

FINANCIAL LITERACY IN ALBANIA:
SURVEY RESULTS FOR MEASURING
FINANCIAL LITERACY OF THE
POPULATION, 2011

Kliti Ceca
Arlinda Koleniço
Egnis Isaku
Borana Haxhimusaj*

WORKING PAPER

11 (50) 2013



BANK OF ALBANIA

** Kliti Ceca, Borana Haxhimusaj, Research Department, Bank of Albania
e-mail: kceca@bankofalbania.org, bhaxhimusaj@bankofalbania.org,*

*Arlinda Koleniço, Egnis Isaku, Foreign Relations, European
Integration and Communication Department,
e-mail: akolenico@bankofalbania.org, eisaku@bankofalbania.org,*

*The views expressed in this working paper are those of the authors and do not
necessarily represent those of the Bank of Albania.*

CONTENTS

<i>Abstract</i>	5
<i>1. Introduction</i>	6
<i>2. Section I - Methodology and sample analysis</i>	9
<i>3. Section II - Financial inclusion</i>	20
<i>4. Section III - Financial knowledge</i>	32
<i>5. Section IV - Financial behaviour</i>	47
<i>6. Section V - Financial attitudes</i>	76
<i>7. Conclusions</i>	84
<i>Annex</i>	89
<i>Literature</i>	95
<i>Questionnaire</i>	96

ABSTRACT

Identifying the deficiencies and finding the proper ways for an increasingly efficient approach to real needs of the public play an important role in creating and adapting educational programmes. For the first time in Albania, this information is obtained from the survey on measuring the financial literacy of the population, 2011, which was one of activities projected under the EU-funded Twinning Project between the Bank of Albania, the Bank of Italy and the Bank of France. Survey results shed light on financial inclusion, knowledge, behaviour and attitude of the surveyed Albanians about various aspects of personal or household finance management. Therefore, it is a key element to determine and outline the issues to be addressed in the financial literacy strategy.

JEL Classification: D12, D14, D18, D63

Key words: Financial education, financial literacy, financial inclusion, personal finance, welfare economics

INTRODUCTION

ALBANIAN BACKGROUND: THE NEED FOR FINANCIAL EDUCATION

The political, economic and social changes in early '90s and particularly after the full privatisation of the banking system and establishment of various financial institutions, provided Albanian consumers with new financial products, and hence a direct responsibility for important personal finance choices, which affect their purchasing power over time. Given that two decades are a relatively short time for setting-up a multi-functional financial system, the proper education of people in this area may play a key role in its balanced development.

Financial literacy of consumers and the public at large has drawn the attention of institutions across many countries for years. These institutions, driven by the close relationship between individuals' financial knowledge and their ability to make good choices and act consciously in the financial system, have been committed to various projects aiming to enhance the knowledge of various financial concepts, products and services offered by the financial market today.

A conclusion that is finding increasingly support – consumers who can make well-informed choices about financial products and services not only serve their own best interests, but also help promote a broader macroeconomic stability - is a key driver of the need for enhancing the financial knowledge of the population national-wide. Taking into consideration these modern implications and the difficulties they pose - first consumer choices in a complex financial market and then analyses and their correct decomposition – this survey results are expected to shed light on issues where consumer knowledge is either limited or incorrect. Therefore, it is a key element in determining and outlining the issues to be addressed by the financial literacy strategy.

This report is an outcome of Bank of Albania's intensive work over a year and a half, an activity carried out under the Twinning

Project, assisted by the Bank of Italy. The same survey has been conducted in 13 other countries, as referred to by the Organisation for Economic Cooperation and Development (OECD).

A detailed analysis of the main and peripheral data from the survey will serve the mapping of main areas of focus for Bank of Albania's future educational initiatives. It will identify the concepts and issues, about which individuals' financial knowledge, attitude and behaviour appear weak and need improvement.

Accordingly, the Bank of Albania has set up some projects and programs¹ which serve as a structure to promote and then continuously cultivate financial literacy in Albania. However, the correct addressing of related issues, which need more information, capability or protective measures, requires research into the current level of financial literacy in Albania.

BANK OF ALBANIA'S ROLE AND THE TWINNING PROJECT

Since 2006, the Bank of Albania has undertaken a new challenge, that of financial education of the Albanian society. Being present in the public through several initiatives and projects, the Bank of Albania has aimed to raise awareness and draw attention on significance and impact of the financial literacy on individual wellbeing and economic health of our country. These projects are carried out under the auspices of the Governor Fullani, who in the 9th international conference of the Bank of Albania on "Building our Future through Financial Literacy" stated "...financial education should be seen as a public good that brings about positive externalities to the society. It not only increases individual financial wellbeing, but also affects directly the economic policy efficiency undertaken by relevant authorities"².

¹ More information on Bank of Albania's projects on financial literacy, see: http://www.bankofalbania.org/web/Edukimi_ekonomik_e_financiar_3321_1.php

² Bank of Albania's 9th International Conference Proceedings Book on "Building our Future through Financial Literacy", 15 September 2011

Identifying the deficiencies and finding the proper ways for an increasingly efficient approach to real needs of the public play an important role in creating and adapting the educational programmes. For the first time in Albania, this information is obtained from the survey on measuring the financial literacy of the population, 2011, which is one of the activities carried out under the EU-funded Twinning Project between the Bank of Albania, the Bank of Italy and the Bank of France. This project aimed at providing the Bank of Albania with the necessary technical assistance to contribute to fulfilling the Copenhagen economic criteria. The assistance by the Bank of Italy and the Bank of France has served the development of operational instruments leading to effective implementation of monetary policy and creation of a safe, stable and developed banking system.

The objectives of the Twinning Project fall into six modules³, one of which covers the financial literacy. To implement this module, the Bank of Italy helped the Bank of Albania conduct a survey on measuring the financial literacy of the population, in 2011.

³ For more information on the Twinning Project, see the Editorial in the Bulletin of the Bank of Albania, 2012 H1.

SECTION I - METHODOLOGY AND SAMPLE ANALYSIS

1.1 MEASURING THE FINANCIAL LITERACY IN OECD-INFE COUNTRIES

In 2008, the OECD created the International Network on Financial Education - INFE⁴), which would promote and facilitate the cooperation between policy-making and decision-making institutions of various countries on financial literacy issues. More specifically, this network aims to further raise awareness on the importance of financial literacy world-wide; offer a platform for exchange of information and suggestions related to incentives, programs, problems and recent findings in this area; identify and develop further best practices and most efficient instruments across various countries; set the principles and instructions for implementation.

An INFE expert subgroup was created to compile a methodology for generating a set of comparable indicators, which measure the level of consumer financial literacy across some countries. This tool is based on a short questionnaire with core questions covering a range of financial topics. The questionnaire is associated with accompanying materials that help in correctly conducting the survey, providing instructions on the approach to be used while completing it.

For the first time in 2011, the INFE, in cooperation with national partners, conducted a survey on measuring financial literacy in 14 countries⁵ across 4 continents. Data collected from this questionnaire have been submitted in a pilot study⁶, which makes

⁴ More detailed information is found on: <http://www.oecd.org/finance/financial-education/>

⁵ South Africa, Armenia, Estonia, Germany, Hungary, Ireland, British Virgin Islands, Malaysia, United Kingdom, Norway, Peru, Poland, Czech Republic, Albania

⁶ Atkinson, A. and F. Messy (2012), "Measuring Financial Literacy: Results of the OECD/ International Network on Financial Education (INFE) Pilot Study", OECD Working Papers on Finance, Insurance and Private Pensions, No. 15, OECD Publishing. <http://dx.doi.org/10.1787/5k9cfs90fr4-en>

a comparative analysis of variations in financial knowledge, behaviour and attitude of individuals across countries. The results highlight variations across various countries, and enable countries to identify needs and gaps in the financial literacy at a national level.

The data analysis presented in the form of a working paper focuses on variations in financial knowledge, behaviour and attitude across countries and within countries by socio-demographics. The results highlight a lack of financial knowledge amongst a sizeable proportion of the population in each of the countries surveyed. Furthermore, there is considerable room for improvement in terms of financial behaviour, while attitudes are shown to vary widely.

Differently from the OECD paper, this study undertaken by Bank of Albania's experts, has analysed in detail the data collected from the survey on measuring the financial literacy of the population, which was carried out in July 2011 covering a sample of 1000 individuals. The focus has shifted from the comparative analysis across the countries surveyed to provision of a broad picture of the financial literacy level in Albania, in light of the socio-demographic characteristics of the sample.

1.2 DEFINITION OF FINANCIAL EDUCATION

OECD⁷ defines the financial education as “the process by which individuals improve their understanding of financial products and concepts; and through information, instruction and/or objective advice develop the skills and confidence to become more aware of financial risks and opportunities, to make well-informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being and protection (OECD 2005)”. This overall definition of financial education, blending the information, instruction and advice to promote financial awareness of consumers, goes beyond mere provision of information.

⁷ OECD (Directorate for Financial and Enterprise Affairs), July 2005, Recommendation on Principles and Good Practices for Financial Education and Awareness <http://www.oecd.org/finance/financial-education/35108560.pdf>

1.3 MEASURING FINANCIAL LITERACY: THE QUESTIONNAIRE

The Bank of Albania, in cooperation with the Bank of Italy, compiled the questionnaire, selecting and adapting the OECD/INFE core questions to measure the financial literacy. The questionnaire included questions to test the knowledge, attitude and behaviour of respondents. It consisted of 37 questions, falling into four sections covering: demographics, financial products and decision-making, budget planning and personal finance, as well as personal investments.

The sample covered 1000 individuals who met the age criteria (age 18+). Respondents answered initially 6 core demographic questions by: gender, age, marital status, education level, work situation and income; and 3 supporting or supplementary demographic questions, which helped make a complete and accurate analysis of the survey data.

The survey was conducted by the Bank of Albania, assisted by the Bank of Italy and the Institute of Statistics (INSTAT). The INSTAT arranged the sample through a methodology defined in point 1.4, and undertook the face-to-face interviews. Respondents were interviewed by INSTAT's interviewers, who were trained by the Bank of Albania for the concrete questions of the questionnaire, manner of interviewing, and additional simple and comprehensible questions, without influencing their answers. Interviews were carried out in July 2011, each lasting about 45 minutes.

1.4 SURVEY SETUP AND METHODOLOGY

This questionnaire applied the random selection method, focusing on interviewing individuals aged 18+.

The sample distribution within Albania's territory was in line with the principle of proportionality. More specifically, interview took place in families, surveying all individuals aged 18+. For the random

selection of individuals, the following three-step random selection method was applied:

Step 1: Selection of the PSUs (Primary Select Units): the basis of PSU selection was the Frame PSU by REPOBA 2001 .

Step 2: Selection of families within the PSUs: five families per PSU were selected for interviews; for each PSU, three reserve families were selected (pre-selected); the selection method was the Simple Random Sampling with Replacement.

Step 3: Selection of the respondent: the survey on population’s opinion about the financial system targeted individuals aged 18 and more; for randomly selecting a respondent, the interviewer chose the person with the date of birth closest to the date of interview, provided that the person was at least 18 years old.

Table 1 shows a detailed sample distribution for this survey.

Table 1 Sample distribution

No.	Prefecture	Distric	Number of respondents		
			Urban	Rural	Total
1	Berat	Berat	20	25	45
2	Dibër	Dibër	5	20	25
3	Durrës	Durrës	60	35	95
4	Elbasan	Elbasan	40	50	90
5	Fier	Fier	30	50	80
5	Fier	Lushnje	15	30	45
6	Gjirokastër	Gjirokastër	20	5	25
7	Korçë	Korçë	25	35	60
7	Korçë	Pogradec	10	15	25
8	Kukës	Kukës	5	15	20
9	Lezhë	Lezhë	5	25	30
10	Shkodër	Shkodër	35	35	70
11	Tiranë	Kavajë	15	15	30
11	Tiranë	Tiranë	150	130	280
12	Vlorë	Sarandë	10	10	20
12	Vlorë	Vlorë	45	15	60
		Total	490	510	1000

The latter is related to the manner of determining the sample: any other statistical data collected from questions beyond the above sampling procedure may be a deviation of the sample from the populations' characteristics that are not the focus of this study⁸.

1.5 CONFIDENCE LEVEL: ASSESSING THE ACCURACY OF SAMPLE

To assess the sampling error and the statistical significance of estimations, we have made the following computations:

For a population of around 3 million people⁹, confidence level by 95% and sample volume by 1000 individuals, the confidence interval for the mean values is estimated at ± 3.1 .¹⁰

⁸ Elaborate studies of the data of this survey may use the absolute densities from these questions to unitarise and then compare these districts of the population about characteristics observed in this survey.

⁹ According to INSTAT's data on the number of the population at the time of the survey.

¹⁰ For higher values of the population, the above interval is the same.

I. ANALYSING THE SURVEY RESULTS

SAMPLE CHARACTERISTICS

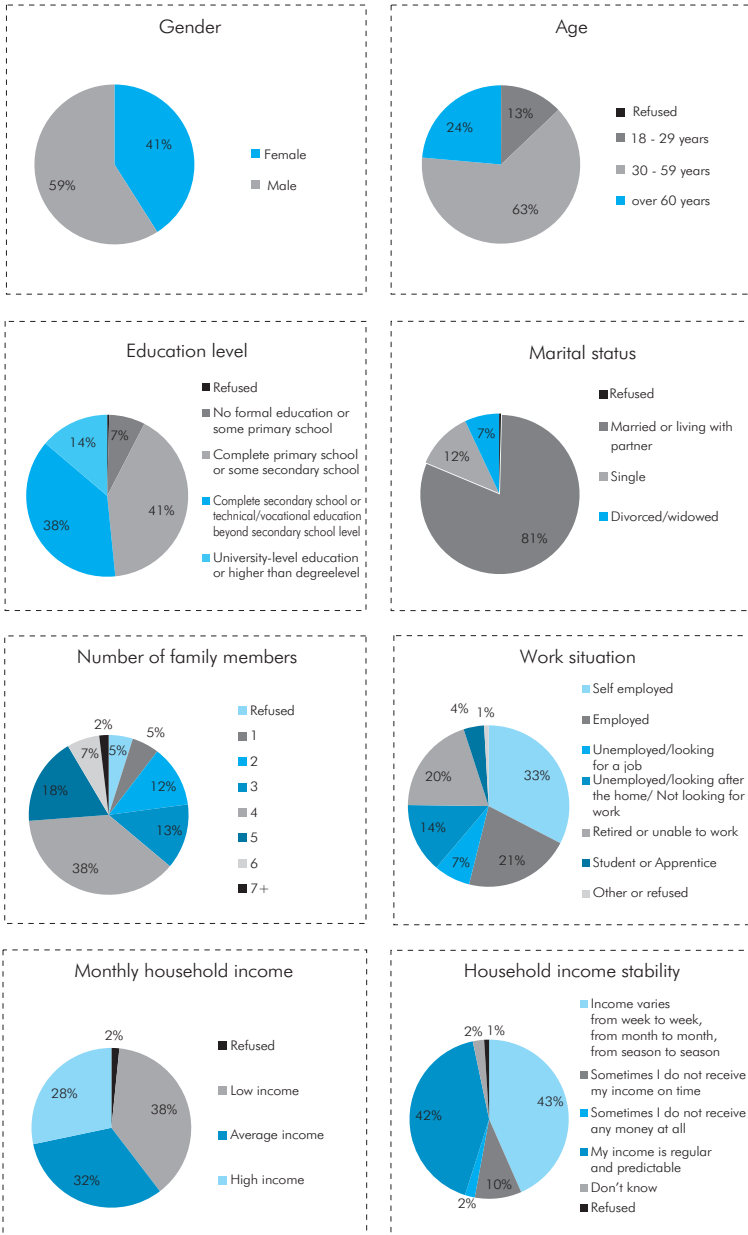
Information collected through the survey is very important to highlight areas, in which the financial literacy of the population is limited. Also, it produces other indirect statistics, displaying characteristics of behaviour and attitude of citizens toward savings, household budget management, bank products, risk and investment.

Besides data on knowledge, behaviour and attitude of the population, the financial literacy survey gathers demographic data on the conditions and characteristics of each interviewed person. Overall, they reveal the characteristics of the surveyed individuals and their environment, hence leading to identification of the socio-economic groups, which need more financial knowledge and skills to apply it.

In the case of Albania, the sample is stratified on the basis of eight characteristics: gender, age, education, marital status, number of family members, work situation, monthly household income, and income stability.

According to chart 1.1, of 1000 interviewed individuals during the survey, 59% is male; 63% is aged 30-59, and 24% is aged 60+. Around 41% of the sample has complete primary school or some secondary school and 38% has complete secondary school or technical/vocational education, while 14% has university-level education or higher than degree level.

Chart 1.1 Stratifying the sample by demographic characteristics



Asked about the monthly household income level, 28% of respondents reported high household income, 32% average income and 38% low income.

Regarding work situation, the self-employed scored the highest percentage (33%), followed by the employed (21%).

Table 1.1, which breaks down respondents by education and age, shows that the largest share (55.1%) of individuals with university-level education or higher than degree level belongs to those aged 30-59, followed by those aged 18-29 (30.4%). Chart 1.2 shows that a high percentage (24.6%) of respondents aged 60+ have no formal education or some primary school.

Regarding the marital status, the majority of respondents (81%) say they are already married or live with a partner. This high percentage is likely to help collect accurate data on household budget - financial planning. Hence, given that 77% of respondents live in families consisting of 3 or more members and 80% of them are married, consequently, they are directly or indirectly responsible for managing their household budget – the sample creates premises for this survey data to be representative and highly significant regarding Albanian households’ behaviours and attitudes to financial matters.

Table 1.1 Distribution of respondents by age and education

Age-group	Re-grouped education					Total
	Refused	No formal education	Complete primary school or some secondary school	Complete secondary school or technical/vocational education beyond secondary school	University-level education or higher than degree level	
Refused			.2%			.1%
Age 18 - 29		1.4%	8.1%	13.8%	30.4%	12.8%
Age 30 - 59	100.0%	18.1%	65.9%	72.2%	55.1%	63.5%
Age 60+		80.6%	25.7%	14.0%	14.5%	23.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

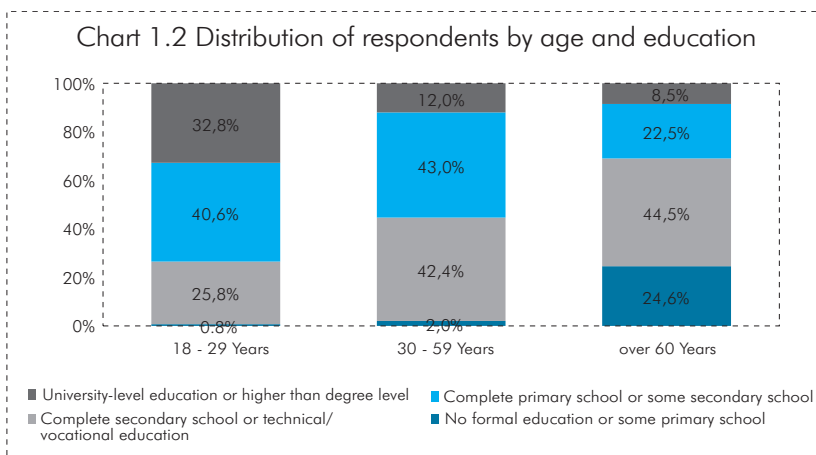


Table 1.2 shows that 42% of female respondents have complete primary school or some secondary school, 33% have complete secondary school or technical/vocational education, and 16% have university-level education or higher than degree level. Data on male respondents are similar, with a difference in the percentage of those who have completed secondary school (41%). It is worth mentioning the relatively high percentage of female and male respondents who have no formal education or some primary school (9% and 5.9%, respectively).

Table 1.2 Distribution of respondents by gender and education

Education level	Gender		Total
	Female	Male	
Refused			0.4%
No formal education or some primary school	9.0%	5.9%	7.2%
Complete primary school or some secondary school	42.0%	40.0%	40.8%
Complete secondary school or technical/vocational education	33.2%	41.0%	37.8%
University-level education or higher than degree level	15.9%	12.4%	13.8%
Total	100.0%	100.0%	100.0%

Monthly household income is interesting not only in studying the financial literacy level in Albania, but also in further break down of the other demographic data. Chart 1.3 shows respondents'

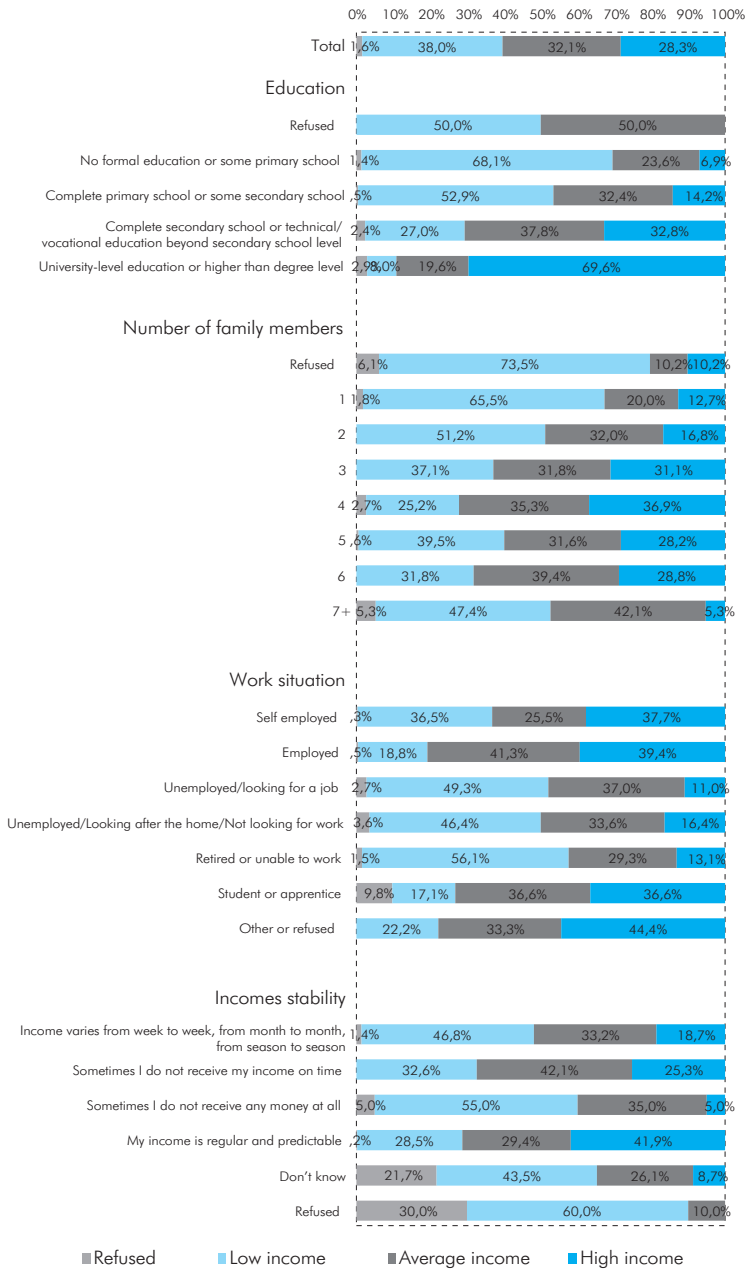
break down by income and education, number of family members, work situation and household income stability, in order to better understand the relationship between these variables.

As chart 1.3 shows, most respondents (68.1%) without formal education or with low partial education level report a low household income level. The opposite is noticed among individuals with higher or post-university education, 69% of which report high monthly household income. If the sample is broken down by number of family members, the major share within the category of those living alone falls into low income level (about 66%), while the lower percentage of individuals with this income level is registered within four-member families (25.2%). Also, the chart shows a very low (5.3%) percentage of families consisting of 7 or more than 7 members with high monthly household income.

A high percentage of employed respondents (37.7%), self-employed (39.4%), and students and practitioners (36.6%), report high household income level. The opposite is noticed in unemployed respondents, those standing at home, the retired or those unable to work, a high percentage of which state that they have low monthly household income.

It is worth mentioning that within the subgroup of respondents who refused to answer about their work situation or who did not find themselves in any of the listed sub-categories, a high percentage, around 44%, belongs to high-income households. Concerning the relationship between the monthly household income and their stability, the data show that both indicators are directly related with each other, i.e., the more stable the income, the higher the percentage of respondents reporting high income level.

Chart 1.3 Characteristics of respondents by income



SECTION II - FINANCIAL INCLUSION

Having a savings account is a key indicator in measuring the financial inclusion because it leads to use of banking services and products offered in the market. Though even in developed countries, part of the population remains outside the financial system, this indicator is frequently taken into consideration when carrying out comparative studies into a country's development status at international level.

Despite the unsettled debate creating a generally acceptable definition of financial inclusion, for the sake of this report, the INFE's definition¹¹ is used, considering this indicator as "the process of promoting affordable, timely and adequate access to a range of regulated financial products and services and broadening their use by all segments of society through the implementation of tailored existing and innovative approaches including financial awareness and education with a view to promote financial wellbeing as well as economic and social inclusion".

Furthermore, this study focuses on understanding financial products that respondents knew and held at the questionnaire time or that they had held in the past two years.

2.1 UNDERSTANDING OF FINANCIAL PRODUCTS

Asked whether they had heard of the financial products shown in chart II 1.1, respondents' more negative answers were about the micro finance loans (78.0%). Other relatively unknown products for respondents were consumer loan and pension fund, about which, respectively, 73.8% and 73.7% of the sample had never heard of.

¹¹ OECD/INFE – High level principles on national strategies for financial education, August 2012 (http://www.oecd/finance/financial:-education/OECD_INFE_High_level_Principles_National_Strategies_Financial_Education_APEC.pdf).

Chart II 1.1 Heard of any of these types of financial products, in percent

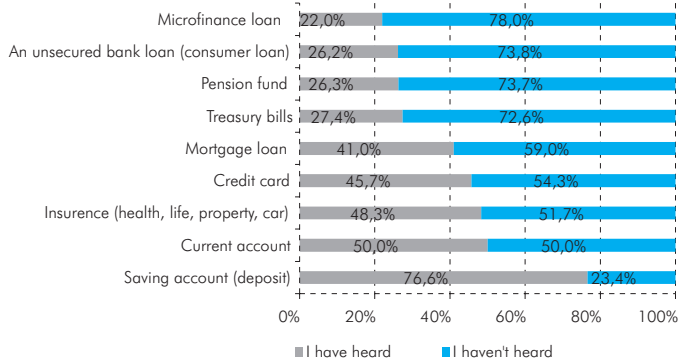
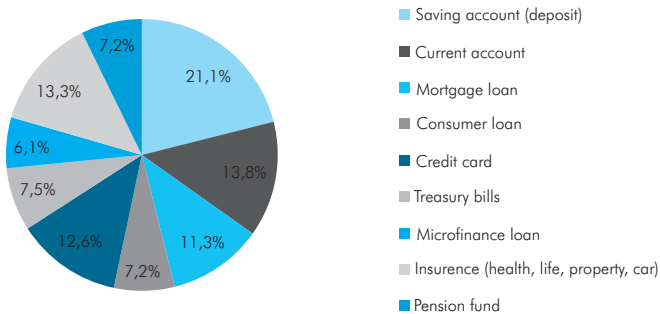


Chart II 1.2 shows the percentages of knowledge on each financial product by respondents confirming that they know at least one product. The percentage of knowledge of the savings account to total knowledge of financial products is 21.1%, making this product mostly known by Albanian consumer. It is followed by current account (13.8%) and insurance (13.3%).

Chart II 1.2 How much do respondents know various financial products?



Given that both products analysed in the survey - current account and savings account - are the most known ones and that Albanian citizens refer to them interchangeably in the everyday language, hereafter we refer to them in a grouped form.

Chart II 1.3 Heard of any current and savings accounts

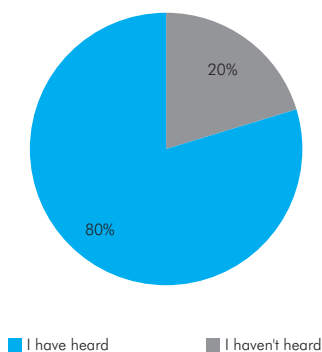


Chart II 1.3 shows that 20% of respondents have never heard of current accounts or savings accounts. This relatively high percentage indicates that Albanians' relationship with banks is new and part of the population has no access to banking products and services.

Chart II 1.4 illustrates the relationship between current or savings accounts and education, work situation and income. As the chart shows, knowledge of above-mentioned products is in direct relationship with the three variables. Hence, the more educated the individuals, the higher their knowledge of the current and savings accounts. Also, the lower the monthly household income of respondents, the lower their knowledge of these bank accounts. The chart shows that 62.1% of respondents who have never heard of current or savings accounts live in low-income families, 30.0% in average income families, and only 7.4% belong to high income families. The analysis of respondents by work situation points out that of respondents who know these products, the self-employed and employed score higher, by about 34.4% and 24.8%, respectively.

The following chart shows respondents' knowledge of other banking products included in the questionnaire, besides the two above categories, by work situation and monthly household income.

Chart II 1.4 Heard of current and savings accounts, by education, work situation and monthly household income

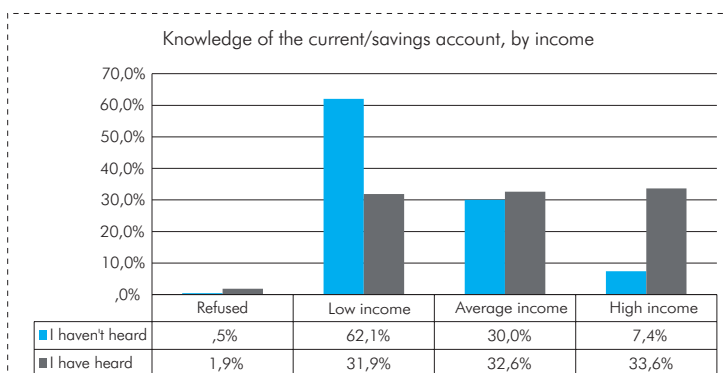
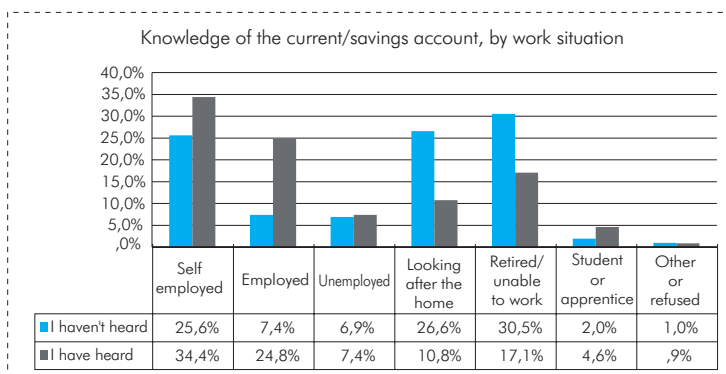
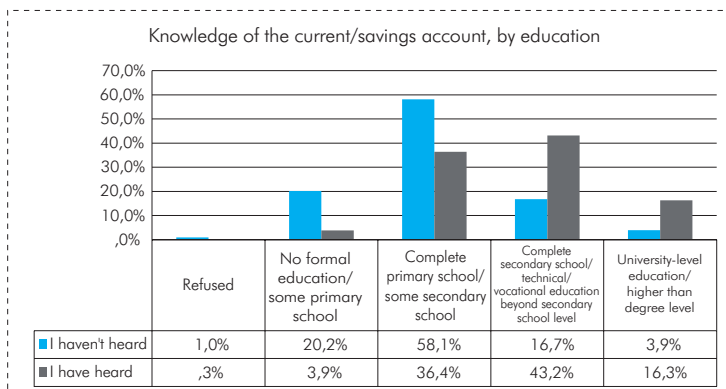
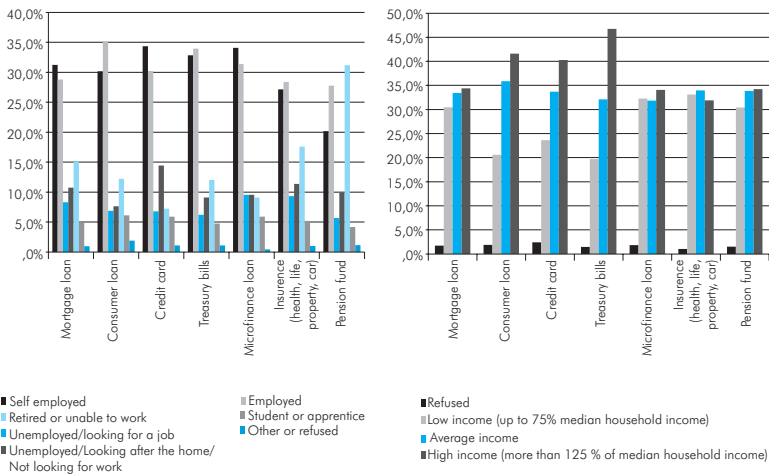


Chart II 1.5 Knowledge of other financial products by work situation and monthly household income



As expected, the data point out a relationship between knowledge of financial products, work situation and income level. The first chart shows that the employed and self-employed respondents know almost all the listed financial products more than those of the other categories. The retired or unable-to-work respondents (31.2%) and the employed (27.8%) have more knowledge of the pension fund, just because of its nature.

Breaking down the respondents who know these financial products by their monthly household income, we see that the higher the household income of respondents, the higher their knowledge of various financial products. However, the results do not highlight these relationships as regards insurances, which are mostly known by respondents with an average household income (34%) and by those with low income level (33.1%).

2.2 USE OF FINANCIAL PRODUCTS AT THE QUESTIONNAIRE TIME

Chart II 2.1 shows the percentage of respondents that had knowledge of various financial products included in the questionnaire and held them at the questionnaire time. Though the savings account was the most known product (76.6%, as chart II 1.1 shows), the collected data show that only 38.8% of them held such accounts. In the case of the current account, about 50% of respondents know this product (chart II 1.1), of whom 50.6% do have a current account. This may be due to the fact that compared to the savings account, the current account is a relatively new product for Albanian consumers and is therefore less known. However, because of its characteristics and the multi-functional nature, of those who know the current account, more than half of them hold it.

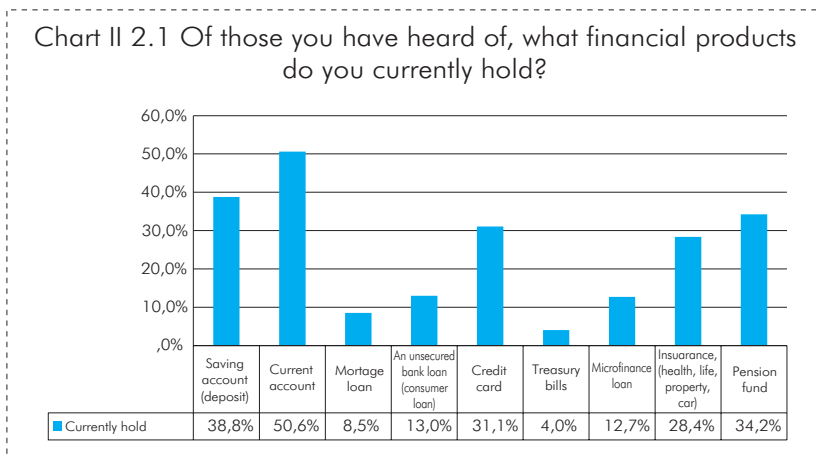


Table II 2.1 shows data on respondents' knowledge of financial products, broken down by use or non-use of the current and savings accounts, and then by gender, age group, education, marital status, work situation and monthly household income.

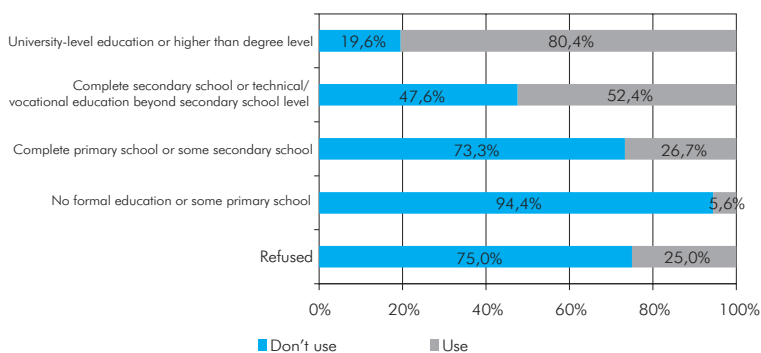
Table II 2.1 Use of current and savings accounts, by gender, age, education, marital status, income and work situation

		Don't hold	Hold	Total
Gender	Female	62.4%	37.6%	100%
	Male	54.4%	45.6%	100%
	Total	57.7%	42.3%	100%
Age-group	Refused	100.0%		100%
	Age 18 - 29	57.8%	42.2%	100%
	Age 30 - 59	54.3%	45.7%	100%
	Age 60+	66.5%	33.5%	100%
	Total	57.7%	42.3%	100%
Education:	Refused	75.0%	25.0%	100%
	No formal education or some primary school	94.4%	5.6%	100%
	Complete primary school or some secondary school	73.3%	26.7%	100%
	Complete secondary school or technical/vocational education beyond secondary school level	47.6%	52.4%	100%
	University-level education or higher than degree level	19.6%	80.4%	100%
	Total	57.7%	42.3%	100%
Marital status	Refused	50.0%	50.0%	100%
	Married or living with partner	57.1%	42.9%	100%
	Single	52.1%	47.9%	100%
	Divorced or widowed	74.3%	25.7%	100%
	Total	57.7%	42.3%	100%
Work situation	Self-employed	46.6%	53.4%	100%
	Employed	40.8%	59.2%	100%
	Unemployed looking for a job	76.7%	23.3%	100%
	Unemployed/Looking after home/Not looking for work	76.4%	23.6%	100%
	Retired or unable to work	74.7%	25.3%	100%
	Student or apprentice	58.5%	41.5%	100%
	Other or refused	33.3%	66.7%	100%
	Total	57.7%	42.3%	100%
Monthly household income	Refused	56.3%	43.8%	100%
	Low income	76.3%	23.7%	100%
	Average income level	64.5%	35.5%	100%
	High income	25.1%	74.9%	100%
	Total	57.7%	42.3%	100%

The above data show that current account and savings account is used more by male respondents (45.6%) than by female ones (37.6%). Also, the products are known and used more by male

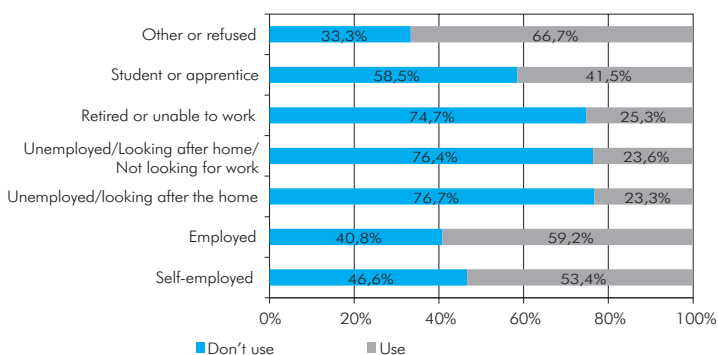
respondents (45.7%) aged 30-59 than by female respondents. There is also a high percentage of respondents aged 18-29, who use the products (42.2%).

Chart II 2.2 Use of current and savings accounts, by education



The analysis of respondents by education highlights that it affects directly the percentage of use of both products. The higher the education, the higher the number of respondents using the current and savings accounts. The same relationship appears when respondents are broken down by their monthly household income (table II 2.1).

Chart II 2.3 Use of current and savings accounts, by work situation



It is worth mentioning that by work situation, the respondents who said they had a different work situation than the listed ones or who refused to answer score the highest percentage in the use of both products (about 67%), followed by the employed (59.2%) and self-employed (53.4%).

2.3 USE OF FINANCIAL PRODUCTS IN THE LAST TWO YEARS

Following up the question on the financial products held at the questionnaire time, the respondents were asked about the products they have been using in the last two years. This data and the above ones complement each-other and create a complete landscape on the financial inclusion level of the population. Also, the data collected from this question (chart II 3.1) help shed light on the frequency of use of each product.

Chart II 3.1 Percentage of banking products used in the last two years, by respondents saying they have heard of them

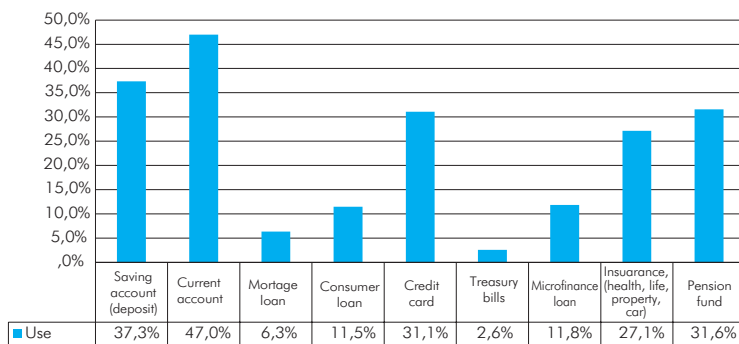


Chart II 3.1 shows that concerning products held in the last two years, as in the case of products held at the questionnaire time, respondents say that the current account is the product with the highest positive percentage. However, if we compare the data of chart II 2.1 with those of chart II 3.1, we notice that the percentage of the current account used at the questionnaire time (50.6%)

exceeds the one used in the last two years (47%). This higher percentage of use is seen in all the financial products included in the questionnaire, except the credit card, whose percentage of use remains the same in both cases (31.1%). Comparing the size of increase in the use of various financial products, we see that it is higher in the case of the current account (3.6%) and lower in the case of the micro finance loan (0.9%). Table II 3.1 shows data on the use or non-use of the current and savings accounts in the last two years by respondent's demographic characteristics¹²

Table II 3.1 Use of the current and savings accounts in the last two years by respondent's stating that they know them, by gender, age-group, education, marital status, work situation and income level

		Don't hold	Hold	Total ¹²
Gender	Female	44.3%	36.4%	41.0%
	Male	55.7%	63.6%	59.0%
	Total	100.0%	100.0%	100.0%
Age-group	Refused	0.2%		0.1%
	Age 18 - 29	12.8%	12.8%	12.8%
	Age 30 - 59	60.3%	68.0%	63.5%
	Age 60+	26.7%	19.3%	23.6%
	Total	100.0%	100.0%	100.0%
Education:	Refused	0.5%	0.2%	0.4%
	No formal education or some primary school	11.6%	1.0%	7.2%
	Complete primary school or some secondary school	51.5%	25.8%	40.8%
	Complete secondary school or technical/vocational education beyond secondary school level	31.1%	47.2%	37.8%
	University-level education or higher than degree level	5.3%	25.8%	13.8%
	Total	100.0%	100.0%	100.0%
Marital status	Refused	0.3%	0.5%	0.4%
	Married or living with partner	79.3%	83.1%	80.9%
	Single	11.3%	12.3%	11.7%
	Divorced or widowed	9.1%	4.1%	7.0%
	Total	100.0%	100.0%	100.0%

¹² This column provides percentages of variables: gender, age-group, education, marital status, work situation and monthly household income to enable any possible comparison.

Work situation	Self-employed	26.8%	40.7%	32.6%
	Employed	15.0%	30.1%	21.3%
	Unemployed looking for a job	9.9%	3.6%	7.3%
	Unemployed/Looking after home/Not looking for work	18.5%	7.7%	14.0%
	Retired or unable to work	24.8%	12.8%	19.8%
	Student or apprentice	4.3%	3.9%	4.1%
	Other or refused	0.7%	1.2%	0.9%
	Total	100.0%	100.0%	100.0%
Monthly household income	Refused	1.7%	1.4%	1.6%
	Low income	49.7%	21.4%	38.0%
	Average income	35.7%	27.0%	32.1%
	High income	12.8%	50.1%	28.3%
		100.0%	100.0%	100.0%

As the table shows, if we analyse the collected data by respondents' age, we notice that the major part (63.6%) of respondents who have held at least one or two of these products are male respondents.

Broken down by age, those aged 30-59 score higher in holding both products (68.0%). The group with the highest percentage in holding products, has also the major share in the sample (59.0% are male respondents and 63.5% are of age 30-59).

The following charts illustrate the data of the table by respondents' education and monthly household income. As in the case of holding current or savings accounts at the questionnaire time, as analysed in section 2.2, even about holding a current or savings account in the last two years, it seems that there exists a relationship between education or income level and the percentage of respondents holding these products. Most of respondents that have held these products in the last two years have completed a secondary school or a technical/vocational school beyond secondary school level and have high monthly household income. Also, the respondents that held current or savings accounts had completed university-level or higher than degree level, accounting for 25.8% of the group, though only 13.8% of the sample in question had this education level.

Chart II 3.2 Current and savings accounts used in the last two years, by respondents saying they have heard of them, by education and income

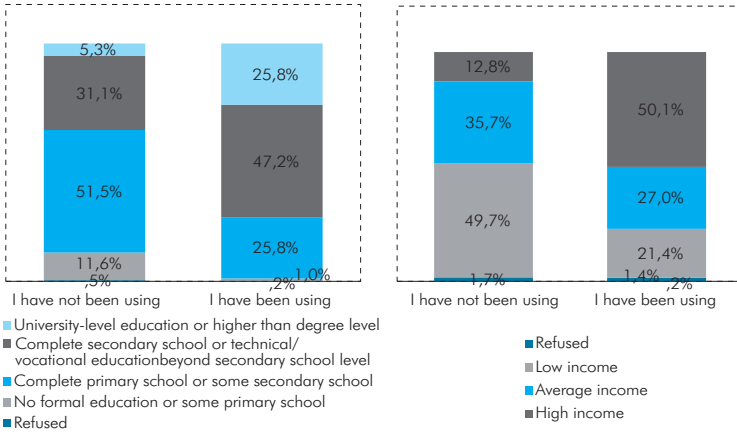
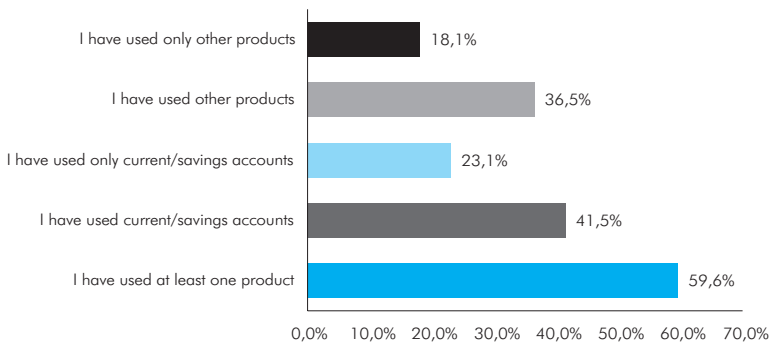


Chart II 3.3, shows that 23.1% of respondents have been using only the current account or the savings account in the last two years, without using any other financial products studied in this survey, of 41.5% of those who have held this product. 18.1% of respondents have used at least one of other financial products (mortgage or consumer loans, credit card, treasury bills, insurance, pension funds, micro-finance loan), without using the current or savings accounts, compared to 36.5% of respondents who have used other financial products besides the current or savings accounts.

Chart II 3.3 Products used by respondents in the last two years, as a percentage of total respondents

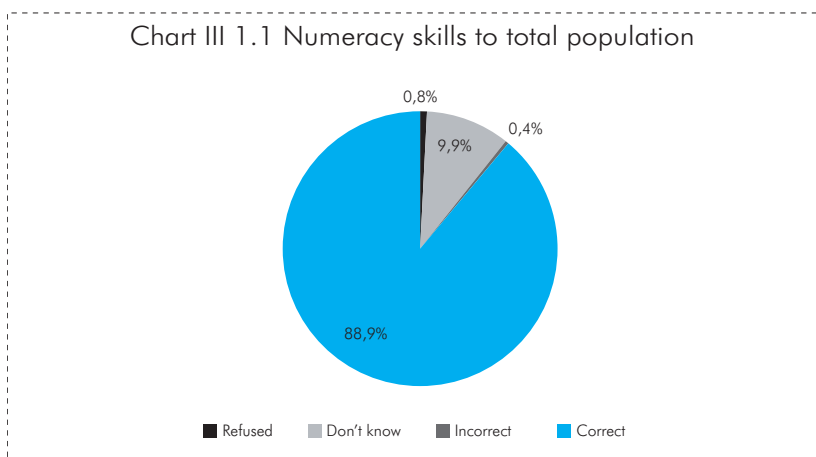


SECTION III - FINANCIAL KNOWLEDGE

A financially literate person should have some basic knowledge of key financial concepts and the ability to apply numeracy skills in financial situations. Therefore, measuring accurately these two criteria is one of the main goals of this survey. The questionnaire therefore includes 8 well-studied questions, which test respondents' knowledge of simple concepts, such as: simple and compound interest rate, time-value of money, risk and return, and inflation. Respondent should also show their skills to combine their knowledge with simple numeracy skills needed in the daily activities of a financial consumer. Given that information is processed differently by different people, the questions of this section differ from one-another as regards their style, content, and manner of gathering clear and full information on respondents' financial knowledge.

3.1 APPLYING NUMERACY SKILLS

A financially literate person should have some basic knowledge of key financial concepts and the ability to apply numeracy skills in financial situations. The following chart shows that the majority of the population (about 89%) responds correctly a question that requires simple calculation for equally dividing 100,000 lek among 5 individual.



The following chart shows the answers by respondents' gender. It shows that of correct answers, male respondents scored 21 percentage points higher than female ones, while incorrect answers are divided equally between both genders.

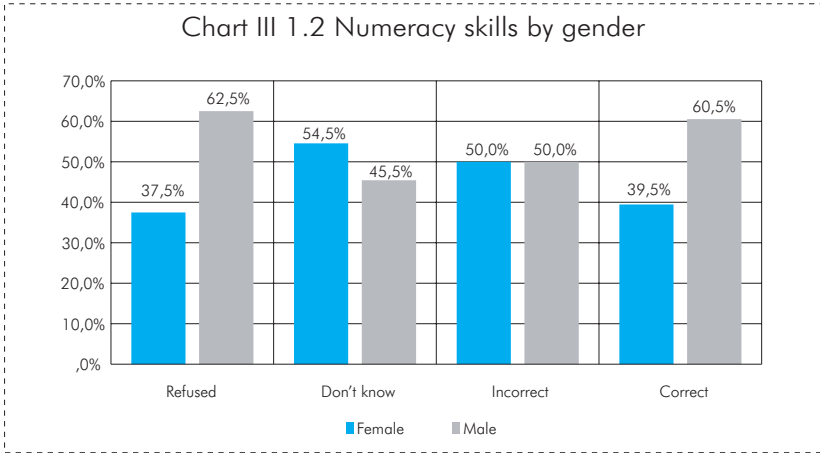
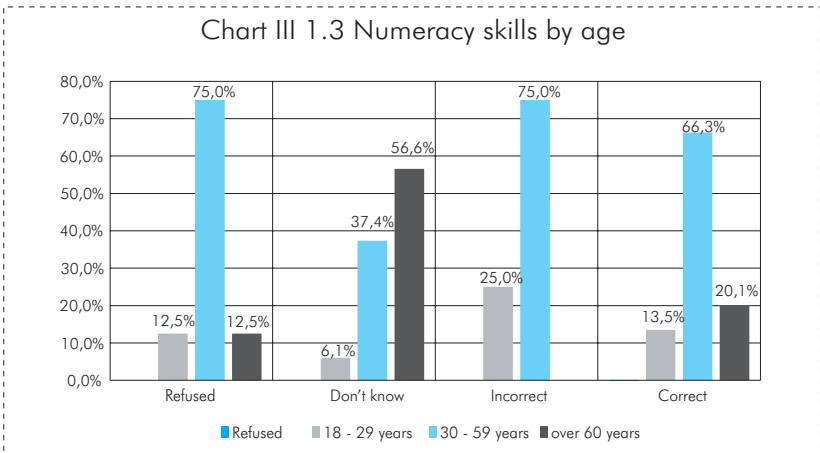
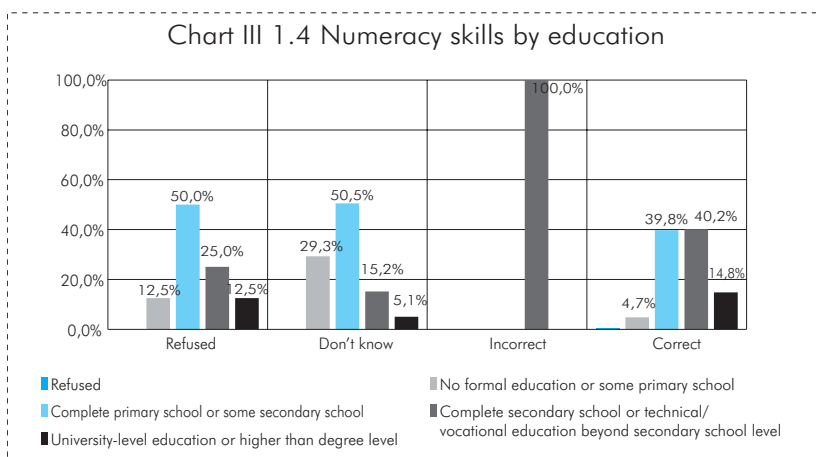


Chart III 1.3 shows answers by respondents' age, indicating that respondents aged 30-59 have provided more correct answers, and as expected, those aged above 60 have the major share in the individuals who do not know how to answer a question¹³.



¹³ All the individuals aged above 60 years undertaking to answer this question, have provided one correct answer.

The chart on answers by respondents education (chart III 1.4) shows that, besides the expected fact that the more educated the respondent, the higher the percentage of correct answers, half of those refusing to answer or stating that they don't know the answer have completed primary school or some secondary school. In the meantime, all respondents answering incorrectly have completed secondary school or technical/vocational education beyond secondary school level.



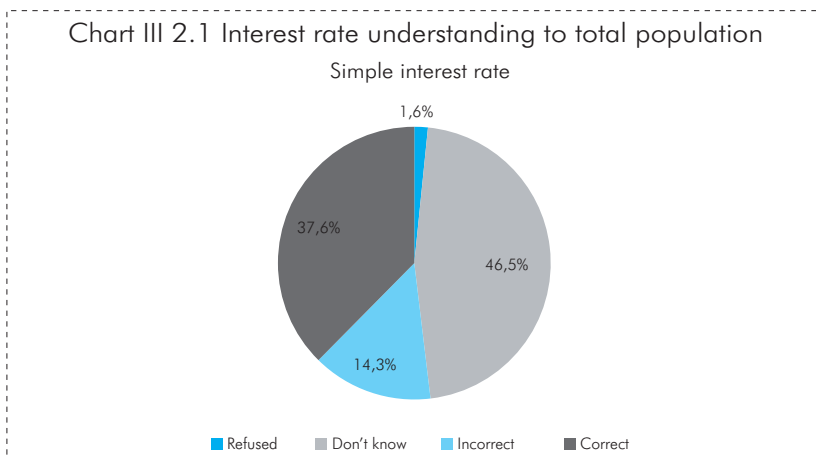
3.2 UNDERSTANDING THE INTEREST RATE

Interest rate is a basic financial concept that an individual who saves money needs to understand (to compute the amount that he/she gains from money invested in deposits, treasury bills or other financial products), or that an individual who receives a bank loan needs to understand (to compute the amount that he/she should pay in addition to the principal capital).

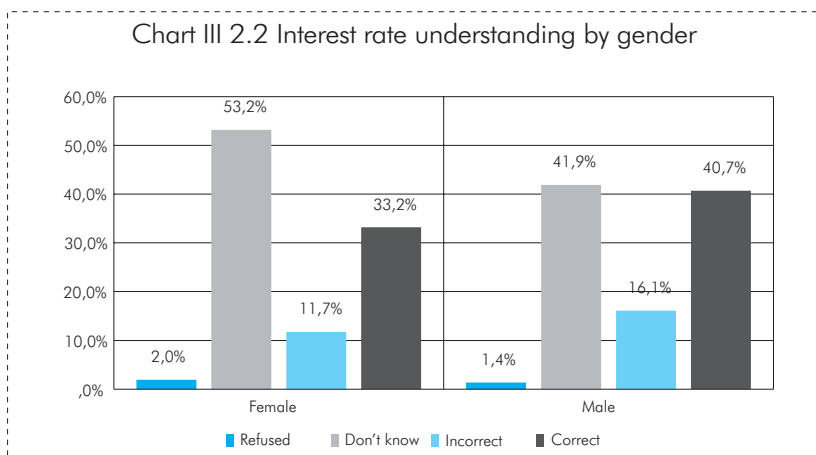
The question addressed to test the understanding of this concept has to do with finding out the amount resulting from a savings account at the end of a year, if the initial amount deposited is 10,000 lek and the annual interest rate is 2%.

As the chart III 2.1 shows, only 37.6% of respondents answered this question correctly. Most of respondents (60.8%) answered incorrectly or said they did not know the answer to that question.

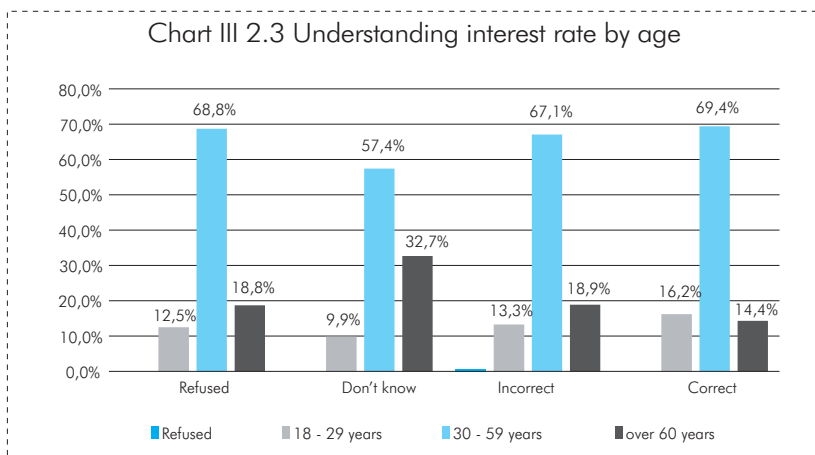
Given that the question has to do with a financial concept of great interest to consumers, the results show that much has to be done to educate the public and better orient consumers to the financial/banking market.



Breaking down responses by gender (chart III 2.2), we see that around 40.7% of male respondents (versus 33.2% of female ones) have answered the question correctly.



Breaking down responses by age (chart III 2.3), we see that the respondents aged 30-59¹⁴ have given more correct answers to the question about interest rate calculation (69.4% of them).



3.3 UNDERSTANDING COMPOUND INTEREST RATE

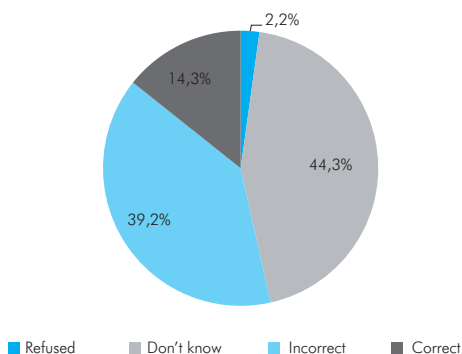
The compound interest rate differs from the simple interest rate: if the simple interest rate is calculated merely as a percentage of the initial amount, the compound interest rate is calculated as a percentage of the initial amount and the interests accumulated over the previous periods.

To test the understanding of the compound interest rate, respondents were asked to find out how much would be in the account at the end of 5 years for a 100,000 lek deposit at a 2% interest rate.

Chart III 3.1 shows that only 14.3% of respondents have given a correct answer to this question, down significantly from the correct answers about the simple interest rate (Sub-section 3.2).

¹⁴ In analysing these data, we should consider that the age 30-59 accounts for 63% of the sample.

Chart III 3.1 Compound interest rate understanding to total population



As the chart III 3.2 shows, about 64.3% of correct answers to the question on the compound interest rate were given by male respondents, and about 35.7% of them were given by female respondents. Even in this case, most of correct answers (66.4% of them), were given by respondents aged 30-59 (chart III 3.3), and by self-employed respondents (63.7% of correct answers) (chart III 3.4).

Chart III 3.2 Compound interest rate understanding by gender

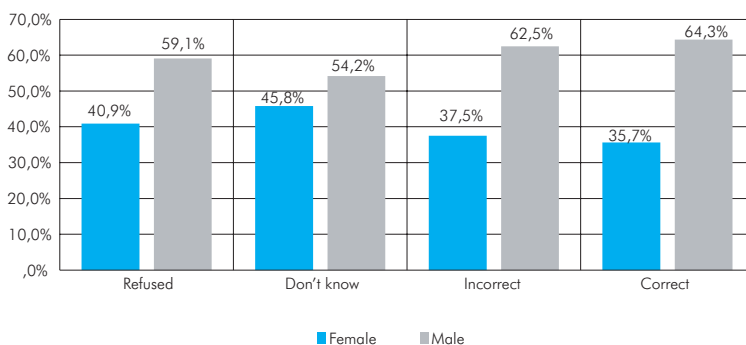


Chart III 3.3 Compound interest rate understanding by age

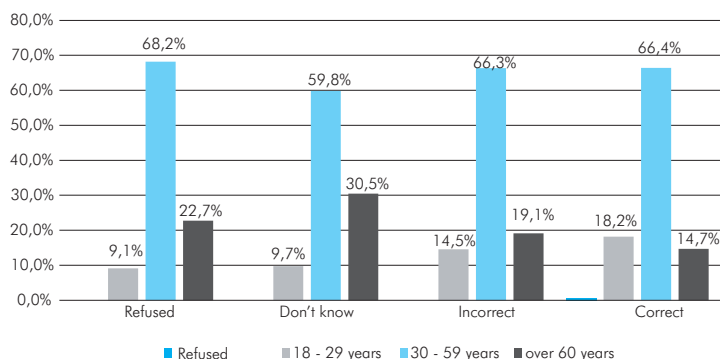
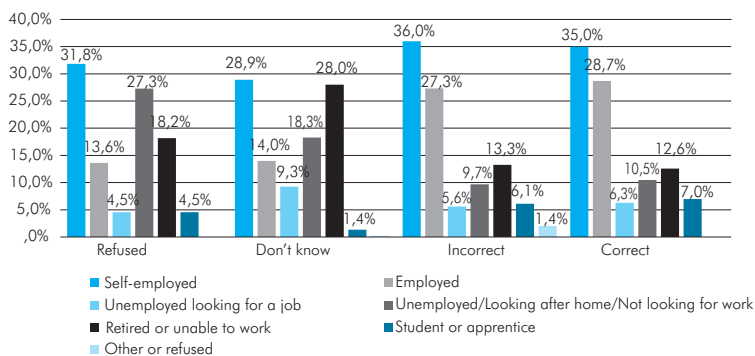


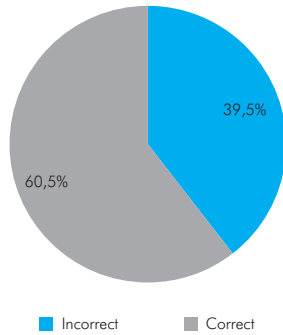
Chart III 3.4 Compound interest rate understanding by work situation



3.4 TIME-VALUE OF MONEY

Understanding the time value of money is a concept that affects daily choices of individuals for the best possible use of available financial resources. Therefore, very positive is the fact that most of the respondents (60.5%), when asked whether after one year they could buy more or less with the same amount of money, they answered correctly the question related to understanding of this concept (chart III 4.1).

Chart III 4.1 Time value of money understanding to total population



64.6% of correct answers were given by male respondents (chart III 4.2); and 68.1% by those aged 30-59 (chart III 4.3). About this question, there is also a positive relationship between respondents' correct answers and education level or work situation.

Chart III 4.2 Time value of money understanding by gender

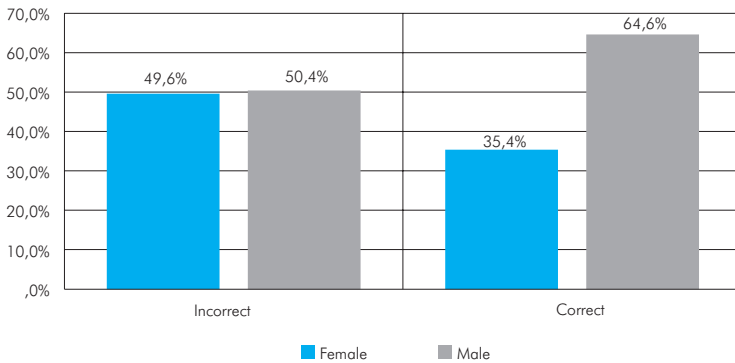


Chart III 4.3 Time value of money understanding by age

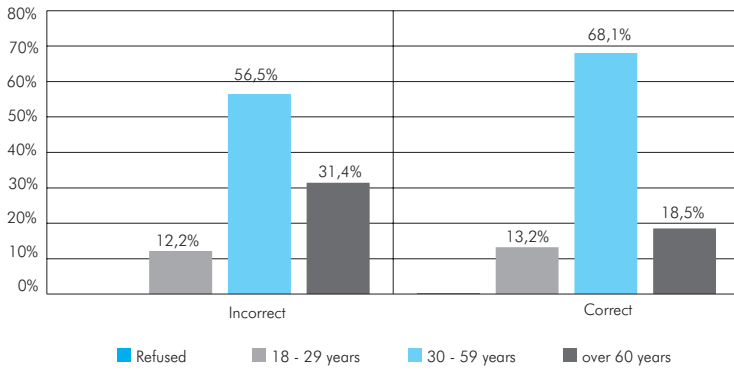
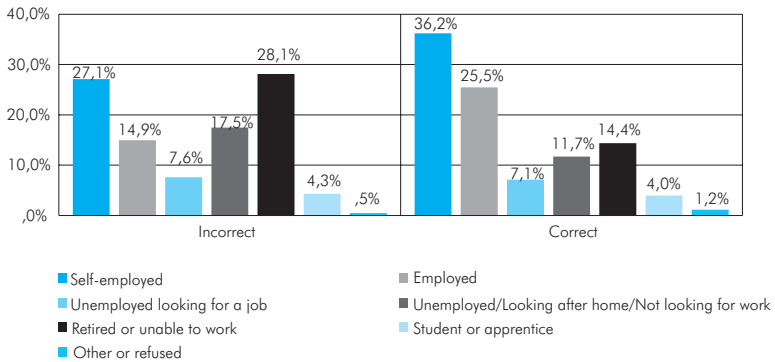


Chart III 4.4 Time value of money understanding by work situation

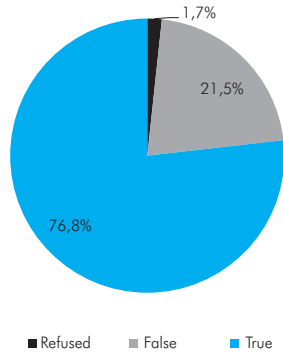


3.5 RISK AND RETURN UNDERSTANDING

The interest or profit earned by an investment is positively related to the risk attached to this investment (the higher the interest, the higher the risk and vice-versa). Understanding this financial concept is related to individuals making well-informed investments as regards the risk they may pose.

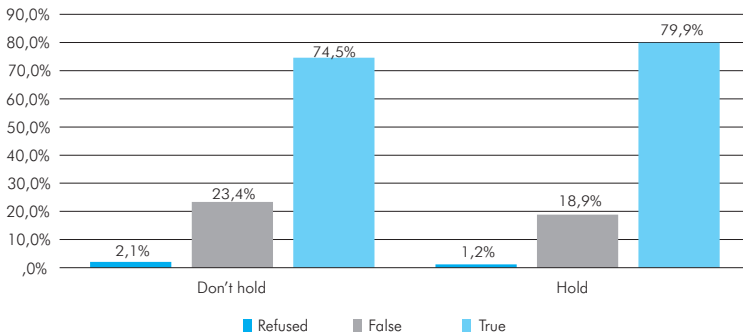
76.8% of respondents know accurately the relationship between profit earned from an investment and risk attached to it (chart III 5.1).

Chart III 5.1 Investment risk understanding to total population



Risk and return understanding by holders of current and/or savings accounts highlights that the use or non-use of this banking product does not bring about any considerable difference in the percentages of correct answers to this question (chart III 5.2). Also, we may conclude that the non-use of current or savings accounts by the category of respondents stating “don’t hold” (the data analysed in table II 2.1, see the total in each of the lines), is because of understanding this investment risk¹⁵.

Chart III 5.2 Investment risk understanding by respondents holding or not holding current and/or saving accounts



¹⁵ However, this would be a hypothesis for more elaborate studies.

3.6 INFLATION UNDERSTANDING

Inflation is the annual change of the Consumer Price Index, as measured and published by INSTAT. Understanding the concept of inflation affects greatly the daily economic operations of individuals and has a great importance for a central bank because it influences the monetary policy transmission in a country's economy¹⁶. Results from this question (chart III 6.1) show that most of respondents (80.0%) correctly understand the concept of inflation.

Chart III 6.1 Inflation understanding to total population

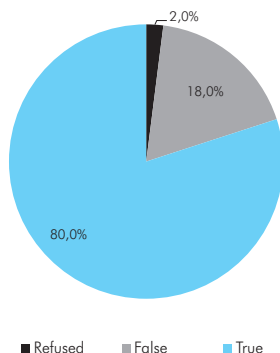
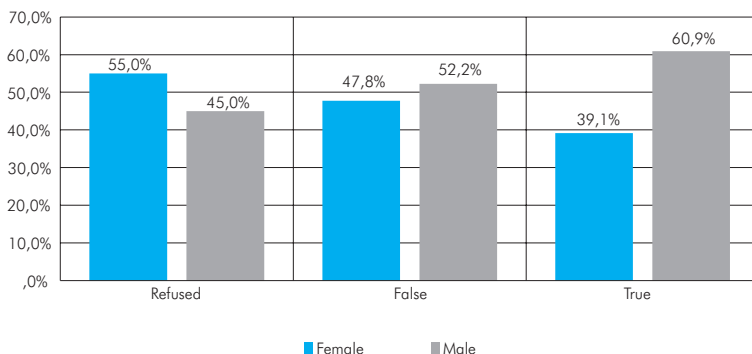
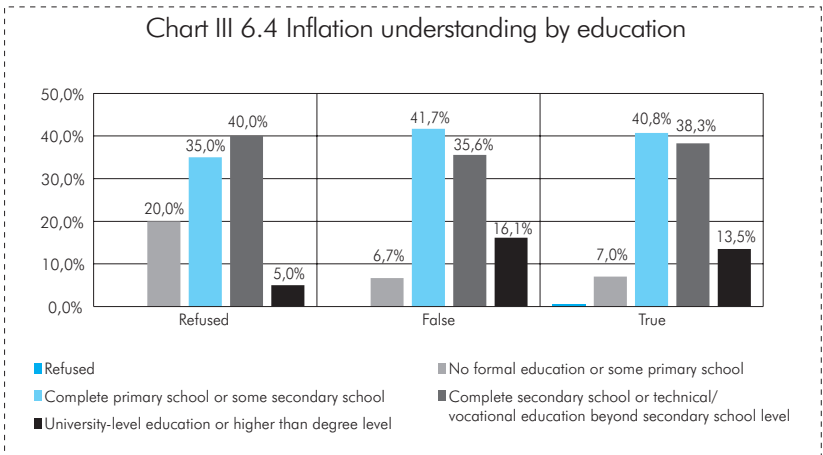
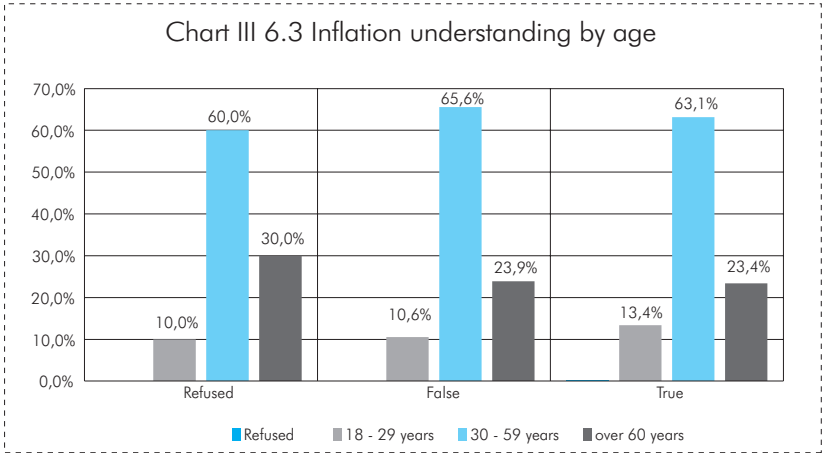


Chart III 6.2 Inflation understanding by gender



¹⁶ Achieving and maintaining price stability is Bank of Albania's primary target.

Of correct answers, male respondents scored the highest in correct answers (60.9%), those aged 30-59 scored 63.1% and educated respondent¹⁷ scored 92.6% (charts III 6.2, III 6.3 and III 6.4, respectively).



¹⁷ The educated are those individuals who hold at least the compulsory education diploma.

3.7 DIVERSIFICATION

Portfolio diversification is a risk management strategy, which has to do with diversification of different types of investments within the portfolio. The reason why the portfolio diversification is necessary is related to the fact that a portfolio with different types of investments will bring about, on average, higher earnings and lower risks compared to any individual investment found within the portfolio. 61.1% of respondents know correctly the portfolio diversification concept (chart III 7.1).

Chart III 7.1 Portfolio diversification understanding to total population

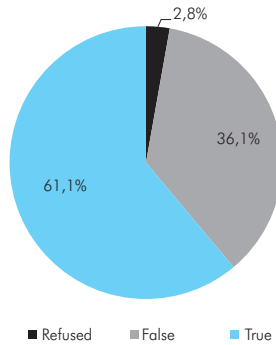
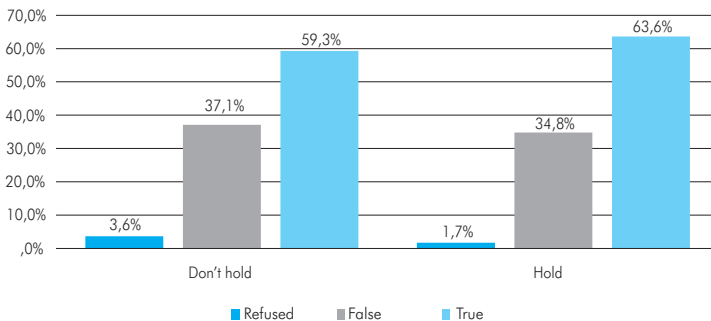


Chart III 7.2 Portfolio diversification understanding by respondents holding or not holding a current and/or saving account



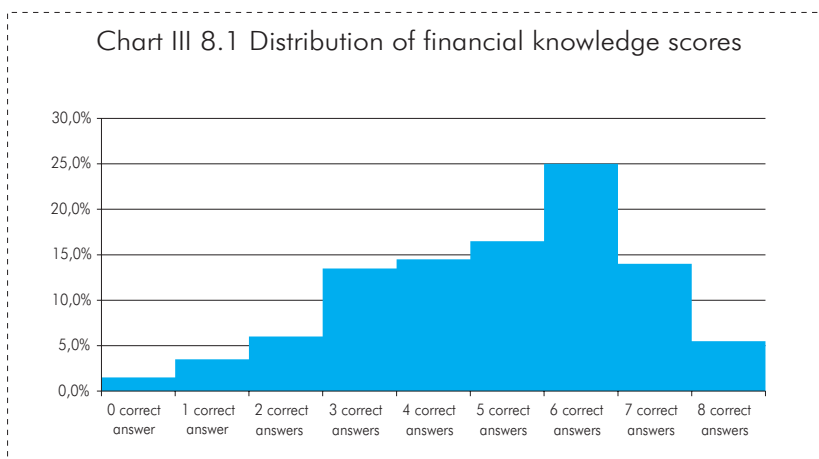
Even in this case, as in the question about understanding the risk-return relationship in an investment (chart III 5.2), holding or not holding a current or savings account does not affect significantly the correct answers (chart III 7.2).

3.8 FINANCIAL KNOWLEDGE SCORE¹⁸

Data obtained from each section of the study on the financial literacy may produce more significant results, if the synthesis of answers gathered from a respondent for a certain section is taken into consideration. Creating a score for the three main financial literacy components - financial knowledge, behaviour and attitude – leads to a comparative analyses across different countries subject to this survey.

The OECD standard on financial knowledge score is based on 8 questions, 7 of which are used in the survey conducted in our country. The obtained results are weighted to bring them into a form that enables comparison with those of other countries involved in the survey.

The correct answers by each respondent are counted in order to obtain the score results.



¹⁸ Financial knowledge, behaviour and attitude scores are created by Atkinson, A. and F. Messy (2012), in "Measuring Financial Literacy: Results of the OECD/ International Network on Financial Education (INFE) Pilot Study". In sub-section 3.8, 4.9 and 5.2, the analyses and data are taken from this study.

Columns of chart III 8.1 show the percentages of correct answers given by each respondent, enlisted progressively, starting on the left with respondents who have not answered correctly any question at all. As the chart shows, the number of most frequently correct answers is 6 or 25% of respondents answer correctly. Fewer than half of respondents (45%) have good financial knowledge, answering correctly 6 or more than 6 questions that test them. The relatively high percentage of individuals lacking sufficient financial knowledge highlights the need for more information and skills related to finance.

SECTION IV - FINANCIAL BEHAVIOUR

Behaviour is an essential element of financial literacy. From this viewpoint, a responsible financial behaviour implies those behaviours that can enhance financial wellbeing, such as planning expenditure and building up a financially safety net. This financial literacy characteristic is measured through 14 different questions organised under 8 issues.

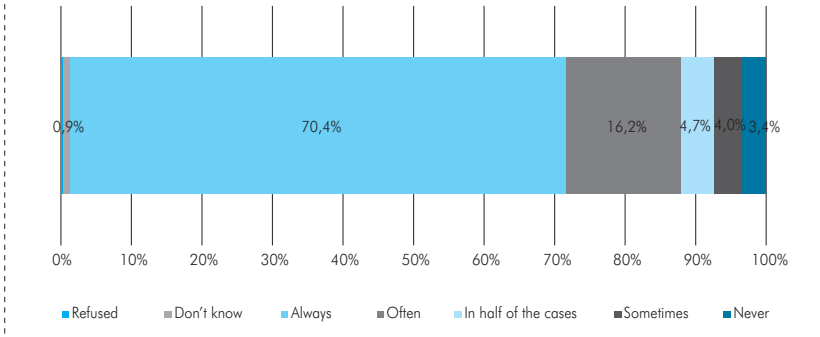
To understand how individuals manage their money, we asked them whether they: consider their financial situation before buying something; pay their bills on time; keep a close personal watch on their financial affairs; tend to set long-term financial goals and strive to achieve them; have a household budget; have been saving money and in which way. We have also analysed the way people behave when choosing financial products and the main sources of information about various market products, as well as their behaviour in difficult situations, when they can't afford something.

4.1 RESPONSIBLE BEHAVIOUR BEFORE BUYING SOMETHING

Impetuous behaviour to buy and consume everything we would like to is frequently one of the main reasons behind the low level of savings and microcredit of the population. In order to measure the responsibility in buying something taking into account the financial situation, we asked respondents if they carefully considered whether they could afford buying something. Chart IV 1.1 shows satisfactory results. 70.4% of respondents said they "always" considered whether they could afford buying something, while 16.2% did that "often".

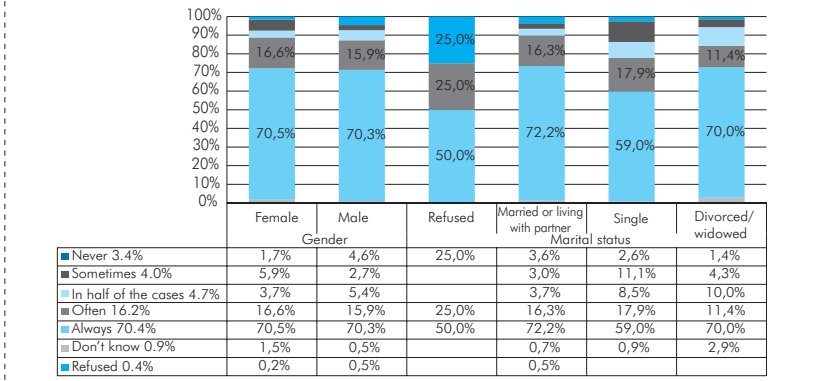
Analysing this behaviour by gender (chart IV 1.2), we see that there are no significant variations between the behaviour of male respondents and female respondents, who appear responsible by "always" considering whether they can afford buying something in 70.3% and 70.5% of the cases, respectively.

Chart IV 1.1 Before I buy something, I carefully consider whether I can afford it



On the other hand, despite the gender, the results show that married persons or those who live with the partner are careful before buying something (chart IV 1.2). 72.2% of them, “always” carefully consider whether they can afford buying something, followed by divorced or widowed (70.0%), versus single respondents (59.0%).

Chart IV 1.2 Careful consideration of affording to buy something, by gender and marital status



Different age-groups display different behaviours when buying something (chart IV 1.3). 61.7% of respondents aged 18-29 answer “always”, while this percentage increases to 71.0% and 73.3%, respectively in those aged 30-59 and over 60. The higher the age, the more likely the individual will carefully consider the affordability.

Analysed by education level, respondents with complete primary school or some secondary school are more careful when buying something, “always” considering in advance whether they can afford it in 73.8% of the cases. This group is followed by those with complete secondary school or technical/vocational education beyond secondary school level (72.0% of responses “always”) and those with no formal education or some primary school (70.8% of responses “always”). It is striking the fact that respondents with university-level education or higher than degree level are less careful before buying something. Only 55.1% of them claim to “always” consider their financial situation in advance and 20.3% do that “often”. This may be explained by the fact that this group generally earns higher income (Chart IV 1.4).

Chart IV 1.3 Careful consideration of affording to buy something, by gender and education

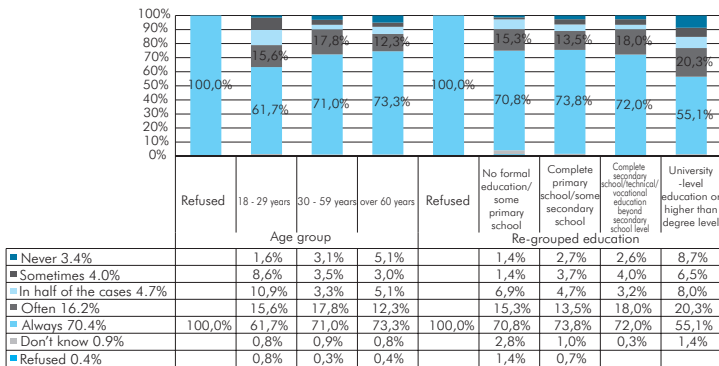
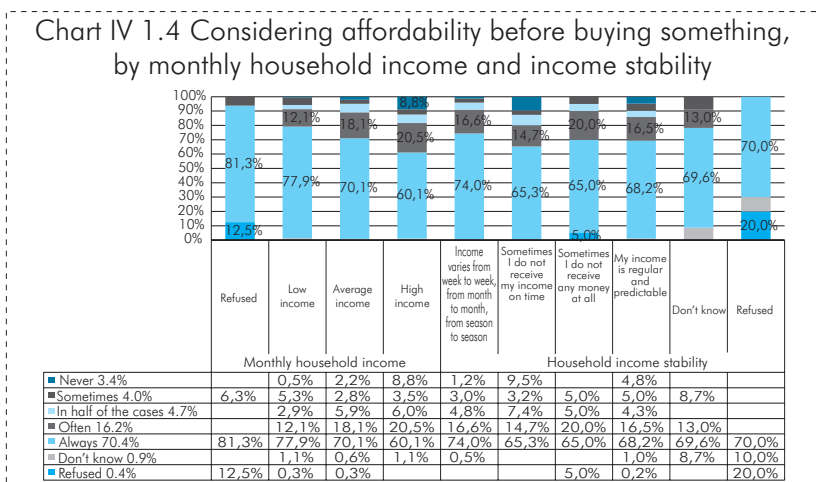


Chart IV 1.4 shows a negative relationship between the respondents' behaviour toward careful consideration of affording to buy something and the income level. In general, persons with low household income carefully consider whether they can afford something. 77.9% of them say they “always” consider carefully whether they can afford something, followed by 70.1% of persons with average income and 60.1% of those with high income. Persons with low household income “never” buy something without carefully considering whether they can afford it, in only 0.5%, from 2.2% of the cases of persons with average income and 8.8% of those with high income.

The same association is seen regarding income stability. Persons with unstable income are more careful before buying something. In 90.6% of the cases, persons whose incomes differ weekly, monthly or seasonally state that they “always” or “often” consider whether they can afford buying something. This percentage falls to about 85% for the category of persons with regular and envisaged income and for those who sometimes take no income at all, as well as 80.0% for the category of persons who sometimes do not take income on time.

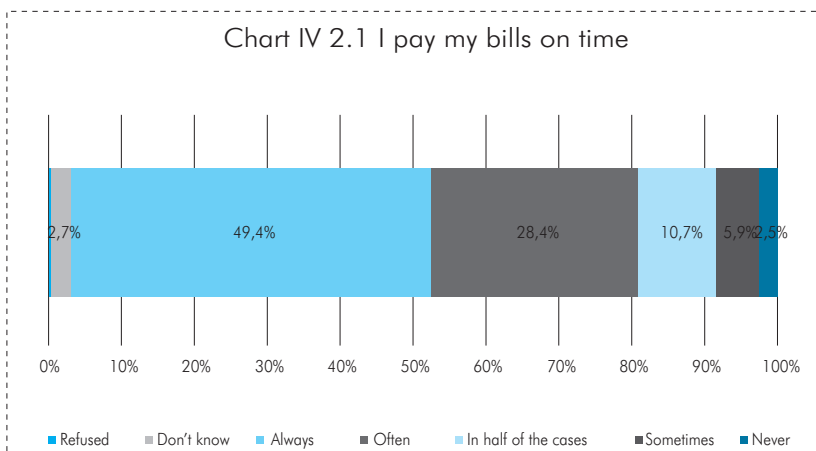
Chart IV 1.4 Considering affordability before buying something, by monthly household income and income stability



4.2 TIMELY BILL PAYMENT

Financial literacy also requires organisational skills in order that individuals meet their financial commitments and thus avoid problems such as reduced access to affordable credit or fines for non-payment. The second question measuring the financial behaviour asks each respondent whether they usually pay their bills on time. Chart IV 2.1 shows that almost half of the respondents “always” pay their bills on time, while 28.4% “often” do so and 10.7% “in half of the cases”. 2.7% of the respondents do not know the answer to this question and 2.5% say they “never” do so. This result may be due to the fact that the questionnaire has not

considered the case when the respondent does not pay any bills at all (because someone else in the family does so)¹⁹.



If analysing the overall results of those who pay their bills on time by various demographic characteristics, (Chart IV 2.2), we notice that though female respondents state that they are more careful, “always” paying their bills on time in 52.9% of the total of them versus 46.9% of male respondents, it is noticed that these ratios are reversed in the favour of male respondents, if we consider the option “often” (80.0% of male respondents versus 74.6% of female respondents).

Chart IV 2.2 shows the behaviour of different age-groups about bill payment. Respondents’ behaviour about bill payments becomes more responsible as they grow up. For instance, 71.8% of respondents aged 18-29 state that they “always” or “often” pay their bills on time, versus 78.4% of respondents aged 30-59 and 79.2% of respondents aged over 60. Of respondents aged 18-29, a considerable percentage (13.3%) answer “Don’t know”. This percentage confirms the above idea on respondents who do not pay bills and do not find a proper option for their situation in this questionnaire.

¹⁹ The questionnaire may change in the forthcoming versions, adding to this question another option for this category of persons as well. However, in this questionnaire, being uncertain about respondents’ interpretation to this question, persons who answered “never” were regarded as slightly literate.

Chart IV 2.2 Timely bill payment by gender and age

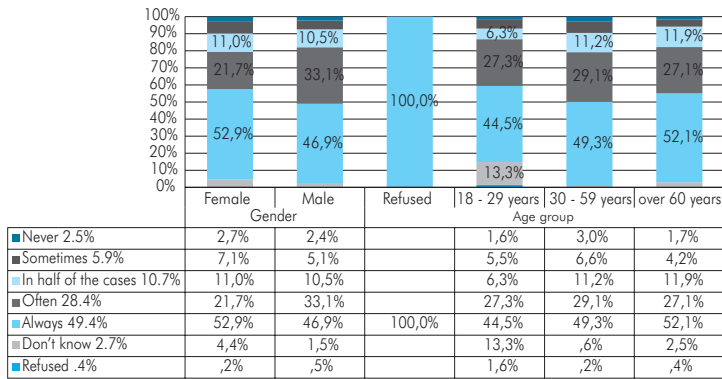
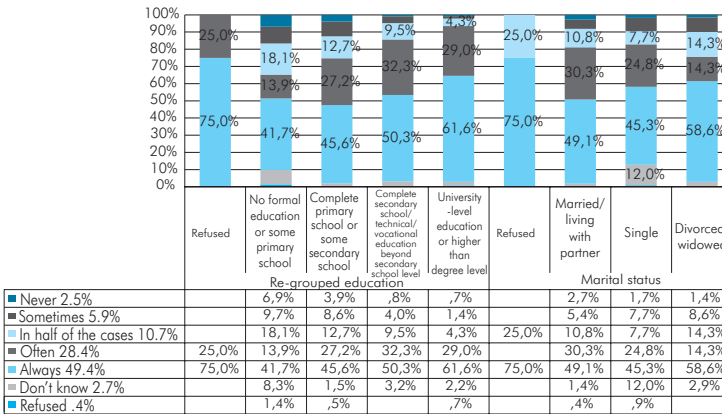


Chart IV 2.3 Timely bill payment by education and marital status



As the chart IV 2.3 shows, respondents' education affects the timely bill payment. The more educated the individuals, the more careful their financial behaviour. If only 55.6% of respondents with no formal education or some primary school state that they "always" or "often" pay their bills on time, this percentage increases to 72.8% for respondents with complete primary school or some secondary school, to 82.6% for persons with complete secondary school or technical/vocational education beyond secondary school level, and to 90.6% for those with university-level education or higher than degree level.

Marital status is another factor affecting the timely bill payment (chart IV 2.3). More specifically, this chart shows the behaviour of married persons or live-in partners, 79.4% of whom “always” or “often” pay their bills on time, while the same behaviour is displayed by 72.9% of divorced or widowed, and 70.2% of single persons. This case highlights a high percentage (12.0%) of responses saying “don’t know” in the single category, same as above, who don’t pay bills because of different reasons (are young, single, still living with their families, and therefore do not care about bill payment).

Chart IV 2.4 Timely bill payment by average monthly household income and income stability

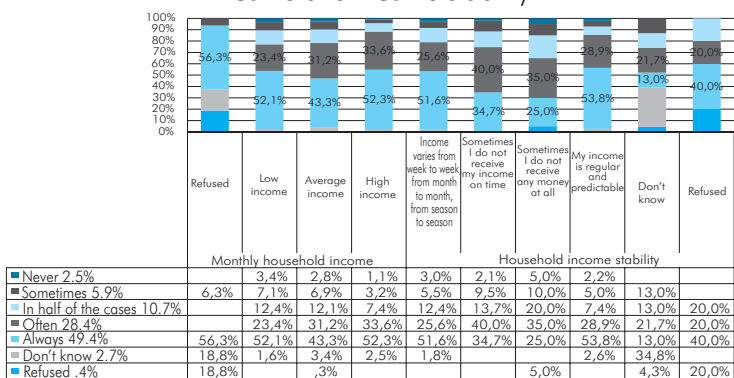


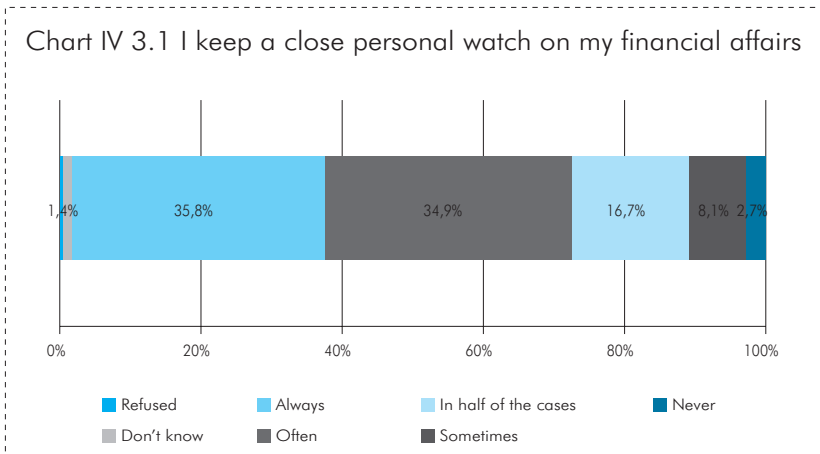
Chart IV 2.4 illustrates the relationship between respondents’ behaviour about timely bill payment and average household income. The results do not highlight any variations between the behaviour of respondents from low-income households and the behaviour of those from average-income households. Both categories “always” or “often” pay their bills on time in 75% of total respective individuals. The same behaviour is displayed by 85.9% of respondents from high-income households.

The same trend is seen about household income stability (chart IV 2.4). Individuals belonging to regular and envisaged household income are more punctual in their timely bill payments. 82.7% of them state that they “always” or “often” pay their bills on time, while the other categories register lower percentages up to 60.0% to persons who sometimes take no income.

4.3 KEEPING WATCH ON FINANCIAL AFFAIRS

Keeping a close watch on financial affairs is another important aspect of behaviour. It helps in money management by keeping savings safe, smoothing expenditures and paying bills on time. For those who use financial products, this oversight is essential to check statements in order to address mistakes of transaction recording systems or intentional move of personal funds by unauthorised persons.

The survey results show that in general, Albanians are not very careful and systematic about keeping watch on their finances (chart IV 3.1). Only 35.8% of respondents say they “always” keep a close personal watch on their financial affairs, while 34.9% of them “often” do so. On the other hand, 8.1% say they “sometimes” keep a close personal watch on their financial affairs, and 2.7% say they “never” do so.



By gender (Chart IV 3.2), keeping a close personal watch on financial affairs weighs on male respondents. 73.6% of male versus 66.6% of female respondents state that they “always” or “often” keep a close personal watch on their financial affairs. Also, 1% of male respondents state that they “never” check their finances, while female respondents who “never” display this behaviour are 6% of the sample.

Respondents' age also impacts on oversight of personal finance (chart IV 3.2). For example, respondents aged 18-29 "always" or "often" oversee their financial affairs in only 52.4% of the total cases. This behaviour is displayed by 73.7% of respondents aged 30-59, and 72.5% of respondents aged above 60. Youngsters are less careful about their financial affairs. 10.9% of youngsters skip periodic oversight (they say "never"), while 17.2% of them "sometimes" do so. These figures suggest the need to help youngsters see the value of watching over their own finances.

Chart IV 3.2 Keeping watch on financial affairs by gender and age

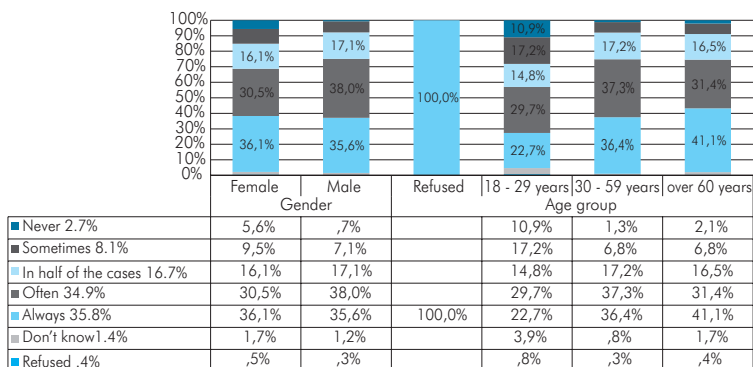
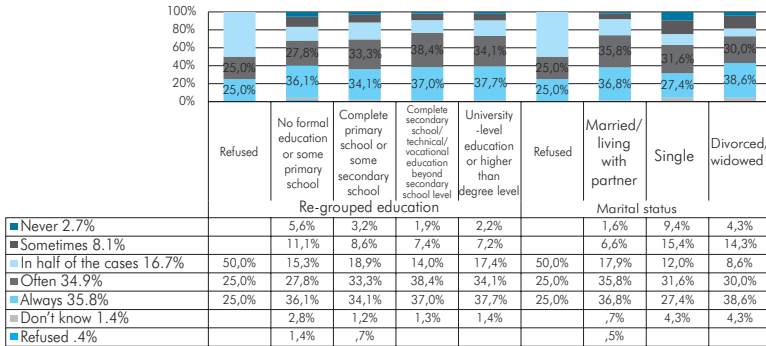


Chart IV 3.3 shows that generally, respondents' education is positively related to keeping a close personal watch on financial affairs. More careful are persons with complete secondary school or technical/vocational education beyond secondary school level, where 75.4% of them "always" or "often" keep a close personal watch on their financial affairs, followed by persons with university-level education or higher than degree level (71.8%), and the last are ranked those with no formal education or some primary school (63.9%).

Concerning the impact of the marital status on individuals' behaviour about personal financial affairs, the same behaviour is seen, as in the two above questions (Chart IV 3.3). Married persons or live-in partners are financially more careful about their financial behaviour. 72.6% of them "always" or "often" oversee their financial affairs, followed by 68.6% of divorced or widowed

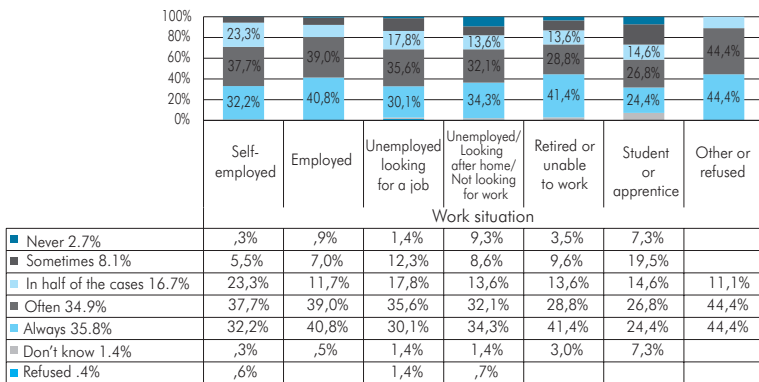
persons, and 59.0% of single persons. A striking figure is the high percentage of “never” answers (9.4%) given by single persons who appear inattentive about watching over their own finances, compared with the two other social groups.

Chart IV 3.3 Keeping a close personal watch on financial affairs, by education and marital status



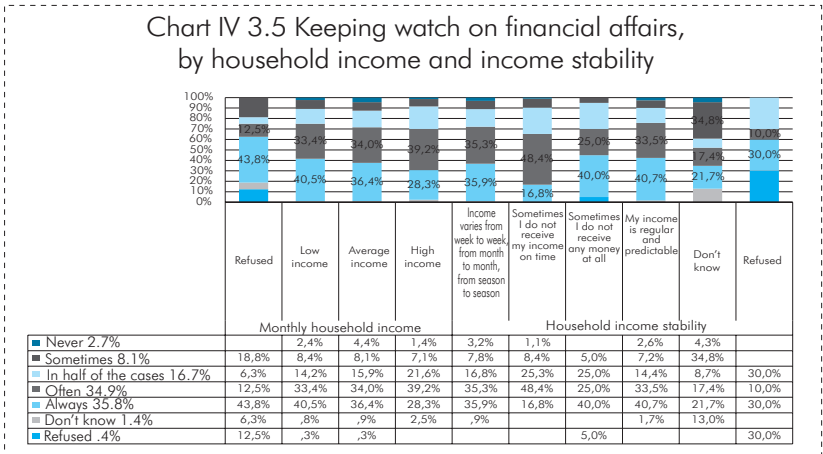
Work situation shows that the employed persons are more responsible and constantly oversee their financial affairs (chart IV 3.4). 79.8% of employed state that they “always” or “often” oversee their own finances, followed by about 70% of self-employed and the retired or unable to work persons. Students are careless about their financial affairs, 26.8% of whom do “sometimes” or “never” watch over them.

Chart IV 3.4 Keeping watch on financial affairs, by work situation



Average household income is negatively related to keeping watch on financial affairs (Chart IV 3.5). 73.9% of respondents from low income households are more careful by “always” and “often” keeping a close personal watch on their financial affairs, followed by 70% of respondents from average income households and 68% of respondents from high income households.

Concerning income stability (chart IV 3.5), the gathered data show that individuals with regular and stable income are more careful about their personal affairs. 73.9% of them “always” or “often” keep a close personal watch on their financial affairs. On the other hand, persons who do not receive their earnings on time or do not receive any income at all are less careful about overseeing their financial affairs (about 65% “always” or “often” do so). These results may be due to respondents’ lack of financial literacy or lack of knowledge in keeping watch on their income, and consequently, their expenses.

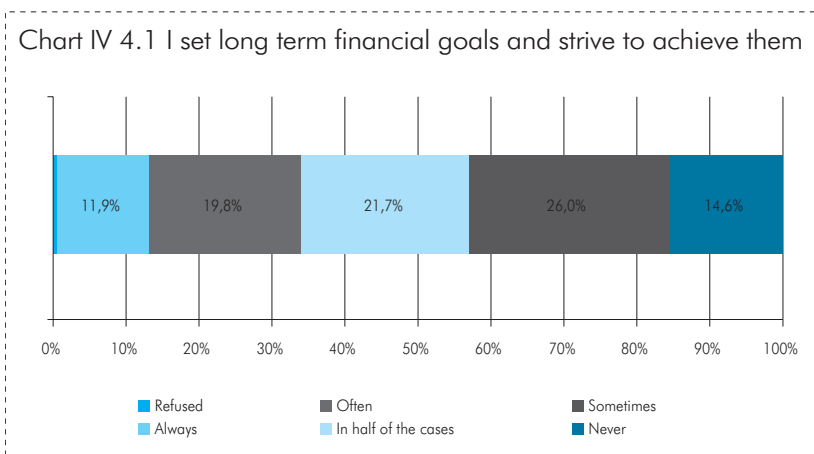


4.4 SETTING LONG-TERM FINANCIAL GOALS AND ACHIEVING THEM

Long-term goals may be different, depending on individuals’ goals. Somebody may decide to save money for high expenses, such as: education fees, buying a house or a new car, spending

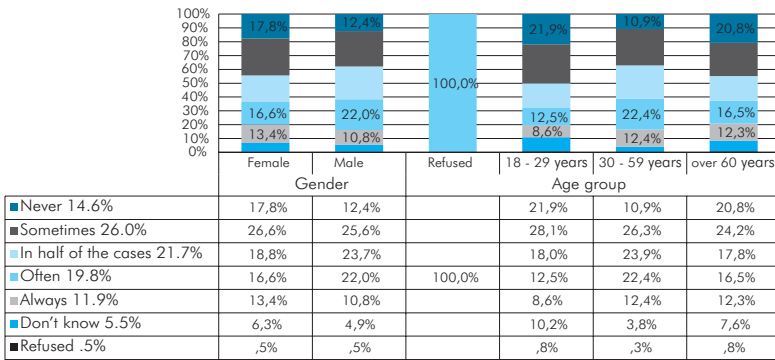
holidays at an exotic destination; somebody else may intend to carry out an investment plan, thinking for a business plan, an investment for career growth or saving for retirement. The next question asks respondents whether they set long-term goals and strive to achieve them. It does not specify the type of goal, aiming to measure respondents' long-term planning behaviour and their efforts to achieve their financial goals.

Results show that Albanians tend to set long-term financial goals and achieve them (Chart IV 4.1). 53% of respondents state that they "always", "often" or "in half of the cases" display such financial behaviour. Specifically, 11.9% of respondents "always" do so and 19.8% "often" do so. In the meantime, 1 in 4 persons say they "sometimes" set long-term goals and 1 in 7 persons "never" does so.



The behaviour of both genders about setting long-term financial goals and achieving them suggests that male respondents are somewhat more careful (Chart IV 4.2). 32.8% of male respondents say they "always" or "often" set long-term goals and strive to achieve them versus 30.0% of female respondents. On the other hand, 17.8% of female respondents accept that they "never" set long-term goals versus 12.4% of male respondents.

Chart IV 4.2 Setting and achieving long-term financial goals by gender and age

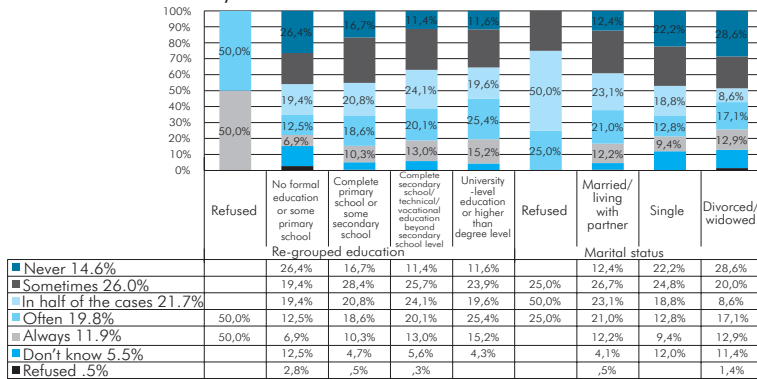


Concerning the impact of age (Chart IV 4.2) on setting financial goals and achieving them, the survey suggests that persons aged 30-59 are more careful, and 1 in 3 persons display this behaviour “always” or “often”, versus 1 in 5 persons aged 18-29. Also, less than 21% of young persons and old ones state that they “Never” set long-term goals, a behaviour that is seen in 11% of middle-age persons.

There is a positive relationship between an individual’s education and behaviour in setting and achieving long-term goals (Chart IV 4.3). The collected data indicate that persons with university-level education or higher than degree level are top listed in displaying a cautious financial behaviour in this regard. 41.6% of them “always” or “often” display this behaviour, versus 19.4% of persons with no formal education or some primary school.

Married persons or live-in partners continue to be more careful about setting and achieving long-term goals (Chart IV 4.3). Only 12.4% of married persons or live-in partners state that they “never” set long-term goals. This figure increases to 28.6% and 22.2%, for divorced or widowed persons and single ones, respectively.

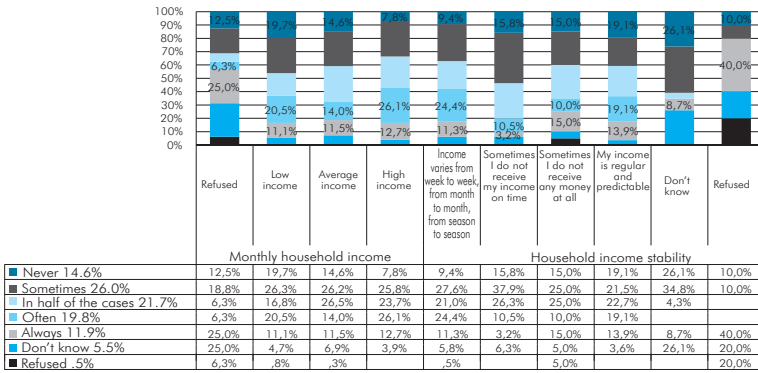
Chart IV 4.3 Setting and achieving long-term financial goals, by education and marital status



Persons from high-income households appear somewhat more forward-looking about setting long-term goals and striving to achieve them (Chart IV 4.4). 38.8% of them “always” or “often” set long-term goals, versus 25.5% of those from average income households and 31.6% of those from low-income households. On the other hand, only 7.8% of persons from high-income households “never” set long-term goals. This behaviour is displayed by 14.6% of those from average-income households and 19.7% of those from high-income households.

Household income stability appears not to affect individuals’ setting and achieving long-term goals (Chart IV 4.4). 19.1% of persons with regular and envisaged household income state that they “never” set long-term goals (hence recording the most negative result for this behaviour than in the other categories), 33.0% of them state that they “always” or “often” set long-term goals (this figure is exceeded only by 35.7% of persons with variable income).

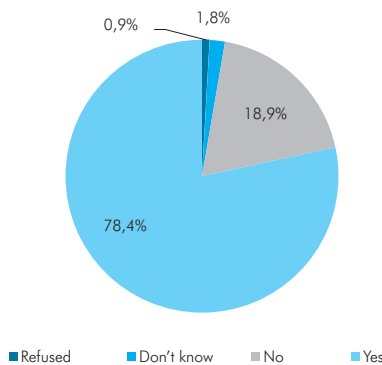
Chart IV 4.4 Setting and achieving long-term goals, by household income and income stability



4.5 FINANCIAL DECISION-MAKING AND BUDGETING

Another important issue is also the extent to which an individual takes responsibility for household finances and budgeting. This is analysed through responses to 2 different questions. The first asks the respondents about whether they live in a household with a budget²⁰ and then whether they are personally (or jointly) responsible for day to day money management decisions in their household.

Chart IV 5.1 Do you have a household budget?



²⁰ A definition explained the concept of budget to prevent misunderstanding.

As the chart IV 5.1 shows, most Albanian households (78.4% of respondents) have a budget, indicating a high level of financial organisation and household planning.

Chart IV 5.2 shows that the household budget is mostly held by married persons or live-in partners (79.7% of them), followed by 78.6% of divorced or widowed persons and less by single persons (68.4% of them).

The same chart shows that the higher the number of family members, the lower the percentage of persons stating that they have a budget. Also, 1 in 10 persons living in families with more than 7 members don't know whether they have a household budget. These results are contrary to expectations that large families need a better financial management to cope with their multiple expenses.

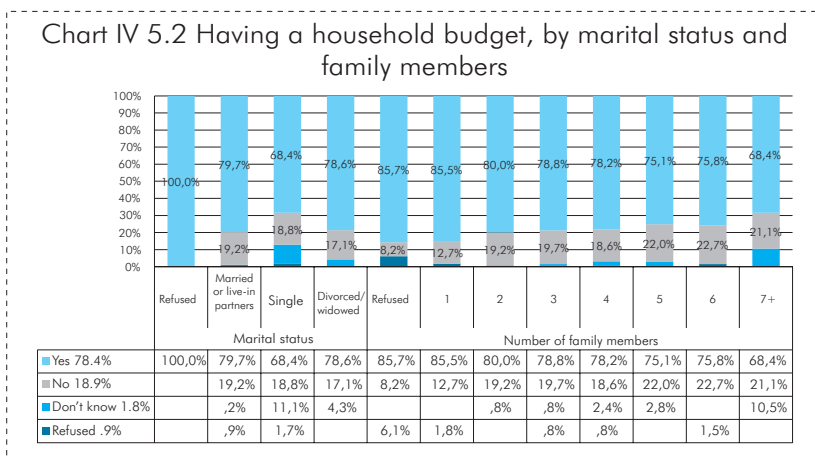
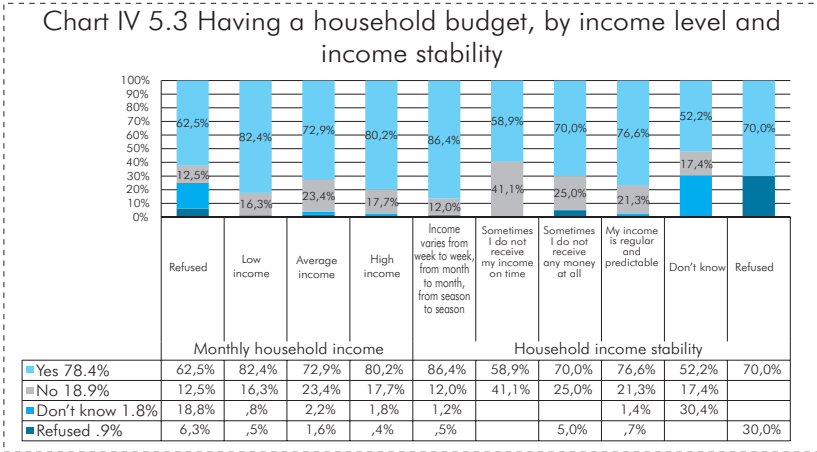


Chart IV 5.3 illustrates the case of having a household budget by persons with different levels of income and income stability. More regular to having a budget seem to be persons with low household income, followed closely by those with high income (82.4% and 80.2% of them, respectively). Almost 1 in 4 persons with average income state that they do not have a household budget.

Results obtained from the relationship between having a budget and household income stability do not reveal any stable trend (Chart

IV 5.3). Individuals whose household incomes vary from week to week, from month to month, from season to season, appear more regular in keeping a household budget (86.4% of them), while individuals who do not take their income on time score the highest percentage in non-having a budget (25.0%).



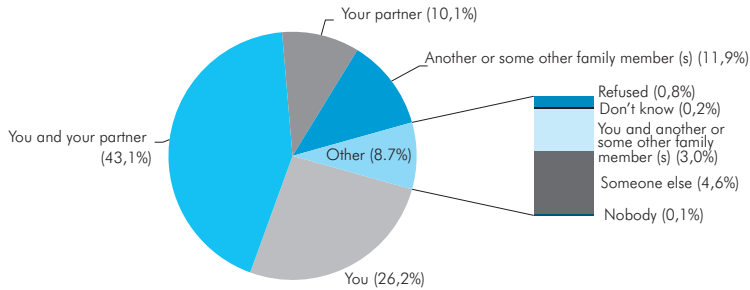
Asked about who was responsible for day-to-day money management decisions in their households, respondents claim a high degree of responsibility in this process (Chart IV 5.4). Almost 3 in 4 persons say they are personally or jointly responsible for their household finance management²¹. Also, the data show that most of respondents choose to manage their day to day financial issues by cooperating with the partner (43.1%)²². Also, the data show that for 36.3% of respondents, the financial decisions in their households are taken by one single person (either the respondent or his/her partner).

Chart IV 5.5 shows that the percentage of male and female respondents stating that they decide jointly about day to day household money management is 43.6% and 42.4%, respectively.

²¹ This result includes the options of answers: you (26.2%), you and your husband (43.1%), and you and some other members of the family (3.0%).

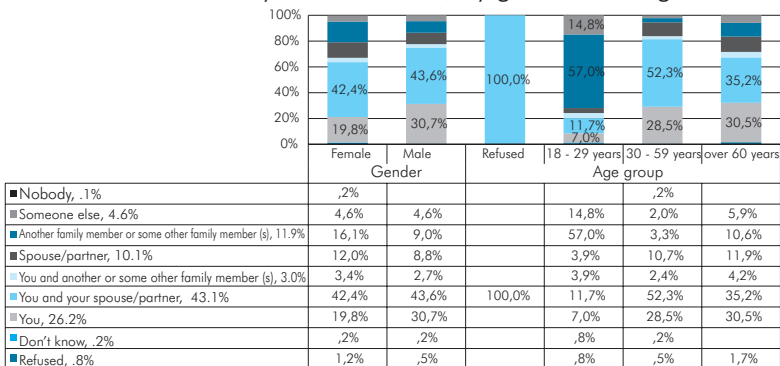
²² This result should also consider the high percentage of married or live-in partner individuals (81%) in our sample.

Chart IV 5.4 Who is responsible for day to day money management decisions in your household?



On the other hand, 1 in 3 male respondents claim that they personally take financial decisions. This behaviour was followed by 1 in 5 female respondents. Also, 16.1% of female respondents and 9.0% of male respondents claim that such decisions are taken by other family members. These results indicate that in Albanian households, female respondents are less involved in day to day household money management.

Chart IV 5.5 Responsible for day to day money management decisions in your household, by gender and age



Analysis by respondents' age (chart IV 5.5) reveals that age impacts noticeably on financial decisions. Middle-age individuals (30-59) are more active (83.2% of respondents of this age-group are personally engaged in day to day household money management, versus 69.9% of individuals aged above 60, and 22.6% of those aged 18-29). Striking is the fact that 75.7% of individuals aged 18-29 state that other members, either family or not, take their day to day financial decisions, implying that they live in their families of origin and decisions are taken by their parents.

4.6 FINANCIAL SAVINGS AND PLANNING

Saving behaviour is considered to be an important component of financial literacy. It affects directly on building financial security and reducing the reliance on credit. As the actual amount that a person can save, and the length of time they can keep money aside varies from one individual to another, this study focuses on whether or not respondents save money within a one-year time span. The questionnaire lists a variety of ways in which people typically save, in order to prompt recollection of any type of saving.

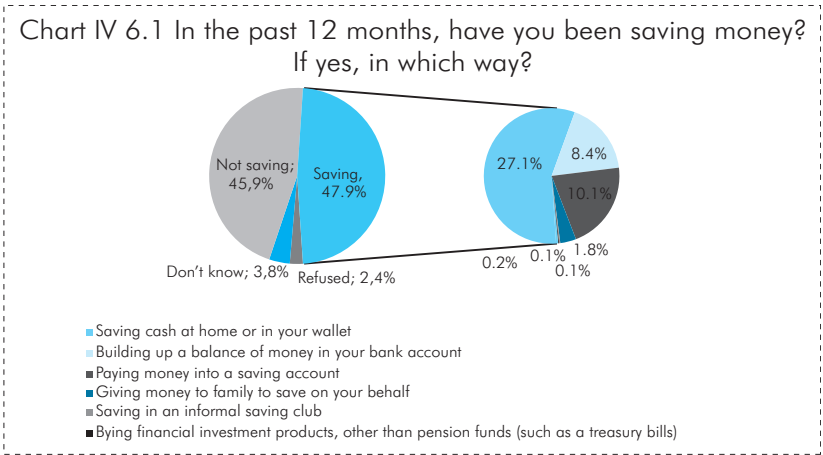


Chart IV 6.1 shows that persons who have been saving in the past 12 months (47.9%)²³ are more than those who have not been saving (45.9%). The survey results show that the most frequent form of saving is keeping cash at home (27.1%), putting money into a savings account (10.1%), or building up a balance of money in their bank account (8.4%). Respondents hardly use any other savings options, such as buying financial investment products or saving through an informal savings club.

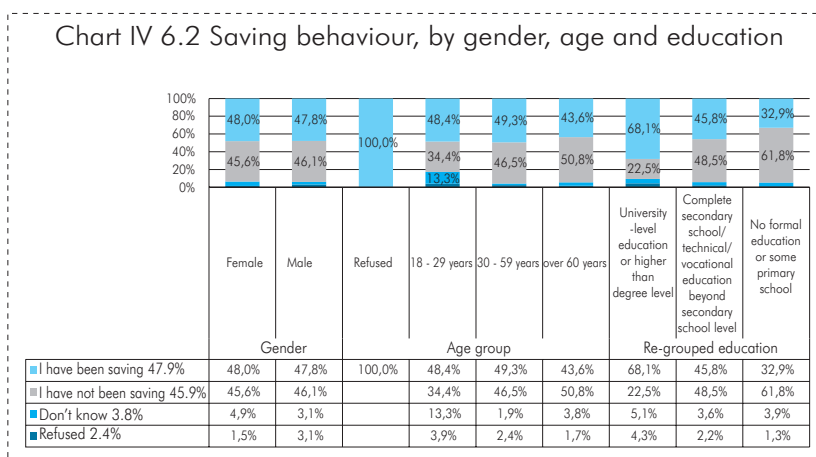
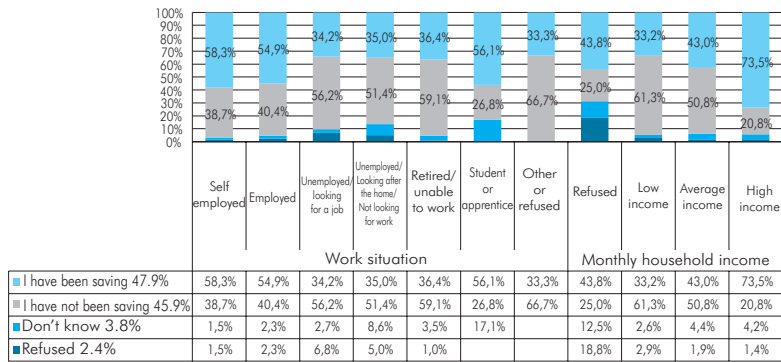


Chart IV 6.2 shows that gender does not affect individuals' behaviour regarding being pro or against saving. Concerning respondents' age, individuals aged 30-59 (half of whom say they have been saving in the last 12 months) are the greatest savers, followed by those aged 18-29, while half of respondents above 60 do not save. Respondents' education is directly related to savings. More educated persons state that they have been saving. For example, 68.1% of individuals with university-level education or higher than degree level saved during the last year, followed by 45.8% of persons with complete primary school or some secondary school, and by only 32.9% of those without formal education.

²³ Atkinson and Messy, in their study in 2012, obtain different results for this question because of reasons related to savings account definition and calculation. Leaving aside an amount of money into a bank account, they do not consider as savings, while other authors of this study deem that in Albania's case, it is more appropriate to regard this behaviour as savings.

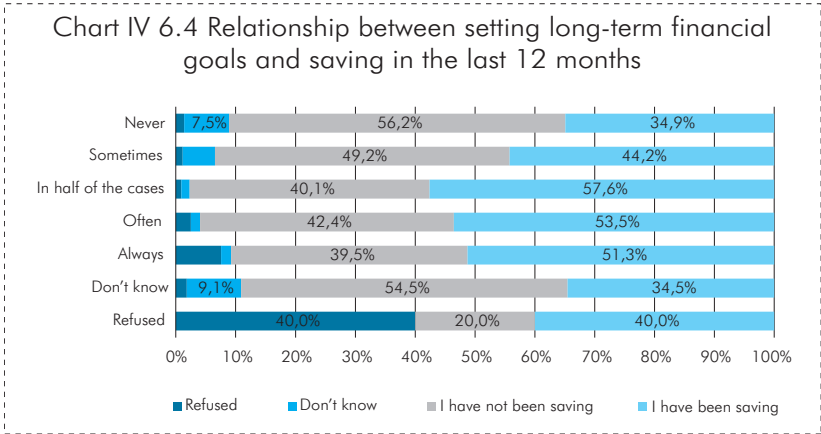
Chart IV 6.3 Savings behaviour, by work situation and household income



Work situation is another factor affecting the pro or con behaviour toward savings (Chart IV 6.3). The self-employed (58.3%), followed by students (56.1%) and the employed (54.9%) are top-listed in saving over the last year. On the other hand, individuals from the categories that are not in working relations scored a higher percentage in non-saving over this period.

The same behaviour is seen in middle income households (Chart IV 6.3). 73.5% of individuals with high income have been saving in the last 12 month, but this percentage falls to 43.0% of individuals with middle income and to 33.2% of those with low income.

Chart IV 6.4 shows the relationship between setting long-term financial goals and striving to achieve them, and saving during the last 12 months. The obtained results do not show any clear relationship between these variables. Of individuals stating that they always set long-term financial goals, half of them save (51.3%). Of persons who never set long-term financial goals, only 34.9% of them save. Higher savers are individuals who set long-term goals in half of the cases, 57.6% of whom saved during the last year.



4.7 CHOOSING FINANCIAL PRODUCTS

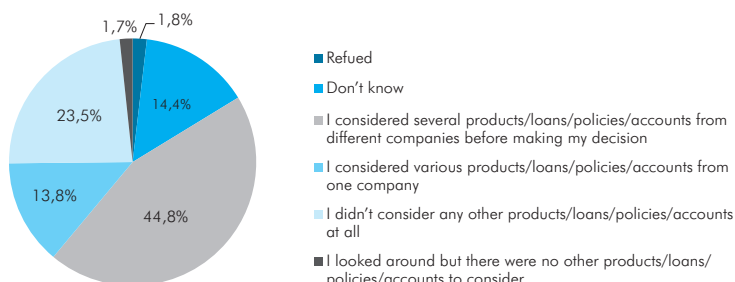
The way people behave when choosing financial products is also an important aspect of their overall financial maturity. If people attempt to make an informed decision by shopping around or using independent advice they are more likely to choose appropriate products that meet their needs in a cost effective way, less likely to buy something inappropriate, and less likely to be subject to fraud. To test this behaviour, the respondents who claimed to have chosen at least one financial product (other than T-bill) in the last 2 years, were asked how they made that decision.

The follow-up question asked about the source of information affecting a respondent's choice of a financial product in the last two years. Positive answers related to using independent sources of information, so as not to be influenced by advertisements.

Chart IV 7.1 shows the ways that affected the financial product choice. 60.5% of respondents using a financial product in the last 2 years have made at least one attempt to seek information on other products (even if there were no other products to consider)²⁴. 44.8% have considered several products from different companies before making any decision. 1 in 4 respondents claimed not to consider any other product at all before making the decision.

²⁴ Note: The results exclude the "invalid" part of answers by 40.4%, who have not been holding financial products in the past two years and the rest is regarded as 100%.

Chart IV 7.1 Which of the following statements best describes how you last chose a financial product?



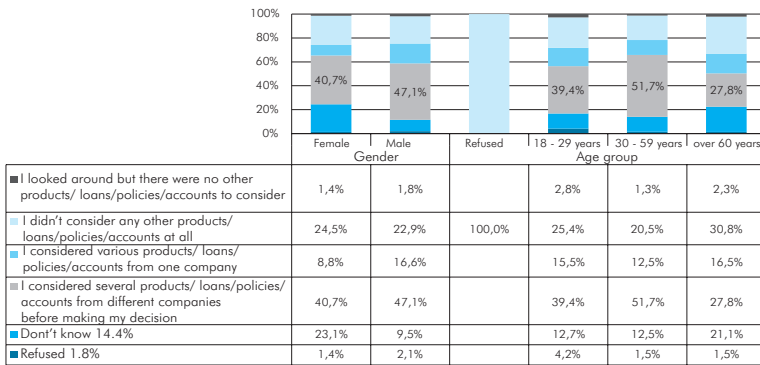
By gender, male respondents are more cautious in choosing new products (chart IV 7.2). In fact, 65.5% of male respondents, versus 50.9% of female respondents, state that they have made at least one attempt to seek information on other products, by considering various products from one company or from different companies, or looking around but not finding other products.

Again, chart IV 7.2 shows that persons aged 30-59 are top-listed about cautious behaviours in choosing financial products (65.5%), followed by those aged 18-29 (57.7%). Persons aged above 60 say they face difficulties in shopping around for various products in the market. Regarding this question, 30.8% of respondents say they have not considered other products and 21.1% of them don't know how to answer.

Higher education level affects positively on individual's behaviour toward choosing a financial product (Chart IV 7.3). If only 25.0% of individuals with no formal education or some primary school address themselves to the market to get informed about various products, this figure increases to above 65.6% to persons with university-level education or higher than degree level.

Concerning monthly household income, persons with more responsible financial behaviour are those who belong to average income households (66.9% of them look around for any other

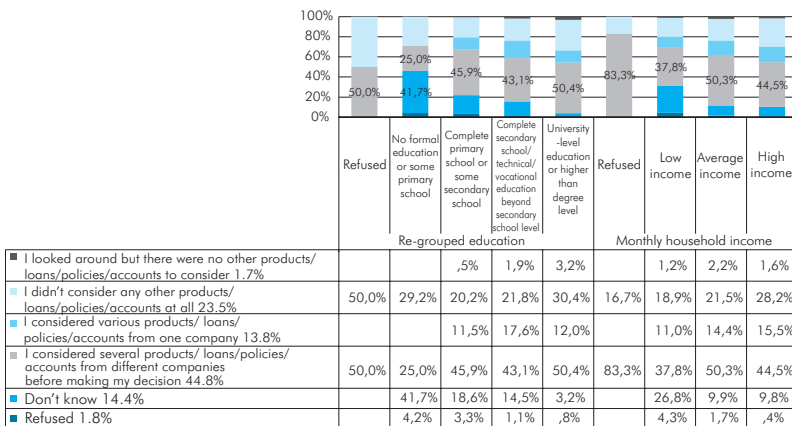
Chart IV 7.2 Shopping around for financial products, by gender and age



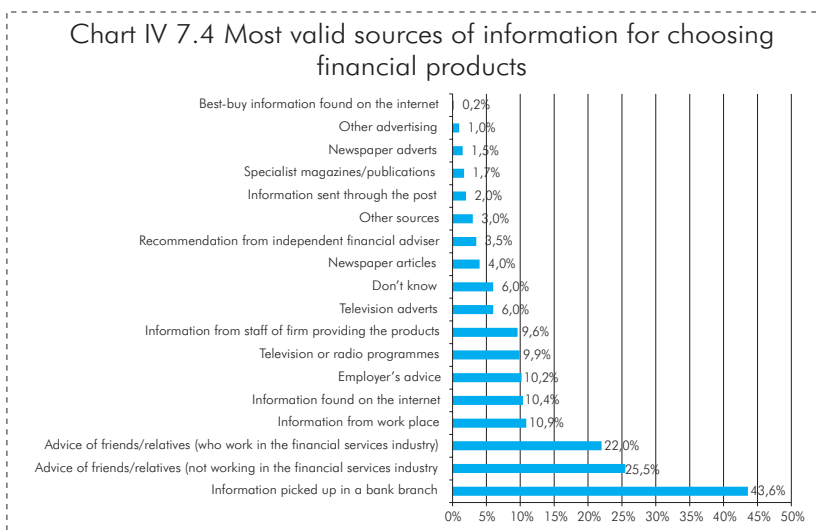
product in the market), followed by persons with high household income (61.6%). Individuals with low income state that they have been shopping around in the market in order to be informed on various financial products in only half of the cases.

Being exposed to a long list of various sources of information on financial products and services in the market, the respondents consider as most valid the information coming from physical bodies. This fact suggests that respondents trust more the information from another person than information from reading about a financial

Chart IV 7.3 Shopping around for financial products, by education and average monthly household income.



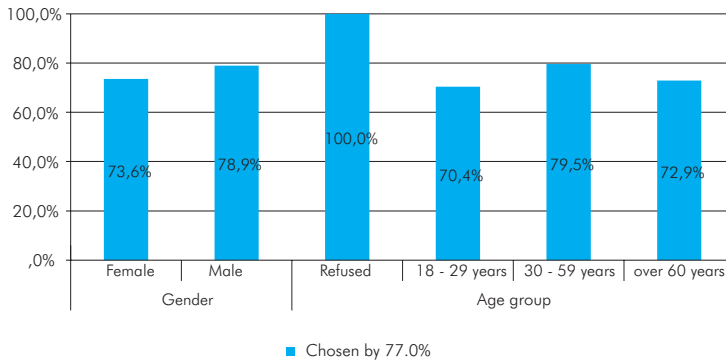
product. Most of respondents appreciate bankers' professionalism and address them for information on various market products (43.6% of the cases)²⁵. Other sources of information likely to be chosen by respondents are independent advice from friends and relatives, whether or not from the financial industry. On the other hand, results show that individuals do not base their choices on advertisements published by newspapers, magazines or other related publications, transmitted in TV or sent via email. Advice from independent financial experts is not practised in Albania yet.



Five main sources of information about various market offers (Chart IV 7.4) are analysed by demographic characteristics of the sample to understand more about persons choosing these sources of information (from a bank branch, advice from friends or relatives either working at the financial industry or not, information from the work place, and information from the Internet); Chart IV 7.5 shows that mostly male respondents (78.9% male respondents versus 73.6% female respondents) are the ones who base their choices more on these sources of information. They are chosen as the main sources by almost 79.5% of individuals aged 30-59 and by most of young respondents.

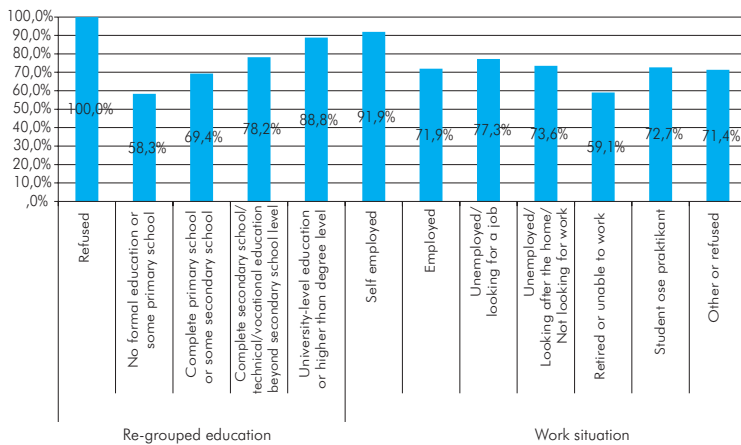
²⁵ Note: The results of this question exclude the "invalid" part of answers (by 40.4%) by respondents, who have not been holding financial products in the past two years and the remainder is regarded as valid.

Chart IV 7.5 Five main sources of information for choosing financial products, by gender and age



Analysis by respondents' education shows that more educated people choose these five main sources of information as the main ones in choosing a financial product (Chart IV 7.6). Concerning work situation, the gathered data show that 91.9% of the self-employed have used at least one of these five sources of information to better understand the chosen products, while the retired or unemployed who do not look for a job have chosen these sources of information in 59.1% of the cases.

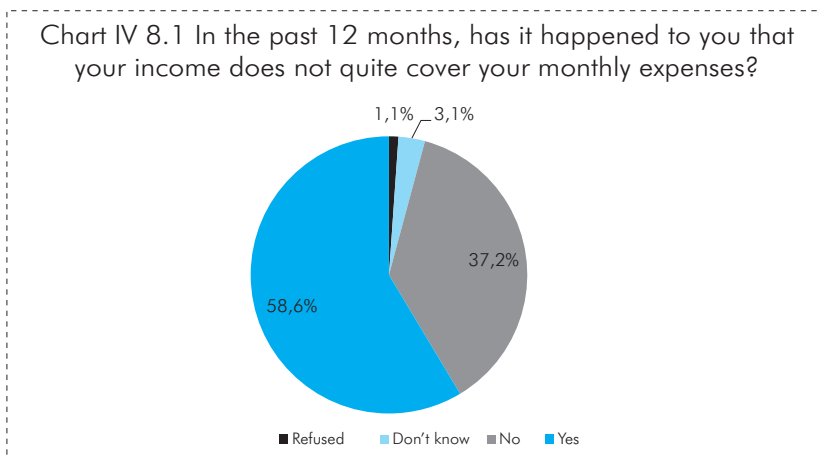
Chart IV 7.6 Five main sources of information for choosing financial products, by education and work situation



4.8 BEHAVIOUR TO MAKING ENDS MEET

Financially literate people are able to cover their monthly expenses and avoid borrowing to make ends meet. Reaching this goal depends on the predictability of their income and expenditure, as well as their necessary skills. It is not always possible to prevent shortfalls in income, but a reliance on credit for basic living may become very dangerous and impossible to escape. Of interest to this study is the individuals' behaviour when their income doesn't meet their needs.

Asked if during the last 12 months respondents ran short of money and were not able to cover their monthly expenses, 58.6% of them stated that they had been in such situation, which had not happened to 37.2% of the sample.

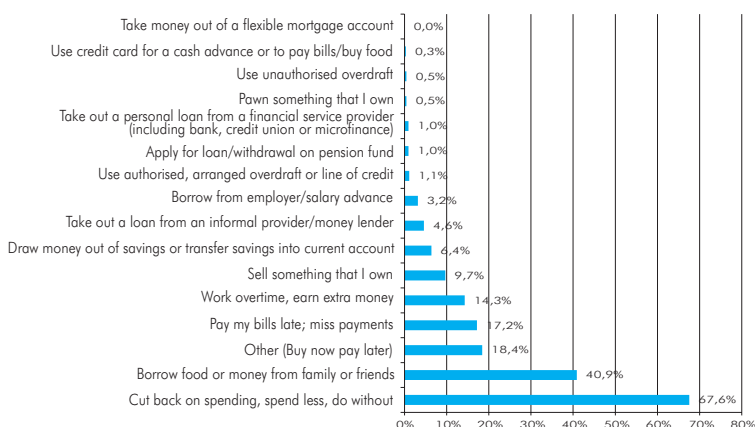


About the question related to the situation when respondent's income did not cover their expenses, 62.9% of respondents who claimed that they had been in financial distress (valid answers), were asked about what they did to make ends meet the last time it happened. Results show that in this situation, respondents chose to cut back on spending, starting with unnecessary ones (chart IV 8.2), followed by borrowing from family or friends, either food or money, and buying now and paying later. An interesting finding is

that when in financial distress, Albanians generally do not resort to credit from financial institutions or to drawing money out of pension funds for making ends meet.

Analysing the behaviour of those who had been in financial distress, half of respondents had to borrow to make ends meet. However, it is worth mentioning that borrowing from family or friends, without resorting to financial institutions, accounts for the major share in this behaviour.

Chart IV 8.2 What did you do to make ends meet the last time you were short of money and not able to cover you expenses?

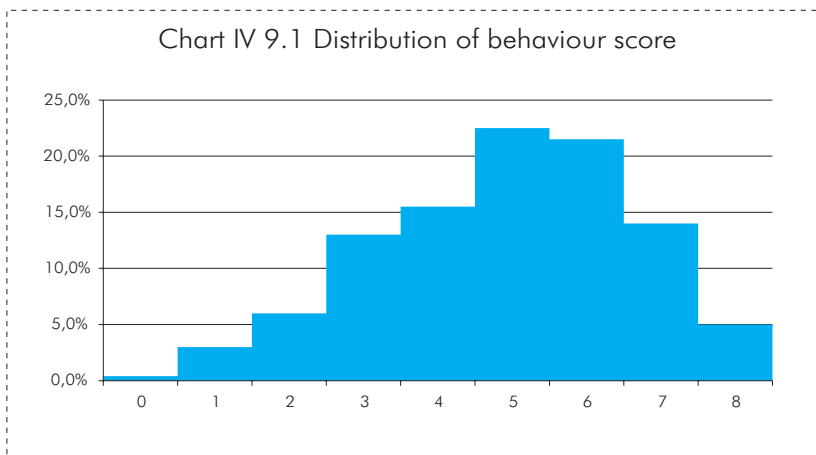


4.9 CREATING A BEHAVIOUR SCORE

A financial behaviour score is created through a figure that combines each respondent’s answers about the 14 questions of the questionnaire, ensuring a nuanced indicator²⁶. These 14 questions are broken down by issues addressing 8 previously discussed sub-sections. Unlike the knowledge score, where correct answers were counted for each respondent, we have counted financially literate responses for building the behaviour score.

²⁶ Detailed information on creating the behaviour score is found in “Measuring Financial Literacy: Results of the OECD/ International Network on Financial Education (INFE) Pilot Study”, Atkinson, A. and F. Messy (2012).

Chart IV 9.1 shows the distribution of answers of financially literate respondents who display a mature behaviour, in percentage to the total sample. The first column on the left shows the percentage of individuals behaving in a financially illiterate way, while the last one shows the percentage of individuals behaving in a financially literate way about all the issues analysed in the sub-sections.



Considerations found in the study by Atkinson A. and F. Messy state that an individual should display 6 or more positive behaviours to be classified as financially literate. The data collected for our country show that only 39% of respondents may be included in this category. The fact that 6 in 10 individuals do not show financially literate behaviours sheds light to the need for incentives to improve the financial behaviour, as the main component of financial literacy.

SECTION V - FINANCIAL ATTITUDES

To measure and analyse correctly the level of financial literacy of the population, it is necessary to consider all its components. In addition to knowledge, skills, behaviour and awareness, attitudes and preferences are considered to be an important element of financial literacy. If people have a rather negative attitude toward saving for their future, for example, it is argued that they will be less inclined to undertake such behaviour. Similarly, if they prefer to prioritise short term wants over long term security, then they are unlikely to provide themselves with emergency savings they may face in the future and that may have financial costs. The analysis of respondents' attitudes toward financial issues or other issues indirectly affecting them sheds light on their attitude towards money, and particularly toward planning for the future and budgeting.

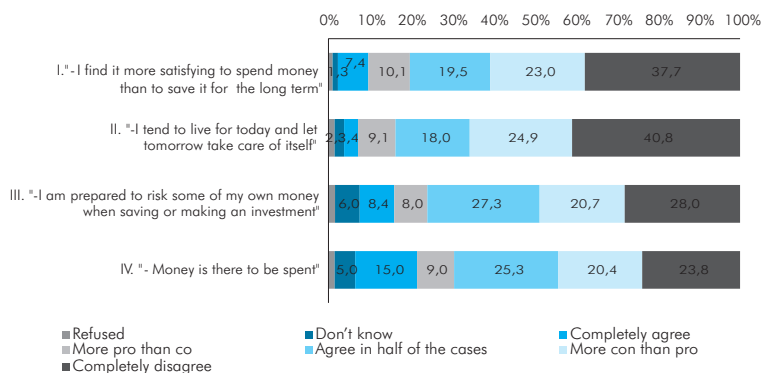
5.1 ATTITUDES TOWARD SAVING FOR THE FUTURE, SETTING LONG TERM GOALS, AND FINANCIAL RISK TAKING

In line with OECD instruction for measuring the level of financial literacy, the questionnaire conducted in Albania included four questions (Table V 1.1), part of OECD core questionnaire, which highlight respondents' financial attitudes. These questions were presented in the form of statements and the respondents were asked to state their scaled attitude (completely agree, more pro than con, agree in half of the cases, more con than pro, or completely disagree).

Table V 1.1 Scaled attitude toward the statements, in percent

	I. I find it more satisfying to spend money than to save it for the long term	II. I tend to live for today and let tomorrow take care of itself	III. I am prepared to risk some of my own money when saving or making an investment	IV. Money is there to be spent
Refused	1.0%	1.5%	1.6%	1.5%
I don't know	1.3%	2.3%	6.0%	5.0%
Completely agree	7.4%	3.4%	8.4%	15.0%
More pro than con	10.1%	9.1%	8.0%	9.0%
Agree in half of the cases	19.5%	18.0%	27.3%	25.3%
More con than pro	23.0%	24.9%	20.7%	20.4%
Completely disagree	37.7%	40.8%	28.0%	23.8%
Total	100.0%	100.0%	100.0%	100.0%

Chart V 1.1 Scaled attitude toward the statements, in percent



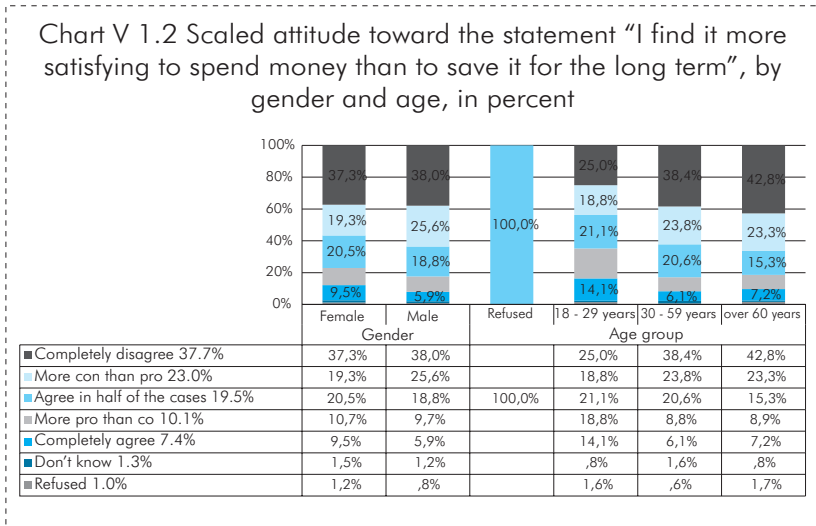
The above table and chart show results obtained from the four statements included in the questionnaire to measure the respondents' attitudes. Respondents' attitudes toward saving and financial planning over the long term are depicted through responses to statements "I find it more satisfying to spend money than to save it for the long term" and "I tend to live for today and let tomorrow take care of itself", and "Money is there to be spent". The scaled attitude toward the statement "I am prepared to risk some of my own money when saving or making an investment" depicts how much they tend to take financial risks.

The sample results (Table V 1.1 and Chart V 1.1) highlight that more than one third (37.7%) of respondents completely disagree with the statement "I find it more satisfactory to spend money than to save it for the long term", versus 7.4% who completely agreed with it. The difference between individuals who have a positive attitude and those who have a negative attitude toward saving and planning for the long term is higher in the results obtained from the second statement, where the percentage of those that completely disagree with the statement "I tend to live for today" is 40.8%, versus 3.4% who declare that they tend to live for today and let tomorrow take care of itself. For both statements, the percentage of respondents who put themselves at the midpoint is less than 20% (19.5% in the first statement and 18.0% in the second). This percentage increases in responses about the fourth statement, where 25% of respondents state that they agree with this statement in half of the cases. About the fourth statement, this attitude prevails to two extreme attitudes, versus 15% of respondents who completely agree that money is there to be spent and 23.8% who completely disagree with this statement.

Though the three statements are built to measure the attitude toward saving and long term planning, the produced result is different for the first or the second statement, whose percentages are rather similar even to the fourth sentence. We may argue that this difference derives from the fact that both first statements implicate attitudes directly related to certain behaviour, while the fourth sentence is a more general consideration on money to which respondents express more balanced attitudes.

The results show that almost half of respondents are not ready to risk part of their money from savings or investments, given that 28.0% completely disagree and 20.7% are more con than pro about the third statement. Even in this case, as in the fourth statement, 27.3% of respondents state that they completely agree with the statement in half of the cases, while only 16.4% display a positive attitude toward risk, of which 8.4% completely agree with the statement and 8.0% are more pro than con.

Chart V 1.2 shows the answers to the first statement “I find it more satisfying to spend money than to save it for the long term”, by respondents’ gender and age.



As the chart V 1.2 shows, differences in attitudes toward this statement by gender are minimal. They are displayed mainly in “More con than pro”, a position held by 19.3% of female respondents and 25.6% of male respondents, and in “completely agree”, held by 9.5% of female respondents and 5.9% of male respondents.

Breaking down responses by respondents’ age (Chart V 1.2), it is noticed that the attitudes of respondents aged 18-29 are more balanced in percentage, from 25.0% who completely disagree to the statement, to 14.1% who completely agree. The difference between the percentages in both opposite attitudes is obviously wider in both age-groups.

The same conclusions may be drawn from the differences in respondents’ attitudes toward the second statement, between the various categories by gender and age “I tend to live for today and let tomorrow take care of itself” whose results are shown in chart V 1.3. Respondents’ answers to two first statements are rather similar due to resemblance of both statements.

Chart V 1.3 Scaled attitudes toward the statement “I tend to live for today and let tomorrow take care of itself”, by gender and age, in percent

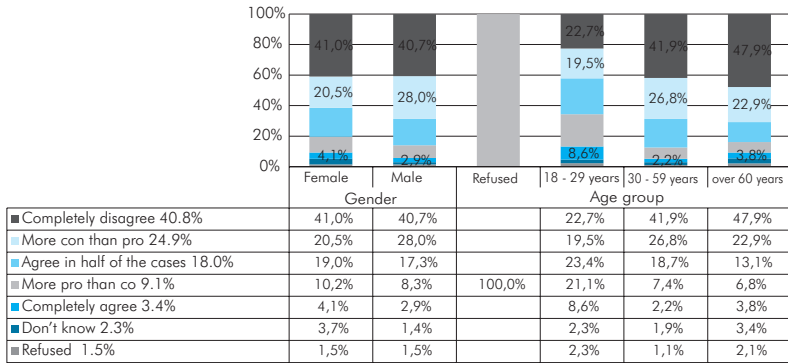
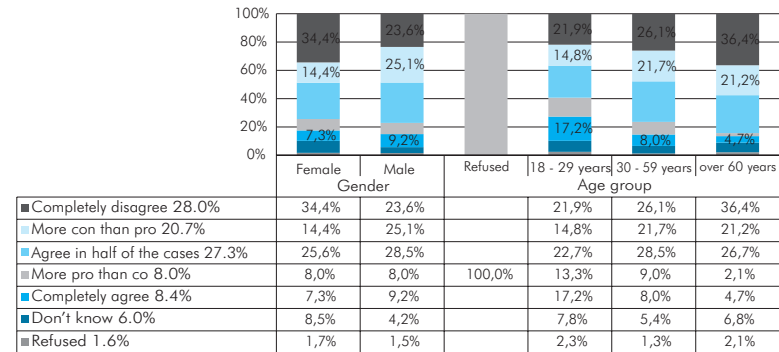


Chart V 1.4 Scaled attitude toward the statement “I am prepared to risk some of my own money when saving or making an investment” by gender and age, in percent



Regarding the data from attitudes toward the statements “I am prepared to risk some of my own money when saving or making an investment” (Chart V 1.4 and Table V 1.2), it is noticed that the percentage of individuals who state that they completely disagree is lower in male respondents (23.6%) than in female respondents (34.4%). It is noticed that the older the respondents, the less likely they are to risk some of their own money when saving or making an investment”

Table V 1.2 shows data on attitudes toward this statement, broken down by education and monthly household income. Analysing attitudes by education, we see that the lower the education of individuals, the more likely they are to risk some of their own money when saving or making an investment. 43.1% of respondents with no formal education or some primary school completely disagree to this statement, while this percentage falls to 30.6% of individuals with complete primary school or some secondary school, and to about 24% of those with complete secondary school or technical/vocational education beyond secondary school and university-level education or higher than degree level.

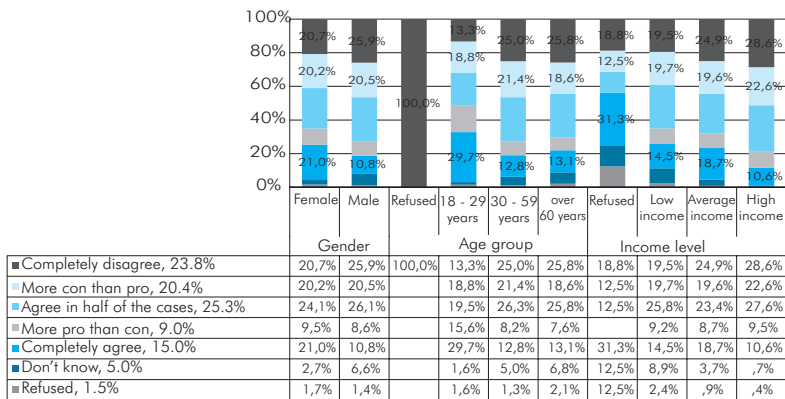
Also, income level appears to affect the attitude toward risk and savings. The table shows that individuals with low income display more extreme attitudes to the statement “Completely agree” (9.2%), and “Completely disagree” (31.1%), while the major part of those with high income (about 66.8%) are positioned in a more balanced way to it, reporting that they “Agree in half of the cases” (32.9%), “More con than pro” (24.7%) and “More pro than con” (9.2%).

Table V 1.2 Scaled attitude toward the statement “I am prepared to risk some of my own money when saving or making an investment” by education and income, in percent

	Re-grouped education					Income level			
	Refused	No formal education/ some primary school	Complete primary school or some secondary school	Complete secondary school or technical / vocational education beyond secondary level	University-level education or higher than degree level	Refused	Low income	Average income level	High income
Refused		4.2%	2.2%	1.1%		12.5%	2.9%	.6%	.4%
I don't know		12.5%	7.4%	5.0%	1.4%	6.3%	7.9%	5.9%	3.5%
Completely agree	25.0%	2.8%	7.8%	10.3%	7.2%		9.2%	9.3%	6.7%
More pro than con		1.4%	6.9%	9.0%	12.3%	18.8%	6.3%	8.4%	9.2%
Agree in half of the cases	50.0%	19.4%	28.2%	26.5%	30.4%	6.3%	25.8%	25.2%	32.9%
More con than pro		16.7%	16.9%	24.3%	24.6%	18.8%	16.8%	21.8%	24.7%
Completely disagree	25.0%	43.1%	30.6%	23.8%	23.9%	37.5%	31.1%	28.7%	22.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Chart V 1.5 shows respondents' attitudes toward the statement "Money is there to be spent", by gender, age, and income level. The data in this chart show that the percentage of individuals tending to completely disagree with this statement is higher in males (25.9%), followed by those aged over 60 (25.8%) and those with a high monthly household income (28.6%). Individuals tending to completely agree with this statement have a higher percentage within those aged 18-29 (29.7%), and female respondents (21.0%). The percentage of different attitudes is more balanced within the category of low income households, whose percentages vary from 9.2% in those who are more pro than con with this statement to 25.8% for those who agree in half of the cases.

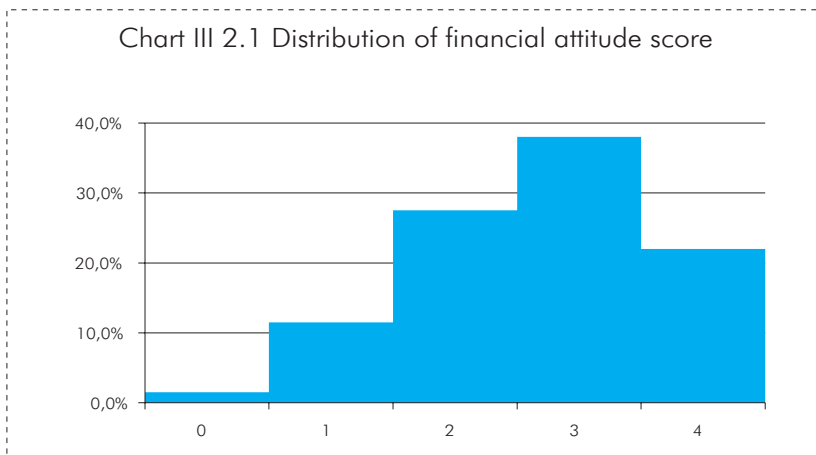
Chart V 1.5 Scaled attitudes toward the statement "Money is there to be spent", by gender, age, and income, in percent



5.2 FINANCIAL ATTITUDE SCORE

This score has considered the answers to three scaled attitudinal questions about savings and expenditure planning: "I find it more satisfying to spend money than to save it for the long term", "I tend to live for today and let tomorrow take care of itself", and "Money is there to be spent". Respondents' scaled attitude toward these statements reflects their attitude and preferences toward short-term and long-term financial choices. The following chart shows

respondents' scaled attitude toward the three statements. The financial attitude scores range from 1 to 5, where 3 is the midpoint, indicating an ambivalent attitude, lower scores identify negative attitudes, and higher scores identify positive attitudes toward saving and planning²⁷.



Given the calculations made by Atkinson, A. and F. Messy (2012) on attitude score, it results that compared to other countries, Albania (Peru as well) exhibits the highest value of disagreement with the statements with an average score of 3.7. This value indicates a highly positive attitude toward long-term financial plans. Albanian respondents display an apparent inclination pro saving and the security it provides for facing uncertainties in the future. Generally, this inclination is positively related with the financial wellbeing.

If we break down the respondents by their individual results, we notice that in Albania's case, the score is above 3 for 69% of respondents. This data shows that 69% of Albanian respondents display a positive attitude toward financial planning and income saving.

²⁷ Detailed information on creating the attitude scores is found in "Measuring Financial Literacy: Results of the OECD/ International Network on Financial Education (INFE) Pilot Study", Atkinson, A. and F. Messy (2012).

CONCLUSIONS

The survey conducted in July 2011 focused on measuring the financial literacy in Albania. It is the first serious step taken by an institution to gather real data from the broad public about this indicator's level in Albania.

This overview of the survey results and other specific analyses that may take place in the future are an important instrument to identify issues requiring attention and intervention through educational programmes. They are a useful tool for measuring the level of impact and effectiveness of Bank of Albania's initiatives in this area. In line with the OECD directives and the practice pursued by all countries included in the survey, the questions of the questionnaire are analysed separately and grouped according to issues tested, falling into four sections: financial knowledge, inclusion, attitude and behaviour.

Financial inclusion is an issue of great interest in studying the financial literacy, especially for countries such as ours, where the financial system is relatively new and individuals' relationships with the financial market are still in the first steps of development.

The survey results highlight:

- About 20% of respondents have never heard of basic banking products, such as the current and savings accounts;
- The savings account is the mostly known product (77%). The collected data show that less than 40% of respondents have a savings account. Around 50% of respondents know the current account product, 51% of whom do hold a current account;
- The percentage of people using current accounts at the time of the questionnaire (51%) is higher than in the past two years (47%);
- If we compare the size of increase in the use of various products from the past two years to the questionnaire time, we notice that it is higher in the case of current accounts (4%) and lower in the case of micro finance loans (1%).

Concerning the relationship between financial inclusion and demographic characteristics of the sample, it is noticed that the more educated the individuals, the more knowledgeable they are on financial products. Consequently, the education level is directly related to the percentage of knowledge and use of both products. The same relationship appears when respondents are broken down by their monthly household income. Also, products are known and used more by male respondents (45.6%) than by female respondents, as well as by individuals aged 30-59 (45.7%).

Another very important criterion to measure the financial literacy level is the knowledge of basic financial concepts and proper use of calculations and numeracy skills about personal finance matters.

Concerning respondents' financial knowledge, the data analysis highlights that:

- The majority of the population (about 89%) answers correctly a question requiring simple calculation of equal division of an amount of money among some individuals;
- Less than half of respondents (about 38%) know the concept of simple interest rate, and less than a quarter of them (about 14%) know the concept of the compound interest rate;
- Most respondents (about 61 %) know the time value of money;
- 77% of respondents know the financial risk concept (the risk-profit relationship in an investment);
- Most respondents (about 80%) answered correctly the question about inflation;
- About 61% of respondents answered correctly the question about diversification.

About responsibility assignment by various socio-demographic indicators, it is noticed that most correct answers are scored by male respondents aged 30-59, educated and self-employed ones. Also, the test about knowledge of risk and diversification shows that having a current or a savings account does not affect significantly the provision of a correct answer to questions about these concepts.

Most respondents know accurately the basic financial concepts for which they were tested, except the simple or compound interest rate, about which the percentage of correct answer is very low. This suggests the need for further intensifying the efforts to increase the knowledge of this concept. Very positive is the fact that most respondents understand correctly the concept of inflation, which affects greatly not only the day to day economic operations of individuals, but is also of great importance to the central bank.

The way how individuals manage their money, consider their financial situation before buying something, pay attention to timely bill payment, set long-term financial goals and strive to achieve them is an important element in measuring their financial literacy.

The survey results on the financial behaviour of the sample highlight that:

- 70% of respondents state that they “always” consider affordability before buying something;
- Half of respondents “always” pay their bills on time, 28% of them pay them “often”, 11% of them do so in only “half of the cases”;
- Only 36% of respondents state that they “always” keep a personal close watch on their financial affairs, 35% display such behaviour “often”, 8% do so “sometimes” and 3% “never” do so;
- Albanians tend to set and achieve long-term financial goals: 53% of respondents state that they “always”, “often” or “in half of the cases” display such financial behaviour;
- Financial decisions are mostly taken jointly with the partner (in 43% of the cases);
- 60% of respondents who have used the financial products over the past two years, have made, at least one effort to seek information about various offers in the market, 45% of the total have considered in advance some offers from various companies, whereas 1 in 4 individuals report that they have not considered any other product at all;
- Five main sources of information about various market offers are: information from a bank branch, advice from friends or relatives (either working at the financial industry

- or not), information from the work place, and information from the Internet;
- Half of respondents accepting to have been in financial distress have chosen to take loan from friends or relatives to make ends meet, without resorting to credit from financial institutions.

Despite the large quantity of data gathered on the financial behaviour, we may state that the analysis of the sample by demographic characteristics produces results that help us draw some general conclusions. Male respondents, married persons or live-in partners and persons aged 30-59 show a more responsible financial behaviour. Individuals with a higher education and stable income level display correct financial behaviours, while the income level seems to be a feature that does not affect equally various elements through which we measure such behaviour.

Individuals' attitudes toward issues directly or indirectly related to personal or household finances, are an important element that helps shed light on their inclinations or future behaviour.

Responses on financial attitudes highlight that:

- More than one third (38%) of respondents completely disagree with the sentence "I find it more satisfactory to spend money than to save it for the long term", versus 7% who completely agree with it;
- 41% of respondents completely disagree with the sentence "I tend to live for today" with regard to money, 3% tend to live for today and let tomorrow take care of itself;
- 15% of respondents do fully agree that money is there to be spent and 24% are fully against this sentence, while 25% of respondents agree with this sentence in half of the cases;
- Almost half of respondents are not ready to risk part of their money from savings or investments, 27% are ready to do that in half of the cases, and only 16% display a positive attitude toward risks.

Breaking down the answers to questions measuring the financial attitudes by socio-demographic characteristics shows that there is no great difference between male and female respondents, while middle-age individuals are better positioned about planning and savings.

The data and conclusions about each section of this report create premises for some overall implications on the financial literacy level in Albania. We may state that, compared to other countries, Albanians' financial knowledge level is satisfactory, though there is still room for improvement. Also, very positive are the results on respondents' attitudes, which indicate that Albanians have very positive perceptions about expenditure planning and income saving. However, they have negative perceptions about taking financial initiatives that may risk their savings. Though both components taken into consideration highlight good results, deficiencies appear when measuring financial inclusion and financial behaviour, whose improvement requires more attention through dedicated financial education programmes.

ANNEX

SAMPLE CHARACTERISTICS

Table 1 Demographic characteristics of the sample

		Percentage
Gender	Female	41.0%
	Male	59.0%
Age	Refused	0.1%
	Age 18 - 29	12.8%
	Age 30 - 59	63.5%
	Age 60+	23.6%
Education level	Refused	0.4%
	No formal education or some primary school	7.2%
	Complete primary school or some secondary school	40.8%
	Complete secondary school or technical/vocational education	37.8%
	University-level education or higher than degree level	13.8%
Marital status	Refused	0.4%
	Married or living with partner	80.9%
	Single	11.7%
	Divorced or widowed	7.0%
Number of family members	Refused	4.9%
	1	5.5%
	2	12.5%
	3	13.2%
	4	37.7%
	5	17.7%
	6	6.6%
7+	1.9%	
Work situation	Self-employed	32.6%
	Self-employed	21.3%
	Unemployed looking for work	7.3%
	Unemployed/Looking after the home/Not looking for work	14.0%
	Retired or unable to work	19.8%
	Student or Apprentice	4.1%
Monthly household income	Other or refused	0.9%
	Refused	1.6%
	Low income	38.0%
	Average income level	32.1%
Household income stability	High income	28.3%
	Income varies from week to week, from month to month, from season to season	43.4%
	Sometimes I do not receive my income on time	9.5%
	Sometimes I do not receive any money at all	2.0%
	My income is regular and predictable	41.8%
	I don't know	2.3%
Refused	1.0%	

SECTION II-FINANCIAL INCLUSION

Table 2 *Heard of current and savings accounts, by gender, age, education, marital status, work situation and income*

		I haven't heard	I have heard
Gender	Female	47.3%	39.4%
	Male	52.7%	60.6%
Age	Refused		.1%
	Age 18 - 29	11.8%	13.0%
	Age 30 - 59	54.2%	65.9%
	Age 60+	34.0%	21.0%
Education	Refused	1.0%	.3%
	No formal education or some primary school	20.2%	3.9%
	Complete primary school or some secondary school	58.1%	36.4%
	Complete secondary school or technical/vocational education	16.7%	43.2%
	University-level education or higher than degree level	3.9%	16.3%
Marital status	Refused	.5%	.4%
	Married or living with partner	79.8%	81.2%
	Single	8.4%	12.5%
	Divorced or widowed	11.3%	5.9%
Work situation	Self-employed	25.6%	34.4%
	Self-employed	7.4%	24.8%
	Unemployed looking for work	6.9%	7.4%
	Unemployed/Looking after the home/ Not looking for work	26.6%	10.8%
	Retired or unable to work	30.5%	17.1%
	Student or Apprentice	2.0%	4.6%
	Other or refused	1.0%	.9%
Monthly household income	Refused	.5%	1.9%
	Low income	62.1%	31.9%
	Average income level	30.0%	32.6%
	High income	7.4%	33.6%

Table 3 Heard of other financial products²⁸, by gender, age, education, marital status, work situation and income

	Mortgage loan	Consumer loan	Credit card	Treasury bill	Microfinance	Insurance	Pension fund
Gender	Female	38.3%	38.2%	37.6%	35.0%	37.3%	44.5%
	Male	61.7%	61.8%	62.4%	65.0%	62.7%	55.5%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Age-group	Refused	.2%	.4%			.2%	.4%
	Age 18 - 29	15.4%	16.8%	17.7%	15.3%	15.9%	9.9%
	Age 30 - 59	66.8%	67.6%	69.4%	67.2%	72.3%	60.1%
	Age 60+	17.6%	15.3%	12.9%	17.5%	11.8%	29.7%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Education:	Refused	.5%	.4%			.2%	
	No formal education or some primary school	2.7%	3.1%	1.1%	1.1%	3.2%	8.4%
	Complete primary school or some secondary school	37.6%	26.3%	28.2%	25.9%	29.1%	33.5%
Education:	Complete secondary school or technical / vocational education beyond secondary level	39.0%	43.1%	47.0%	47.4%	43.6%	35.4%
	University-level education or higher than degree level	20.2%	27.1%	23.6%	25.5%	24.1%	22.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

²⁸ The table shows the percentages of respondents stating that they have heard of the financial products: Mortgage loan, Consumer loan, Credit card, Treasury bill, Microfinance, Insurance, Pension fund

	Refuzuar	.2%	.4%	.4%	.4%	.4%	.2%	.4%
Marital status	Married or living with partner	81.7%	80.5%	79.6%	81.8%	82.7%	80.7%	76.4%
	Single	12.4%	15.3%	17.1%	14.6%	14.5%	13.5%	9.9%
	Divorced or widowed	5.6%	3.8%	2.8%	3.3%	2.7%	5.6%	13.3%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Work situation	Self-employed	31.2%	30.2%	34.4%	32.8%	34.1%	27.1%	20.2%
	Self-employed	28.8%	35.1%	30.2%	33.9%	31.4%	28.4%	27.8%
	Unemployed	8.3%	6.9%	6.8%	6.2%	9.5%	9.3%	5.7%
	Unemployed/looking after the home	10.7%	7.6%	14.4%	9.1%	9.5%	11.4%	9.9%
	Retired or unable to work	15.1%	12.2%	7.2%	12.0%	9.1%	17.6%	31.2%
	Student/apprentice	4.9%	6.1%	5.9%	4.7%	5.9%	5.2%	4.2%
	Other/refused	1.0%	1.9%	1.1%	1.1%	.5%	1.0%	1.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Monthly household income	Refused	1.7%	1.9%	2.4%	1.5%	1.8%	1.0%	1.5%
	Low income	30.5%	20.6%	23.6%	19.7%	32.3%	33.1%	30.4%
	Average income level	33.4%	35.9%	33.7%	32.1%	31.8%	34.0%	33.8%
	High income	34.4%	41.6%	40.3%	46.7%	34.1%	31.9%	34.2%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SECTION II-FINANCIAL INCLUSION

Table 4 Scaled attitude toward the statement “I tend to live for today and let tomorrow take care of itself”, by education and income, in percent

	Education:					Income level			
	Refused	No formal education or some primary school	Complete primary school or some secondary school	Complete secondary school or technical/vocational education	University-level education or higher than degree level	Refused	Low income	Average income level	High income
Refused		4.2%	1.0%	.8%		12.5%	1.3%	.6%	.4%
I don't know		1.4%	1.7%	1.1%	.7%		1.8%	.9%	1.1%
Completely agree		8.3%	6.9%	7.4%	8.7%	12.5%	11.3%	5.9%	3.5%
More pro than con		11.1%	7.4%	12.2%	12.3%		10.5%	10.9%	9.2%
Agree in half of the cases		20.8%	16.4%	20.6%	25.4%	6.3%	16.6%	22.4%	20.8%
More con than pro	25.0%	13.9%	25.0%	22.5%	23.2%	12.5%	20.0%	24.0%	26.5%
Completely disagree	75.0%	40.3%	41.7%	35.4%	29.7%	56.3%	38.4%	35.2%	38.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Chart V 5 Scaled attitude toward the statement “I tend to live for today and let tomorrow take care of itself”, by education and income , in percent

	Education				Income				
	Refused	No formal education or some primary school	Complete primary school or some secondary school	Complete secondary school or technical / vocational education beyond secondary level	University-level education or higher than degree level	Refused	Low income	Average income level	High income
Refused		4.2%	2.2%	.8%		12.5%	2.6%	.6%	.4%
I don't know		5.6%	2.7%	1.6%	1.4%	6.3%	1.8%	2.8%	2.1%
Completely agree		5.6%	1.7%	2.9%	8.7%	12.5%	3.2%	4.0%	2.5%
More pro than con	25.0%	6.9%	6.9%	10.6%	12.3%		8.9%	9.7%	9.2%
Agree in half of the cases		12.5%	15.9%	19.0%	24.6%	6.3%	16.8%	17.1%	21.2%
More con than pro	25.0%	27.8%	25.0%	25.7%	21.0%	6.3%	25.0%	27.4%	23.0%
Completely disagree	50.0%	37.5%	45.6%	39.4%	31.9%	56.3%	41.6%	38.3%	41.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

LITERATURE:

Atkinson, A. and F. Messy (2012), "Measuring Financial Literacy: Results of the OECD/ International Network on Financial Education (INFE) Pilot Study", OECD Working Papers on Finance, Insurance and Private Pensions, No. 15, OECD Publishing (<http://dx.doi.org/10.1787/5k9cfs90fr4-en>).

Bulletin of the Bank of Albania, 2012 H1 (http://www.bankofalbania.org/web/Buletini_i_Bankes_se_Shqiperise_6M_1_2012_6465_1.php?kc=0,27,0,0,0)

INSTAT - Registration of the population, 2001 – REPOBA 2001 (<http://www.instat.gov.al/al/figures/statistical-databases.aspx>).

Bank of Albania's 9th International Conference Proceedings Book on "Building our Future through Financial Literacy", 15 September 2011 (http://www.bankofalbania.org/web/Te_ndertojme_te_ardhmen_nepermjet_kultures_financiare_referate_te_prezatuara_ne_Konferencen_IX_6414_1.php)

OECD (Directorate for Financial and Enterprise Affairs), July 2005, Recommendation on Principles and Good Practices for Financial Education and Awareness (<http://www.oecd.org/finance/financial-education/35108560.pdf>).

OECD/INFE - High level principles on national strategies for financial education, August 2012 (http://www.oecd.org/finance/financial-education/OECD_INFE_High_Level_Principles_National_Strategies_Financial_Education_APEC.pdf).

QUESTIONNAIRE

SECTION A: DEMOGRAPHICS	
Q1 Gender	a. 0
a. Male	b. 1
b. Female	c. 2
Q2 Please, could you tell me your age group?	d. 3+
a. 18-19	Q7 And which of these best describes your current work situation?
b. 20-29	a. Self employed for 30 hours or more per week
c. 30-39	b. Self employed for less than 30 hours per week
d. 40-49	c. In paid employment for 30 hours or more per week
e. 50-59	d. In paid employment for less than 30 hours per week
f. 60-69	e. Looking for work
g. 70-79	f. Looking after the home
h. 80+	g. Unable to work due to sickness or ill-health
Q3 What's your education level? (If you are a student, indicate the education level you expect to have in the future).	h. Retired
a. Higher than degree level	i. Student
b. University-level education	j. Not working and not looking for work
c. Technical/vocational education beyond secondary school level	k. Apprentice
d. Complete secondary school (12-year education)	l. Other
e. Some secondary school (no diploma)	Q8 Considering all the sources of income coming into your household each month, which of these categories does your household income usually fall into?
f. Complete primary school (8-9-year education)	_____ leks
g. Some primary school	Q9 Which of the following best describes how regular or reliable your household income is?
h. No formal education	a. My [our] income varies from week to week, month to month, or season to season
Q4 Please, could you tell me your marital status?	b. Sometimes I [we] do not receive my [our] income on time
a. Married	c. Sometimes I [we] do not receive any money at all
b. Single	d. My [our] income is regular and predictable
c. Separated/divorced	e. Don't know
d. Living with partner	
e. Widowed	
Q5 How many children under the age of 18 live with you?	
a. 0	
b. 1	
c. 2	
d. 3+	
Q6 How many people aged 18 and over live with you, [including your partner]? Please do not count yourself.	

SECTION B: PRODUCTS AND MONEY MANAGEMENT DECISIONS

Q10 Do you have a household budget?	c. Secured bank loan (mortgage loan)
a. Yes	d. Unsecured loan (consumer loan)
b. No	e. Credit card
c. Don't know	f. Treasury bills
Q11 Who is responsible for day to day money management decisions in your household? (Please, answer if response to Q5 or Q6 is other than 0) (one answer)	g. Microfinance loan
a. You	h. Insurance (health, life, property, vehicles)
b. You and your spouse/partner	i. Pension fund
c. You and another or some other family member(s)	Q15 All those who answered positively in Q14, excluding treasury bills: Which of the following statements best describes how you last chose the products (take the first product listed)
d. Your spouse/partner	a. I considered several products/loans/policies/accounts from different companies before making my decision
e. Another family member or other family members	b. I considered the various products/loans/policies/accounts from one company
f. Someone else	c. I didn't consider any other products/loans/policies/accounts at all
g. Nobody	d. I looked around but there were no other products/loans/policies/accounts to consider
h. Don't know	e. Don't know
Q12 Please, can you tell me whether you have heard of any of these types of financial products? (multiple answers)	Q16 All those who answered positively for any products of Q14: Which sources of information do you feel most influenced your decision about the product you have chosen [TAKE THE FIRST PRODUCT LISTED]? (multiple answers)
a. Savings account (deposit)	a. Information sent through the post
b. Current account	b. Information picked up in a bank branch
c. Secured bank loan (mortgage loan)	c. Information found on the internet
d. Unsecured loan (consumer loan)	d. Information from staff of firm providing the products
e. Credit card	e. Specialist magazines/publications
f. Treasury bills	f. Best-buy information found on the internet
g. Microfinance loan	g. Information from work place
h. Insurance (health, life, property, vehicles)	h. Recommendation from independent financial adviser
i. Pension fund	i. Advice of friends/relatives (not working in the financial services industry)
Q13 All those you have heard (Q 12), can you tell me whether you currently hold any of these types of products?(multiple answers)	j. Advice of friends/relatives (who work in the financial services industry)
a. Savings account (deposit)	k. Employer's advice
b. Current account	l. Newspaper articles
c. Secured bank loan (mortgage loan)	m. Television or radio programmes
d. Unsecured loan (consumer loan)	n. Newspaper adverts
e. Credit card	o. Television adverts
f. Treasury bills	p. Other advertising
g. Microfinance loan	q. Other sources
h. Insurance (health, life, property, vehicles)	r. Don't know
i. Pension fund	
Q14 Of products you have heard of in Q2, in the last two years, which of the following types of financial products have you been holding (whether or not you still hold them)? (multiple answers)	
a. Savings account (deposit)	
b. Current account	

SECTION C: BUDGET AND PERSONAL FINANCE	
Q17 About the points of this question, please, use the following scale:	n. Use unauthorised overdraft
Scale for Q17.1 – 17.4	o. Pay my bills late; miss payments
1 – always	p. Other (Buy now, pay later)
2 – often	Q20 In the past 12 months, have you been saving money in any of the following ways? (multiple answers)
3 – in half of the cases	a. Saving cash at home or in your wallet
4 – sometimes	b. Building up a balance of money in your bank account
5 – never	c. Paying money into a savings account
6 – Don't know	d. Giving money to family to save on your behalf
Q17.1 Before I buy something I carefully consider whether I can afford it	e. Saving in an informal savings club
Q17.2 I pay my bills on time.	f. Buying financial investment products, other than pension funds (for example, treasury bills)
Q17.3 I keep a close personal watch on my financial affairs.	g. Or in some other way (including remittances, buying livestock or property)
Q17.4 I set long term financial goals and strive to achieve them.	h. No
Q18 Sometimes people find that their income does not quite cover their living costs. In the last 12 months, has this happened to you?	i. Don't know
a. Yes	Q21 If you lost your main source of income, how long could you continue to cover your living expenses without borrowing any money or moving house? (One answer)
b. No	a. Less than a week
c. Don't know	b. At least a week, but not one month
Q19 If you answered yes to Q18, what did you do to make ends meet the last time this happened? (multiple answers)	c. At least one month, but not three months
a. Draw money out of savings or transfer savings into current account	d. At least three months, but not six months
b. Cut back on spending, spend less, do without	e. More than six months
c. Sell something that I own	Q22 Now, using a scale of 1 to 5, where 1 is completely agree and 5 is completely disagree, I would like to know how much you agree or disagree with each of the following statements:
d. Work overtime, earn extra money	1 – Completely agree
e. Borrow food or money from family or friends	2 – More pro than con
f. Borrow from employer/salary advance	3 – Agree in half of the cases
g. Pawn something that I own	4 – More con than pro
h. Take money out of a flexible mortgage account	5 – Completely disagree
i. Apply for loan/withdrawal on pension fund	6 – Don't know
j. Use authorised, arranged overdraft or line of credit	Q22.1 I find it more satisfying to spend money than to save it for the long term.
k. Use credit card for a cash advance or to pay bills/buy food	_____
l. Take out a personal loan from a financial service provider	P22.2 I tend to live for today and let tomorrow take care of itself.
m. Take out a loan from an informal provider/moneylender	_____
	Q22.3 I am prepared to risk some of my own money when saving or making an investment.

	Q22.4 Money is there to be spent.

SECTION I D: PERSONAL INVESTMENTS

Q23 Imagine that five brothers are given a gift of 100,000 leke. If the brothers have to share the money equally how much does each one get? (one answer)	Q26 How much would be in the account at the end of five years? (one answer)
a. Value in leks: _____	a. More than 11,000 leke
b. Don't know	b. Exactly 11,000 leke
	c. Less than 11,000 leke
	d. Or is it impossible to tell from the information given
Q24 Imagine that the brothers have to wait for one year to get their share of money. In one year's time, will they be able to buy (one answer):	e. Don't know
a. More with their share of the money than they could today;	Q27 Please, indicate whether the following statements are true or false:
b. The same amount of goods and services;	Q27.1 An investment with a high return (profit) is likely to be of high risk.
c. Or, less than they could buy today.	a. True
d. It depends on inflation	b. False
e. It depends on the types of goods and services that they want to buy	Q27.2 If someone offers you the chance to make a lot of money, it is likely that there is also a chance that you will lose a lot of money.
f. Don't know	a. True
	b. False
Q25 Suppose you put 10,000 leks into a savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made? (one answer)	Q27.3 High inflation means that the cost of living is increasing rapidly
a. Value in leks: _____	a. True
b. Don't know	b. False
	Q27.4 It is less likely that you will lose all of your money, if you save it in more than one place.
	a. True
	b. False

CIP Katalogimi në botim BK Tiranë

Kliti Ceca, Arlinda Koleniço,
Egnis Isaku, Borana Haxhimusaj
Financial literacy in Albania:
Survey results for measuring financial
literacy of the population, 2011 - /
/ Ceca Kliti, Koleniço Arlinda,
Isaku Egnis, Haxhimusaj Borana - Tiranë:
Banka e Shqipërisë, 2013

-100 f; 15.3 x 23 cm.

Bibliogr.

ISBN: 978-9928-4197-2-7.

You may find this paper in the following address:

www.bankofalbania.org

If you want to receive a hard copy of this paper, write to us at:

Bank of Albania
Sheshi "Avni Rustemi", Nr. 24, Tiranë, Shqipëri
Tel.: + 355 4 2419301/2/3; + 355 4 2419409/10/11
Fax: + 355 4 2419408

or send an e-mail to:

public@bankofalbania.org

Printed in 380 copies