

Promoting Inclusive Financial Services and Financial Education: The Case of Mongolia

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CONTEXT

- **Project Background**
- **Access to financial services and savings behavior in Mongolia: Background**
- **What was the impact of a TV series on adults fiscal literacy?**
- **Communication strategy**
- **Results and key lessons**

Project Background

❖ The grant-based project “Promoting Inclusive Financial Services for the Poor”:

- **was financed by the Japan Fund for the Poverty Reduction (US\$2.5million; t=3 years);**
- **was approved by ADB in 2011 and signed by the Government of Mongolia in January 2012; and**
- **has three components:** (i) Savings and Credit Cooperative (SCC) Regulation, Supervision and Capacity Building; (ii) Media-Based Adult Financial Education; and (iii) Project Management, Logistics, and Evaluation.
- Selected performance indicators from the DMF (Basic financial education messages effectively communicated to the public):

30% of television-watching adults (male and female) watching series

50% of those surveyed or texting in (male and female) correctly respond to multiple choice television questions on financial education messages

Longitudinal results of financial behavior changes by month 35 (baseline zero)

Access to Financial Services and Savings Behavior in Mongolia: Background

ADB, 2010

- 10% of businesses have regular access to formal financial services,
- 70% of households have **difficulty matching their income and expenses** based on random sampling,
- 31% of all households and 13% of poor households use formal financial services.

World Bank, 2013

- Limited understanding of the **basic financial concepts** required to make financial decisions, however, the vast majority masters basic calculus,
- Awareness of **services offered by non-bank financial sector** is limited, and
- There were several initiatives but **coordination is lacking** between them.

Ease of Doing Business, 2011

- Ranked 72nd out of 183 economies in terms of **getting credit**
- Depth of credit information is very modest
- Public registry covers 19% of **the country's adults**
- Strength of legal rights is modest

Access to Financial Services and Savings Behavior in Mongolia: Background



- In 2010, Mongolia hit hard by dzud or zud (long severe winter/winter disaster).
- 769,106 people (almost 30% of the population) have been affected
- The dzud pushed the most vulnerable deeper into debt

- It was right after the banking crisis in 2008-2009 (Global Financial Crises), and the financial markets shaky.
- NPL rose in the wake of the dzud catastrophe
- High inflation and BOP came under stress

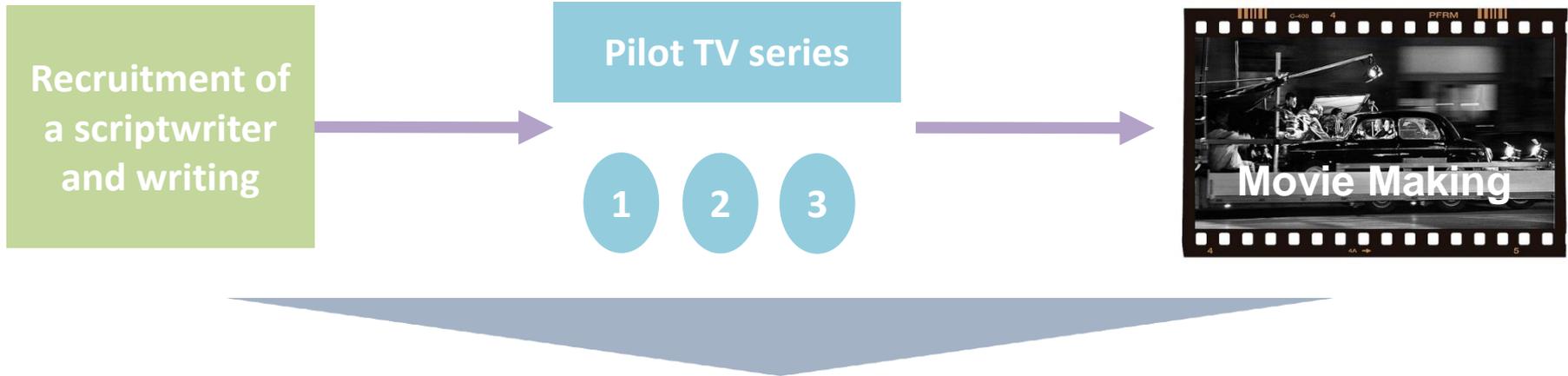


Access to Financial Services and Savings Behavior in Mongolia: Background

-  The 2008 ADB survey demonstrated that TV is the most popular media channel;
-  The 2014 survey confirmed that TV channels are most widely used both in Ulaanbaatar city and rural areas;
-  TV sets are the second most purchased household items for the last three years (39.2%)*
-  Television at the top of the list as main source of information for Mongolians (over 80%)+
-  Television serial or soap opera has the highest demand (22.9%)+
-  Serial dramas attract a wide audience because stories are based on real-life experiences and tied to the local culture
-  Viewers are able to identify and learn with the main characters, who gradually evolve in their thinking and behavior as the story unfolds
-  Target viewers: poor and vulnerable households in (i) Ulaanbaatar city and its ger districts and (ii) aimags (there are 21 provinces called aimag) and soums (suum is a sub-unit of an aimag). Mongolia's poor households are divided into 6 categories in accordance with the government decree no. 404 but can be defined as people live below the poverty line.

Sources: * Baseline Survey Report, Promoting Inclusion of Financial Services for the Poor Project, 2014
+SMS Survey Report, May 2015

Making of a TV series on Adults Fiscal Literacy



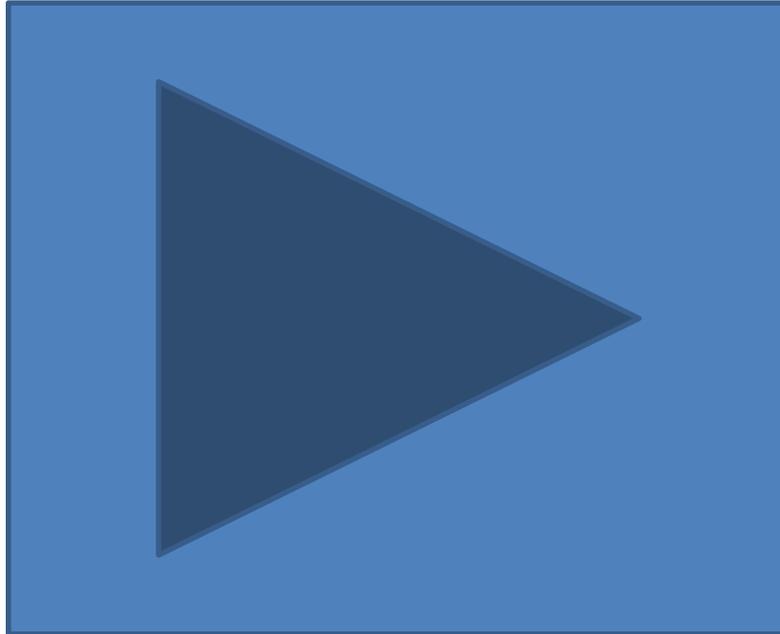
TV drama “The course that could make you millionaire” with 24 episodes

Making of a TV series on Adults Fiscal Literacy

- The project team carried out field survey with focus on the poor and people living in rural areas or outskirts of Ulaanbaatar city in 2014 and identified:

Credit	Terms and conditions, loan application, contract, and calculus
Savings	How to save, what is saving, deposits and investments
Sovereign financial services	Social insurance, programs, and projects
Non-bank financial sector	NBFI, Insurers, Savings and Credit Cooperatives, and capital markets
Basic economics	Currency exchange rates, inflation, and personal finance

The course that could make you millionaire



Results and Lessons

- Practical and Pragmatic: People shall see themselves from the production (TV drama);
- The communication strategy was formulated based upon the filed survey and messages identified;
- Used the most popular media channels nationwide: **TV, newspaper, journals, SMS text, internet, CD**, etc...;
- Series has become one of the most anticipated local television programs with high rating (out of 57 channels aired in Ulaanbaatar) and the **second most watched** in Ulaanbaatar;
- Profile of audience who watched the series: youth (below the age of 34), women, with higher and complete secondary education, self-employed, students, and private sector workers, and per household income people with income below MNT 600.000;
- Less focused on financial services not widely available in Mongolia (e.g. bond market, equity or pension fund). An average Mongolian expressed interest in capital markets, however, teaching complicated definitions, strategies will be too complicated.

