

The long-term effectiveness of financial education classroom, workshops in rural areas, the case of Armenia

2020-08-21

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Workshops in rural areas

The case of Armenia

Executive summary

The Financial Education in Rural Areas (FERA) project, launched by the Central Bank of Armenia (CBA) in December 2016 under the National Strategy for Financial Education (NSFE),¹ aims to improve financial literacy in rural Armenia by promoting healthy financial behavior and responsible decision making.

To understand the effectiveness of classroom-based financial education workshops, the CBA conducted a controlled experiment with 100 randomly selected villages (50 each in the experiment and control groups) in six regions of Armenia (Ararat, Gegharkunik, Shirak, Lori, Kotayk and Tavush). Participants were selected through village authorities and local schools. The workshop was conducted in each village in December 2016 to provide financial education relevant to the winter and spring sowing season, which is when most financial decisions are made about budgeting, credit and spending.

The experiment group participated in two-day classroom-based financial education workshops (three hours a day) covering topics related to the general economy and financial system, personal and family budgeting, saving and planning, debt management, shopping around for financial products and tools, rights protection and financial security, and frauds and scams. The workshops were conducted in the Armenian language.

Three surveys were conducted at different stages: a pre-survey (before the workshop), a short-term postsurvey (immediately after the workshop) and a longterm post-survey (six months after the workshop). The short-term results were presented in the paper, “Short-Term Effectiveness and Development Potential of Financial Education Classroom Workshops in Rural Areas: The Case of Armenia”. Overall, the assessment showed that the short-term impact of financial education workshops on financial literacy and trust in the

financial system was significant and positive (Kacarevic et al. 2017).

After six months (in the summer), the long-term post-survey was conducted to analyze the long-term effectiveness of the classroom workshops. In addition to knowledge, skills and attitude-based questions, the survey also included behavioral questions. This enabled the CBA to assess the effectiveness of financial literacy workshops on positive behavioral change in rural areas.

The results showed that, over the long term, the workshops had a minimal positive effect on the financial knowledge, skills and resilience of participants. In terms of attitude changes, there was a positive impact on saving and borrowing preferences, but there was less influence on trust levels than in the control group. For the behavioral components, the workshops had a minor but positive impact on financial inclusion. The number of people who had savings at the time of the survey declined in the long term, indicating that attitude changes about savings did not translate into behavior change.

The short-term significant and positive results of classroom workshops gradually diminished, leading to negligible results in the long term. Additional studies will be important to identify the factors influencing the financial behavior of people living in rural areas, and to design financial education workshops with lasting impact.

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