



## REPORT

# The review of the missing knowledge and skills gaps in social and financial education in Albania.

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## ACKNOWLEDGMENTS

Funded by Erasmus+ Programme of the European Union, the project “ACT4ROM - Action for Roma Engagement, Entrepreneurship, Employment and Empowerment” foresees an analysis of the existing knowledge, practices and also gaps in the social and financial education in Albania.

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## INTRODUCTION

Project "ACT4ROM - Action for Roma Engagement, Entrepreneurship, Employment and Empowerment", supported by the Erasmus + program of the European Union, and implemented by the Međunarodno udruženje "Interaktivne otvorene škole" (MIOS) Tuzla, BiH with partners Dokoran School - Wide Open School no, Slovakia, Pomoć Deci , Serbia, Partners per Femijet, Albania is based on “non-formal learning that offers, young people, especially Roma, educational content that supports their engagement, equal opportunities in the labor market and in society”.

## BACKGROUND & DEFINITIONS

Financial education can be defined as teaching which is intended to lead to financial literacy in the wider sense indicated by the OECD (2014). The ultimate goal of financial education is to empower and motivate people to change their financial behavior, for example, to induce them to make well-considered financial decisions.

Therefore, we can distinguish three components in our definition of financial literacy:

- Knowledge and understanding. To know how to behave, it is necessary to be informed adequately about the domain referring to the intended behavior. However, the effect of knowledge on changes in behavior is relatively limited
- <sup>1</sup> Skills and behavior. To be able to change one’s behavior, it is necessary to master the operational skills which refer to the domain, for example, how to deal with budgeting.
- Attitudes and confidence. To be able to apply something outside the context in which it has been learnt, it is necessary to have self-efficacy <sup>2</sup>and develop the necessary motivation in order to do so.

Young people who develop the fundamentals of financial capability are more likely to become financially secure adults. There is also evidence that when a rigorous financial education program is carefully implemented, it can improve credit behaviors for young adults. Yet, many young

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<sup>1</sup> (Hilgert et al., 2003; Perry and Morris, 2005.

<sup>2</sup> (Bandura, 1997, 2006),



people transition to adulthood without having developed the basic financial knowledge, skills, and behaviors that are critical for establishing healthy financial futures.

Financial education improves financial literacy, and improved financial literacy is positively correlated with financial behaviors.

Programs with greater intensity have a greater effect on outcomes. Characteristics of the financial education matters: mandatory programs and programs offered at teachable moments are more likely to affect financial outcomes.

### **International Core Competences Defining Financial Literacy**

In order to compare and analyze the achievements of various initiatives for improving the financial education of children, OECD has developed a set of the international core competences that should be developed. The recommendation is that depending on the age, level of formal education, cultural and any other determining context, each of these competences needs to be developed, but they can be compared at the level of awareness, knowledge about them and understanding, as the initial level of the competences, at the level of confidence, motivation to apply them and attitudes as intermediate level of competences, and at the level of skills acquired and adopted behaviour as advanced level of the acquired competences.

In 2012, the PISA financial literacy assessment was developed as a one-hour paper-and-pen exercise, to be completed alongside one hour of material from other cognitive domains. The financial literacy assessment was made of 40 items divided into two clusters, chosen from 75 initial tasks administered in the field trial. Students sitting the financial literacy test constituted a separate sample with respect to students taking the core PISA assessment; students who sat the financial literacy test were also tested in mathematics and reading.

In 2015, items were transferred to a computer based delivery platform, and additional items were developed for this form of delivery in order to replace items that had been released in the report of the 2012 results. The 2015 financial literacy was developed as a one hour exercise, comprising 43 items divided into two clusters. Students sitting the financial literacy test were a subsample of those taking the core PISA assessment; as such they also sat the standard PISA test of science, mathematics and reading.



The 2018 assessment incorporates 14 new interactive tasks. For instance, some interactive items require the student to actively seek more information by clicking links, rather than relying solely on the information presented on the first screen. Others include graphs that can be manipulated to see a variety of potential outcomes. Such items allow the student to test different scenarios and explain why certain outcomes occur, while at the same time eliminating the need to make calculations and allowing students to focus on financial decisions rather than on numerical calculations. Overall, the PISA 2018 financial literacy assessment consists of 43 items for a total of a one-hour financial literacy exercise. The sample design replicates the one used in the 2012 assessment (separate sample of students sitting the financial literacy, mathematics and reading tests).

The 2021 assessment is expected to comprise a mix of existing items to measure changes in performance over time and new interactive items developed to reflect the revised framework. The sample design is expected to replicate the one used in the 2012 and 2018 assessments.

As with other PISA assessment domains, computer-based financial literacy items are grouped in units comprising one or more items based around a common stimulus. The selection includes financially-focused stimulus material in diverse formats, including prose, diagrams, tables, charts and illustrations. All financial literacy assessments comprise a broad sample of items covering a range of difficulty that enable the strengths and weaknesses of students and key subgroups to be measured and described.

### **Current Situation in Albania.**

Albania has been in a transitory phase, where the state, civil society organizations or the private business sector are struggling to create effective and sustainable social, economic or political systems to ensure development and progress. At this time of crises and instability, finance is one of the spheres that impacts individual wellbeing and social economy.

Currently Albania is facing an economic crisis and children and youth are the ones who are mostly inclined to financial difficulties. It is at this time that children and youth should learn more on financial opportunities, personal finance; knowing how to improve their money management skills, maximize their financial opportunities and entrepreneurship to be able to make more informed decisions in their lives.



The education system in Albania has gone through a period of substantial change and improvements because of the political changes, the reform in the social and education sector, access to the EU and fulfilling all the recommendations to improve national policies which are often donor driven. However, most of the initiatives or programmes are fragmented, lack multi-sectorial coordination and functional applicable policies at all levels. A lack of proper financial education of children and youth can result in future difficulties in minor financial management skills. <sup>3</sup>

There is no comprehensive financial education strategy by the Ministry of Education, Sport and Youth in place to teach children and youth about their finances in an effective and successful way, by combing financial literacy with the access to financial services and institutions<sup>4</sup>. On the other hand, more initiatives are undertaken by the Bank of Albania, since 2006<sup>5</sup> aiming to raise awareness and emphasize the importance of financial education, and the lifelong impact it has in the individual, public wellbeing and the society's economy at large.

## NATIONAL SITUATION

### Financial Education for Young People

Nowadays, financial education in a developing country believed to be important as it affects the individual well-being, the national economic growth and the stability of financial markets. Supporting financial education conveys youth empowerment through increasing their income as entrepreneurs, managing their money (incomes, salaries or other benefits) through planning spending and savings, fostering financial inclusion through recognition of financial products, risk management and protection from asymmetric information.

In the meantime teaching aspects of personal finance to primary school children will benefit individuals, industry and government. Increasingly more individuals are required to manage their own finances, the number and complexity of financial choices is growing and state support is declining. By becoming financially literate through education, the youth will become confident and knowledgeable consumers of the financial services industry.

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<sup>3</sup> Plani Kombetar i Veprimit per Rinine. 2015-2020

<sup>3</sup> Financial Literacy in Albania: Survey results for measuring financial literacy of the population. Bank of Albania. Tirana, 2011



Teaching financial capability is primarily about developing appropriate attitudes towards money, as well as skills and confidence to use them, instead of learning about financial products and services. Personal financial education encompasses three interrelated themes or elements that should generally be taught together, namely financial knowledge and understanding, financial skills and competence and financial responsibility.

National Strategy for Development and Integration (NSDI)<sup>6</sup>, this paper based on data analysis of young Albanians perceptions conclude that the national objective of “empowering youth” is considered over 60% unattainable, affected also by an outdated strategy on education and on development of a supporting financial education for Albanian youngsters in particular.

Knowledge and understanding of planning and budgeting, earning an income and careers, saving and investing, spending and credit, and insurance and banking services are the core elements of financial education programs across different educational levels.

Financial education programs in elementary schools primarily focus on planning and budgeting, saving, spending, and credit concepts. A few programs look at concepts regarding investment and banking services. In secondary schools, the majority of the financial education programs aim at spending and credit, saving and investment, and budgeting concepts. A few programs look at banking services, insurance, income, and careers.

PISA, an instrument used in the OECD, that measures the performance of 15-year-olds in mathematics, reading and science, and ranking Albania 61st, 79th, to be part of the test of the year 2018.

Albania was made in the second band, with the lowest preparation of the five categorized bands, where in the fifth and the group of videos that stand out with knowledge more than 15 years and band number 1 with the lowest knowledge.

In the region, Albania has a better ranking of Bosnia, Macedonia and Kosovo, while Montenegro and Serbia have a better ranking of Albania.

The results of PISA 2018 showed that the 15-year-olds of Albania received 437 points out of a possible 600 points in the mathematics test. Albania used the result in relation to the 2015 math

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<sup>6</sup> National Strategy for Development and Integration (NSDI)



test with 24 points. Our country, got a math a rating lower than the OECD average, and which was calculated with 489 points.

In reading skills, Albania was evaluated with 405 points out of a possible 600, defending the fact that it results in 2015. Even in the reading of the youth of Albania, the ability appears lower than the OECD average, which is 487 points. In science, Albanian 15-year-olds received 417 points or 10 points less than the 2015 assessment. The average OECD student in science was 489 points.

One of the main findings of the PISA test showed that a good economic level is a place not necessarily to get acquainted with good educational knowledge.

Based on the results of the PISA testing about the financial literacy of 15-year old young people around the world, OECD has defined the following conclusions:

- On average across OECD countries and economies, 22% of students do not have basic financial skills
- Too many students lack basic financial skills 22%
- Some 56% of 15-year-olds in participating OECD countries and economies have a bank account
- 19% have a prepaid debit card
- Some 64% earn money from some type of work activity
- Fewer than one in three students have the skills to manage a bank account 31%
- On average across participating OECD countries and economies, 84% discuss money matters with their parents at least once a month. Students who do so tend to perform better in financial literacy. Students acquire financial skills from their parents... But up to what their parents can transmit to them
- Financial skills are strongly related to the socio-economic background of their family
- Advantaged students score 89 points higher in financial literacy than disadvantaged students.

### **Overview of Financial literacy in Albania**

Financial literacy is compulsory at school, integrated into other subjects Cooperation between public and private actors.





In 2018, the Bank of Albania launched the “Albanian National Retail Payments Strategy” which, among other goals, creates basics for building capacity across the payments’ industry and aims to educate users on accounts & electronic payments. This strategy aims to increase financial inclusion through financial education. Financial and social education is integrated into the national curriculum at both primary and secondary levels and is a compulsory subject at secondary school (16-18 years old).

The Ministry of Education has included the teaching of personal finance in civic education classes. In addition, “livelihood education” has been integrated into the secondary education curriculum.

Albania does not have a national advisory committee in place to promote financial inclusion and education among the youth, but financial regulators recently committed themselves to working on a financial education strategy.

Financial education has become a visible component of Albanian public school curricula since 2015. However, there is no baseline analysis on the knowledge of financial literacy in Albanian schools. The only available study on this subject was conducted by the Bank of Albania with youth 18+ in 2011. Even though there are some improvements in the education curricula, financial education is still not a mandatory subject in the Albanian education system, apart from the 12<sup>th</sup> grade in high school in the *Economy Class*.

It is an elective subject in the elementary education in the *Citizenship Lessons*. As such, there is no convincing evidence on the achievements of these programmes, in relation to the level of financial literacy and improved changes in financial behavior of the children/youth.

Apart from quality data, there is no quantitative data on the regional or national level on the number of students who participate in the Financial Education class, outputs such as number of programmes taught, or any outcome on the efficiency of the programme. In order to teach this subject, teachers have to be highly prepared and skilled to motivate the students to choose this subject which indeed has to be taught from an early age.

The earlier this subject is taught, (rather than waiting for high school education) the bigger the impact on the entire society, especially considering that many students drop-out of school and this group of children may require or need financial education more and might benefit from it beginning at an early age. Despite the acknowledgement of the government that there is a fundamental need for financial education for every child, there is a need to raise the level of



awareness and the development of state policies to promote it and produce tailor made curricula to include financial education in all the basic education classes.

Despite the introduction of financial programmes being introduced in some grades and schools in 2012, through the programme managed by Junior Achievement Albania, there is no monitoring or evaluation report which measures the level of knowledge students are getting on the subjects, the changes in children or youth financial behavior.

What is more, the Ministry of Education, Sport and Youth, does not seem to give the necessary priority to the issue in schools whilst drafting standards of teaching or learning, or testing children/students' knowledge periodically.

More information on the activities organized in the frame of teaching financial education is provided by financial institutions, such as the Bank of Albania, the Albanian Association of Banks, or Junior Achievements Albania programme, who have shown more commitment in teaching or promoting this subject.

Financial Education was legitimized as a mandatory/choice school subject in April 2015, when the Ministry of Education, Sport and Youth signed a Cooperation Agreement with the Albanian American Development Foundation, through the programme Junior Achievement Albania (JAA). Because of the financial character of the subject, most of the awareness raising and information sharing on the subject was done by the Bank of Albania and the Albanian Association of Banks, who provided most of the trainings since 2010. In addition, awareness raising activities on the importance of this subject and most of their training was focused on bank employees, and lectures to students mostly from private universities in Tirana, specialized on economic, finance or business administration.

### **National Policies and Initiatives on Financial Education**

In Albania, the principal stakeholder and responsible body for financial education is the Central Bank. The Financial Supervisory Authority is also another state supporter on financial education initiatives and projects. Stakeholders cooperate around central projects.

The cooperation on financial education includes a wide range of actors, from national institutions to youth organizations, non-profit and financial service providers. The following legislation, policies and actions plans are those identified to address the issues of lifelong learning, financial education, vocational education and preparation for employment. These topics are priorities for the government of Albania as approaches to reducing the level of youth unemployment.



- National Action Plan for Youth 2015-2020 of the Ministry of Education, Sport and Youth in the Effective Labor Market Policies sector focuses mostly on strengthening youth capacities as entrepreneurs. There is no clear objective on strengthening students' capacities on financial literacy however *objective 6.1.4.* is focused on fostering collaboration with third parties, donors or institutions which would implement projects related to youth development and life skills learning.
- Law 69/2012 on the Pre-University System of Education in the Republic of Albania: Article 13 describes among others point:
  - ç) competences for life, entrepreneurship and the environment as Basic Competences for all students.

Article 45, defines Curriculum Documentation including here three types of curriculum: a core curriculum, a choice curriculum, and a curriculum for complementary activities, thus giving importance even to elective subjects.

- Financial Literacy included as a priority in the EU Education programmes 2015-2020.
- Financial Literacy as one of the 10 Small Business Act for Europe priorities.
- New curricula are developed for pre-university education as part of the Curricula Framework of the Pre-University Education:
  - Focused on developing students' competencies/functional actions against illiteracy
  - Based on the lifelong learning philosophy – main competencies
  - Financial Literacy as a part of entrepreneur competency
  - Financial education - an integral part of entrepreneurship education in grades 1- 9, in subjects Education / Technology / Mathematics / Economic Education, etc.
  - Economic education, grade 12
  - Student and teacher training sessions
  - “Leader for One Day” Module of Selection for 12 Grade Students – motivates students to become leaders by providing innovative leadership ideas, linking school with career, learning on professions, etc.



- “Students’ Company” Module for 12 Grade Students - helping students understand business and its values, develop entrepreneurship skills, working in partnership in a creative way, and how to access the world economy based on the knowledge they receive in schools.
- “Business Ethics” aims to promote and develop ethical decision-making skills while the learner prepares to join the workforce to be a contributor to the global marketplace. This theme is realized through interactive activities in the classroom, but also through independent work at home.
- “Skills for Success” recognizes students with the key skills to succeed in life and work. “Personal Finances” explains to the students that, in order to have sound financial resources, they should think about how to plan and manage the elections in their lives. It recognizes them with the role of personal income, the impact of education choices on lifelong income, and determines the importance of planning in making financial decisions.
- “Becoming an entrepreneur” introduces students with the essential elements of a practical business plan. By developing in detail all the elements of the business plan, this program challenges them to start a personal business while they are still in high school
- “Publication of the Modules “Financial Education” for elementary and high school students (elective subject), integrated in the JAA modules
- 1,2,3 Cufo the Pig is learning to save.... A module used for children from first to third grade in elementary education.
- Personal finances in your hand module. Teaching to live life as a consumer, bank or financial institution relations, entrepreneur skills and successful planning of your finances.
- Summer Camps for 30 students on “How to enable banks to increase their customers by developing marketing techniques through the use of mobile technology.
- Quiz for high schools on European Money with 350 pupils from 59 schools
- Lectures on How to become an entrepreneur
- Quiz, Learn, Save and Earn organized mainly in Tirana.



The responsible structure for the preparation of the training modules for teachers and students, Institute for Education Development (IZHA) web page has very limited resources on financial literacy and entrepreneurship, limited to only two curricula, that of Financial Literacy and Career Education.

Financial Literacy Modules Grades 1 - 9 in the Basic Elementary Education System

### Grade One Curricula

*Theme:* Our Families

- Emphasizes the role that people play in local economy and involves children in activities related to their needs, desires, professions, means and skills and interdependence.

### Grade Two Curricula

*Theme:* Family incomes, money, use of money and savings. Savings bank

- Children are taught to understand the difference between wishes and needs;
- Children are taught the importance of food, clothes, house, family, games, love, respect, books and safety;
- Children describe the job family members are doing to make a living;
- Shows how families use money to fulfil basic needs and wishes;
- Provides objective justifications why family needs are before children's desires.

### Grade Three Curricula

*Theme:* Production, Distribution and Consumption

Shows that one of the purposes of a bank is to save our money

- Fill in a simple bank document
- Make a personal financial balance

### Grade Four Curricula

*Theme:* Which is your idea:

Children learn about entrepreneurship, by providing their own ideas on some economic activities.

### Grade Five Curricula

*Theme:* Europe and Me



- Children are required to define the term “region”, “resource”, “business” and “entrepreneur”,
- Children make a distinction among human, natural and capital resources
- Children select the location of a business in the region
- Analyze resources in different regions
- Define the terminology for “income”, “expenses”, “earnings” and “loss”
- Shows how the business registers their income;
- Find solutions to easy business issues;
- Defines “insufficiency” and explain why it forces people to make choices;
- Explains the importance of money;
- Explains the importance of cash flow for economic activities
- Records the income and expenses of a business;
- Calculates profit and loss;
- Shows the role of the loan in a business.
- It enables the calculation of profit and loss and teaches the importance of the loan.
- The student makes simple searches in a region, for the resources needed for his/her business.

### Grade Six Curricula

*Theme:* Global Market

- Children learn why countries have different money and value;
- Explains why international trade requires for money exchange;
- Learn about exchange process and exchange rate
- Argues why countries can support or oppose the establishment of a common currency.

### Grade Seven Curricula

*Theme:* Economy for Success

- Youth are required to analyze the way consumers better pay for their services.
- The process how the points are calculated for the credit card (learn about positive and negative credit reports
- Pros and Cons of using a debit/credit card



- Students learn that life is part of it, and personal security and personal responsibility help reduce the financial consequences of loss or injury.
- Indicates the importance of a balanced budget for all workers;
- Defines the term "income" and distinguishes between the concept of "net income" and "gross income";
- Shows the ways for balancing the budget;
- Identifies the difference between the debit card and the credit card;
- Explains the advantages and disadvantages of each card;
- Argues the importance of personal responsibilities for financial decisions;
- Describes the favourable and unfavourable consequences of low and high credit scores (loans credibility);
- Explains the actions that cause the creditor's confidence to be reduced and/or increased;
- Explores the cost and risk consequences;
- Explains how insurance is a means of reducing the potential financial risk;
- Assesses the role of self-responsibility in reducing risk.

Financial Literacy Module - 36 hours dedicated

*Theme:* The student describes financial institutions, functions and their instruments in the financial market (12 hours)

- Basic economic and financial knowledge
- Understanding financial culture
- Characteristics of economic systems
- The specificities of the Albanian economy
- Financial Environment, fiscal and monetary policies
- Financial institutions, functions and policies
- Financial Services

The student carries out personal finance management actions (24 hours)

- Monetary money value
- Inflation and the exchange rate of money
- Banking products and services
- Types of accounts and bank deposits, interest rate



- Savings, debit and credit accounts
- Types of accounts and bank deposits, interest rate
- Savings, current and credit accounts
- Bank cards
- Deposit insurance scheme
- Savings and borrowing costs and benefits
- The ratio between taxes, health and social security contributions and personal income;
- Own budget drafting process and savings plan

Financial Education modules from preschool education to second grade are mostly focused on day to day money management and planning for their needs.

During the third to sixth grades children become more aware of the importance of financial institutions, such as banks and develop more knowledge on becoming entrepreneurs, by learning about the use of money, different currencies and use of resources to gain profits.

Grade 7 curricula emphasizes the importance of the individual in risk mitigation.

However, based on this curricula, the financial education provided is quite basic and focuses on savings and math calculations, rather than focusing on the understanding and knowledge that young people need on how to use and benefit from ATMs, investing money, using credit cards for buying necessary products, bill payment or transaction mechanisms, taxes, loans, credit and pensions etc. In addition, what is missing more crucially is that there is no linkage between the theory and the actual practice. To understand what these topics mean in real life the children should be provided with opportunities to access the services or institutions providing such financial services and practice the financial concepts.

### **-Initiatives**

- Cooperation Agreement between the Ministry of Education, Sport and Youth and the Albanian American Development Foundation, through the programme Junior Achievement Albania (JAA), 14 April 2015
- NATIONAL BANKING ASSOCIATION As it is not possible to thrive in today's society without being financially literate, financial education is a powerful tool to increase financial inclusion.





- The Albanian Association of Banks (Shoqata Shqiptare e Banka, AAB) works towards ensuring that all Albanians can understand how to deal with their finances, manage their money, increase their savings, make good investment decisions, manage their debt and handle responsible spending. AAB produced educational brochures and videos, as well as information about financial products. AAB works in both academic and tangible ways. On the academic side, it has scheduled lectures in faculties of Economics across the country. The AAB organises every year a series of high school debates about Economics and Finance. On a practical level, the AAB cooperated with VISA International and Mastercard in media campaigns to promote the responsible use of cards. During European Money Week, Albania sees a range of activities, from panel discussions to games such as the European Money Quiz. Albania's most iconic event on financial education is Greenback Academy.

This initiative marks the beginning of the capacity building component of Project Greenback, implemented by the World Bank in Albania in the context of the Remittances and Payments Program funded by the Swiss Secretariat of Economic Affairs (SECO)

**STAKEHOLDERS** In Albania, the principal stakeholder and responsible body for financial education is the Central Bank. The Financial Supervisory Authority is also another state supporter on financial education initiatives and projects. Stakeholders cooperate around central projects. The cooperation on financial education includes a wide range of actors, from national institutions to youth organizations, non-profit and financial service providers.

Junior Achievement (JA) is another association committed to financial education. Its programme is applied in 150 secondary schools throughout the country, thanks to the initial funding of the Albanian-American Development Foundation (AADF). It puts young people in situations where they experience the core of finance in a practical way. They are challenged in several aspects, including knowledge about financial terminology, cost-benefit analysis, raising the initial capital investment through shareholders, setting financial goals (manufacturing-salesnet profit) or even preparing simple financial statements (inflows-outflows). This initiative is In Albania, JA and the AAB work closely with the Ministry of Education, the Bank of Albania and the National Youth Service. The promotion of financial education is wellorganised. Banks invest in financial education programmes through their not-for-profit organization (AAB) that define the teaching priorities and coordinate their work. For example, banks supported the printing costs of the book "Finance in



your hand” and delivered it for free to pupils. Financial regulators support these initiatives and take leadership. In general, schools and public bodies welcome the help of the banking sector and vice-versa. Since June 2019, eight non-for-profit organizations and the National Youth Service created the Albanian Network for Financial Education (ANFE). This cooperation is an opportunity to cooperate successfully - rather than compete - and use synergies better. It will be used as a platform to collaborate with public sector. It makes financial education very welcomed by schools and especially teachers in their classrooms.

JA program modules in the basic education are an integrated part in the subject of Citizenship

First grade

Chapter: OUR FAMILIES emphasizes the role that people play in the local economy and involves students in activities related to needs, desires, professions, tools and skills as well as interdependence.

Second grade

Chapter: OUR COMMUNITY explores the interdependent roles of workers, the work they do and how a community functions. At the same time they learn to evaluate different types of work, to compare methods for producing different products, to understand the importance of taxes and government to the community. Students are also introduced to money circulation.

Third grade

Chapter: OUR CITY studies the professional career and skills that people should have to work in different professions. At the same time she studies how economic activity helps in the life of a city.

Fourth grade

Chapter: OUR NATION provides practical information on the needs of individuals who are engaged or want to build an economic activity (business), so that they can meet the growing demands of the labor market. Further, this line examines the concept of production globalization related to production materials and the need for students to be thoughtful entrepreneurs, a necessary feature in today’s career world.

In the secondary education system:



## Class 12 - Economics 12

**BUSINESS ETHICS** aims to foster and develop ethical decision-making skills while the student prepares to join the workforce to contribute to the global market. This theme is realized through interactive activities in the classroom, but also through independent work at home.

**SUCCESS ABILITY** acquaints students with the key skills to succeed in life and at work.

**PERSONAL FINANCE** explains to students that, in order to have sound financial resources, they need to think about how to plan and manage choices in their lives. It acquaints them with the role of personal income, the impact that educational choices have on lifelong income, and determines the importance of planning in financial decision-making.

**BECOME ENTREPRENEUR** introduces students to the essential elements of a practical business plan. Developing in detail all the elements of the business plan, this program challenges them to start a personal venture while still in high school

11th to 12th grades (facultative hours)

### Program: ONE DAY MANAGER & STUDENT ASSOCIATIONS

**ONE DAY MANAGER** meets the needs of a group of young people in high schools, enabling you to engage, academically enrich, and learn through hands-on experience with business activities.

**STUDENT SOCIETIES** the most successful Junior Achievement package program. With the support of classroom volunteers from the business community, the Student Associations program equips high school students with the basics of running a business. Being part of a business community created in the classroom, students not only learn how an enterprise / society works, but at the same time learn the system, structure, operation and operation of an enterprise. Student Associations help young people better appreciate and understand the role of business in Albanian society and context.<sup>7</sup>

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<sup>7</sup> Junior Achievement, today's entrepreneurial children of the future. <https://arsimi.gov.al/junior-achievement-femijet-e-sotem-sipermarres-te-se-ardhmes/posted 2.6.2016>. Last accessed March 27, 2019.



**World Money Week** is an initiative of Child and Youth Finance International, which takes place in Albania thanks to the cooperation between the Bank of Albania and the Albanian Banking Association.

This initiative aims to actively involve young people in the field of financial management, teaching them key concepts such as financial management, savings, economic system where they live, employment, entrepreneurship

Through this program, young people from mainly Tirana but even Durres, Elbasan and Kruja visit premises of banks which offer the opportunity to closely follow the daily banking activity carried out in a bank branch. Through questions and conversations with the employees of the branch, the students are introduced specifically to customer service, responsibility in providing banking services as well as operational and organizational functions and activity within a branch.

### Social Education in Albania

Civic Education is the subject where students have the opportunity to learn from preschool education to the 9<sup>th</sup> grade about the role of the individual in society, their responsibility towards others, the family, community and society.

They study several themes in this subject which enables them to learn about their rights, responsibilities, citizenship, participation and belonging, diversity and respect for others.

Some of the themes are: Individual, groups and the society, production, consumables and distribution and culture. The individual learns about him/herself, the others, the family and the bigger context, the class and their neighbourhood.

The concept of needs and desires and trying to make a difference between the two. This is further expanded into the family, class and community desires and through exploring each of these categories needs and by understanding the differences in needs for different people and groups.

Discussions about interpersonal skills, interpersonal relations in a group or the community and some child rights as well as obligations/responsibilities they have by being part of a group or community.



Under the theme of culture time is dedicate more to the community. Learning about others and at the same time understanding the differences they have with others, the interests and what makes a community similar based on their common interests.

People and places, they learn about the importance of relationships, understand the qualities a good friend should have in order to be his/her friend and belonging to a community. Existing rules that go towards belonging to a group or a community are also contained in the session.

Rights are another topic, also focusing on the fact that if you respect the rights of others then your own rights will be respected.

In the chapter on production, consumables and distribution, children are taught about the importance of money for society at large. The topic goes into what can children and other people in a community do to improve the services in that community. Respecting rights of others is key to community stability.

Community and the services a community should have; what are the institutions offering in regard to the needed services and understanding how these services are being provided by interacting with the parents or other members of the community (so increasing interaction in the community).

In the fifth grade the civic education looks at the different social groups and the term volunteer. What does it mean to be a good citizen with volunteering viewed as the highest level of citizenship. In addition, the children learn about the different roles they can play or undertake in a society to make it better.

The citizenship subject program (knowledge of society in grade K-2) in basic education has been designed in function of the competency-based curricular approach.

This program creates the conditions for building key lifelong learning competencies in the field of democratic citizenship. The competencies targeted in this program relate to other key competencies. Relationship between learning outcomes of citizenship subject matter and, where possible, other key competences. The learning process in the field of society and environment, at all levels, focuses on special development of social and civic competence.

- Competencies are developed through common themes of the field and in the program are broken down into knowledge, skills / abilities,



attitudes / values. Common topics in the field are important elements of the citizenship course program, according to which structure the subject content and conceptual integration within the field, in order to develop competencies. The citizenship program for this curriculum level is structured around two major themes. For each of them the expected results are expressed, expressed in terms of knowledge, skills and attitudes.

### **Entrepreneurship approach**

In a broad definition, entrepreneurial competence is seen as the ability to transform and transform ideas into deeds, to materialize and materialize them into products, commercial activities or civic initiatives that provoke change, bring benefits or improve the quality of life in general.

Despite the fact that the Ministry of Education and Sports has identified economic education and entrepreneurship education in schools as an effective instrument for promoting entrepreneurship and youth employment in Albania interviewed young people have lack of knowledge about the concept and from the findings there is a low participation in a training related to entrepreneur skills organized by JAA.

According to the representative of IZHA, In order to successfully and effectively realize entrepreneurship education in Albanian high schools, it is necessary to prepare teachers in advance through special training and the use of practical methodologies in teaching. In addition, it is necessary for teachers to encourage critical, practical, creative and visionary thinking in their students, encouraging students to be proactive, to be protagonists, to be problem-solvers, to be individuals and citizens who think, behave and act responsibly and adopt an entrepreneurial approach.

This mindset, in fact, in the conditions of modern technology nowadays, finds application in every aspect of daily life, whether in the school, work, family or community environment where we live, and beyond in society.

But equally important are teachers and their continuous development and lifelong learning, especially in the context of acquiring some key competencies in the field of entrepreneurship, which are transferable in any field and subject. Thus, it turns out that it is necessary and useful to induce the entrepreneurial mentality in teachers so that teachers become 'agents' of change and success factors in the process of education and training of Albanian youth.



## Young people

### Methodology

The survey was conducted by telephone, using the interview question and one to one interviews up with young people in the age group from 15 to 29 years old , to collect an amount of general information about financial literacy for children and young people including issues of: finance, savings, borrowing money; debts; loans and credit and purchases made online, entrepreneurship curricula and skills gained .

This range of young participants enabled the gathering of information from current students within Advanced Elementary Schools, High Schools and recent graduates who have begun their tertiary education as university students. The young people aged 15 to 18 years old should have received some financial literacy education due to the roll out of the national and elective programmes in mandatory education and the 12<sup>th</sup> Grade in High Schools.

The young people aged 20 to 29 years old were interviewed to establish if they had had access to informal programmes, online programmes or projects organised by civil society organisations and the difference in their level of financial literacy to their younger peers.

Interviews were conducted with a total of 50 young people. Of these 15 young people were aged between 13 and 18 years old, of these 9 were female and 19 young people aged between 19 and 30 years old, of these 12 were females from Rrogozhine, Kukes, sarande, Korce, Tirana and Tropoje. These municipalities cover different geographic regions of Albania from south, central, north and north east regions.

## Teachers

A selection of 12 teachers working in Korca, Saranda, kukes and Tirana Municipalities were invited to an interview using the prepared questionnaire.



Teachers and school directors were approached on an ad hoc basis from large cities to establish if in their schools they were implementing a financial education programme and its impact.

School directors and teachers who were contacted on an ad hoc basis provided the following information when asked for their views on financial education and the programme's implementation in their schools.

A director of an elementary school in Bushtrice, Kukes , had never heard of such a topic in basic education existing.

Even though there are some sessions in the curricula related to enable students to critically review financial issues in a way that is in accordance with a broad citizenship education , it seems that main cities have some gaps when it comes to the awareness of teachers and directors on financial curricula for young people.

#### Findings from Young people

Overridingly the information gathered from the young people aged between 15 and 29 years old demonstrated that very little information or training was provided to either age group in respect of financial literacy during their mandatory education. Some young people had received some financial education within the mandatory Economic Subject in the 12<sup>th</sup> Grade in High Schools.

- Only 12 of them remembered some basic concepts that have learned in elementary school, 15 of them answered that topics about money and savings were learned during high school more in depth like the budgeting, savings and money, and the rest of the interviewed people said that they do not remember none of these topics.
- To the question where do young people hear and talk about finance 18 of the persons interviewed answered that in the family they talk more about how to manage incomes and money, 20 of them in schools , only 12 of them answered media and only 1 has heard about finance more in conversations with other people.
- This is also evidenced by the question where young people were asked to answer whether they were invited and involved in financial education support projects and the promotion of financial inclusion of young people , more than 29 of them responded that they were not involved.





- Only 4 of the respondents over 18 years old, that were asked to know the level of financial education and its expression through the level of financial inclusion, were asked the question about the number of current accounts, savings accounts, debit cards and other financial products they own, responded yes. .
- According to the question about if they would like to add such a subject in their curricula 20 of them, were very enthusiastic about adding such a subject. 10 of them were not enthusiastic as they think that in high school the subject of “Applied Economics” is developed and had their reservations about the clarity and effectiveness that this subject has for young people, since almost nothing has served you in life their daily.
- Only 5 people interviewed were able to mention some activities in groups with topics like finance, budgeting and savings due to some activities conducted by a nongovernmental curricula in a framework of a project. And 25 of them said that they have not been part of any group where finance, budgeting or savings was part of the activities.
- Internet banking service is offered by 11 out of 12 commercial banks in Albania. With the increasing importance of technology in society, banks are focusing on promoting these services as an alternative channel for customer relations. The promotion of internet banking was further stimulated after the outbreak of the pandemic, prompted by the regulatory measures of the Bank of Albania, which during the closing of the economy suspended the commissions for interbank payments via the internet.
- According to the survey, having a bank account is uncommon among young people of both sexes and owning a bank account is less common in rural areas such as kukes and Tropoja than in urban areas.
- The survey shows that the use of a bank account is lower among young people in the prefecture of Kukes(13 of them) and higher in cities like Korca and Tirana. (27 of the interviewed people).
- 26 young people have a bank account and of these, each person has a debit card. All respondents were able to describe the difference between a debit or credit card.
- Debit card is the most used banking product by young people who have a bank account, and only 1 of them has a credit card, 0 of them have a personal loan.
- 15 young people from universities have an e-banking account.
- Considering the topics; finance, budgeting, money, savings or economics, only 15 young people knew some of the terms and mainly this had been within the Economic lessons in the 12<sup>th</sup> Grade in High School.



The distribution of youth responses on what they use their money for are as follows:

- 10 respondents replied they will leave in their savings account in the bank;
- 34 buy clothing, accessories and entertainment;
- 6 of them said they would invest in business;
- To the question about their ideas of enterprise 2 of the respondents from the universities responded that they have a willingness to set up a enterprise activity , even though they think the pandemic situation has impacted their plans.

The survey shows how young people continue to have a tradition of living with their parents, who inherited their apartments for free by state properties (in the former centralized economic system).

Regarding the need for more or improved learning about finance, money, budgeting, borrowing and savings within school, all the young people interviewed thought that this was a very important subject and more should be taught. Some specific needs were identified such as; saving money, managing one's money and opening bank accounts.

All data obtained from the survey and analysis highlight the lack of role that pre-university education and financial institutions should play, which should be more involved in enhancing financial literacy of young Albanians, to ensure that all individuals involved in the educational process to obtain the necessary tools for managing personal finances. Thus, they can become productive members of societies, contributing in prospering and sustainable economic growth of their country, starting first with their financial and social health and then for the societies.

## Teachers Interview

### Albania

#### 1. From the teachers interviewed:

8 of them said that the subject of citizenship in schools had some sessions related to budgeting, 2 of the teachers have been part of a training related to budgeting, money, savings.

Three other teachers said that they had not had any training on these subjects.

#### 2. 3 teachers mentioned some of the sessions from the elementary school that have a short description of terms and exercises related to money and how to use them.



3. 2 of the teachers replied that they discuss financial matters with the children at their schools.
4. All the teachers agreed that topics such as finance, money and budgeting are equally as important for all young people and should be equal for every young people despite the fact they are minority or majority.
5. To the question if the school has a bank account all teachers replied that their schools do not have any bank account and their expenses were made from the dedicated school fund. All 12 of them think that is very important to have a bank account because in some cases was difficult if they want to undertake any fundraising actions or get some donors approach.
6. All the teachers have their bank account , and only 2 of them have used cards to buy online.
7. All teachers interviewed think that young people in school should be learning much more about finance, borrowing money, savings and budgeting. One teacher thought that children learn enough now.

### **What Is Missing in the Financial Education?**

Synthesizes a paragraph in the Youth Policy document in Albania by the Council of Europe some of the challenges mentioned above: “Albania has a growing economy but, at least three reasons there is an unfavorable position for young people:

a large black market and informal;

a number of graduates not in direct proportion to the number of jobs that

require a level of qualification; and the fact that age rather than qualification remains a factor

key leadership positions ”<sup>8</sup>

The financial education of children and young people is of particular importance, especially in times of the Covid-19 pandemic.

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<sup>8</sup> (Council of Europe, 2012; p.114).



On February 2021 the Bank of Albania in the organization of the Global Money Week, has selected the topic "Take care of yourself, take care of your money", which will help advise the younger generation on the financial challenges they have to face. time, in addition to health ones.

The global emergency of Covid-19 has **faced** both the younger generation and adults with significant challenges in both the field of education and employment, so this year the central bank has promoted financial education for all groups in society.

During the desk review and also during the different sets of interviews with children, youth, teachers and stakeholders we found conflicting information as to what is currently offered in mandatory elementary and high school education in Albania with regards to financial literacy.

According to the representative from the Junior Achievement Albania programme, financial literacy is included in the mandatory grades 1 to 9 as part of the citizenship curricula and therefore every child or young person attending school will receive financial education learning.

From the desk review the information regarding financial literacy shows that within the citizenship classes children and young people should be learning and being taught aspects of financial literacy throughout their mandatory education. According to the website of IZHA, the financial education component is an elective subject.

The majority of the thirty five children spoken to, from across different cities, towns and villages within Albania, provide information that would suggest that there is no uniformity or good practice in schools with regard to the implementation of the financial literacy programme as described by Junior Achievement Albania or the curricula on IZHA's website.

Based on the information provided from IZHA experts who work directly in this field there is a lack concrete partnerships with the Ministry of Education or the education system or a Memorandum of Understanding in order to ensure the actual involvement of key education for social and financial training and education as well a lack of clear responsibilities, goals, outputs and timescales.

According to IZHA representatives there has not been an concrete survey on the level of financial literacy and skills of youth in order to bring to the attention of the public and educationalists the gaps and needs of young generations in this critical field.

Considering this situation methods and criteria to evaluate the progress and impact of financial education programmes in schools and the efficiency of the different approaches should be





planned and established at the outset of the programme. In this way to ensure that financial literacy is given more priority and that all children throughout their mandatory education from grades 1 to 12 regularly received interactive and specific learning on all elements of finance, budgeting, savings and financial planning so that as young people and adults they can make informed decisions about how and what they do with money and how it impacts their lives and that of their families.

## Appendixes



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