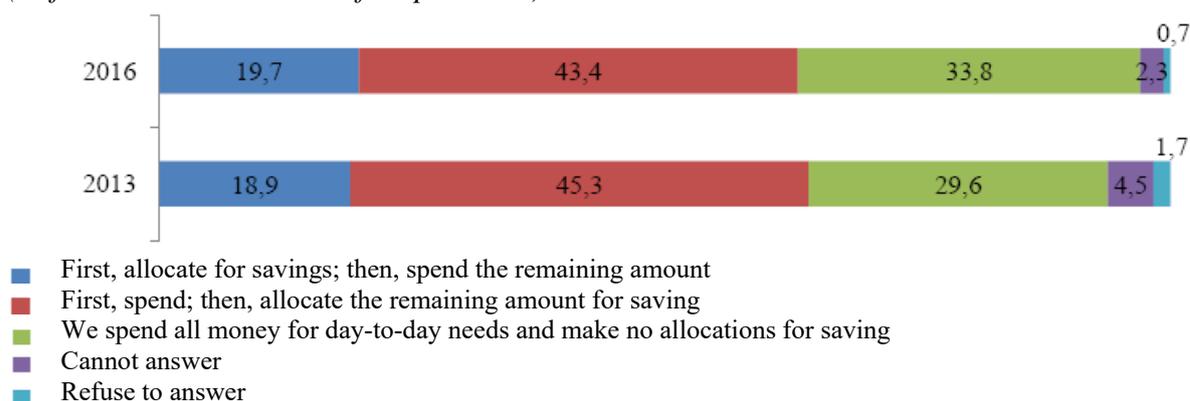
**Diagram 20. Keeping records of incomes and expenses by households in 2013 and 2016**  
*Does your family keep records of incomes and expenses?*

(% from the total number of respondents)



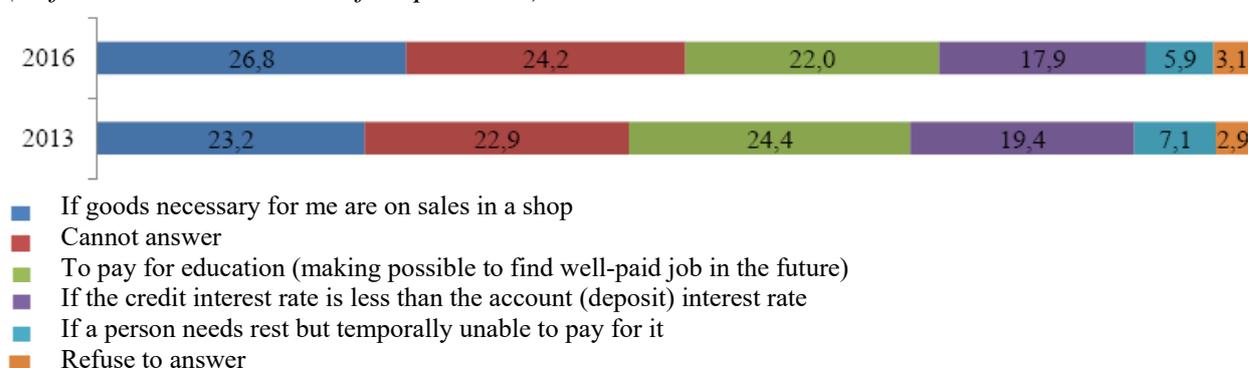
As for the approach of respondents towards the family income disposal, it should be noted that almost  $\frac{3}{4}$  of respondents (64.2%) want and can save money (see Diagram 21). Most of them (43.4% of all respondents) are adherent to the “residual saving” strategy, saving money remaining after all necessary expenditures for day-to-day needs. For others (almost 20% of all respondents who took part in the survey) the savings are the priority; they allocate some amount from the household budget for savings and use only the remaining part to satisfy their day-to-day needs. The percentage of respondents spending all money for their day-to-day needs and making no allocations for savings is almost 34%. The comparative analysis of data collected during surveys in 2013 and 2016 has demonstrated that the behavior strategies implemented by Belarusians to manage day-to-day incomes of households remained virtually unchanged during the recent 3 years.

**Diagram 21. Patterns for household day-to-day expenses management in 2013 and 2016**  
**How you (your family) usually carry out day-to-day expenses?**  
 (% from the total number of respondents)



The respondents' ideas about the conditions making reasonable to buy on credit are the following. Almost every fourth of respondents noted that it is reasonable to use a credit to pay for education or to buy necessary goods advantageously during sales (see Diagram 22). About 20% expressed an opinion that it is reasonable to take the credit if the credit interest rate is less than the deposit interest rate. It should be noted that the percentage of respondents giving no definite answer is quite high for this question: it is about 25% of respondents. As compared with 2013, no visible changes were found with regard to the population's ideas about the conditions making reasonable to use the service of crediting.

**Diagram 22. Consideration with regard to buying on credit in 2013 and 2016**  
**In your opinion, what are the conditions making reasonable to buy on credit?**  
 (% from the total number of respondents)



### 5.3 Behavior in accumulation of savings

As a result of analysis of the information collected within the scope of the research, the major reasons motivating the respondents to make savings were revealed. In accordance with the data collected, for about two thirds of respondents allocating a part of their incomes for savings, the primary motivation for the saving behavior is to accumulate money "for a rainy day", i.e. for unexpected expenses, with this number growth by 7.1 percentage points as compared with 2013 (see Diagram 23). About one third of those who can and want to save money make savings in order to improve their life in the future; slightly more than 17% make savings in order to be financially independent or to leave an inheritance for their heirs. Slightly more than 7% of respondents use their savings to obtain additional incomes as interests on deposits or as increase in value of shares and bonds. Small number of respondents makes savings to provide means for life after retirement (2.9%), or adheres to the "better save than spend" principle (1.6%), or makes savings for speculations at the stock market (0.3%).

The analysis of data has demonstrated that the respondents in age 60 or older predominantly accumulate savings “for a rainy day” and to leave some inheritance for their heirs (see Table 4.44, Annex 4). For respondents in other age groups, the major reasons include the desire to have savings “for a rainy day” and to improve life in the future.

**Diagram 23. Consideration with regard to savings and investments in 2013 and 2016**  
**Why you (your family) make savings, and what are the objects of your investments?**  
*(% from the number of respondents having savings)*

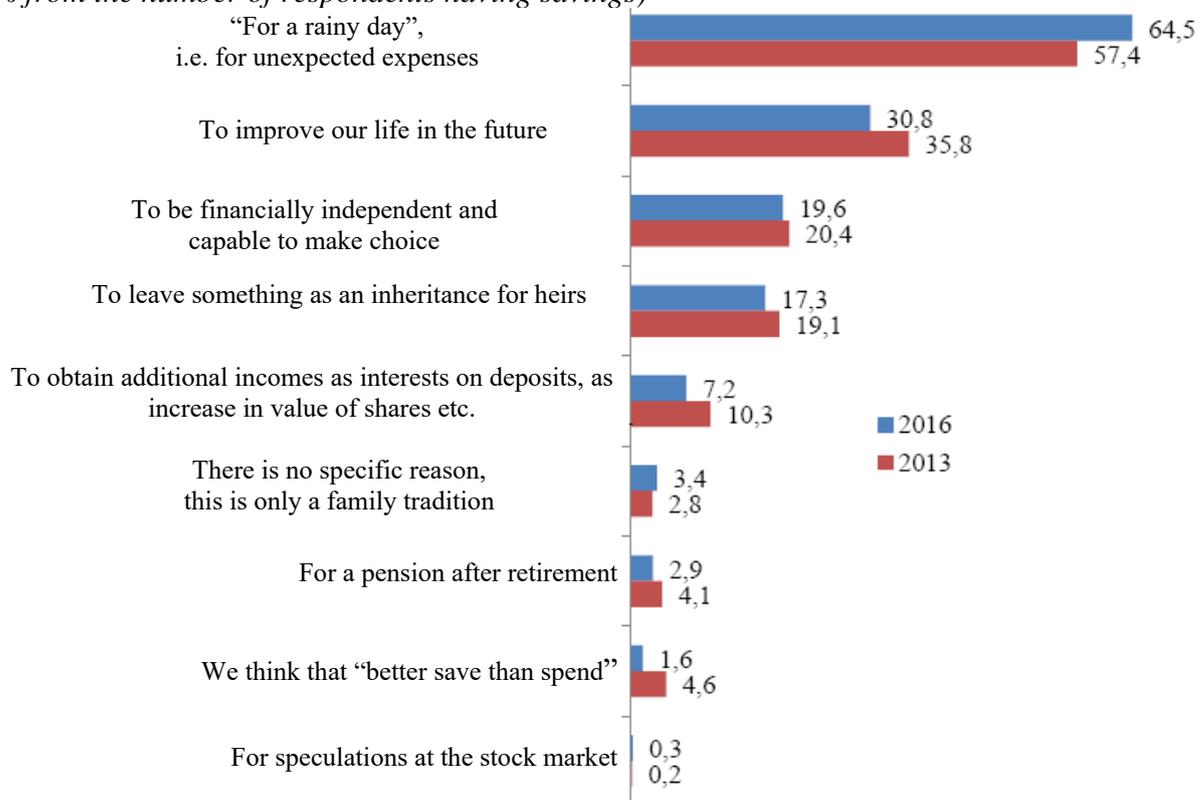
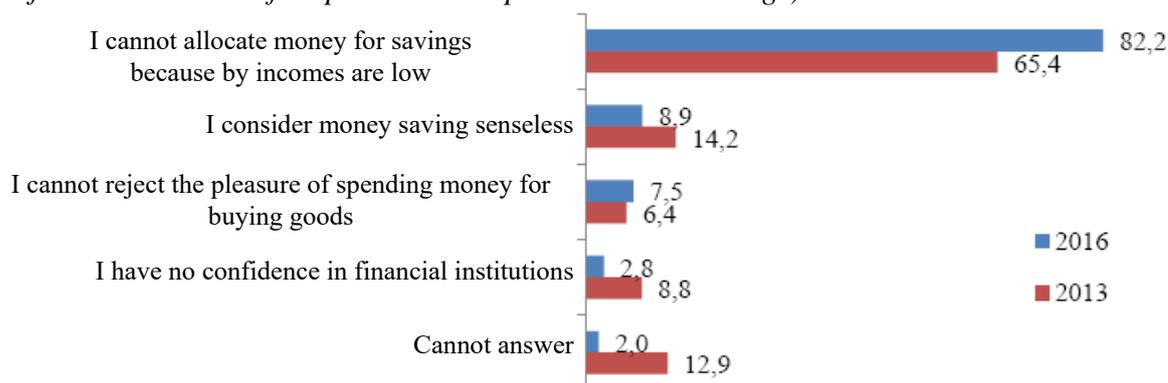


Diagram 24 demonstrates that most of respondents (of those who answered negatively when asked whether they have savings), 82.2%, have noted low incomes as the major reason preventing from saving money. As compared with 2013, the number of Belarusians unable to make savings due to low incomes grew by almost 17 percentage points. About 9% of respondents consider money saving senseless. Inability to reject the pleasure of buying goods is a hindrance for making savings by 7.5 of respondents; 2.8% of respondents note their lack of confidence in financial institutions as a reason for having no savings. Some optimism is inspired by the fact that the rate of respondents refusing to make money savings due to lack of confidence in financial institutions dropped by 6 percentage points as compared with 2013.

**Diagram 24. Hindrances for savings in 2013 and 2016**  
***If you (your family) make no allocations for savings, why?***  
*(% from the number of respondents incapable to make savings)*

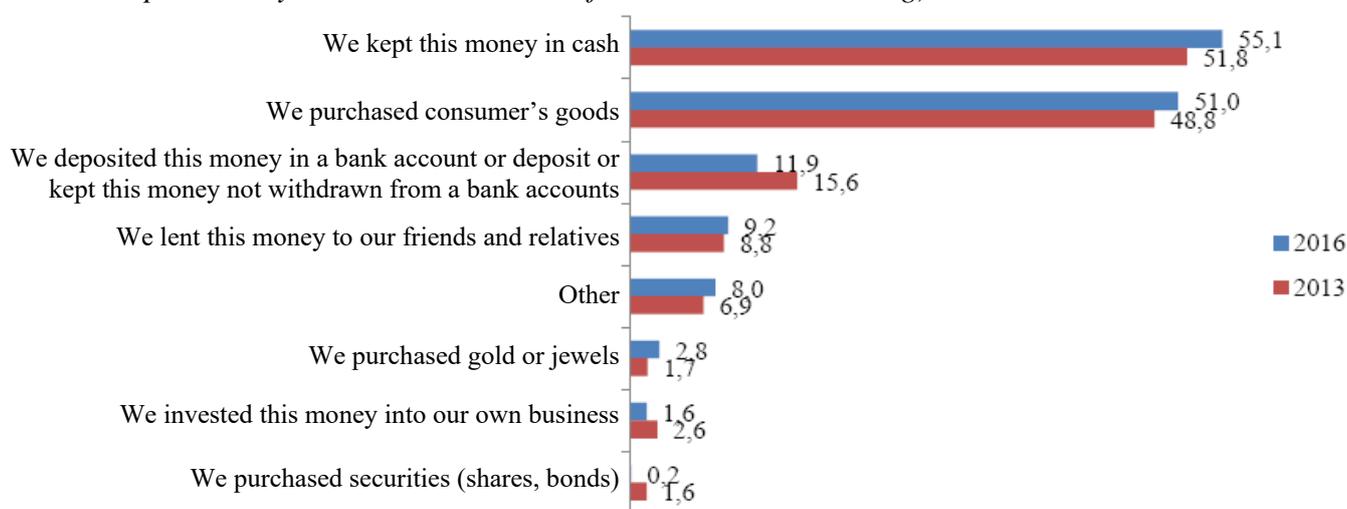


Among the tasks of this research was to study how the Belarusian population prefers to use money not spent before earning the next income. According to the data collected, slightly more than 55% of respondents who had remaining unspent money preferred to keep this money in cash (see Diagram 25). About every second respondent spent this money for buying consumer’s goods. About 12% of respondents placed this money in a bank deposit and/or kept this money not withdrawn from their accounts. Slightly more than 9% of respondents lent this money to their friends or relatives. The rarest were the cases when the respondents used unspent money to buy securities, invested this money into their own business, purchased gold or jewels (less than 3%). Variation of this characteristic as compared with that in 2013 cannot be considered significant: it means that, during the recent three years, the patterns of management used for unspent household incomes remained almost unchanged, and the Belarusians, as before, prefer to spend this money for buying goods or to keep at home but not to invest and to earn more incomes using the financial instruments available at the country’s market. In our opinion, the analysis of reasons for such “non-strategic” behavior is worthy of special attention within the scope of further studies. At present, we can make only several assumptions with regard to the reasons for such behavior of the population. For example, we think that these reasons can include low level of confidence in the country’s financial institutions (while the trend for growth of confidence in these institutions exists in the recent years, it seems to be insufficient for the population to entrust its money to them undoubtedly); low level of population’s awareness about the opportunities offered by the financial market for growth of available money amounts; small range of services offered and high prices for these services.

### Diagram 25. Unspent income management patterns for households in 2013 and 2016

*If you had unspent money at the time when you receive the next income, how you usually use this unspent money?*

*(% from the number of respondents for whom, during the recent year, there were the cases when unspent money remained at the time of the next income earning)*



### 5.4 Indebtedness-related behavior

About 80% of Belarusians taking part in the survey have no indebtedness in financial liabilities. Slightly more than 15% of respondents have admitted that they have some financial indebtedness (see diagram 26). When asked for the amount remaining from their family's monthly income after payments related to financial liabilities, almost 60% of respondents refused to answer. The greatest number of respondents has admitted that, after payments in all kinds of indebtedness, the amount remaining in their disposal is 1.6 – 3 million Belarusian Rubles (13.3%) or 3-5 million Belarusian Rubles (about 11.9%). The amount of 1-1.6 million Belarusian Rubles was noted by 9% of respondents.

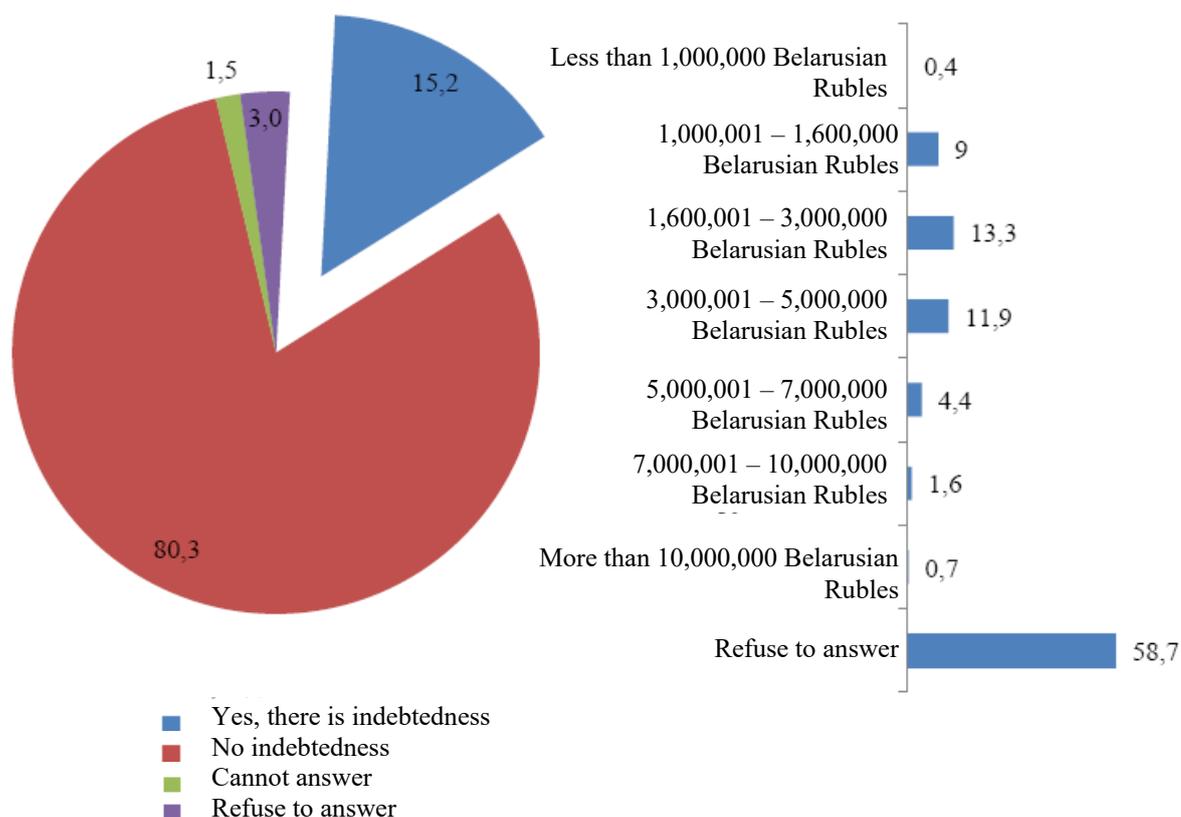
**Diagram 26. Indebtedness of households and its size**

*As of today, do you (your family members) have some indebtedness in financial liabilities (e.g. in credits)?*

*(% from the total number of respondents)*

*What amount remains monthly from their family's income after payments related to financial liabilities (such as credits, commissions, fines, forfeits etc.)?*

*(% from the number of respondents who answered yes for the previous question)*

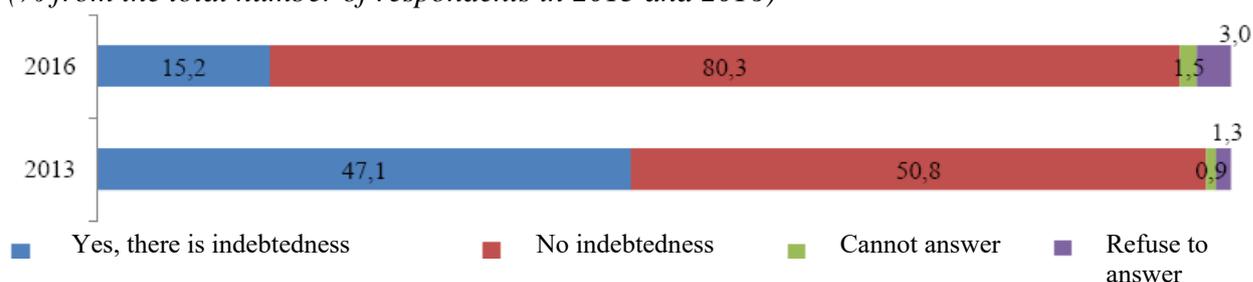


Comparing the data from surveys carried out in 2013 and 2016, it was revealed that the percentage of citizens having an indebtedness in financial liabilities dropped by almost 32% during this period; this is, undoubtedly, an important factor for population's indebtedness-related behavior (see Diagram 27). We can suppose that this variation, to a large extent, results from reduction of the percentage of persons using loans and credits. As we already saw from the analysis of answers given for other questions in the survey, several recent years saw significant reduction of population's standards of well-being and, probably, as a response to this factor, people now try to save money more and to spend and invest less.

**Diagram 27. Indebtedness of households in 2013 and 2016**

*As of today, do you (your family members) have some indebtedness in financial liabilities (e.g. in credits)?*

*(% from the total number of respondents in 2013 and 2016)*



## 5.5 Information sources

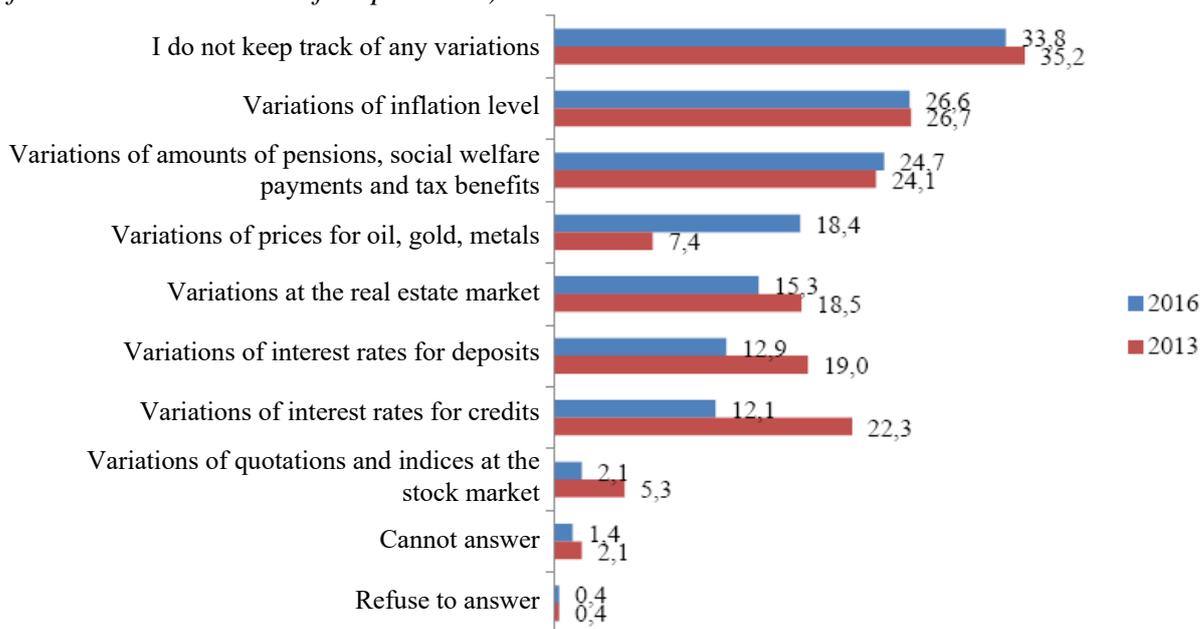
Within the scope of the research, respondents were also asked about variations at financial markets that they regularly keep track of, and the sources used by respondents to collect this information.

The survey results demonstrate that more than one third of respondents do not keep track of variations at financial markets. About a quarter of respondents regularly take interest in variations of inflation levels, amounts of pensions, social welfare payments and tax benefits (see Diagram 28). Information about variations of interest rates for deposits and changes at the real estate market is required by about 20% of respondents. About every fifth takes interest in variations of prices for oil, gold, precious metals; the period since 2013 saw more than doubling the percentage of citizens tracking the variations in this segment of the financial market. Slightly more than 15% of respondents keep track of the variations at the real estate market. The trends of interest rates for deposits and credits are the objects of attention for about every eighth Belarusian. It should be noted that the population's attention with regard to variations of interest rates for deposits and credits significantly dropped during the several recent years. The reduction of percentages of respondents keeping track of variations of interest rates for deposits and credits was 6.1 and 10.2 percentage points respectively. It is likely that this fact confirms our hypothesis asserting that, with the crisis phenomena in the economy resulting in reduction of incomes of individuals and their families and in growth of uncertainty with regard to the future, the population's stance on money has been changed, resulting in rethinking the own strategy of savings and expenditures by many citizens. As noted above, the population in the existing situation tries to spend less and to save more (at home, not in the bank, e.g. by converting the savings into the foreign currency); not to invest money into a bank because nobody can be sure that the state and banks will be able to guarantee the saving preservation; and not to take credits because, with the incomes reduced, the cost of credits becomes too high for the population. The rarest matters of interest for Belarusians are variations of stock market quotes and indices (less than 3%).

Respondents in age from 25 to 34 are more active than others in keeping track of variations taking place at financial markets (see Table 4.6, Annex 4). They take interest in variations at the real estate market, trends of quotations and indices at the stock market, interest rates for credits. Respondents in older age groups (45 and older) take more interest in variations of amounts of pensions, social welfare payments and tax benefits. The lowest level of activity was recorded among the respondents in age 60 and older: more than 40% of respondents in this age group keep no track of variations at the financial market.

Depending on the level of education, the following differences in this parameter were found (see Table 5.6, Annex 5). First, it is more common for respondents educated better to take interest in variations at the financial market than for respondents with lower level of education. More than half of respondents with primary or incomplete secondary education and about a half of respondents with general secondary education never keep track of variations taking place at the financial market of services. Second, respondents with different education levels take interest in trends of different indicators at the financial market. For example, respondents with college education, as a rule, keep track of variations in inflation level, amounts of pensions, social welfare payments and tax benefits, and of variations taking place at the real estate market. For respondents with incomplete higher education or higher education, it is more common to take interest in trends of quotations and indices at the stock market, variations in inflation level, and variations in fluctuation of prices for oil, gold and metals.

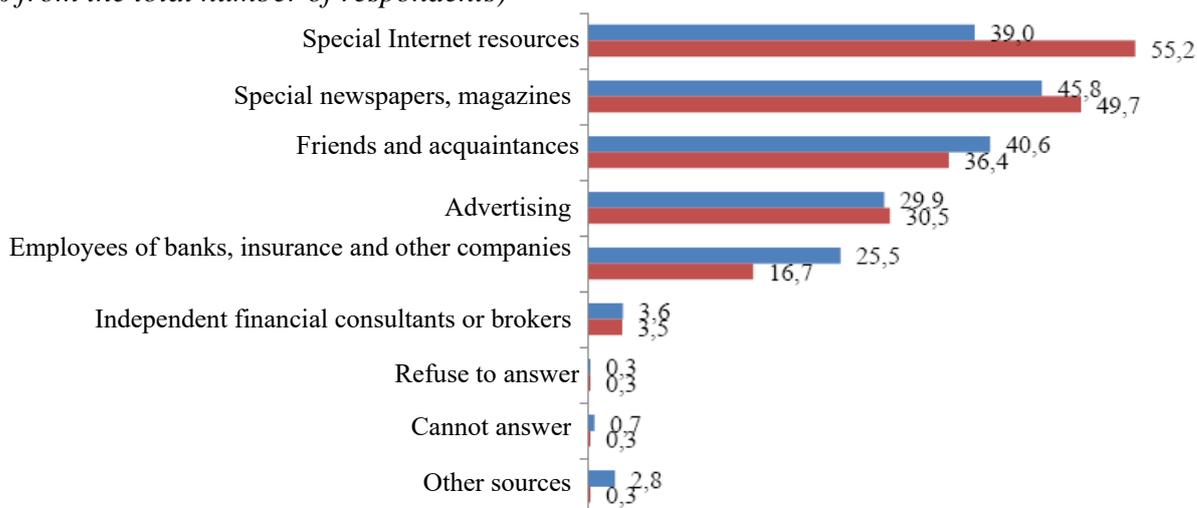
**Diagram 28. Variations at financial markets tracked by households in 2013 and 2016**  
**What are the variations at financial markets you regularly keep track of?**  
 (% from the total number of respondents)



For respondents, the major sources of information about changes at financial markets are the special Internet resources, more than 55%, about 15% greater than in 2013 (see Diagram 29). About 46% of respondents receive this information from special newspapers and magazines. About 40% of respondents obtain information about the processes at financial markets from their friends and acquaintances; about 30%, from advertising; a quarter, from employees of banks, insurance companies and other financial organizations. The rarest are the cases when the respondents ask independent consultants or brokers for this information (less than 4% in the total sample size).

**Diagram 29. Sources of information about financial services used by households in 2013 and 2016**

**What are the information sources you use for this purpose?**  
 (% from the total number of respondents)



# ANNEX 1 – RESEARCH TOOLS

## INTERVIEW FORM

### THE INSTITUTE OF SOCIOLOGY OF THE NATIONAL ACADEMY OF SCIENCES OF BELARUS

Hello! I'm from the Institute of Sociology of the National Academy of Sciences of Belarus. We hold a research in financial literacy of population in our country, and we invite you to take part in it. Please answer the questions in our interview. Information collected within the scope of this research is anonymous and it will be used in a generalized form only.

#### **I. INTRODUCTORY SECTION**

**INTERVIEWER!** READ THE FOLLOWING TEXT TO THE RESPONDENT:

*FINANCIAL LITERACY means possession of knowledge, capabilities and skills necessary to make responsible economic and financial decisions and activities with necessary level of competence.*

**1. What financial services (from the listed ones) are used personally by you or by your family members? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 1.**

1. Credits (consumer's credits, credit for dwelling construction / purchase, automobile credit, education credit etc.)
2. Bank account / deposit
3. Currency exchange
4. Current bank account and/or bank payment card
5. Life insurance
6. Risk insurance (including the civil liability insurance)
7. Bank management fund investment
8. Share
9. Leasing
10. Money transfer
11. Payments for public utilities
12. Payments through terminals (adding money to bank payment cards, bill settling, payments for mobile communication operator services etc.)
13. Mobile banking, Internet banking
14. Others (specify)\_\_\_\_\_ (**WRITE**)
15. I do not use any financial services
16. Cannot answer (**DO NOT READ OUT**)
17. Refuse to answer (**DO NOT READ OUT**)

**2. Do you consider yourself to be financially literate? Please specify your financial literacy self-assessment using a five-point scale where 1 means completely no knowledge and skills in own finance management, and 5 means excellent skills in financial matters. INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. No knowledge and skills
2. Unsatisfactory level of knowledge and skills
3. Satisfactory level of knowledge and skills
4. Good level of knowledge and skills
5. Excellent level of knowledge and skills
6. Cannot answer (**DO NOT READ OUT**)

7. Refuse to answer (**DO NOT READ OUT**)

**3. Please read the list of topics concerning personal finance management. What are the topics (from the listed ones) interesting for you to study at the financial training courses? INTERVIEWER! MARK AT MOST FIVE ANSWERS. SHOW CARD 2.**

1. Personal financial goals formation and preparing a personal financial plan
2. What to do to prevent the credit agreement liabilities fulfillment from becoming a heavy burden for your budget
3. Planning the purchase of durable goods (such as a car, real estate etc.) and assessing your capability to implement these plans
4. Pension system operation, the procedures to provide incomes in an advanced age
5. Banking services (current accounts, bank accounts / deposits, bank payment cards)
6. Consumer's credits for purchase of goods and services
7. Mortgage credits
8. Insurance
9. Non-governmental pension funds
10. Stock markets, shares and joint investment schemes
11. Sources of information about the financial services, how to understand this information and to distinguish advertising "tricks" from valid information
12. Criteria to choose the services provided by banks and financial companies
13. Legal system for protection of rights of consumers of financial services and the procedures to be carried out in case of violation of your rights
14. Information worthy of attention for signing an agreement with a bank or a financial company
15. Neither of these topics is interesting for me
16. Cannot answer (**DO NOT READ OUT**)
17. Refuse to answer (**DO NOT READ OUT**)

**4. In your opinion, who must teach the citizens to make them financially literate? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 3.**

1. Commercial banks
2. Pension funds, insurance companies
3. Trust funds
4. Non-governmental or public organizations engaged in protection of consumers' rights
5. Governmental institutions regulating the financial service provision for general public (such as the National bank, the Ministry of Economy, the Ministry of Finance, the Ministry of Labour and Social Protection etc.)
6. Institutions of higher education in economics and finance
7. Independent financial consultants
8. Mass media (journalists and TV hosts)
9. Other persons or organizations (specify) \_\_\_\_\_ (**WRITE**)
10. Cannot answer (**DO NOT READ OUT**)
11. Refuse to answer (**DO NOT READ OUT**)

**5. What are the financial services you want to know more about? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 4.**

1. Consumer's credit
2. Bank current (settlement) account
3. Bank deposit account (money placement at interest)
4. Currency exchange
1. Bank payment card (plastic card)
2. Credit for dwelling construction and purchase

3. Insurance
4. Bank management fund investment
5. Investments in shares of an enterprise
6. Investments in corporate bonds
7. Other financial services (specify) \_\_\_\_\_ (**WRITE**)
8. Nothing
9. Cannot answer (**DO NOT READ OUT**)
10. Refuse to answer (**DO NOT READ OUT**)

**6. What are the variations at financial markets you regularly keep track of?** **INTERVIEWER!** MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW **CARD 5**.

1. Variations at the real estate market
  2. Variations of quotations and indices at the stock market
  3. Variations of interest rates for deposits
  4. Variations of interest rates for credits
  5. Variations of inflation level
  6. Variations of amounts of pensions paid by the state, social welfare payments and tax benefits
  7. Variations of prices for oil, gold, metals etc.
  8. Other (specify) \_\_\_\_\_ (**WRITE**)
- 
9. I do not keep track of any variations
  10. Cannot answer (**DO NOT READ OUT**) => **PROCEED WITH THE QUESTION 8**
  11. Refuse to answer (**DO NOT READ OUT**)
- 

**7. What are the sources of information you use for this purpose?** **INTERVIEWER!** MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW **CARD 6**.

1. Advertising
2. Special newspapers, magazines, TV programs
3. Special Internet resources
4. Employees of banks, insurance and other companies (by phone or during personal visits)
5. Independent financial consultants or brokers
6. Friends and acquaintances
7. Other sources of information (specify) \_\_\_\_\_ (**WRITE**)
8. Cannot answer (**DO NOT READ OUT**)
9. Refuse to answer (**DO NOT READ OUT**)

**8. Do you have negative experience while receiving financial services?** **INTERVIEWER!** ONLY ONE ANSWER MAY BE CHOSEN

1. Yes, I have
- 
2. No, I never faced negative experience
  3. Cannot answer (**DO NOT READ OUT**) => **PROCEED WITH THE QUESTION 11**
  4. Refuse to answer (**DO NOT READ OUT**)
- 

**9. What are the services this negative experience connected with?** **INTERVIEWER!** MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW **CARD 7**.

1. Bank account / deposit
2. Transactions at the stock market
3. Bank credit card
4. Bank debit card (e.g. payroll card)
5. Consumer's credit
6. Insurance
7. Automobile credit

8. Credit for dwelling construction and purchase
9. Other financial services (specify)\_\_\_\_\_ (**WRITE**)
10. Cannot answer (**DO NOT READ OUT**)
11. Refuse to answer (**DO NOT READ OUT**)

**10. How you responded when you faced a problem? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 8.**

1. Took no actions
2. Terminated the service usage before the contract termination date (i.e. early withdraw money from a bank deposit / account, repay a credit early, sell securities, cancel an insurance policy etc.)
3. Submitted a complaint to an institution providing the financial service
4. Submitted a complaint to the related governmental agency
5. Other (specify)\_\_\_\_\_ (**WRITE**)
6. Cannot answer (**DO NOT READ OUT**)
7. Refuse to answer (**DO NOT READ OUT**)

**11. Let's assume that you are in conflict with a financial organization (bank, insurance company etc.) concerning the financial service provided for you. In your opinion, what an outcome will be? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. The conflict will be resolved in my favour
2. The conflict will be resolved in favour of the financial organization
3. The decision will be made taking into consideration both my interests and the interests of the financial organization
4. Cannot answer (**DO NOT READ OUT**)
5. Refuse to answer (**DO NOT READ OUT**)

## **II. REAL FINANCIAL LITERACY TEST – FINANCIAL MATHEMATICS**

**12. Let's assume that you deposited 1,000,000 Belarusian Rubles on the bank account for 2 years with the fixed interest rate, 8% per annum. Simple interest is applied for the deposit. Assuming that you will not withdraw money from your account or add money to it, calculate the amount of your account after two years. INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. More than 1,160,000 Belarusian Rubles
2. Exactly 1,160,000 Belarusian Rubles
3. Less than 1,160,000 Belarusian Rubles
4. I cannot answer even approximately (**DO NOT READ OUT**)
5. Refuse to answer (**DO NOT READ OUT**)

**13. Let's assume that you deposited 1,000,000 Belarusian Rubles on the bank account for 5 years with the fixed interest rate, 10% per annum. Simple interest is applied for the deposit. Interests are accrued at the end of each year and added to the account principal. Assuming that you will not withdraw money from your account or add money to it, calculate the amount of your account after five years. INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. More than 1,500,000 Belarusian Rubles
2. Exactly 1,500,000 Belarusian Rubles
3. Less than 1,500,000 Belarusian Rubles
4. I cannot answer even approximately (**DO NOT READ OUT**)
5. Refuse to answer (**DO NOT READ OUT**)

**14. Let's assume that you deposited money in the bank with the interest rate 10% per annum. The inflation rate is 12%. In your opinion, with the amount of your account after one year, will you be capable to buy more goods than currently, or less goods, or the same quantity of goods as currently? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. More goods than a year ago
2. The same quantity of goods
3. Less goods than a year ago
4. I cannot answer even approximately (*DO NOT READ OUT*)
5. Refuse to answer (*DO NOT READ OUT*)

**15. Let's assume that after one year your income will be doubled and retail prices will be also doubled. In your opinion, with these new conditions, will you be capable to buy more goods than currently, or less goods, or the same quantity of goods as currently? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. More goods than currently
2. The same quantity of goods
3. Less goods than currently
4. I cannot answer even approximately (*DO NOT READ OUT*)
5. Refuse to answer (*DO NOT READ OUT*)

**16. Let's assume that you found some model of a TV set on the sale in two shops. The initial price was 2,000,000 Belarusian Rubles. One shop offers a discount of 150,000 Belarusian Rubles; another shop applies a discount of 10% of the initial price. Choose a shop offering more favorable conditions for a buyer. INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. Discount of 150,000 Belarusian Rubles
2. 10% discount
3. I cannot answer even approximately (*DO NOT READ OUT*)
4. Refuse to answer (*DO NOT READ OUT*)

**17. Let's assume that you got a credit, 12,000,000 Belarusian Rubles, that must be paid during a year in equal amounts, 1,000,000 Belarusian Rubles monthly. The bank asserts that the credit interest rate is 0%; however, it charges a commission, 600,000 Belarusian Rubles, to be paid to obtain a credit. Calculate the real interest rate for your credit. INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. Less than 5%
2. Exactly 5%
3. More than 5%
4. I cannot answer even approximately (*DO NOT READ OUT*)
5. Refuse to answer (*DO NOT READ OUT*)

**18. Let's assume that you purchased, for 900,000 Belarusian Rubles, a bond with a par value of 1,000,000 Belarusian Rubles. The bond shall be repaid after one year, bringing you a coupon yield, 150,000 Belarusian Rubles. Assuming that you will not sell a bond before repayment, calculate you bond yield. INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. Less than 15%
2. Exactly 15%
3. More than 15%
4. More than 20%
5. I cannot answer even approximately (*DO NOT READ OUT*)
6. Refuse to answer (*DO NOT READ OUT*)

### **III. REAL FINANCIAL LITERACY TEST – AWARENESS IN FINANCE**

**19. Imagine the situation. A citizen has opened a deposit, 15,000,000 Belarusian Rubles, in a bank in the Republic of Belarus; however, after some time, this bank was declared bankrupt and dissolved. In your opinion, what will be a maximum amount compensated to the depositor by the bank? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. Nothing will be compensated to the depositor
2. 1,500,000 Belarusian Rubles
3. 5,000,000 Belarusian Rubles
4. 7,500,000 Belarusian Rubles
5. 10,000,000 Belarusian Rubles
6. The complete amount of the deposit will be compensated to the depositor
7. Cannot answer (***DO NOT READ OUT***)
8. Refuse to answer (***DO NOT READ OUT***)

**20. Imagine the situation. A citizen has invested 15,000,000 Belarusian Rubles in a bank management fund; however, after some time, this amount sharply reduced as a result of a financial crisis. What amount of damage will be compensated for by the state? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. The state will not compensate for the damages
2. 1,500,000 Belarusian Rubles
3. 5,000,000 Belarusian Rubles
4. 7,500,000 Belarusian Rubles
5. 10,000,000 Belarusian Rubles
6. The state will completely compensate for the damages
7. Cannot answer (***DO NOT READ OUT***)
8. Refuse to answer (***DO NOT READ OUT***)

**21. Imagine the situation. A citizen has deposited 15,000,000 Belarusian Rubles in a credit union; however, after some time, this union was dissolved due to its financial insolvency. What is a maximum amount of damage that will be compensated for by the state? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. READ OUT THE EXPLANATION FOR THE RESPONDENT**

<p>A credit union (consumers' cooperative for mutual financial aid) is a non-commercial organization being a volunteer association of citizens that accumulates its members' money and provides financial aid (e.g. gives credits) to the cooperative's members that need it.</p>
---

1. The state will not compensate for the damages
2. 1,500,000 Belarusian Rubles
3. 5,000,000 Belarusian Rubles
4. 7,500,000 Belarusian Rubles
5. 10,000,000 Belarusian Rubles
6. The state will completely compensate for the damages
7. Cannot answer (***DO NOT READ OUT***)
8. Refuse to answer (***DO NOT READ OUT***)

**22. Imagine the situation. A citizen has purchased an insurance policy (except for the mandatory insurance for vehicle owners) in an insurance company; however, after some time, this company was dissolved due to its financial insolvency. How it affects the insurance policy? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 9.**

1. It will become invalid and declared null and void
2. Responsibility for the insurance policy implementation will be transferred to the another insurance company; more likely, it will be a state-owned company
3. Responsibility for the insurance policy implementation will be transferred to the state directly, but with the limit for its amount, 1,500,000 Belarusian Rubles
4. Responsibility for the insurance policy implementation will be transferred to the state directly, in accordance with the terms and conditions of the first agreement with the insurance company
5. Cannot answer (**DO NOT READ OUT**)
6. Refuse to answer (**DO NOT READ OUT**)

**23. What are the procedures (from the list given) that must be done by banks in accordance with the applicable legislation of the Republic of Belarus? INTERVIEWER! ASK THE RESPONDENT TO CHOOSE ONLY ONE ANSWER MEETING THE REQUIREMENTS OF THE LEGISLATION MOST COMPLETELY. SHOW CARD 10.**

1. Set equal interest rates for all credits
2. Set equal interest rates for similar credit categories (such as credit cards, automobile credits, mortgage credits etc.)
3. Disclose the complete interest rates for credits
4. None of these
5. Cannot answer (**DO NOT READ OUT**)
6. Refuse to answer (**DO NOT READ OUT**)

**24. Do you know the difference between the life insurance and the risk insurance? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 11.**

1. The life insurance covers my life, the risk insurance covers my risks, and any insurance company may provide both services at the same time
2. The life insurance covers life and health, while the risk insurance covers accidents and liability, and an insurance company may provide only one type of service
3. There is no difference between these insurance services
4. Cannot answer (**DO NOT READ OUT**)
5. Refuse to answer (**DO NOT READ OUT**)

**25. Do you know the difference between the credit card and the debit card? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 12.**

1. The debit card can be used to withdraw more money than the amount available on the account, while the credit card can be used only to withdraw money available
2. The credit card can be used to withdraw more money than the amount available on the account, while the debit card can be used only to withdraw money available
3. There is no difference between these types of cards
4. Cannot answer (**DO NOT READ OUT**)
5. Refuse to answer (**DO NOT READ OUT**)

**26. Do you know what is a franchise? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 13.**

1. Yes, this is an amount of money that must be paid to the insurance company to buy an insurance policy

2. Yes, this is an amount of money that a beneficiary shall earn in accordance with an insurance document in case of an insured event
3. Yes, this is an amount of money that the insurance company shall withhold from the insurance compensation paid to the beneficiary
4. Cannot answer (**DO NOT READ OUT**)
5. Refuse to answer (**DO NOT READ OUT**)

**27. In accordance with the legislation of the Republic of Belarus, may a bank or a non-banking financial and credit organization pay compound interests on deposits? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. No, it is prohibited
2. Yes, but only if this is specifically stipulated in agreement terms and conditions
3. Yes, at the bank's discretion
4. Cannot answer (**DO NOT READ OUT**)
5. Refuse to answer (**DO NOT READ OUT**)

**28. What is difference between a share and a bond? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 14.**

1. A share confirms that the contribution was made into the statutory fund (i.e. the amount of money necessary to establish an organization), while a bond does not confirm it
2. A bond can be redeemed by an issuer organization, while a share cannot.
3. For shares, a floating return is always set; for binds, both floating or fixed return can be set
4. Any bonds can be sold at a secondary market, while some shares cannot.
5. Both citizens (i.e. natural persons) and organization (legal entities) may have bonds in their possession, while only organization (legal entities) may have shares in their possession
6. Shares can be pledged, while bonds can not
7. No difference between shares and bonds
8. Cannot answer (**DO NOT READ OUT**)
9. Refuse to answer (**DO NOT READ OUT**)

**29. In your opinion, what organization you must address to protect your rights in case of a conflict with a financial institution concerning a financial service provided for you? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 15.**

1. The National Bank of the Republic of Belarus
2. The Ministry of Finance of the Republic of Belarus
3. The Council of Ministers of the Republic of Belarus
4. Courts of general jurisdiction
5. Belarusian Banks Association's Arbitration Court
6. It depends on the kind of financial service giving rise to the conflict
7. Cannot answer (**DO NOT READ OUT**)
8. Refuse to answer (**DO NOT READ OUT**)

**30. Do you know what is a credit history? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 16.**

1. This is information about the quality of credits of a bank, and this information is available in this bank's financial reports
2. This is information describing how the credit recipient executes credit liabilities, and this information is available in the Credit Registry of the National Bank of the Republic of Belarus

3. This is information about the security defaults declared by an issuer, and this information is available in the state registry of issues of securities
4. This is information describing how the Republic of Belarus executes its liabilities related to its sovereign debts
5. None of these
6. Cannot answer (**DO NOT READ OUT**)
7. Refuse to answer (**DO NOT READ OUT**)

**31. Do you know what is a float rate interest? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 17.**

1. This is an interest rate that can be changed during the period of validity of a credit or a deposit
2. This is an interest rate that is varied with the “basic rate”
3. This is an interest rate that can be changed by any party to an agreement without the other party’s consent
4. This is a rate opposite to the “fixed rate”
5. None of these
6. Cannot answer (**DO NOT READ OUT**)
7. Refuse to answer (**DO NOT READ OUT**)

**32. If you give formal consent to be a guarantor for your friend’s credit, what are the liabilities arising for you? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 18.**

1. No liabilities arise, this is only my goodwill gesture for my friend
2. I shall have to repay my friend’s debt if he/she fails to repay a credit
3. I shall have not only to repay my friend’s debt but also shall be subject to criminal responsibility for my friend’s failure to meet his/her credit liabilities
4. Cannot answer (**DO NOT READ OUT**)
5. Refuse to answer (**DO NOT READ OUT**)

#### **IV. FINANCIAL BEHAVIOR SECTION**

**33. What is important for you when you choose a bank to obtain a credit? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 19-20.**

1. Bank reputation and reliability
2. Appearance of a bank and its premises
3. Bank personnel skills
4. Positive experience of my relatives and acquaintances resulting from their contacts with this bank
5. Interest rate for credit and related expenses
6. Gifts and promotional events
7. Other (specify) \_\_\_\_\_ (**WRITE**)
8. Cannot answer (**DO NOT READ OUT**)
9. Refuse to answer (**DO NOT READ OUT**)

**34. What is important for you when you choose a bank to place a deposit or to open a current account? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 19-20.**

1. Bank reputation and reliability
2. Appearance of a bank and its premises
3. Bank personnel skills

4. Positive experience of my relatives and acquaintances resulting from their contacts with this bank
5. Interest rate for credit and related expenses
6. Gifts and promotional events
7. Other (specify) \_\_\_\_\_ (**WRITE**)
8. Cannot answer (**DO NOT READ OUT**)
9. Refuse to answer (**DO NOT READ OUT**)

**35. In your opinion, what are the conditions making reasonable to buy on credit?** **INTERVIEWER!** **ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 21.**

1. If goods necessary for me are on sales in a shop
2. If the credit interest rate is less than the account (deposit) interest rate
3. To pay for education (making possible to find well-paid job in the future)
4. If a person needs rest but temporally unable to pay for it
5. Cannot answer (**DO NOT READ OUT**)
6. Refuse to answer (**DO NOT READ OUT**)

**36. Does your family keep records of incomes and expenses?** **INTERVIEWER!** **ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 22.**

1. Yes, we keep detailed records of all incomes and expenses
2. Yes, we keep records of incomes and expenses, but only partially, from time to time
3. No, we don't keep records of incomes and expenses, but generally keep track of the information about our monthly monetary incomes and expenses
4. No, we don't keep records of incomes and expenses and have poor notion of the amounts of money earned and spent
5. Cannot answer (**DO NOT READ OUT**)
6. Refuse to answer (**DO NOT READ OUT**)

**37. How often were the cases during the recent year when you (or your family) still had unspent money at the time when you earn the next income (salary, pension, scholarship, social welfare payment etc.)?** **INTERVIEWER!** **ONLY ONE ANSWER MAY BE CHOSEN**

1. Always
2. Very often
3. Sometimes
4. Very rarely

---

5. Never

6. Cannot answer (**DO NOT READ OUT**) => **PROCEED WITH THE QUESTION 39**

7. Refuse to answer (**DO NOT READ OUT**)

---

**38. How you usually used this money?** **INTERVIEWER!** **MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 23.**

1. We purchased consumer's goods
2. We kept this money in cash
3. We deposited this money in a bank account or deposit or kept this money not withdrawn from a bank accounts
4. We purchased securities (shares, bonds)
5. We lent this money to our friends and relatives
6. We invested this money into our own business
7. We purchased gold or jewels
8. Other (specify) \_\_\_\_\_ (**WRITE**)
9. Cannot answer (**DO NOT READ OUT**)

10. Refuse to answer (**DO NOT READ OUT**)

**39. How often were the cases during the recent year when you (or your family) ran out of money before earning the next income (salary, pension, scholarship, social welfare payment etc.)? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. Always
2. Very often
3. Sometimes
4. Very rarely
5. Never
6. Cannot answer (**DO NOT READ OUT**)
7. Refuse to answer (**DO NOT READ OUT**)

**40. What do you (or your family) usually do if you run out of money before earning the next income? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 24.**

1. We reduce consumption and resort to thrift
2. We ask relatives, friends and acquaintances for assistance
3. We use our savings
4. We use a credit card
5. We sell our property
6. We address a bank for credit
7. Our friends and acquaintances give us money and not require repayment
8. We search for off-hour and additional job
9. We withdraw necessary amounts from own business
10. Other (specify) \_\_\_\_\_ (**WRITE**)
11. Cannot answer (**DO NOT READ OUT**)
12. Refuse to answer (**DO NOT READ OUT**)

**41. Choose a statement from those listed below that corresponds to your situation with life insurance most closely. INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN. SHOW CARD 25.**

1. My life is insured for the necessary amount
2. My life is insured for some amount but I think it's insufficient
3. I need life insurance but I think it's too costly
4. I need life insurance but I do not believe that an insurance company will pay an insurance indemnity in case of my death
5. I do not need life insurance
6. Cannot answer (**DO NOT READ OUT**)
7. Refuse to answer (**DO NOT READ OUT**)

**42. How you (your family) usually carry out day-to-day expenses? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

- 
1. First, we allocate money for savings; then, we spend the remaining amount
  2. First, we spend; then, we allocate the remaining amount for saving

=> **PROCEED WITH THE QUESTION 44**

- 
3. We spend all money for day-to-day needs and make no allocations for saving
  4. Cannot answer (**DO NOT READ OUT**)
  5. Refuse to answer (**DO NOT READ OUT**)

**43. If you (your family) make no allocations for savings, why? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 26.**

1. I have no confidence in financial institutions
2. I cannot allocate money for savings because by incomes are low
3. I consider money saving senseless
4. I cannot reject the pleasure of spending money for buying goods
5. Other reasons (specify)\_\_\_\_\_ (**WRITE**)
6. Cannot answer (**DO NOT READ OUT**)
7. Refuse to answer (**DO NOT READ OUT**)

**44. Why you (your family) make savings, and what are the objects of your investments? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 27.**

1. "For a rainy day", i.e. for unexpected expenses
2. For a pension after retirement
3. To obtain additional incomes as interests on deposits, as increase in value of shares and bonds etc.
4. To leave something as an inheritance for heirs
5. To improve our life in the future
6. We think that "better save than spend"
7. To be financially independent and capable to make choice
8. For speculations at the stock market
9. There is no specific reason, this is only a family tradition
10. Cannot answer (**DO NOT READ OUT**)
11. Refuse to answer (**DO NOT READ OUT**)

**45. How often you compare the terms and conditions for financial services offered by different organizations before signing a contract for these services? INTERVIEWER! ONLY ONE ANSWER MAY BE CHOSEN**

1. Always
2. Sometimes
3. Rarely
4. Never
5. Cannot answer (**DO NOT READ OUT**)
6. Refuse to answer (**DO NOT READ OUT**)

**46. What are the financial services you personally plan to use within the next 2 years? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 28.**

1. Credits (for dwelling construction / purchase, for consumer's needs, automobile credit etc.)
2. Bank account / deposit
3. Currency exchange
4. Current (settlement) bank account, bank payment card (plastic card)
5. Life insurance
6. Risk insurance (including the civil liability insurance)
7. Bank management fund investment
8. Share
9. Leasing
10. Money transfer
11. Payments for public utilities
12. Payments through terminals (adding money to bank payment cards, bill settling, payments for mobile communication operator services etc.)
13. Mobile banking, Internet banking
14. Others (specify)\_\_\_\_\_ (**WRITE**)

15. Nothing
16. Cannot answer (**DO NOT READ OUT**)
17. Refuse to answer (**DO NOT READ OUT**)

**47. What are the sources of information you use when choosing a financial institution to obtain the financial service? INTERVIEWER! MARK ALL ANSWERS CHOSEN BY THE RESPONDENT. SHOW CARD 29.**

1. Advertising
2. Recommendations of employed advisors in financial institutions providing necessary service
3. Information materials issued by financial institutions, with the descriptions of conditions and tariffs for provision of a range of financial services
4. Recommendations of independent financial consultants and brokers
5. Recommendations given by friends and acquaintances
6. Analytical materials published in mass media (newspapers, magazines)
7. My employer's recommendations
8. Internet
9. Other information sources (specify) \_\_\_\_\_ (**WRITE**)
10. Cannot answer (**DO NOT READ OUT**)
11. Refuse to answer (**DO NOT READ OUT**)

#### **V. SOCIAL AND DEMOGRAPHIC SECTION**

**48. Respondent's gender.**

1. Male
2. Female

**49. Your age.**

11. \_\_\_\_\_ complete years (**WRITE**)
12. Refuse to answer (**DO NOT READ OUT**)

**50. Your education.**

1. Primary (four grades)
2. Basic or incomplete secondary
3. General secondary (11 (10) grades)
4. Special secondary or vocational (college or vocational school)
5. Incomplete higher (at least 3 courses in the institution of higher education)
6. Higher
7. Refuse to answer (**DO NOT READ OUT**)

**51. Your major job.**

1. Skilled employee
2. Unskilled employee
3. Office worker
4. Businessman, entrepreneur
5. Civil servant
6. Other \_\_\_\_\_ (**WRITE**)
7. Cannot answer (**DO NOT READ OUT**)
8. Refuse to answer (**DO NOT READ OUT**)

**52. Your sector of employment or other status**

1. Production
2. Non-tangible sector (science, culture, education etc.)
3. Services

4. I'm a registered unemployed person
5. I'm a university student or trainee
6. I'm a retired non-employed person
7. Household
8. Other \_\_\_\_\_ (*WRITE*)
9. Cannot answer (*DO NOT READ OUT*)
10. Refuse to answer (*DO NOT READ OUT*)

**53. Your personal total average monthly income (wages or salary at the primary place of employment and at off-hour job, other incomes)**

1. \_\_\_\_\_ Belarusian Rubles (*WRITE*)
2. No personal income

**53.1. INTERVIEWER! IF A RESPONDENT REFUSES TO SPECIFY THE AMOUNT, MARK THE RANGE**

1. less than 6,000,000 Belarusian Rubles
2. 6,000,001 – 8,000,000 Belarusian Rubles
3. 8,000,001 – 12,000,000 Belarusian Rubles
4. more than 12,000,000 Belarusian Rubles
5. Refuse to answer (*DO NOT READ OUT*)

**54. Average monthly income per family member (divide the total monthly income by the number of family members including minors)**

1. less than 6,000,000 Belarusian Rubles
2. 6,000,001 – 8,000,000 Belarusian Rubles
3. 8,000,001 – 12,000,000 Belarusian Rubles
4. more than 12,000,000 Belarusian Rubles
5. Refuse to answer (*DO NOT READ OUT*)

**55. Family size (number of your family members including you and all minors)**

1. \_\_\_\_\_ persons (*WRITE*)
2. Refuse to answer (*DO NOT READ OUT*)

**56. What is your assessment for the financial standing of your family?**

1. Very good
2. Good
3. Satisfactory
4. Poor
5. Very poor
6. Cannot answer (*DO NOT READ OUT*)
7. Refuse to answer (*DO NOT READ OUT*)

**57. Choose a statement (from the listed ones) that describes the financial standing of your family most closely**

1. Very poor
2. We have not enough money even for food
3. We have enough money for food but face problems with buying clothes
4. We have enough money for food and clothes but face problems with buying durable goods (e.g. household appliances)
5. We have no problems with buying durable goods but cannot buy very costly goods (e.g. a car)
6. We are capable to buy quite costly goods, e.g. a car or an apartment

7. Cannot answer (**DO NOT READ OUT**)
8. Refuse to answer (**DO NOT READ OUT**)

**58. What amount of money you allocate for savings monthly?**

1. \_\_\_\_\_ Belarusian Rubles (**WRITE**)
2. No allocations for savings

**58.1. INTERVIEWER! IF A RESPONDENT REFUSES TO SPECIFY THE AMOUNT, MARK THE RANGE**

1. less than 1,000,000 Belarusian Rubles
2. 1,000,001 – 1,600,000 Belarusian Rubles
3. 1,600,001 – 3,000,000 Belarusian Rubles
4. 3,600,001 – 5,000,000 Belarusian Rubles
5. 5,600,001 – 7,000,000 Belarusian Rubles
6. 7,600,001 – 10,000,000 Belarusian Rubles
7. more than 10,000,000 Belarusian Rubles
8. Refuse to answer (**DO NOT READ OUT**)

**59. As of today, do you (your family members) have some indebtedness in financial liabilities (e.g. in credits)?**

1. Yes, there is indebtedness
2. No indebtedness
3. Cannot answer (**DO NOT READ OUT**)
4. Refuse to answer (**DO NOT READ OUT**)

**60. What amount remains monthly from their family's income after payments related to financial liabilities (such as credits, commissions, fines, forfeits etc.)?**

1. \_\_\_\_\_ Belarusian Rubles (**WRITE**)
2. Nothing remains

**60.1. INTERVIEWER! IF A RESPONDENT REFUSES TO SPECIFY THE AMOUNT, MARK THE RANGE**

1. less than 1,000,000 Belarusian Rubles
2. 1,000,001 – 1,600,000 Belarusian Rubles
3. 1,600,001 – 3,000,000 Belarusian Rubles
4. 3,600,001 – 5,000,000 Belarusian Rubles
5. 5,600,001 – 7,000,000 Belarusian Rubles
6. 7,600,001 – 10,000,000 Belarusian Rubles
7. more than 10,000,000 Belarusian Rubles
8. Refuse to answer (**DO NOT READ OUT**)