

# PAVING THE ROAD TO BETTER FINANCIAL DECISION-MAKING IN TAJIKISTAN

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FINANCIAL CAPABILITY AND CONSUMER PROTECTION SURVEY REPORT  
FINANCIAL INCLUSION AND CONSUMER PROTECTION SERVICE LINE



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## GLOSSARY

DRS	– Region of Republican Subordination
FCCP	– Financial Capability and Consumer Protection
FI	– Financial Institution
GBAO	– Gorno-Badakhshan Autonomous Province
LSMS	– Living Standards Measurement Study
MFO	– Microfinance Organization
MTO	– Money Transfer Operator
NBFI	– Non-Bank Financial Institution
NBT	– National Bank of Tajikistan
PSU	– Primary Sampling Unit
RT	– Republic of Tajikistan
TJS	– Tajikistani somoni



## 1. KEY FINDINGS AND POLICY RECOMMENDATIONS

- 1. It is suggested that a comprehensive financial education strategy be developed based on the results of the financial capability survey.**<sup>1</sup> The survey identified numerous financial capability issues across various segments of the population and a number of initiatives are suggested in this report, which could be undertaken to improve the knowledge of financial concepts and products, as well as attitudes and financial behaviors. In order to ensure that available resources are used in the most efficient way, it is important to prioritize those financial capability enhancing programs, which are considered to be most feasible and cost-effective. The process of developing a national financial education strategy could serve to identify key priorities. Such priorities could be set based on a number of criteria, including the need, costs, outreach, desired impacts, and replicability of programs and could also present opportunities to leverage on existing programs. Both the development of a strategy and the setting of priorities would require a wide consultation process including various stakeholders from public, private, and non-profit sectors, which would facilitate a wider consensus building about the importance of financial education.
- 2. Further, the survey results and recommendations outlined in this report could provide guidance on the development and implementation of financial education programs.** They could not only offer useful inputs for the design and monitoring of priority programs, but they could also align priorities and coordinate them with other initiatives and reforms such as those in the area of financial consumer protection. One of the key recommendations in the strategy development process would be to ensure that all proposed measures and programs be tested initially on a small scale and only be rolled out upon evaluation of their positive impacts. For more information about the process of strategy development see OECD/INFE High Level Principles on National Strategies for Financial Education.<sup>2</sup>

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<sup>1</sup>All results presented in this report are indicative at best and cannot be interpreted as causal.

<sup>2</sup>Online available at: [http://www.oecd.org/finance/financial-education/OECD\\_INFE\\_High\\_Level\\_Principles\\_National\\_Strategies\\_Financial\\_Education\\_APEC.pdf](http://www.oecd.org/finance/financial-education/OECD_INFE_High_Level_Principles_National_Strategies_Financial_Education_APEC.pdf)



## 1.1. Knowledge of Financial Concepts and Products

### Key Findings

3. **Financial knowledge and awareness levels are a significant challenge in Tajikistan, as for many countries at a similar income level.** Although the vast majority of the population possesses the necessary skills to perform basic financial calculations, they lack specific knowledge to make savings and investment decisions. Rural dwellers and people with lower educational attainment are, compared to the rest of the population, less knowledgeable about basic financial concepts, such as inflation, interest rates, compound interest, and risk diversification.
4. **Money transfer operators (MTOs) and currency exchange offices are widely known as financial service providers, but awareness of broader financial services provided by banks and Microfinance Organizations (MFOs) is much more limited.** While not surprising for the relatively new institutional model of MFOs, this is a striking finding with regard to banks and suggests a focus area for financial knowledge and awareness efforts. Another striking finding is that residents in the capital city of Dushanbe are less knowledgeable concerning services provided by banks, MFOs, and MTOs, compared to people living in other regions of Tajikistan. Likewise, having more economically dependent children, being less literate, using fewer types of media regularly, and not having saved as a child are also negatively associated with knowledge of financial products.



## Recommendations

5. **In order to raise financial knowledge of potential users of savings and investment products, innovative and interactive measures, and “edutainment” in particular, should be considered to reach adult target audience.** Research has shown that innovation on delivery matters because unlike children, adults often have stubborn preferences that are difficult to change. They also have short attention spans and many simply switch off and find lecture-based financial capability programs boring. Conveying financial knowledge messages through innovative ways such as using popular TV soap operas, films, videos or radio programs can be quite effective in improving knowledge and also in altering behavior. In order to be successful, it is pivotal that these programs be delivered in an engaging and entertaining manner through appealing stories that stick to memories. They are also presumed to be more effective if messages are repeated and reinforced over time. For instance, in Kenya, a popular television drama, *Makutano Junction*, incorporated financial education messages into some of its stories. These messages aim to encourage people to save regularly or to open a bank account, rather than to keep money under a mattress. Viewers are able to send text messages to obtain a leaflet related to these topics. As with other soap operas, people watch *Makutano Junction* because they identify with the characters and enjoy the stories; but in the course of watching the shows, they benefit from the financial education messages.
6. **Publications can be a useful means of conveying financial education, since each copy can be read by several people and can be retained for future reference.** A diverse range of publications can be used, including leaflets, booklets, fliers and posters. Articles in newspapers and magazines are also important tools, especially if contained within general sections of the newspaper or magazine, rather than in specialist financial ones. Comic books have been found to be particularly effective in several countries, such as Kenya, India, and South Africa, where literacy levels are low. In such cases comic books effectively facilitate discussion within the family on topics related to financial literacy.
7. **Financial education should be delivered through trusted organizations and individuals with whom the target audience deals with on a regular (day-to-day) basis.** Managing one’s personal finances is an important aspect of everyday living. Therefore, many organizations have an interest in helping people to become financially knowledgeable and capable. Especially to reach remote communities in rural areas, and groups that are hard to engage, it could be considered to collaborate with community organizations and trusted intermediaries such as local community leaders, social workers, and to support them with resources, training or funding, if necessary.
8. **Particular areas of focus for financial education programs include:** (i) the meaning of interest rates, (ii) the ability to understand the cost of loans, (iii) how interest earned on interest and inflation affect their savings, (iv) the main purpose of insurance products, and (v) the key benefits, features, and risks of basic retail products such as savings accounts, consumer loans, remittances, and mortgage loans.
9. **The delivery of financial education programs should take advantage of “teachable moments”.** One of the key lessons learned from impact assessments of financial education programs is that financial education works best when delivered to adults during teachable moments. Teachable moments are times in people’s lives when they are more likely to be receptive to new information as they can relate it directly to their own life events. In terms of financial education, key teachable moments when one may



re-examine his personal finances include marriage, new employment, and the launch of a new business. Given the vital role remittances play in the wellbeing of the Tajik population, financial education programs should be extended to migrants so that they learn about issues related to remittance transfers. Imparting financial education to recipients upon the collection of their remittances may not be as effective as targeting migrant workers just prior to their departure (e.g. when they apply for visas at the Russian embassy). Migration is an important teachable moment and many Tajiks are likely to be more receptive to key financial knowledge at that time as they will not yet have the financial familiarity or habits needed to effectively manage their higher earnings.

## 1.2. Financial Attitudes and Behaviors

### Key Findings

- 10. Tajiks demonstrate high levels of financial capability along most indicators measured in this survey, although they score higher with regard to their attitudes and motivations than their financial behaviors.** The survey results suggest that on average Tajiks show strengths in not over-spending, as they tend to be not very impulsive. This survey also measures for far-sightedness, inclination to seek information and advice, and achievement orientation, all indicators on which Tajiks score highly. Compared to these financial capability aspects, Tajiks score slightly worse with regard to financial behaviors such as living within their means and budgeting. By far the lowest average scores are found for financial behaviors that relate to planning for one's own future, such as saving and planning for unexpected expenses and old age. These low scores are worrying given their implications for people's ability to smooth consumption, to cope with economic shocks, to generate lump sums for productive investments, and eventually for their long-term wellbeing. As compared to the highest income group, people living on lower incomes are significantly more limited in their ability to cope with expected and unexpected financial shocks, and to make ends meet. Consequently, solving immediate problems seems to draw their attention away from their long-term needs. Another vulnerable group is Dushanbe's population which, compared to residents from other regions, is less capable of putting money aside, and planning for unexpected expenses and old age. Likewise, Tajiks who reported to have saved as a child perform significantly better in saving and planning for unexpected expenses and old age than their counterparts who did not learn this financial behavior in their early childhood.

### Recommendations

- 11. Provision of financial education from early age should be encouraged.** Starting early can have huge value. Opportunities to provide financial education in schools need to be explored, as basic principles of financial capability such as savings or making provisions for the future should be acquired at a young age. If people learn good habits on how to manage their money from a young age, they are more likely to stick to them throughout their lives. Although, there is mixed international evidence on the effectiveness of school-based financial education programs on changing consumer behaviors, there are lessons learned from other countries that have undertaken such programs. Success has been observed when providing education in ways which students find relevant to



their lives either currently or in the near future, and if it is interactive. Therefore, a high-quality material / textbook developed by experts is required, and teachers need to be well-trained on the content and techniques. Moreover, as existing curricula are already saturated, it is practicable to integrate financial education into a variety of existing subjects, such as math, economics, social studies, rather than adding a new subject into the curriculum. If resources to train teachers and to develop and provide teaching and learning materials are limited, it may be best to focus, at least initially, on incorporating financial education into one or two subjects (if possible, these should be compulsory subjects so that all students benefit) over three or four consecutive academic semesters (preferably close to the time when students tend to leave school).

12. **In addition to primary target groups, financial education programs should also focus on their complements.** Thinking broadly about complementary target groups is important. For instance, when not only students but also their parents are targeted with financial capability training, the expected outcomes are even larger. Similarly, targeting not only remittance receivers but also senders is expected to deliver more promising results, since both the desire to change behavior and the ability to apply new information is much greater if complementary groups are targeted.<sup>3</sup>

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<sup>3</sup>Yoko Doi, David McKenzie and Bilal Zia 'Who You train Matters: Identifying Complementary Effects of Financial Education on Migrant Households', World Bank Policy Research Working Paper no. WPS6157.



### 1.3. Financial Inclusion

#### Key Findings

13. **Despite the expansion of the financial sector in the past decade, large parts of the Tajik population are still financially excluded.** Compared to all available financial products and services, insurance policies, private pension products, and money transfer services are widely used whereas loans are in lower demand. Formal and informal savings mechanisms are hardly used at all. Currency exchange offices and MTOs are by far the main financial institutions (FIs) whose products and services Tajiks use. Services offered by any other FI only play a minor role. Tajiks who are out of labor force represent the most underserved part of the population. They do not only use fewer financial products, but are also less likely to access services of MTOs and MFOs. Compared to people living in rural areas, urban dwellers tend to hold fewer financial products. Although, the number of financial products held does not vary with income, low income groups are less likely to have used any services provided by MTOs and currency exchange offices. Banks' services are in lower demand by people with lower educational attainment, those with more economically dependent children, and those who did not save as a child.
14. **Despite many other barriers, access and usage of financial products and services can be constrained by lack of financial knowledge.** Tajiks who answered more of the quiz-like financial literacy questions correctly, also hold more financial products. This positive relationship turns stronger and becomes significant if only adults with at least one financial product are considered.
15. **Likewise, access and usage of financial products can be constrained by financial attitudes and behavior.** The survey provides strong evidence that people who are achievement-oriented and those who are more inclined to save, to use information, to plan for unexpected expenses and old age, also tend to use more financial products. This may be due to the fact that people who plan for unexpected events and for old age expenses are more likely to use saving and investment products. In addition, people who do better in terms of achievement orientation and getting information and advice, may feel more confident about using financial products.

#### Recommendations

16. **To increase uptake of financial products, financial knowledge, and capability-enhancing programs could be combined with available financial products.** Although large parts of the population are financially excluded, the survey results may indicate that enhanced financial knowledge of those who already use a financial product is key for further financial sector widening and deepening. Financial education programs could be tied to those financial products and services most people can access and use, such as compulsory insurance products (including motor third party liability, fire and renters' insurance of state-owned property), private pensions products or formal loans. Moreover, survey results suggest that enhancing financial capabilities, especially with regard to building savings cushions for unexpected economic shocks and planning for old age expenses, may be another crucial step toward the goal of accelerating financial inclusion. Thus, it should be considered to require insurance companies, banks and other



FIs to offer education programs, which inform customers about the importance of savings, even if only a little, and the need to plan for the future. It should be ensured, however, that any educational materials are truly educational, which means that they need to be informative, clear, impartial, and free from marketing. Given that Dushanbe's population appears to struggle in putting money aside and planning for unexpected or old age expenses, it could make sense to pilot these programs first in the capital and to evaluate their effectiveness via Randomized Controlled Trials before scaling up.

17. **Generic financial education programs alone may be ineffective, but when combined with other interventions can be valuable.** The limitation of traditional financial education in changing financial behavior is well documented by research. However, coupling the financial education intervention with reminders (e.g. to save) or specific financial capability messages (e.g. to shop around or to make larger remittance transfers) is more likely to induce behavioral change.<sup>4</sup> Another advantage of such interventions is that they are also quite cost-effective and could be taken rapidly to national scale.
18. **The NBT may consider sharing the results of this survey with commercial banks and MFOs in particular to potentially develop savings products tailored to the needs of underserved parts of the population.** Consumer choice is rather limited or absent in Tajikistan. It could make good business sense for FIs to develop products which fit the needs of underserved populations and help them to reach personal savings goals. These could not only comprise low cost “no-frills” or basic accounts with less burdensome opening requirements, but also savings products with product design features that affect the extent of individuals’ use of financial services, such as commitment savings or labeled accounts. The former consist of accounts where a certain amount is deposited and access to cash is relinquished for a period of time or until a goal has been reached. The latter are accounts created with explicit savings goals such as a car purchase, housing, or education. Credit products could include the design feature of small, initial tester loans that provide information to lenders useful for assessing risk on subsequent larger loans.
19. **Removing impediments to financial inclusion other than a lack of financial knowledge is important.** To stimulate demand for formal savings and credit products it should be considered to further develop and expand alternative banking delivery channels. Mobile or agent banking can dramatically reduce the cost of providing financial services in an environment of low population density and low per capita income prevailing in Tajikistan. These are the settings in which mobile banking technologies can have the greatest welfare benefits because they offer a commercially viable way of reaching locations and segments of the population that were previously excluded from formal financial services due to the prohibitively high costs of providing such services. Mobile banking services could also make it possible for Tajiks, especially those who live on low incomes, to receive remittances from family members or friends abroad. This would be a significant improvement given the vital role remittances play in Tajikistan.

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<sup>4</sup>Karlan, Dean, et al. Getting to the top of mind: How reminders increase saving . No. w16205. National Bureau of Economic Research, 2010.



## 1.4. Consumer Protection

### Key Findings

20. **Consumers do not widely report complaints or other conflicts with financial service providers.** The low level of self-reported financial service provider conflicts certainly relates to the low levels of financial inclusion but most likely also to concerns of adverse reactions from financial providers, and limited awareness and understanding of terms and conditions of financial contracts, financial consumer rights, or obligations of FIs.
21. **Moreover, around a third of those who did not encounter any conflicts would not do anything if they faced a financial service provider conflict.** This may be due to the fact that they do not know which institutions could help them to solve financial service provider conflicts or because they do not trust that formal redress mechanisms would do anything for them.
22. **Financial services offered by insurance companies satisfy their customers less than those provided by other FIs.** Those parts of the population who have used the services offered by commercial banks, intermediary organizations, MFOs, Non-Bank Financial Institutions (NBFIs), MTOs and currency exchange offices appear to be highly satisfied with their services. Only insurance companies seem to offer lower quality services which satisfy their customers much less. Given the by international standards the fraction of premiums paid out in claims is rather small, these findings are not surprising.

### Recommendations

23. **Delivering financial education is not enough, measures to strengthen the consumer protection framework also need to be taken to ensure that new and existing consumers benefit from the financial services they use.** It needs to be ensured that consumers are provided with sufficient information to enable them to select financial products and services that are the most suitable and affordable. Therefore, it should be considered to require banks and MFOs to inform consumers about the existence of the deposit insurance fund, and the nature and limits of insurance provided. In addition, it should be considered to require Key Facts Statements for all basic consumer finance products and to provide price comparison information on regulator's websites. For those without internet access, complimentary dissemination mechanisms should be provided.
24. **FIs should also be required to provide customers with key information on internal complaints handling focal points and standards.** Legal or regulatory provisions should require all FIs to provide customers with contact information of the person or division within the institution that is authorized to receive and respond to complaints. This information should be included not only in advertising or marketing materials but also in materials, provided to consumers when applications are filed and contracts are concluded. Consumers should also be provided with information on the financial institution's complaints handling procedures.
25. **Giving adequate recommendations to consumers is especially important in the insurance sector, as insurance products are more complex and therefore**



**less understood by consumers.** Despite the inability of most consumers to assess whether the policy offered by a particular insurer is appropriate for their circumstances, all insurance is sold on a ‘non-advised’ basis (i.e. without any obligation on the insurer or its agent to consider whether the policy is appropriate for the consumer). The current system’s reliance on the insurance company (or its agent) to give oral explanations to consumers about policy features is likely to mislead some consumers into believing that they are receiving advice.<sup>5</sup>

26. **The lack of trust in Tajikistan’s financial sector has been recognized as another impediment to deepening and broadening financial markets.** In the absence of trust, people are less likely to access and use the formal financial system, which in turn deprives the system of the support and funding necessary for its development and stability. Improvements in customer services and consumer rights protection are, therefore, critical issues.
27. **Financial regulators should analyze the statistics on consumer complaints submitted by financial institutions and use this information as input to their supervisory and regulatory activities.** Based on the analysis of information regarding consumer complaints and inquiries, each regulator could propose guidelines, instructions, or awareness campaigns that address the common problems identified in such analysis.

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<sup>5</sup>Source: Diagnostic Review of Consumer Protection and Financial Literacy, World Bank, forthcoming.



## 2. BACKGROUND

28. **This survey instrument has been extensively tested in the context of low- and middle income countries.** The survey instrument used is based on an instrument developed with support by the Russia Financial Literacy and Education Trust Fund to measure financial capability in the context of low and middle income countries. Extensive qualitative research was conducted to develop this survey instrument, including about 70 focus groups and more than 200 cognitive interviews in eight countries to identify the concepts that are relevant in low- and middle-income settings, and to test and adapt the questions to ensure that they are well understood and meaningful across income and education levels. The instrument is currently used or will be used in 14 countries in Latin America, Africa, Middle East, and Asia Pacific.
29. **The survey instrument allows financial capability, financial inclusion, and consumer protection issues to be assessed and measured.** Financial capability is measured by knowledge of financial concepts and products, and by attitudes, skills and behavior related to day-to-day money management, planning for the future, choosing financial products and staying informed. In order to jointly analyze financial capability and inclusion, the survey instrument captures information on access to different kinds of financial products and service providers. The consumer protection section gathers information on incidence of conflicts with financial service providers and levels of satisfaction with financial products offered by different FIs. The survey instrument has been further customized to the policy priorities of the NBT by through adding Tajikistan-specific questions (i.e. deposit insurance awareness or levels of satisfaction with currency exchange offices and MTOs). The survey instrument was translated into Tajik, as well as Russian and Uzbek, the two other major languages spoken in Tajikistan. For validation purposes it has also been back-translated into English.
30. **The Tajik survey is designed to be nationally representative of the adult population aged 18 years and older, and it comprises a total sample of 1,000 individuals.** The sample was designed to allow reliable estimation of main variables of interest on the national level. The most recent 2010 population census data, kindly provided by the Statistical Agency under the President of the RT, was used as a sampling frame. The population was divided into 9 strata: 5 regions (Dushanbe, DRS, Khatlon, Sogd, and GBAO) and each region was further divided into urban/rural strata, except the capital Dushanbe. To fulfill the requirement of a scientifically sound survey a probabilistic sample selection mode was applied. The sample was selected through a two stage cluster sampling method, with census enumeration areas as primary sampling units (PSUs) and households as secondary sampling units. The effective sample size was established with 1,000 interviews, but in order to account for non-contact and non-response a gross sample of 1,486 households was selected. In total, 143 PSUs were drawn with probability proportional to the square root of the number of households in each stratum. Within each PSU, 5 households (+3 reserve households) were randomly selected in urban areas. In rural environments, on the other hand, in an effort to minimize transportation cost, 10 households (+4 reserve households) were randomly drawn. Finally, within each selected household one respondent was randomly drawn by means of the Kish grid out of the pool of eligible household members. To be eligible for being interviewed, household members needed to be 18 years or older and to have some role in managing either personal or household finances.



31. **The fieldwork took place between August and October 2012.** To implement the survey, the WB contracted the Center of Sociological Research ‘Zerkalo’ (survey firm). After 5 days of intense training and piloting the data was collected by a team of 36 enumerators and 4 supervisors. To achieve 1,000 completed interviews, 1,402 (of the gross sample of 1,486) adults needed to be contacted. Out of these 25 percent (346 adults) were ineligible for various reasons (e.g. dwelling was destroyed, dwelling was not found, etc.). Of those considered as being eligible, only 5 percent (56 adults) refused to participate in the survey which yielded an overall response rate of 95 percent.
32. **All graphs and regression analysis in this report are based on weighted data.** To adjust for varying probabilities of selection and non-response and to reflect gender and age distributions in the entire population aged 18 years and over, proper weights were calculated for each respondent, and then applied to the data set.
33. **The sample characteristics of the FCCP survey are largely comparable to the 2009 Living Standards Measurement Study (LSMS).** The households distribute roughly across the same regions (see appendix, fig. 70). The higher fraction of respondents living in the Kathlon region in the 2009 LSMS than in the FCCP sample can be explained by the fact that the Kathlon population was intentionally oversampled in the LSMS. However, the share of urban and rural household is essentially the same in both studies (see appendix, fig. 68). This is important for the validity of the results as the sampling strategy takes the household’s environment into account. Even though the main focus of the FCCP survey is not to measure living standards, the representation of different household income groups is also fairly similar in both surveys.

#### The Sample Characteristics in Comparison with other Data Sources

34. **The sample characteristics of the FCCP survey are largely comparable to the 2009 Living Standards Measurement Study (LSMS).** The households distribute roughly across the same regions (see app. fig. 67). The higher fraction of respondents living in the Kathlon region in the 2009 LSMS than in the FCCP sample can be explained by the fact that the Kathlon population was intentionally oversampled in the LSMS. However, the share of urban and rural household is essentially the same in both studies (see appendix, fig. 68). This is important for the validity of the results as the sampling strategy takes the household’s environment into account. Even though the main focus of the FCCP survey is not to measure living standards, the representation of different household income groups is also fairly similar in both surveys (see app. fig. 69).
35. **The household composition is largely comparable, too.** The intra-household composition of males and females is the identical (see app. fig. 70). Concerning age, the LSMS includes on average ‘older’ household members, whereas the FCCP survey includes younger Tajiks (see app. fig. 71).
36. **The sample’s key demographics resemble the ones of the 2010 census data.** The FCCP survey’s sampling design is based on the 2010 census data, which state that 73.5% of all Tajik households are in an urban environment and 26.5% are in rural areas. Concerning the gender distribution, according to the 2010 census in Tajikistan, 50.4% of the population is males and 49.6% females.<sup>6</sup> Both the LSMS and the FCCP survey are close to these values (see app. figs. 68 and 70). In order to achieve this the data are weighted. Hence, relatively underrepresented groups receive higher weight in below analyses in order to mirror the Tajik population as precisely as possible. In return, relatively over-represented sub-populations receive less weight.



### 3. FINANCIAL CAPABILITY

#### Background Information: Financial Capability

**Financial Capability** is the internal capacity to act in one’s best financial interest, given socioeconomic environmental conditions. It therefore encompasses the knowledge, attitudes, skills, and behaviors of consumers with regard to managing their resources and understanding, selecting, and making use of financial services that fit their needs.

#### 3.1. Knowledge of financial Concepts and Products

##### 3.1.1. Concepts

37. **A certain level of knowledge of fundamental financial concepts and products and basic numeracy skills are needed in order to effectively participate in financial markets.** To evaluate people’s awareness of financial concepts and their basic numeracy skills all respondents were exposed to a battery of 8 quiz-like questions with true or false choices. These include questions where respondents were required to do simple calculations, to show their understanding of inflation, interest rates, compound interest, risk diversification, and the main purpose of insurance products. Knowledge of inflation, interest rates and compound interest is crucial for informed savings and borrowing decisions, whereas the last two questions are vital for being able to take informed investment decisions and to protect against risks.

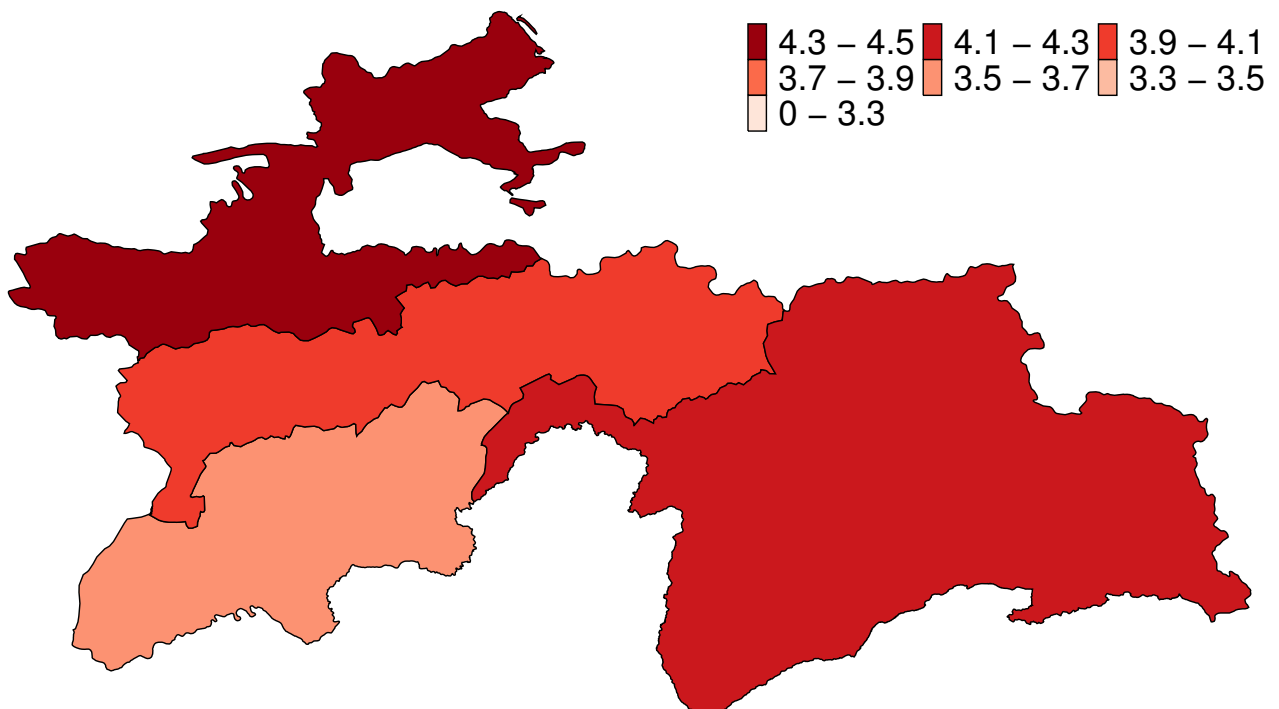
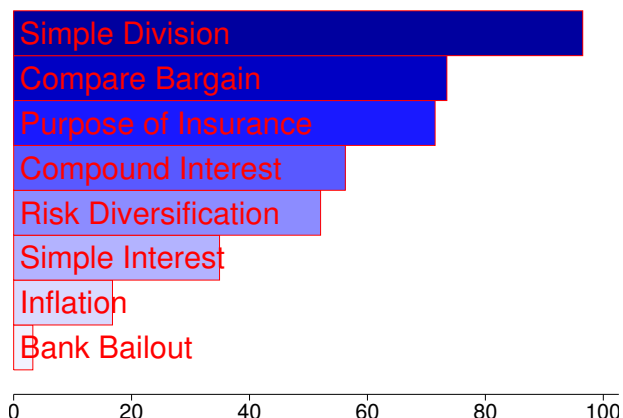
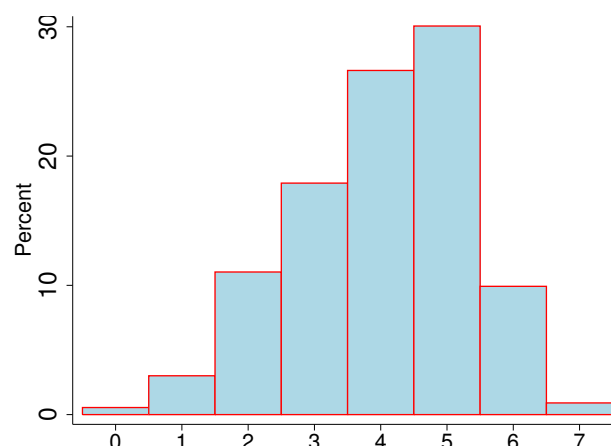


Figure 1: Average financial literacy score in regions. Lowest possible score: 0, highest possible score: 7, see fig. 3.



**Figure 2:** Percentage of respondents who correctly answered financial literacy questions.



**Figure 3:** Discrete frequency distribution of financial literacy scores.

38. **On average, Tajiks were able to correctly answer 4 out of 7 financial literacy related questions.** Slightly more than half of the population was able to provide correct answers to at least 4 questions. Nevertheless, only around 12 percent of the population was able to provide correct answers to at least 6, even less than 2 percent answered all 7 financial literacy questions correctly (see fig. 3). A high fraction of all adults, around 13 percent, was not even able to provide more than 2 correct answers.
39. **The majority of the population possesses the necessary skills to perform basic financial calculations, but lacks the specific knowledge required to make sensible savings and investment decisions.** A closer look at the type of financial knowledge questions people were able to answer correctly reveals that almost all Tajiks are able to perform simple divisions and about three quarters are comfortable with simple calculations in order to identify better bargains (see fig. 2). Roughly the same fraction of the population understands the main purpose of insurance policies (71.5 percent). About 3 in 5 Tajiks correctly answered the compound interest question. More worrisome, about almost half of the population is not aware of the benefits of diversifying risks by holding stocks from different companies instead of only. The most concerning fact is that only 2 out of 5 Tajiks demonstrate basic understanding of simple interest rates and only a fifth of the population knows how inflation affects their savings.
40. **Moreover, awareness of deposit insurance is almost inexistent.** In August of 2011, a law was passed creating a deposit insurance scheme for losses by individuals that result from the bankruptcy or other liquidation of a bank or microfinance deposit organization. Banks do not yet appear to provide appropriate information to their customers about the existence of the Deposit Insurance Fund and the nature and extent of insurance on interest-bearing accounts<sup>7</sup>. Therefore, it is not surprising that when asked about the amount which would be covered by the Deposit Insurance Fund in case a bank goes bankrupt, only around 4 percent of the population was able to state the correct answer (Tajikistani somoni (TJS) 7,000).

<sup>7</sup>Source: *ibid.*



### Background Information: Financial Literacy Quiz

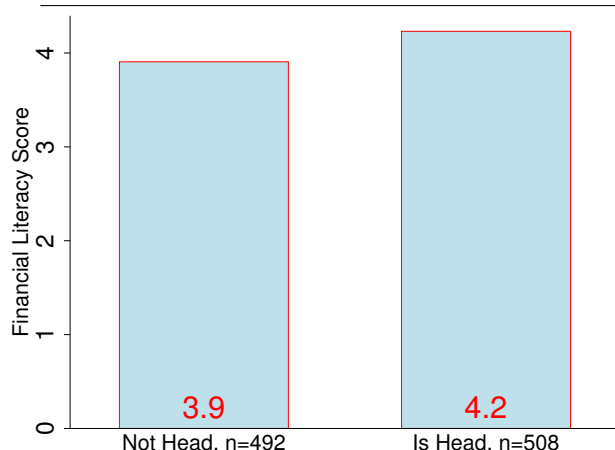
- Question 1** Imagine that five brothers are given a gift of TJS 1,000. If the brothers have to share the money equally, how much does each one get?
- Question 2** Now, imagine that the five brothers have to wait for one year to get their share of the TJS 1,000 and inflation stays at 10%. In one year's time will they be able to buy:
- More with their share of money than they could today
  - The same amount
  - Less than they could buy today
  - It depends on the types of things that they want to buy (do not read out)
- Question 3** Suppose you put TJS 100 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?
- Question 4** How much would be in the account at the end of five years? Would it be:
- More than TJS 110
  - Exactly TJS 110
  - Less than TJS 110
  - It is impossible to tell from the information given (*do not read out*)
- Question 5** Let's assume that you saw a TV-set of the same model on sales in two different shops. The initial retail price of it was TJS 1,000. One shop offered a discount of TJS 150, while the other one offered a 10% discount. Which one is a better bargain, a discount of TJS 150 or 10%?
- A discount of TJS 150
  - They are the same
  - A 10% discount
- Question 6** Which of the following statements best describes the primary purpose of insurance products?
- To accumulate savings
  - To protect against risks
  - To make payments or send money
  - Other (If other, specify)
- Question 6** Suppose you have money to invest. Is it safer to buy stocks of just one company or to buy stocks of many companies?
- Buy stocks of one company
  - Buy stocks of many companies
- Question 7** If a citizen has a deposit in any bank of Tajikistan and the bank goes bankrupt, do you know how much is the biggest payout from the government.
- The Government did not pay any compensation for bank deposits.
  - TJS 7,000
  - TJS 10,000
  - TJS 15,000
  - The Government will pay the compensation for bank deposits



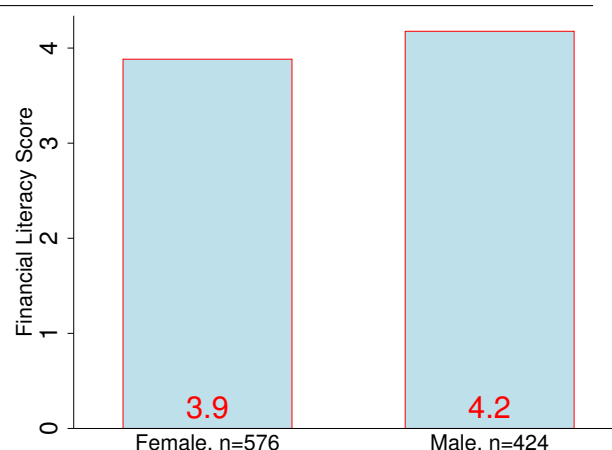
41. **Financial knowledge and awareness levels are a significant challenge in Tajikistan, as for many countries at a similar income level.** Tab. 1 reveals that Tajiks belong in many areas to the least financially knowledgeable population in Europe and Central Asia. Although the fraction of people with basic understanding of compound interest is strikingly high compared to other countries in the region, Tajiks demonstrate not only in absolute, but also in relative terms substantial knowledge gaps, in particular with regard to inflation and consumer protection laws (deposit insurance).

**Table 1:** International comparison of knowledge of basic financial concepts (in % of adults).

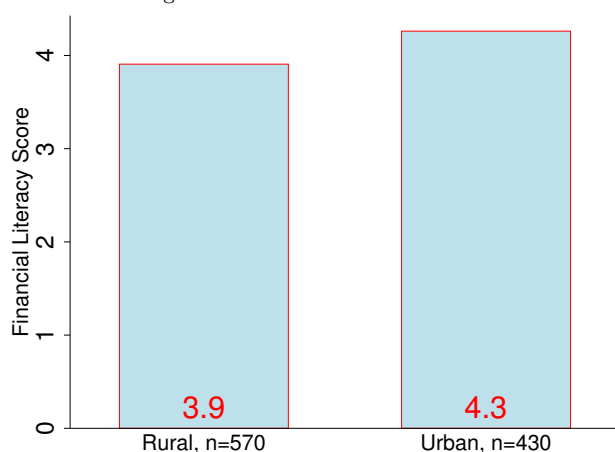
Country <sup>8</sup>	Inflation	Simple Interest	Compound Interest	Deposit insurance
Bosnia & Herzegovina (2011)	58	64	22	7
Bulgaria (2010)	46	38	39	20
Azerbaijan (2009)	46	52	46	6
Russia (2009)	54	25	40	14
Tajikistan (2012)	17	35	56	4
Romania (2010)	43	32	24	12



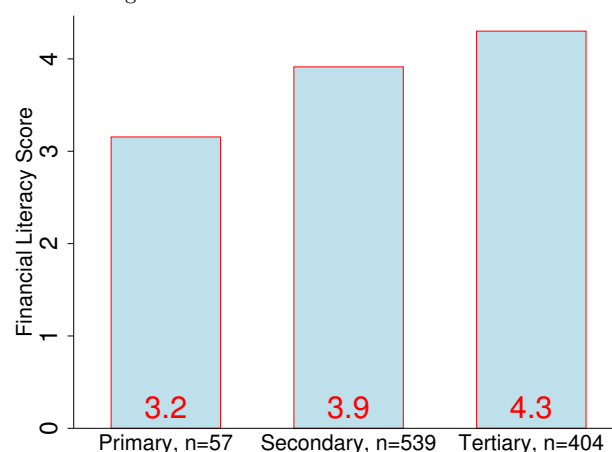
**Figure 4:** Average financial literacy score, by respondent being head of household.



**Figure 5:** Average financial literacy score, by respondents' gender.



**Figure 6:** Average financial literacy score, by respondents' urbanization.



**Figure 7:** Average financial literacy score, by respondents' education.

42. **Some parts of the population are less financially knowledgeable than others.** As would be expected, being head of the household with decision making competence is associated with better knowledge of financial concepts (see fig. 4). More than two thirds of all households heads are men (73 percent). The gender gap revealed in fig. 5 is therefore not surprising. Married respondents or those who live in an informal union also

<sup>8</sup>Source: World Bank FCCP Survey, sorted by average position of all categories.

In contrast to the number for Tajikistan, the results of the other surveys mentioned in table 1 are not weighted. However, this is expected to have only little influence on the results.



demonstrate better knowledge of financial concepts than those who are neither married nor living with a partner. Accounting for the effects of several socio-demographic factors at the same time – by means of regressions – it turns out that the gender gap is not statistically significant while being the head of the household has a significant effect on being financially literate. Similarly, neither age nor income seem to have a significant effect on being knowledgeable about financial concepts.

43. **Lower financial knowledge is in particular associated with rural areas and lower educational attainment.** Those who live in the Kathlon region (see fig. 1) appear to belong to the group within the population, which lacks most financial knowledge. However, the regional differences concerning the average financial knowledge scores are not statistically significant. The knowledge gap which can be observed between rural and urban populations (fig. 6) is, however, statistically significant. Rural dwellers are much less financially knowledgeable than those living in urban areas. As would be expected, being financially knowledgeable strongly correlates with higher educational attainment. Those parts of the population whose highest educational attainment is completed primary school (see fig. 7) have economically and statistically significant lower financial literacy scores than those with completed tertiary education.

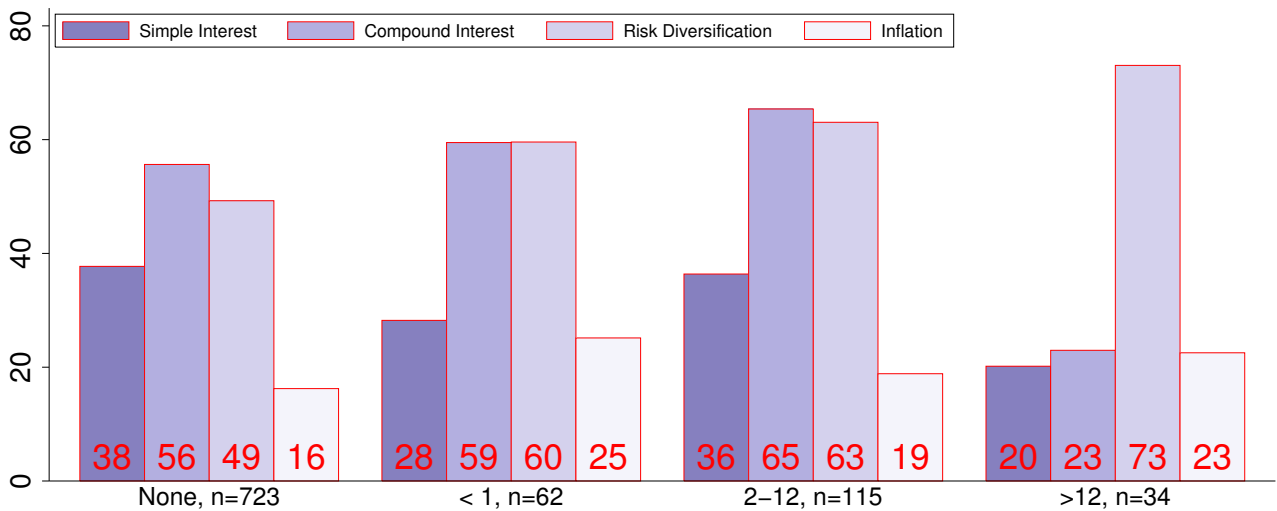


Figure 8: Selected average financial literacy score, by approximate household debt measured in number of monthly incomes.

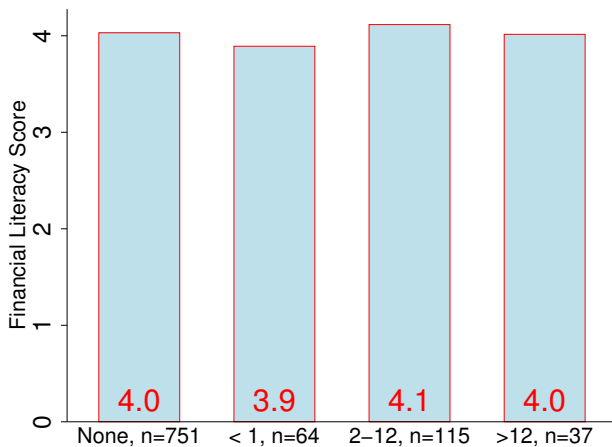


Figure 9: Average financial literacy score, by approximate household debt measured in number of monthly incomes.

44. **Adults with high levels of debt lack specific financial knowledge.** As shown in fig. 9, the average scores on the financial literacy quiz-type questions for populations with outstanding debts, which account for more than their annual income hardly differ from those with lower levels of indebtedness. Respondents with outstanding debt greater than their annual income are, however, much less likely to have a basic understanding of simple and compound interest rates (see fig. 8). Although it is not clear to what extent their high level of indebtedness is due to their limited understanding of loan costs, this knowledge gap makes them



more vulnerable to economic shocks, such as interest rate increases, and ultimately adversely affects their ability to repay their outstanding debts.

3.1.2. Products

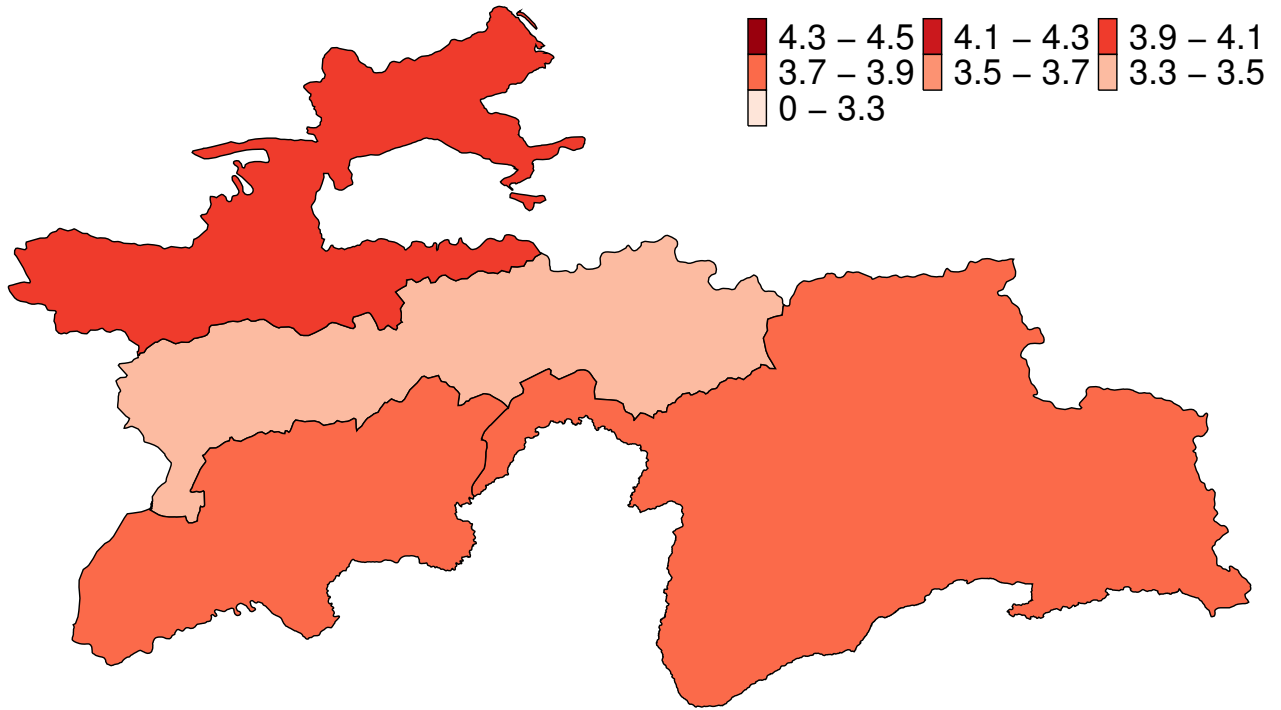


Figure 10: Average number of financial products known by respondents in different regions. Lowest possible number: 0, highest 7, see fig. 12.

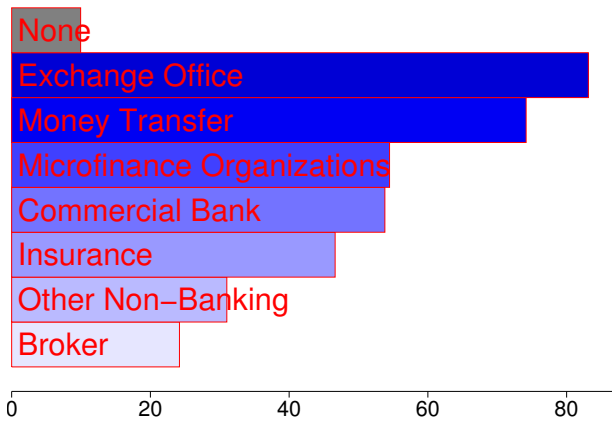


Figure 11: Percentage of respondents who know about the services offered by financial institutions.

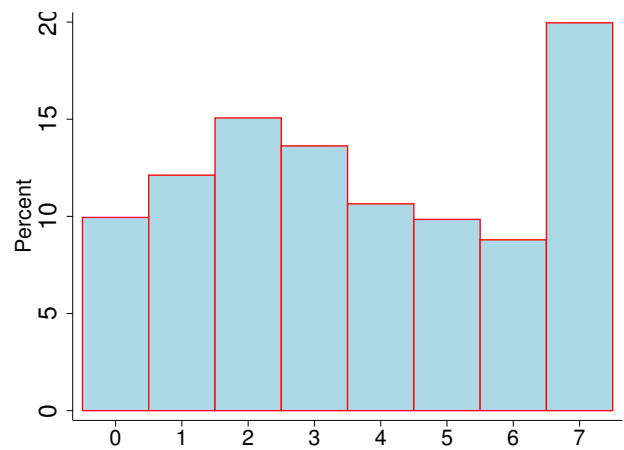


Figure 12: Discrete frequency distribution of knowledge about services offered by the financial institutions.

45. **MTOs and currency exchange offices are widely known, but awareness of broader financial services provided by commercial banks, MFOs, and other FIs is much more limited.** More than 80 percent of the population is familiar with services provided by currency exchange offices. Around three quarters of the population are familiar with the services offered by MTOs. Services provided by MFOs and commercial banks are known by a bit more than half of the population. Similarly insurance companies and the related services are known by around half of the population (see fig. 11). Only a third of the respondents indicates that they are familiar with the services offered by other NBFIs. Around 30 percent of the population are familiar with the products and services that brokerage houses provide.



46. **On average, citizens are familiar with services provided by 3.8 different types of FIs.** As shown in fig. 12, a quarter of the population claims to know the services offered by all types of FIs. Although this number could be an indication that some parts of the population think they know more than they actually do, a significant fraction – around a third of the population - admits that they are not familiar with the services offered by more than two different types of financial service providers. Of particular concern is that one out of ten Tajiks is not familiar with the services offered by any financial service providers.
47. **Knowledge of financial products and services varies noticeably with location.** Significant knowledge gaps become apparent between Dushanbe’s population and residents of other regions. Interestingly, residents of DRS, Kathlon, Sogd, and in particular GBAO appear to know on average more financial products and services than those who live in the capital. These regional differences do not only exist with respect to the number of financial products, but also the type of products. Whereas Dushanbe’s population seems to be significantly more knowledgeable with regard to currency exchange offices than GBAO’s population, residents of other regions indicate they are more familiar with services offered by commercial banks, MFOs, and MTOs (see fig. 10).
48. **Having more financially dependent children and being out of the labor market is strongly associated with being less familiar with services provided by different types of FIs.** Knowledge about financial services offered by different types of FIs is negatively correlated with having more economically dependent children (see fig. 13). This difference remains significant even after controlling for other factors, such as household income. A simple explanation could be that the time adults spend on caring for their children limits available time for any other activities, including those which could raise their awareness of financial products. Fig. 14 shows that there are also knowledge disparities between groups with different employment status. Among all segments with different employment status, Tajiks who are out of the labor force are the least knowledgeable, in particular regarding MFOs and their services. Interestingly, even after accounting for the effects of income and other characteristics, the unemployed appear to be relatively more knowledgeable about currency exchange offices, MTOs, MFOs, and banks, which might reflect their higher dependence on remittances and the need to smooth consumption.
49. **Another pattern which emerges is that better knowledge of financial products and services correlates with being able to read and write in Tajik and the regular use of different types of media.** Not surprisingly, those who were able to read and write in Tajik demonstrated a greater knowledge of the different financial service providers and their offered products than illiterate Tajiks (see fig. 16). In particular, they showed significantly better knowledge about products and services provided by banks, insurance companies, and brokerage houses. Likewise, people who try to stay informed by using different types of media regularly, such as TV, radio, internet, and national or local newspapers, are also more likely to show greater familiarity with products offered by different types of financial service providers, except currency exchange offices and MTOs (see fig. 17).

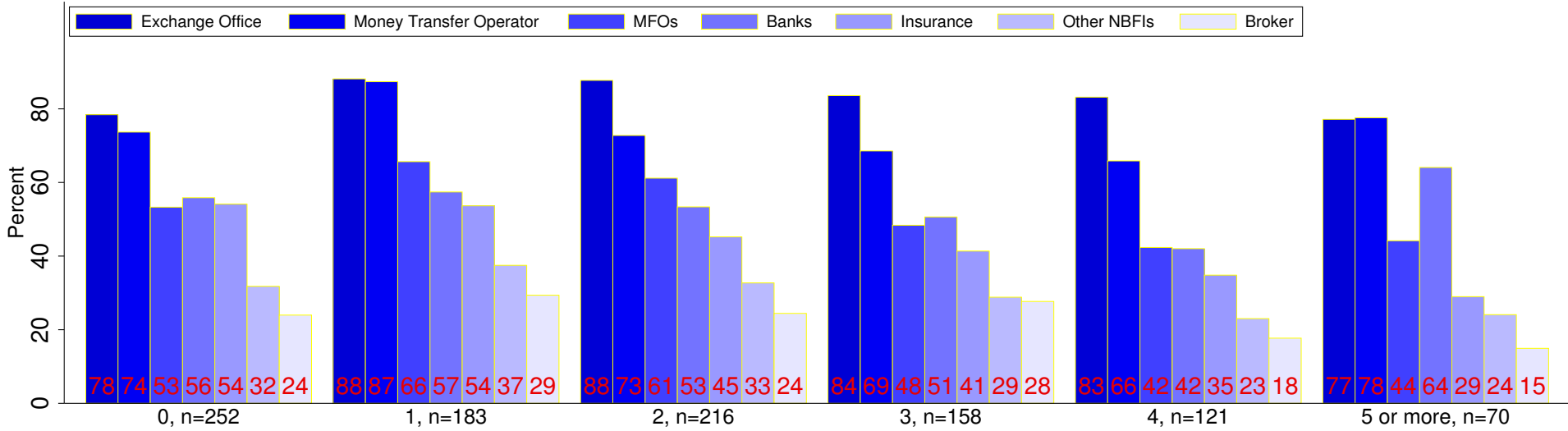


Figure 13: Percentage of respondents knowing about services offered by the financial institutions, by the number of economically dependent children within the household.

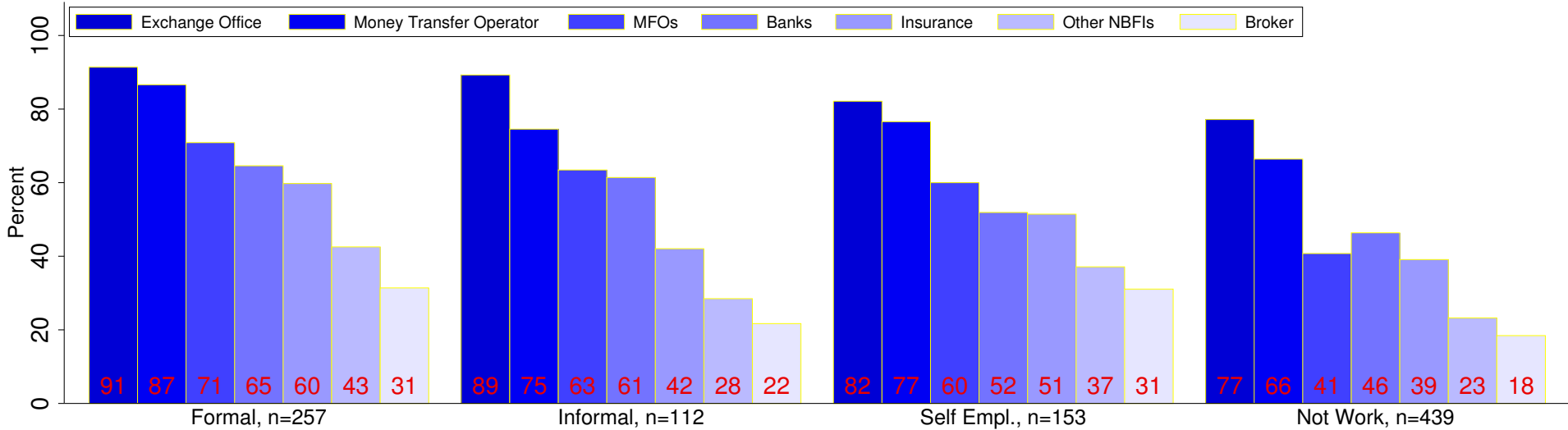


Figure 14: Percentage of respondents knowing about services offered by the financial institutions, by employment status.

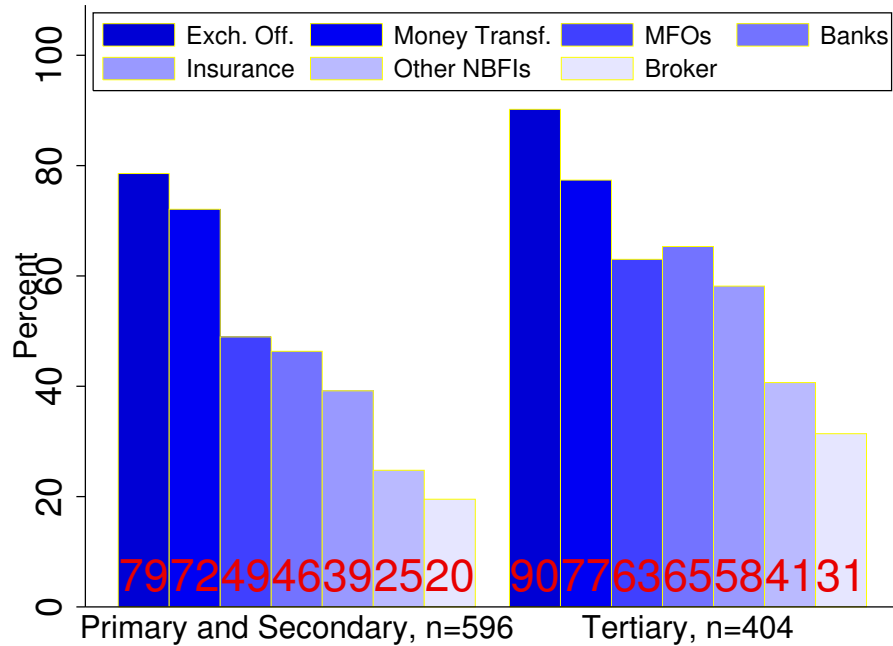


Figure 15: Percentage of respondents knowing about services offered by the financial institutions, by respondents' education.

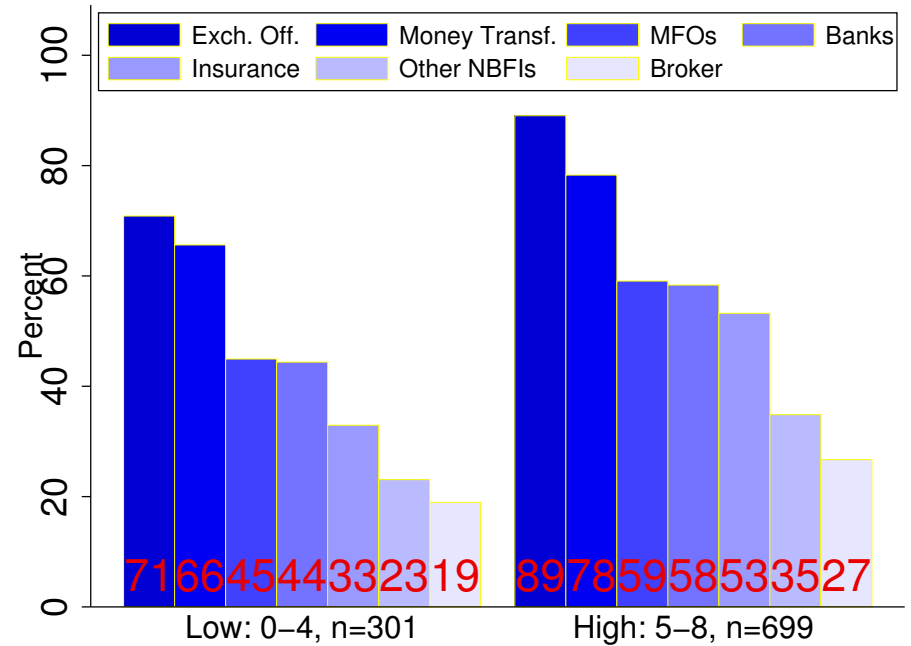


Figure 16: Percentage of respondents knowing about services offered by the financial institutions, by respondents' financial literacy.

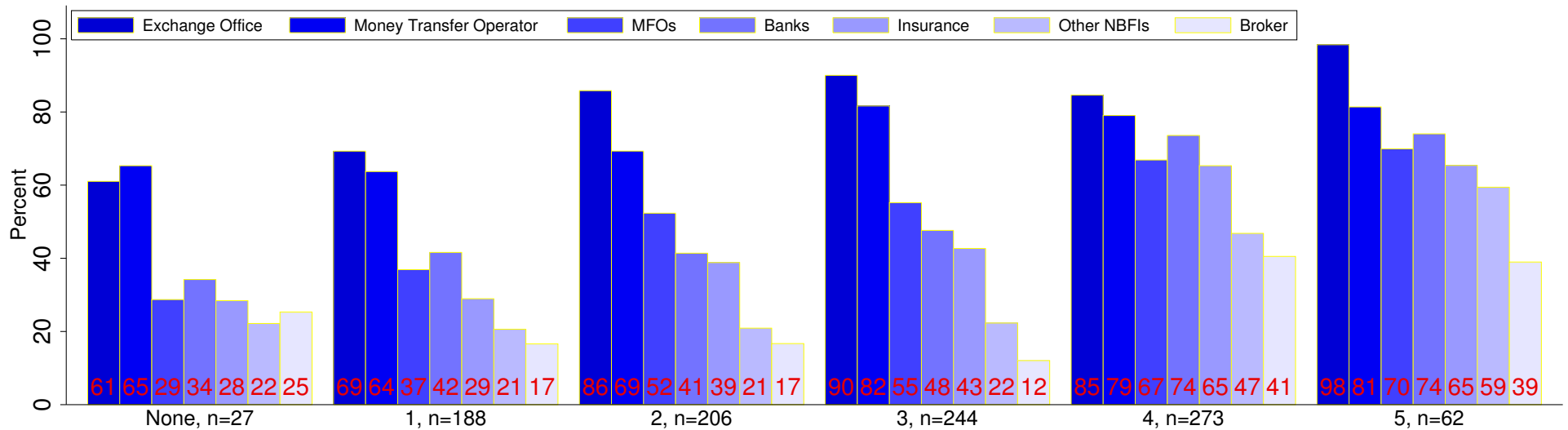


Figure 17: Percentage of respondents knowing about services offered by the financial institutions, by respondents' regular media consumption.



## 3.2. Financial Attitudes and Behavior

### 3.2.1. Dimensions of Financial Capability

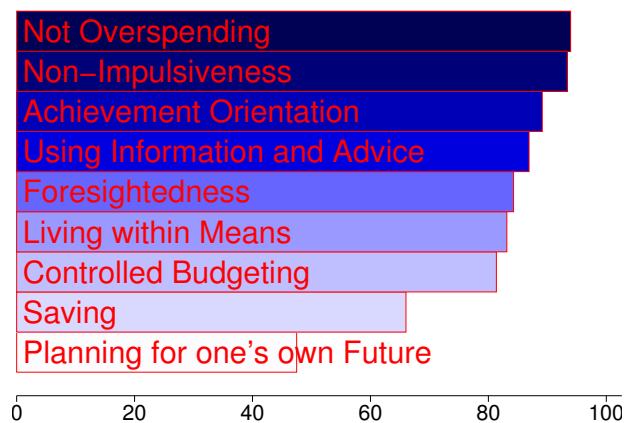


Figure 18: Average financial capability scores.

**attitudes or motivations, and others others to behaviors.** Each component is measured through a combination of the relevant questions, which are identified by using a statistical method called factor analysis. Factor analysis is a data reduction method that finds a small number of linear combinations of the variables that also explain most of the variance in the data. The method is used to aggregate the variables that measure different nuances of the same component, in order to obtain a single indicator (or score) for that component. Each component score ranges between 0 (least capable) to 100 (most capable).

52. **Five components measure financial capability related to behaviors such as budgeting, not overspending, living within means, saving, planning for unexpected and old age expenses.** More specifically, ‘budgeting’ measures the extent to which people plan how to use their money and whether they stick to the plan. ‘Not overspending’ assesses whether people *refrain* from spending their income on things that are not necessary or on things they cannot afford. ‘Living within means’ measures the level of borrowing, specifically whether people borrow to buy food and other essentials, and whether people who have money left over after buying essentials save it – instead of only spending it on non-essentials. ‘Saving’ measures whether people see themselves as trying to save for the future, trying to save for emergencies, and trying to save even if a small amount. Eventually, ‘planning for unexpected and old age expenses’ indicates whether people could cover an unexpected expense equivalent to a month’s income and whether they worry about it, and if they have provisions that could cover their old age expenses in full.
53. **Four financial capability components refer to attitudes and motivations such as attitudes towards the future, (non-)impulsiveness, attitudes towards information seeking, and achievement orientation.** In particular, ‘attitudes towards the future’ measure whether people agree or disagree with statements such as ‘I live more for the present day than for tomorrow’, ‘The future will take care of itself’, and ‘I only focus on the short term’; the measure of ‘non-impulsiveness’ is determined by whether people agree or disagree with statements about impulsivity (being impulsive, saying things without giving them too much thought, and doing things without thinking

50. **Knowledge and awareness of basic financial concepts and products does not necessarily translate into sound financial behavior.** To identify the role attitudes play in individuals’ financial decisions and to see how attitudes translate into financial behavior, the survey instrument used contains questions on different aspects (components) of financial capability, including attitudes/motivations and behaviors.

51. **In the Tajiks dataset, 9 main components of financial capability can be identified, some of which refer to**



them through); ‘attitudes towards information’ is a combination of getting information and advice before making financial decisions, learning from others, and being disciplined; and ‘achievement orientation’ measures to what extent people agree with statements on having aspirations, working hard to be the best, and always looking for opportunities to improve one’s own situation.

- 54. **Tajiks demonstrate high levels of financial capability in most areas, although they score higher with regard to their attitudes and motivations than their financial behaviors.** Fig. 18 shows all financial capability scores in increasing order. As can be seen, the highest average score (94) is obtained for financial behavior which is characterized by not overspending. The next 4 highest scores on the other hand measure attitudes and motivations (in decreasing order: non-impulsiveness, achievement orientation, using information and advice, attitudes towards the future, living within means, and budgeting). Compared to these financial capability aspects, Tajiks score slightly worse with regard to financial behaviors such as living within means and budgeting Tajiks score slightly worse. By far the lowest average scores are found for financial behaviors that relate to planning for one’s own future: saving (66) and planning for unexpected and old age expenses (47.5). These low scores are worrying given their implications for long-term wellbeing.
- 55. **The following subsections present detailed results for each financial capability area and analyze differences across key socio-demographic indicators.** The analysis is presented by focusing first on components that measure attitudes/motivations and then on components that measure financial behavior.

3.2.2. Financial Capability Related to ‘not overspending’ Behavior

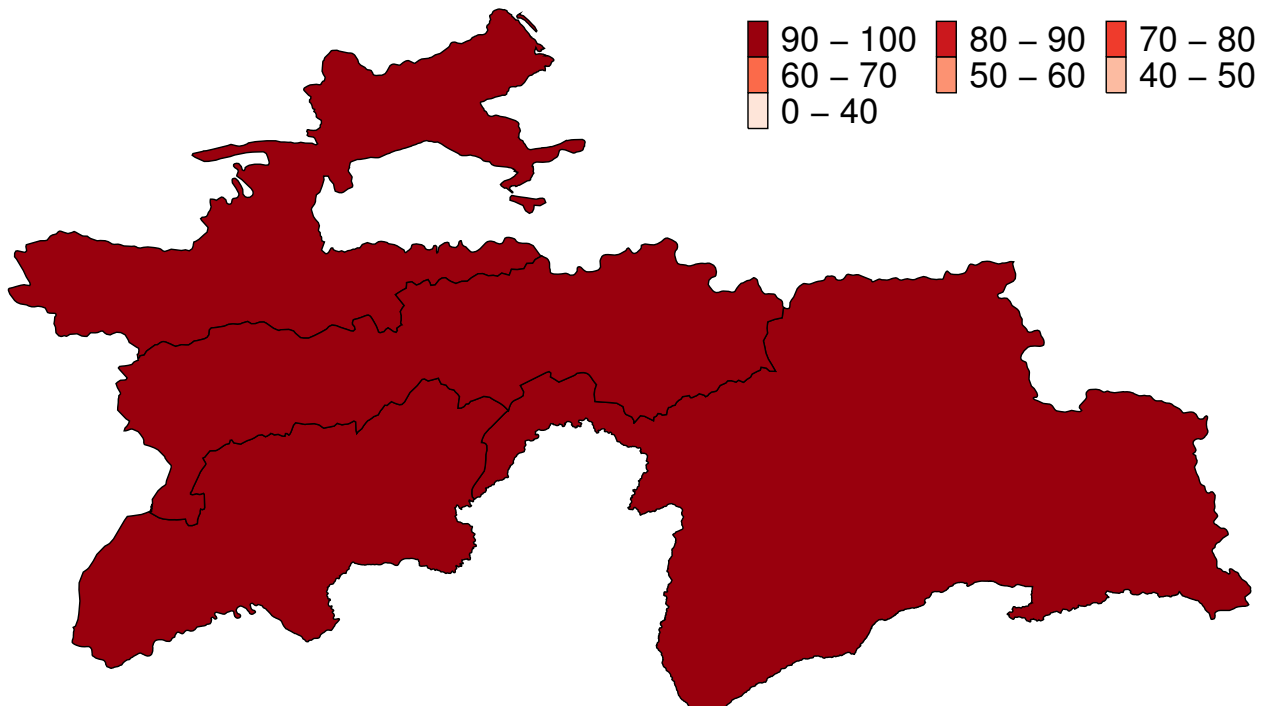


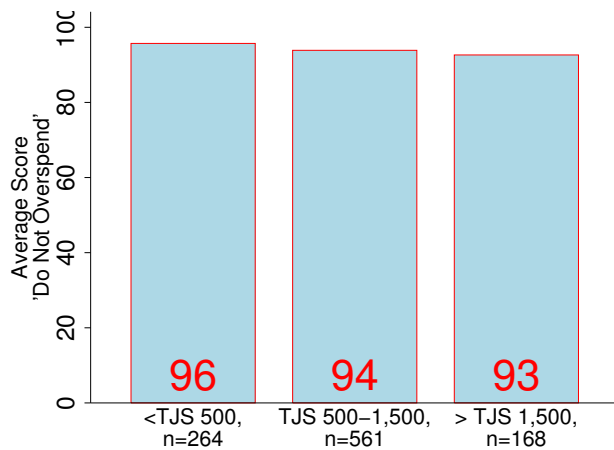
Figure 19: Average financial capability score ‘not overspending’, in different regions.

- 56. **Compared to other aspects of financial capability, Tajiks are most capable of not overspending and prioritizing their expenses on essentials and things they can afford.** Only a very small fraction of the population (between 2 and 4 percent)



reports that they sometimes or regularly spend their income on non-essentials before they have bought food and other necessary items, or that they buy non-essential things that they cannot afford.

57. **Compared to Dushanbe's population residents from other regions are less likely to overspend and more capable of prioritizing their expenses on essentials.** As can be seen in fig. 19, people who live in Dushanbe are less capable of prioritizing their spending on essentials than residents from other regions, in particular those from Kathlon and GBAO. These differences in the not overspending score appear to be statistically significant even after controlling for other characteristics.



**Figure 20:** Average financial capability score 'not overspending', by approximate monthly household income.

58. **Interestingly, income does not matter for Tajiks' ability to resist temptations of spending their income on things that are not necessary or on things they cannot afford.** Fig. 20 suggests that those groups of the population which earn the highest incomes compared to lower income groups are the least capable of not overspending and in prioritizing spending on their needs rather than on their wants. These differences are, however, not statistically significant. Moreover, household size and the number of dependent children appear to matter more in determining residents' ability to refrain from overspending. In other words, Tajiks in larger households and with more financially dependent children are less likely to overspend and to allocate their income to non-essential expenses.



3.2.3. Financial Capability Related to 'living within means' Behavior

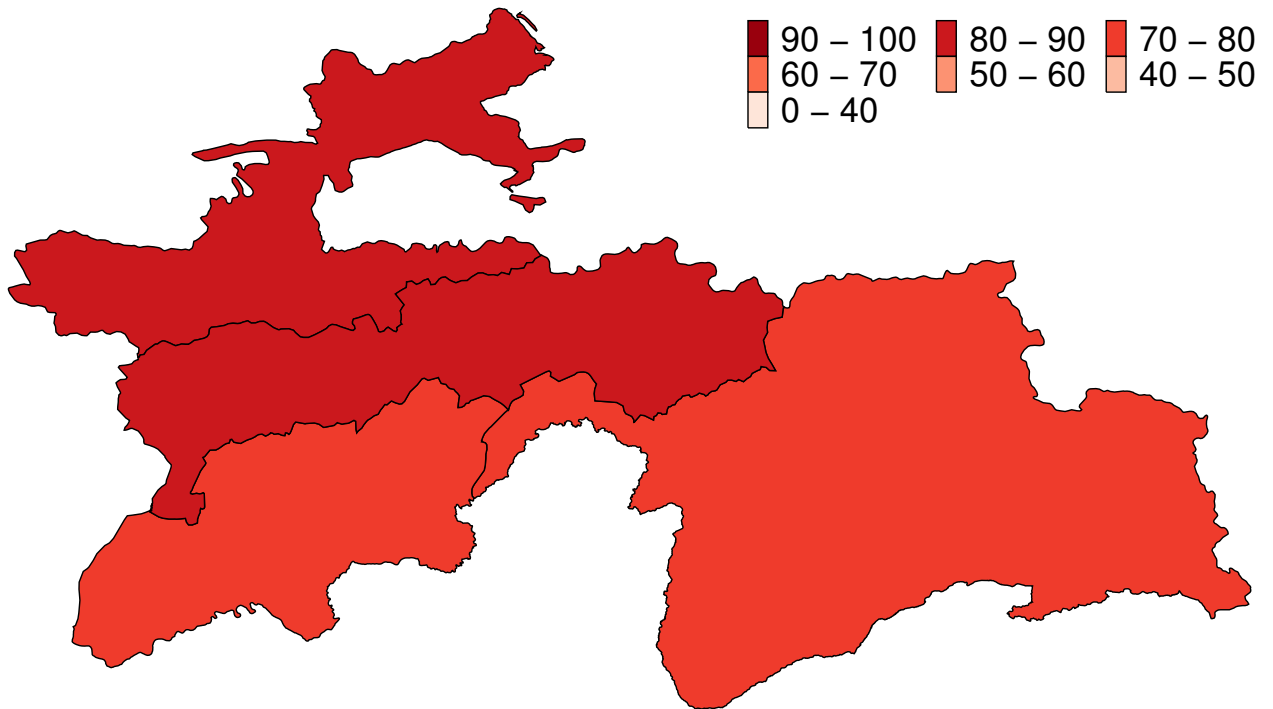


Figure 21: Average financial capability score 'living within means', in different regions.

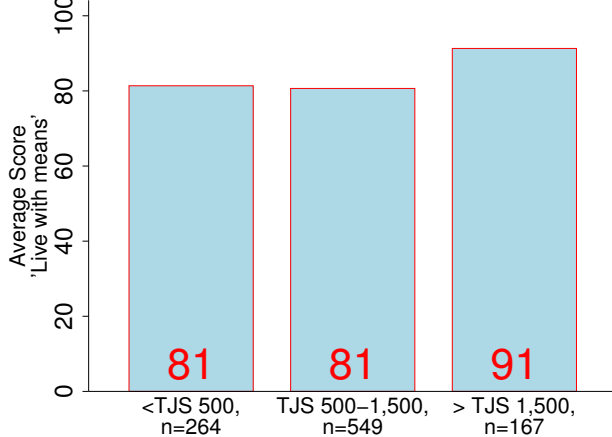


Figure 22: Average financial capability score 'living within means', by approximate monthly household income.

- 59. **The high score in 'living within means' reflects the fact that a large majority of Tajiks could borrow more than they currently do, or have not borrowed at all (83 percent).** However, 69 percent run short of money for food and other essentials (either regularly or sometimes), 22 percent report borrowing money or using credit to buy these essential items.
- 60. **As would be expected, people who live on lower incomes tend to struggle more with living within their means.** Faced with small and erratic income streams low income populations are less likely to live within their means than individuals living in high income households (fig. 22). Likewise, Tajiks with a greater number of household members also experience significant difficulties living within their means.



3.2.4. Financial Capability Related to 'budgeting' Behavior

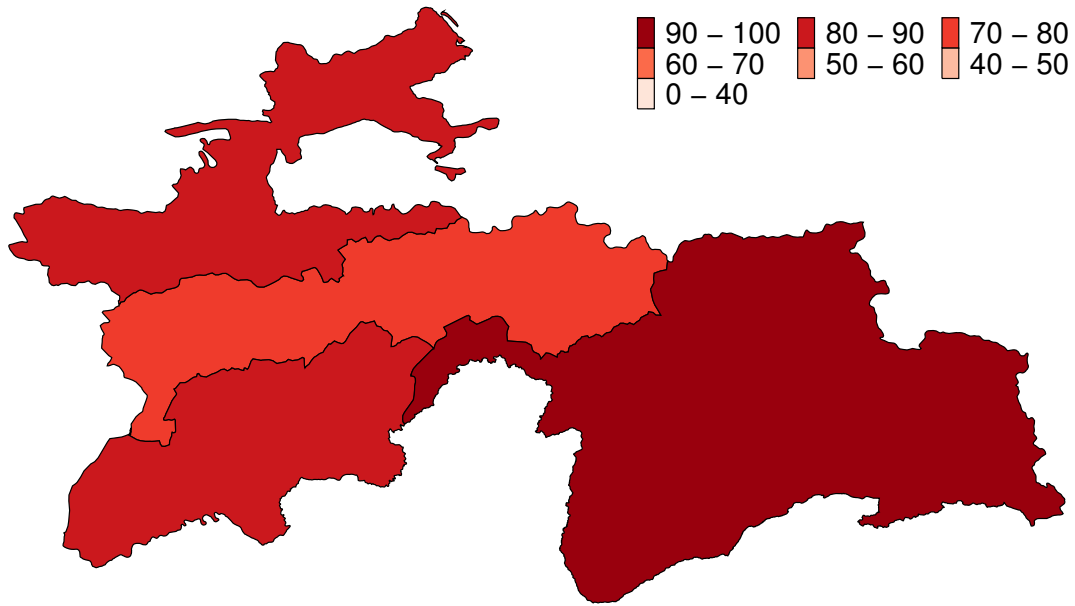


Figure 23: Average financial capability score 'budgeting', in different regions.

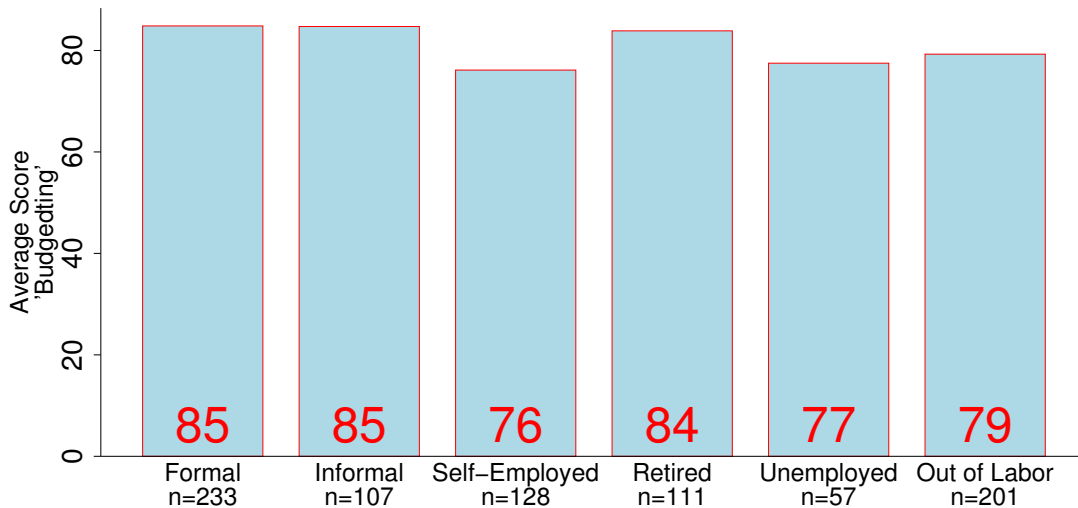


Figure 24: Average financial capability score 'budgeting', by respondent's employment status.

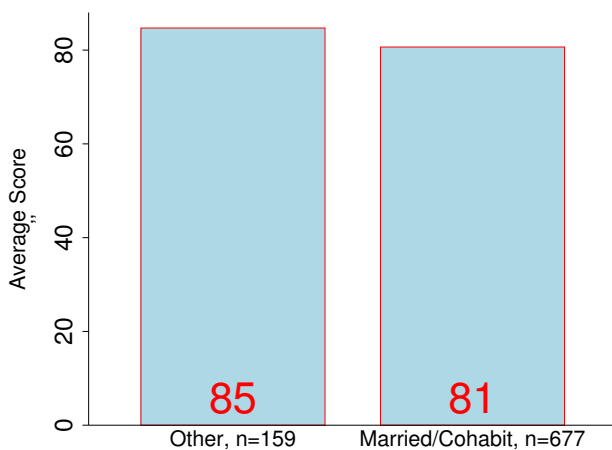


Figure 25: Average financial capability score 'budgeting', by respondent's cohabiting status.

- 61. **Tajiks are also quite capable of making and keeping plans for how to spend their money and in keeping to the plan.** In Tajikistan, 82 percent of the population plan how to spend the money they receive, either sometimes (23 percent) or always (59 percent). Almost all of the people who plan (98 percent) also say they stick to the plan at least sometimes. Around half of those who plan always keep to the plan (51 percent).
- 62. **In terms of budgeting, married residents, as well as those who are less educated, are the least financially**



capable segments of the population. The difference between married and single respondents in terms of their ability to set up a budget and to stick to it, is statistically significant even after controlling for other characteristics (see fig. 25). Similarly, people with completed tertiary education are also significantly more capable of budgeting than those who have completed primary education at the most.

- 63. **Residents living at the lowest incomes levels are more challenged in terms of budgeting than high income groups.** Poor people’s income is not only small but also irregular, making it much more difficult for them to adhere to current of future financial plans than for people with high and more predictable income streams. Even though the fraction of highest income earners is larger in Dushanbe, residents living in DRS, Kathlon, Sogd, and in particular in GBAO are relatively more capable of budgeting.

3.2.5. Financial Capability Related to ‘saving’ Behavior

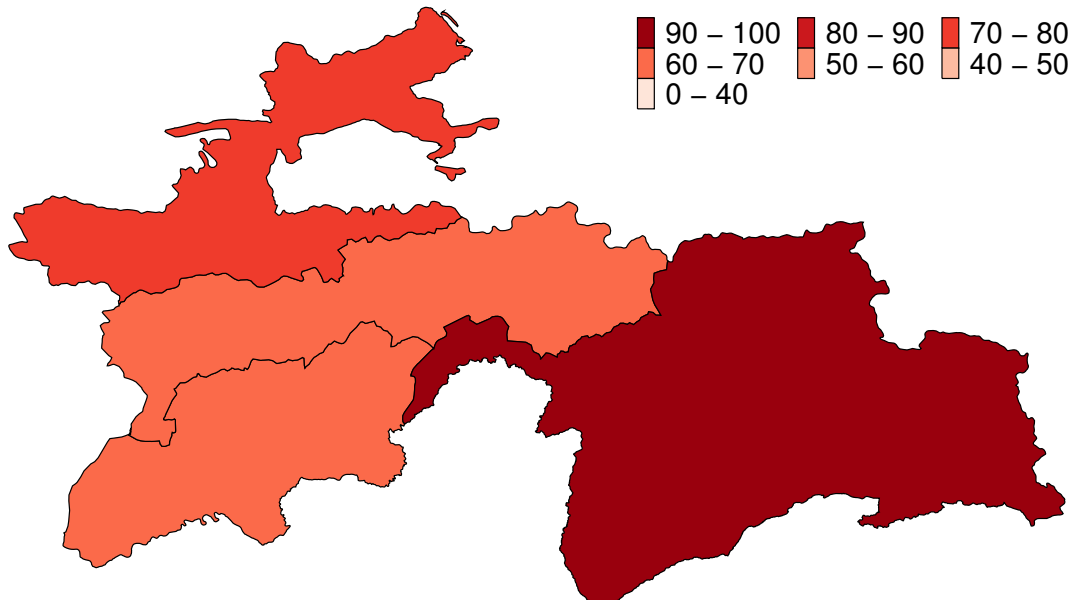


Figure 26: Average financial capability score ‘saving’, in different regions.

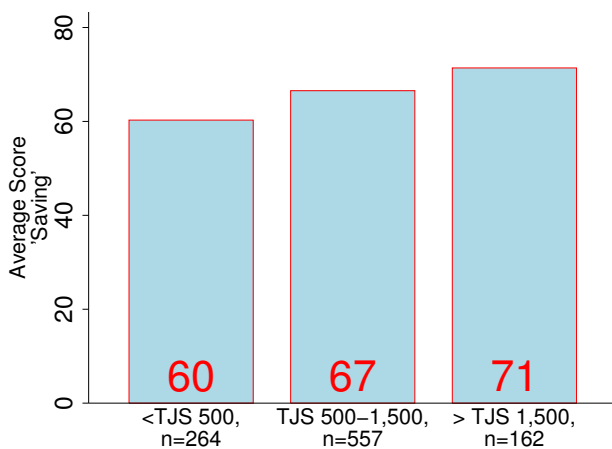


Figure 27: Average financial capability score ‘saving’, by approximate monthly household income.

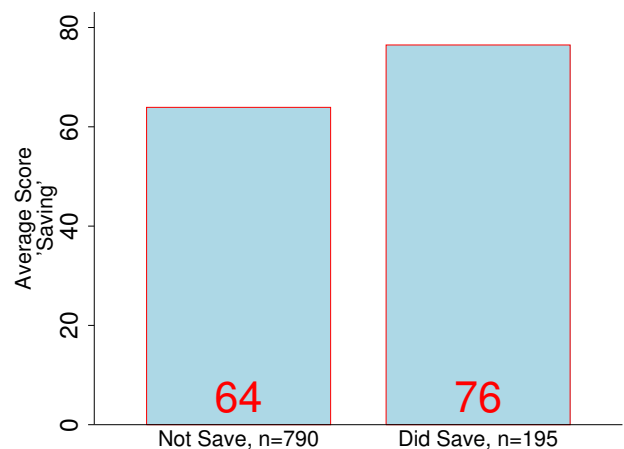


Figure 28: Average financial capability score ‘saving’, by respondent’s childhood saving behavior.

- 64. **Compared to other financial capability areas, Tajiks are least capable in terms of saving.** Between 48 and 53 percent of Tajiks strongly agree with statements such as “I try to save money for the future”, “I try to save money regularly, even if it is only



a little”, and “I try to have some provision for emergencies or unexpected expenses”. However, between 16 and 21 percent disagree with these statements.

- 65. **Low income groups and those with fewer financially dependent children tend to be less capable of saving money.** As would be expected, the ability to save is constrained by available resources. Those who live on the highest incomes are also the ones who are significantly more inclined to put money aside regularly and to save money for the future, in comparison to the lowest income group. The difference remains significant when other factors are taken into account (see fig. 27). Moreover, even after controlling for income and other characteristics, those with more financially dependent children also appear to be more capable of saving money.
- 66. **Those who learned savings practices as children appear to be more capable of putting money aside as adults.** As shown in fig. 28, starting to save at an early age has value, as these respondents score where those who already saved as a child score on average significantly higher with respect to their savings behavior today as their counterparts who did not save in their childhood.
- 67. **Dushanbe’s residents demonstrate less capable savings behavior than populations of any other regions.** Fig. 26 illustrates that residents from DRS, Katholon, Sogd, and in particular GBAO outperform people who live in the capital with regard to their ability to save. These differences in the saving scores are statistically significant even after controlling for the effect of income and other characteristics.

3.2.6. *Financial Capability Related to ‘planning for unexpected and old age expenses’ Behavior*

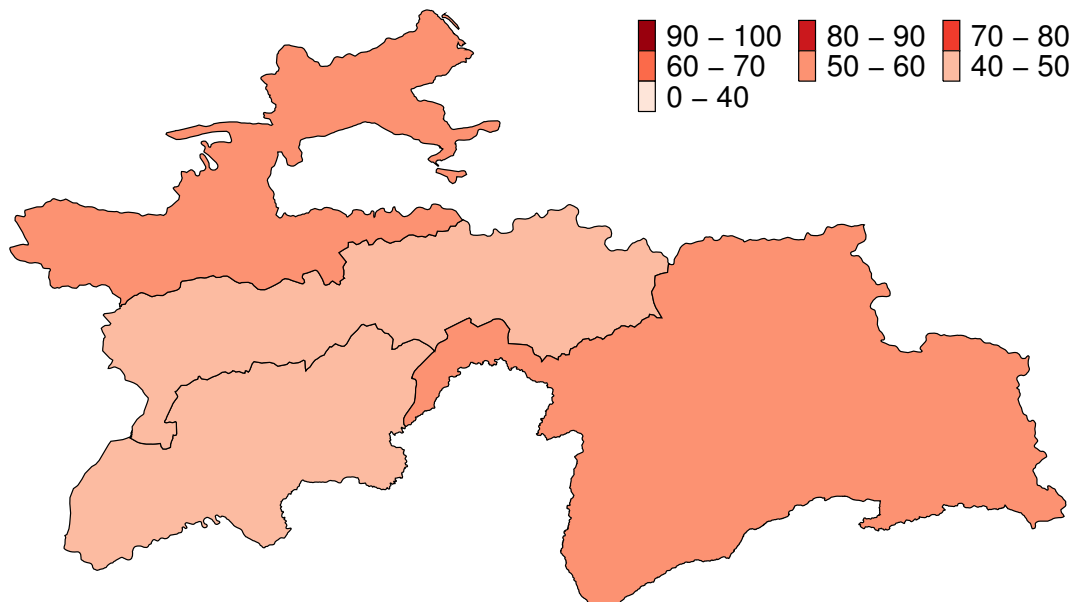
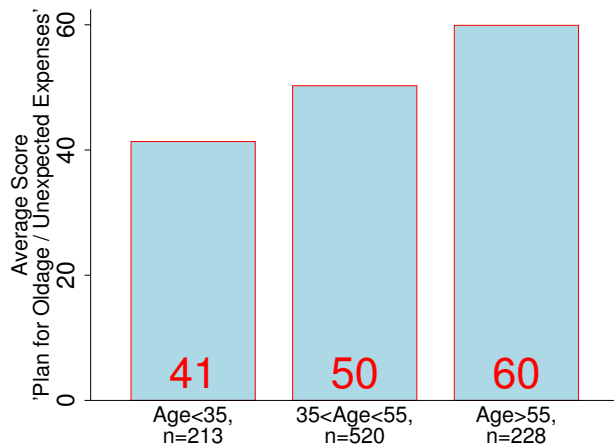
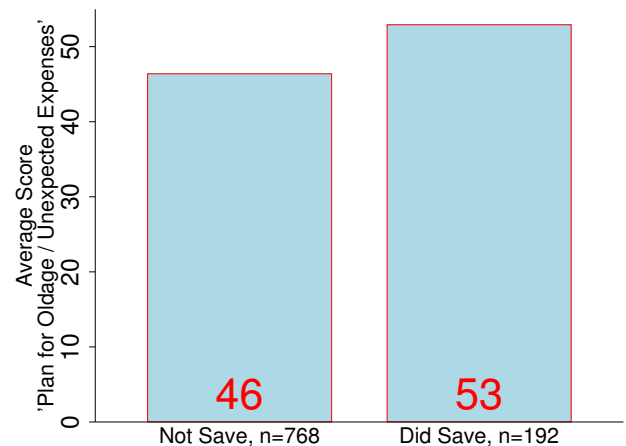


Figure 29: Average financial capability score ‘planning for unexpected and old age expenses’, in different regions.



**Figure 30:** Average financial capability score 'planning for unexpected and old age expenses', by respondent's age.



**Figure 31:** Average financial capability score 'planning for unexpected and old age expenses', by respondent's childhood saving behavior.

68. **A worrying finding is that only slightly more than a third of the population (36 percent) could cover an unexpected expense equivalent to one month's income without borrowing.** 54 percent of those who could not cover such an expense without borrowing say they are 'very worried' about it, while 43 percent report to be 'a bit worried', and 3 percent are not worried at all. Similarly concerning is the finding that only 13 percent have made provisions that fully cover or will cover expenses in old age. Moreover 26 percent have made provisions that provide partial coverage, and 61 percent have no provision at all.
69. **Unsurprisingly, retirees and higher income groups score better in planning for unexpected and old age expenses.** Although the capability to plan for unexpected and old age expenses seems to strongly increase with age (see fig. 30), this effect turns insignificant once other characteristics are taken into account. One's retirement status and income are more significant indicators than age. Those who already retired are, as one would expect, more likely to have made provisions that cover their old age expenses than those who are out of labor force (and not retired). Similarly, low income seems to significantly constrain people's ability to plan for unexpected and old age expenses.
70. **Starting early pays off again since having saved as a child strongly correlates with a higher ability to plan for unexpected and retirement age expenses.** As shown in fig. 31, having saved as a child is associated with a higher 'planning for unexpected and old age expenses' score. This relationship remains significant after controlling for other characteristics.
71. **Interestingly, Dushanbe's residents are not only less capable of saving but are also less capable of planning for unexpected and old age expenses.** In particular, people who live in GBAO and Sogd score significantly higher in this financial capability area than Dushanbe's population, see fig. 29.



3.2.7. Financial Capability Related to '(non-)impulsiveness'

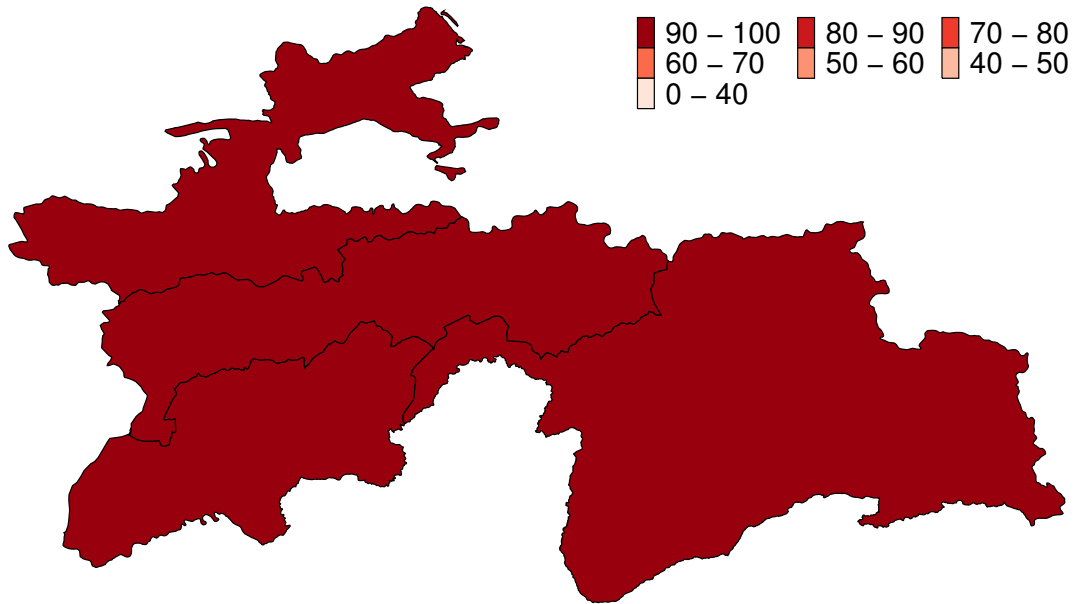


Figure 32: Average financial capability score '(non-)impulsiveness', in different regions.

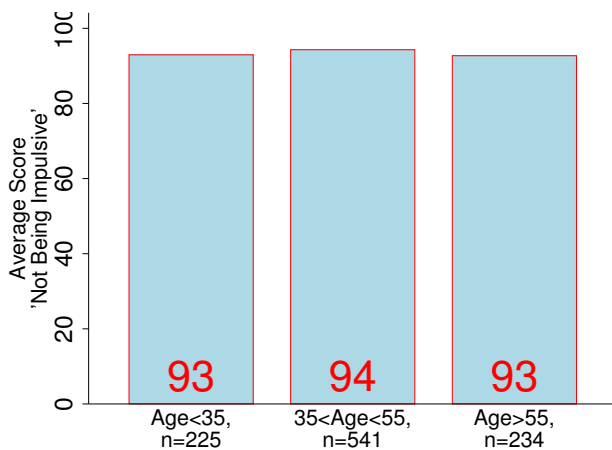


Figure 33: Average financial capability score '(non-)impulsiveness', by respondent's age.

72. **Tajiks on average describe themselves as not being impulsive.** Between 89 and 94 percent disagree with statements such as “I am impulsive”, “I say things before I have thought them through” and “I do things without giving them much thought”.

73. **Younger people are tend to be impulsive.** Fig. 33 does not reveal any major differences between different age groups. Nevertheless, once other characteristics are taken into account, increasing age is associated with significantly lower levels of impulsiveness, but the more age advances the more impulsive people seem to be.



3.2.8. Financial Capability Related to ‘achievement orientation’

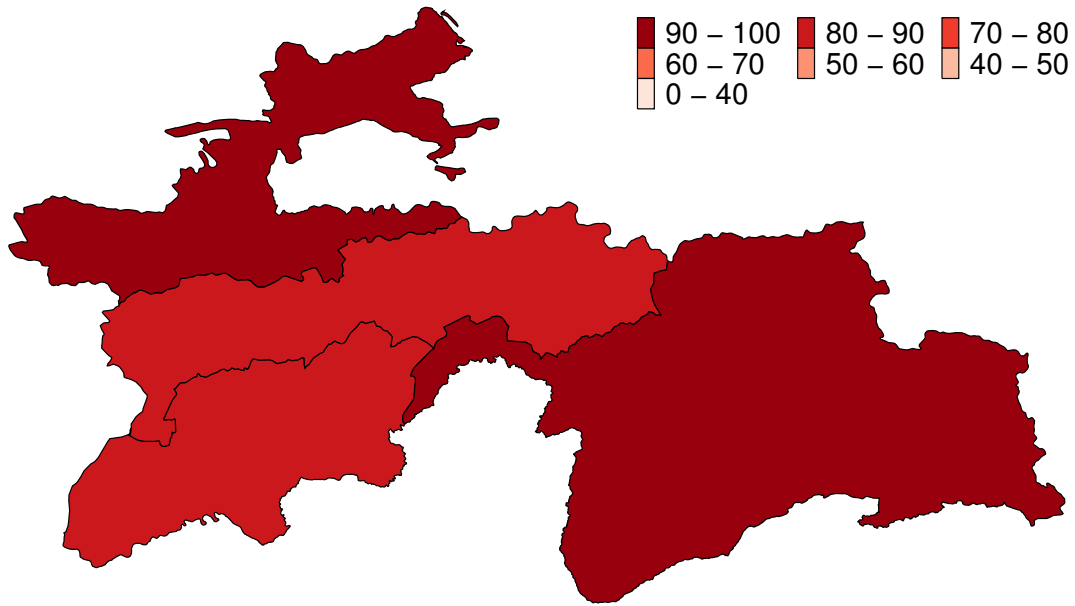


Figure 34: Average financial capability score ‘achievement orientation’, in different regions.

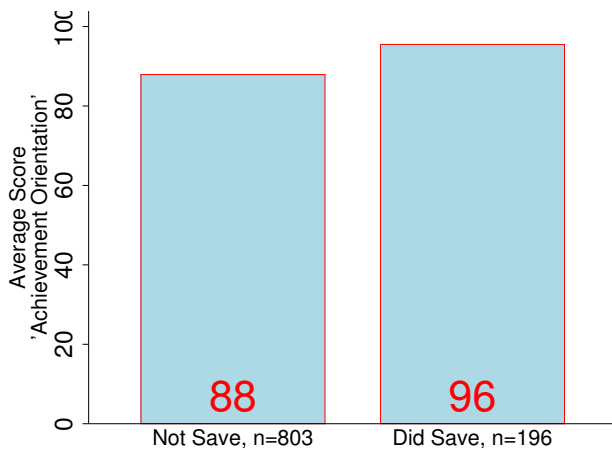


Figure 35: Average financial capability score ‘achievement orientation’, by respondent’s childhood saving behavior.

74. **Achievement orientation is another strong area for the Tajik population.** Almost all Tajiks (between 94 and 96 percent) agree with statements such as “I have many aspirations”, “I work hard to be among the best at what I do”, “I always look for opportunities for improving my situation”.

75. **People with more economically dependent children tend to be more achievement-oriented.** Neither income, age, or occupation appear to have a significant effect on how achievement-oriented people are. In contrast, what seems to matter is whether someone began saving as a child (see fig. 35). In

terms of one’s level of achievement-orientation, those who saved as children, outperform their counterparts who did not save in childhood. Likewise, a higher achievement-orientation score significantly correlates with an increasing number of economically dependent children. These differences remain statistically significant even after accounting for the effects of other characteristics.



3.2.9. Financial Capability Related to ‘seeking information and learning from others’ Attitudes

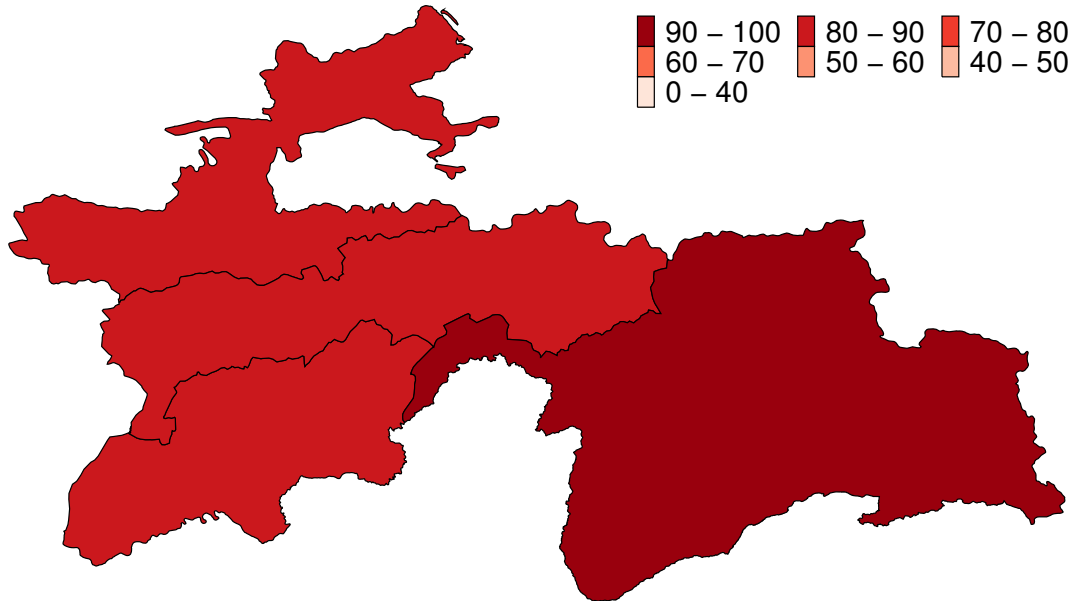


Figure 36: Average financial capability score ‘seeking information and learning from others’, in different regions.

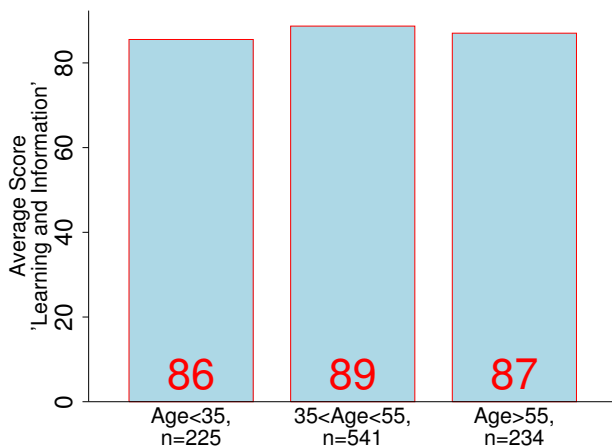


Figure 37: Average financial capability score ‘foresightedness’, by respondent’s cohabiting status.

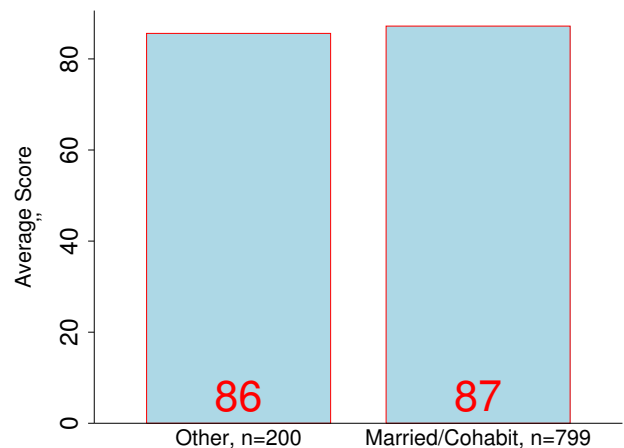


Figure 38: Average financial capability score ‘foresightedness’, by respondent’s educational attainment.

- 76. **Tajiks are also inclined to use information and learn from others.** 95.3 percent agree with the statement that they always get information or advice when they have an important financial decision to make. On the other hand, 79 percent mention that they learn from the mistakes other people make in managing their money. In addition, 95 percent indicate that the statement “I am very disciplined when it comes to managing money” describes them well.
- 77. **The overall score for seeking information and advice is lower for people living in Dushanbe and for those who use fewer types of media regularly.** Similar to results for other financial capability areas, Dushanbe’s population seems to lag behind residents from other regions with regard to their attitude towards seeking information and learning from others. As would be expected, a greater regular use of different types of media appears to be related to better attitudes towards seeking information and advice.
- 78. **Whether one is inclined to seek information also depends on their age and if the person saved as a child.** Scores for ‘seeking information and advice before taking



a financial decision' increase as age advances (see fig. 37). However, the older people are, the less inclined they are to seek information on financial matters. In comparison to those who saved in their childhood, those who did not are also less inclined to seek information before taking financial decisions (see fig. 38).

3.2.10. Financial Capability Related to 'foresightedness'

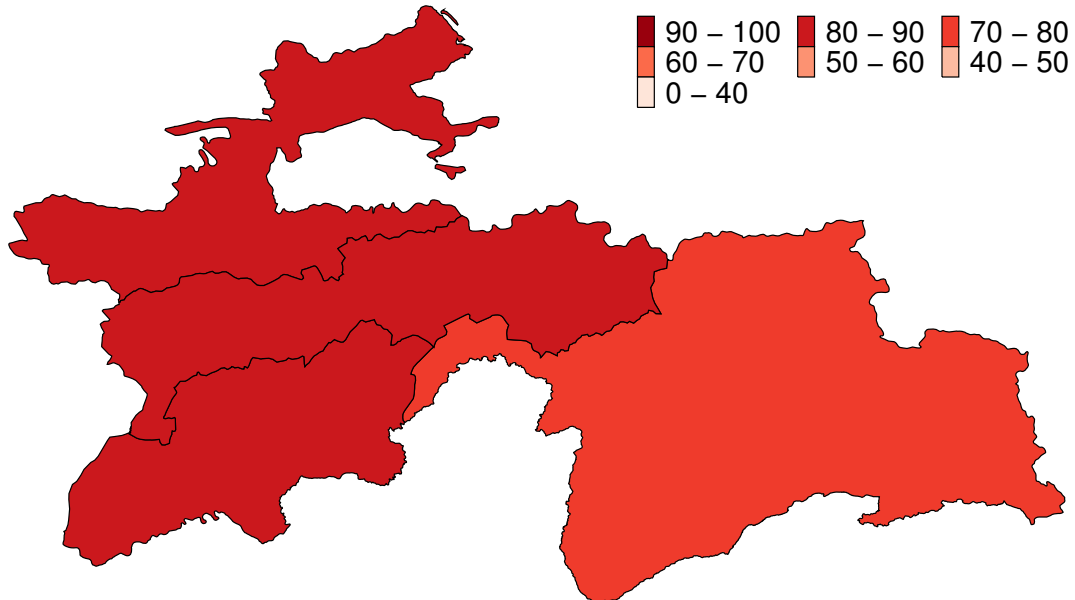


Figure 39: Average financial capability score 'foresightedness', in different regions.

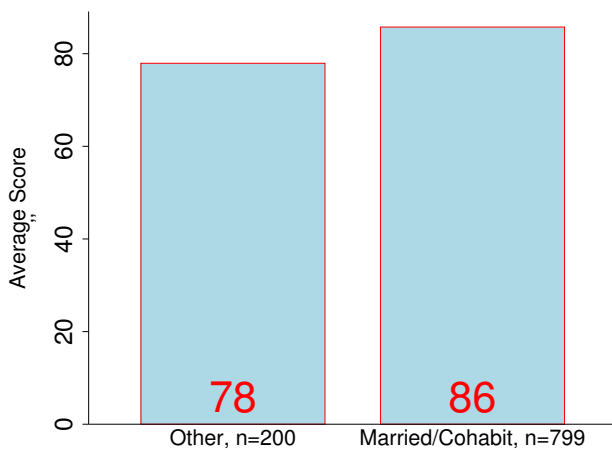


Figure 40: Average financial capability score 'foresightedness', by respondent's cohabiting status.

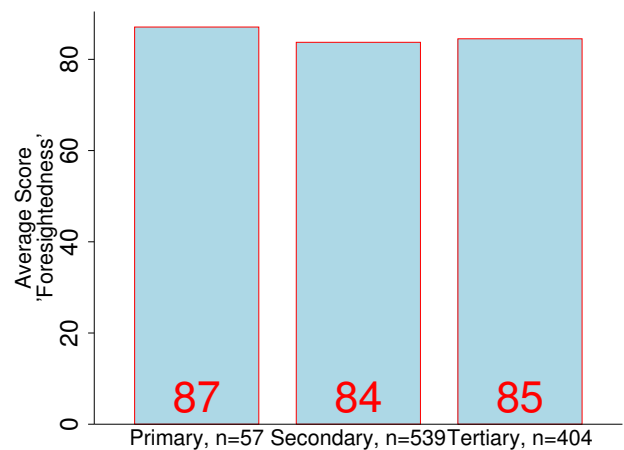


Figure 41: Average financial capability score 'foresightedness', by respondent's educational attainment.

79. **The vast majority of Tajiks is quite farsighted.** In terms of attitudes towards the future, a large majority of Tajiks states that they do not live more for the present day than for tomorrow” (86.6 percent), nor do they “focus on the short term” (76.4 percent). Moreover 71.3 percent disagree that ‘The future will take care of itself’.

80. **Unmarried Tajiks and those belonging to lower income groups think and care less about the future.** Fig. 40 reveals a gap between single and married people in their propensity to think about the future. The difference remains significant once other factors are accounted for. Likewise, high income groups tend to be significantly more farsighted in comparison to low income populations. This may be an indication that



successfully managing day-to-day finances and solving immediate problems requires full attention, and does not leave much room for longer term considerations.

### **3.3. Relationship between Financial Knowledge and Financial Attitudes and Behavior**

81. **Lack of financial knowledge can be a constraint for those financial capability aspects which are related with long term planning and borrowing.** Tajiks who answered more financial literacy related questions correctly tend to be more capable with respect to living within their means, saving, and planning for unexpected and old age expenses than those with lower scores. However, those with higher financial literacy scores appear to be less capable of budgeting and less inclined to refrain from overspending. This result may at least partly be explained by the fact that knowledge of financial concepts such as inflation, simple and compound interest is more relevant for long term planning than it is for day-to-day-money management.



## 4. FINANCIAL INCLUSION

82. The financial sector in Tajikistan has been growing rapidly for several years, before slowing its pace of expansion in 2008, coinciding with the global financial crisis.<sup>9</sup> To get a better understanding of the current state of financial inclusion and the ways Tajiks save, borrow, make transactions, and manage risks, the FCCP survey also asked about the type of products/services and financial service providers, which Tajiks access to or use.

### 4.1. Access and Use of Financial Services

#### 4.1.1. Products

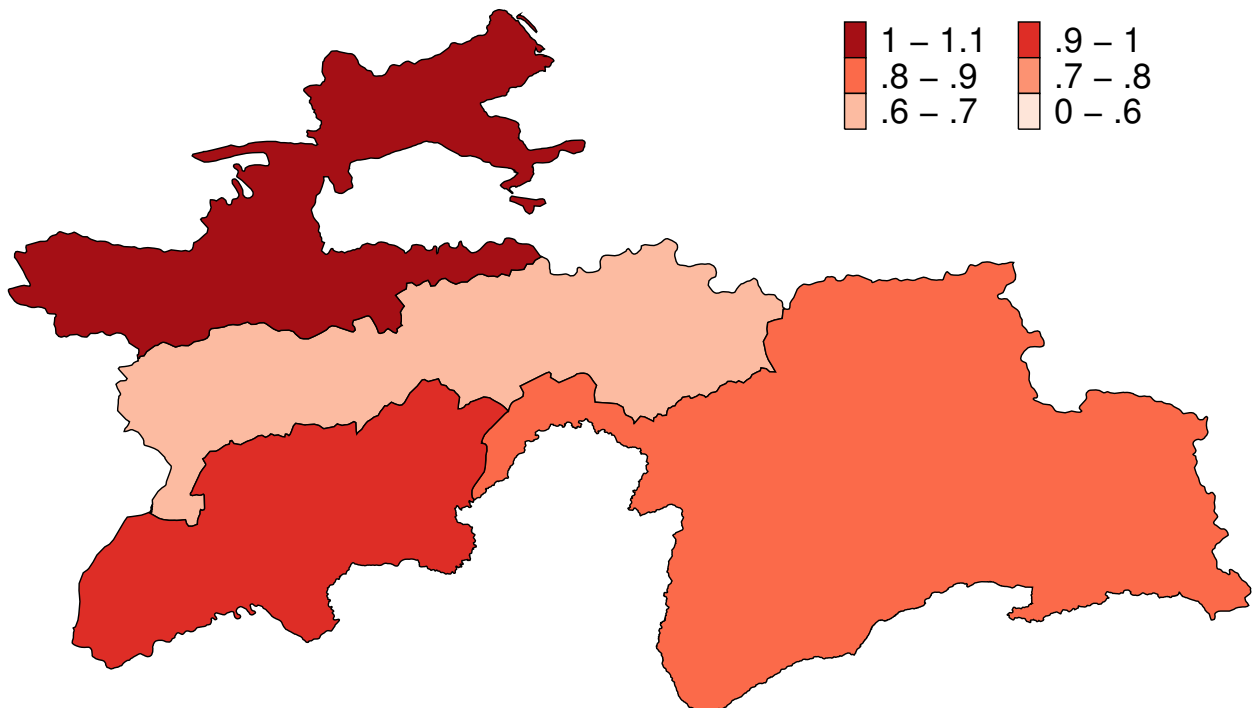


Figure 42: Average number of financial products used in regions, out of 'Insurance', 'Formal Credit', 'Informal Credit', 'Formal Saving', 'Informal Saving', 'Checking/Money transfers', and 'Investments'.

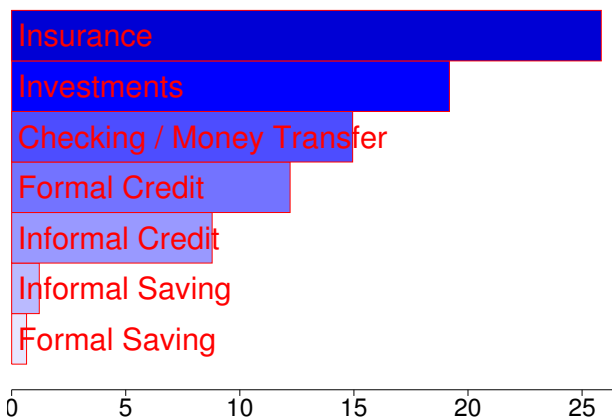


Figure 43: Percentage of respondents with different forms of financial products.

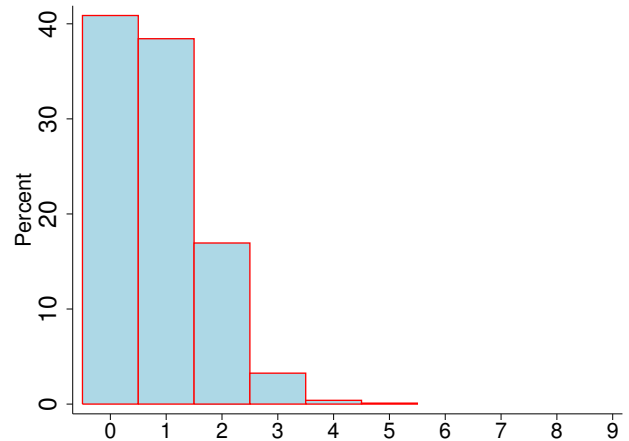


Figure 44: Discrete frequency distribution of financial product usage.

<sup>9</sup>Source: Diagnostic Review of Consumer Protection and Financial Literacy, World Bank, forthcoming.



83. **Despite the expansion of the financial sector in the past decade, large parts of the Tajik population are still financially excluded and do not have access to any financial products.** Compared to all available types of financial products, Tajiks have greatest access to insurance policies. Around a quarter of the population (26 percent) has access to / uses insurance products (see fig. 43). The insurance category thereby covers two types of insurance policies: (i) private health, life or income replacement insurance, as well as (ii) general insurance, such as car insurance or household content insurance. The insurance penetration rate is mostly driven by the latter type of insurance, which is currently held by around 25 percent of the population. This rather high insurance penetration rate can be explained by the existence of several types of compulsory insurance, including motor third party liability, fire and renters' insurance of state-owned property. The other type of insurance which is critical for mitigating risks that relate to personal health or to one's livelihood is only used by approximately 2 percent of the population.<sup>10</sup> This information is consistent with the Global Findex data, which showed that between mid 2011 and mid 2012 only around 1 percent of adults personally paid for health insurance.<sup>11</sup>
84. **Investment products which help to mitigate old age risks are slightly less relevant than insurance policies.** This category of financial products mostly comprises private pension products. Only one in five adults (19.2 percent) is currently able or willing to manage risks related to old age through accessing this type of financial products.
85. **Compared to other financial services, money transfer services are more frequently used.** Migrant remittances are an important factor for the Tajik economy. In 2011, Tajikistan received remittances equivalent to 31 percent of GDP.<sup>12</sup> Consequently, 15 percent of adults currently use basic financial services related to sending money and, more important, to receiving it, such as those offered by Western Union and other MTOs. This category also includes checking accounts. However, given that Global Findex data suggest that only 2.5 percent have access to an account, no matter which type, it is legitimate to assume that they only play an insignificant role.
86. **Only around a tenth of the population (12.2 percent) has an outstanding loan from a formal financial institution.** The formal credit category comprises loans from a commercial bank, mortgages, credit cards, and credit from MFOs (e.g Imon, Humo, etc.). According to data from Global Findex, however, approximately 5 percent of the Tajik population has borrowed from a formal financial institution. The comparability of these indicators is limited, especially due to the fact that the 2 surveys used different reference periods. Whereas the FCCP survey asked for outstanding loans from different formal FIs at the time the interviews took place, Global Findex asked if a loan from a formal FI was taken out between mid 2010 and mid 2011. It is notable, however, that the FCCP estimate is higher than the one from Global Findex, since it also includes loans which were taken out prior to mid 2010, but have not been repaid yet.
87. **Around one out of ten Tajiks (8.8 percent) has borrowed informally from either informal money lenders or relatives/friends.** On the other hand, Global Findex data show that around a quarter of the adult population borrowed from friends or family and around 3 percent from private lenders. Despite the different reference

<sup>10</sup>Note that some individuals hold both types of insurance products. Thereby the sum for single insurance products differs from the percentage of holding any insurance.

<sup>11</sup>Source: Global Findex data

<sup>12</sup>Source: Diagnostic Review of Consumer Protection and Financial Literacy, World Bank, forthcoming.



periods, the discrepancy between these specific numbers may be due to the wording of the questions. Unlike Global Findex, the FCCP survey only asked for money borrowed from moneylenders, friends or family which needs to be repaid. The relatively quite high number of loans from family and friends suggested by Global Findex might be an indication that money borrowed from friends or family may not always have to be repaid.

88. **Neither formal nor informal savings mechanisms are widely used in Tajikistan.** Formal savings include deposit accounts and savings at micro deposit institutions. (e.g. Bovari va Hamkori, etc.). Even less than 1 percent (0.7 percent) of adults reported to have formal savings. Informal savings mechanisms such as savings clubs or keeping money under the mattress are used by slightly more than 1 percent (1.2 percent). Keeping the different reference periods in mind, these savings numbers match well with the ones suggested by Global Findex data. According to Global Findex around 0.3 percent saved at a formal financial institution, while 1.9 percent saved by using a savings club between mid 2010 and mid 2011.

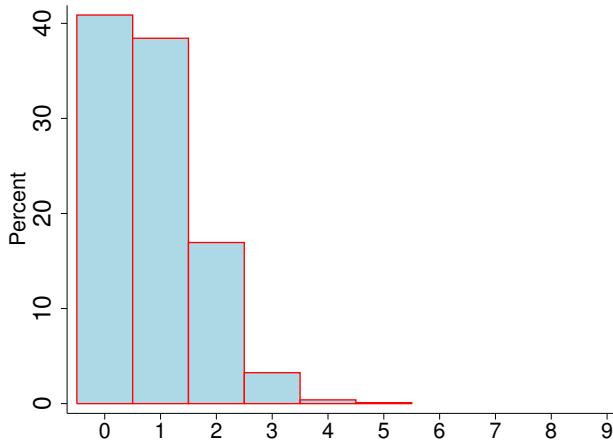


Figure 45: Discrete frequency distribution of financial product usage.

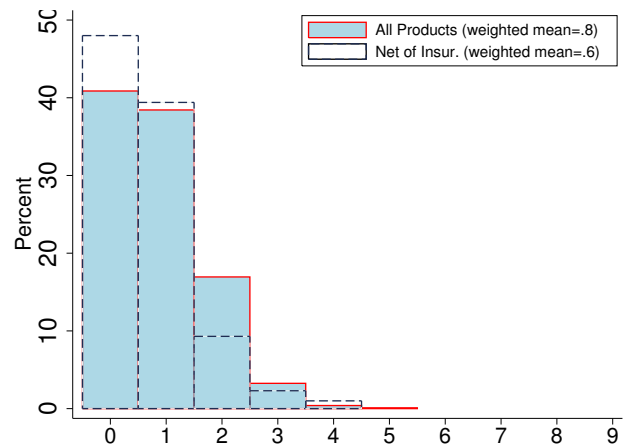


Figure 46: Discrete frequency distribution of financial product usage.

89. **On average Tajiks do not even hold 1 financial product (0.8).** Without taking (compulsory) insurance policies into account, this number reduces to an average of just 0.5 products (see figs. 45 and 46). In terms of insurance policies slightly more than one out of five Tajiks uses more than 1 financial product. Keeping in mind that the bulk of insurance policies is most likely induced by mandatory schemes, without accounting for insurance products, only slightly more than 10 percent of the adult population holds more than one financial product. However, the observed pattern does not change once insurance policies are taken into account or not.

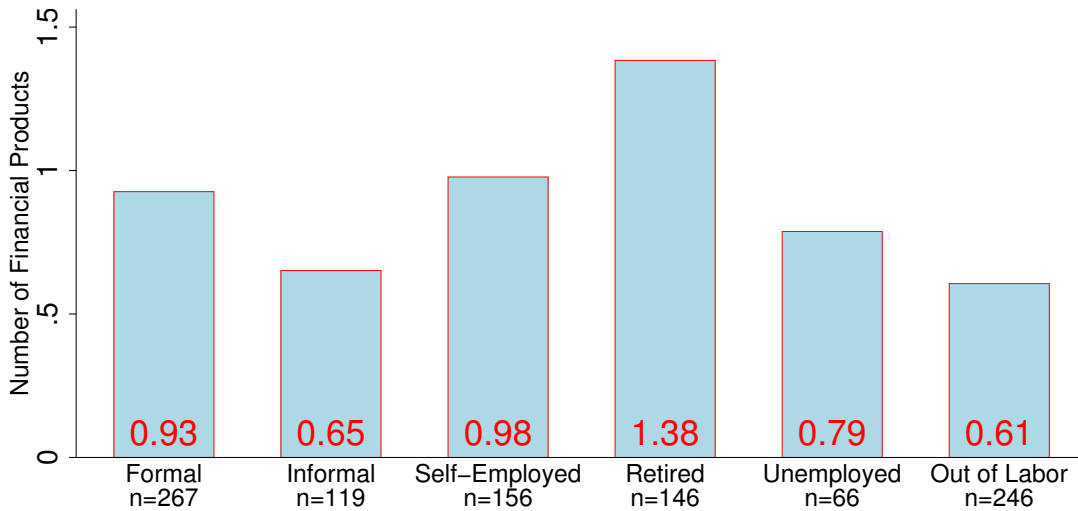


Figure 47: Average number of financial products used, by respondents' educational attainment.

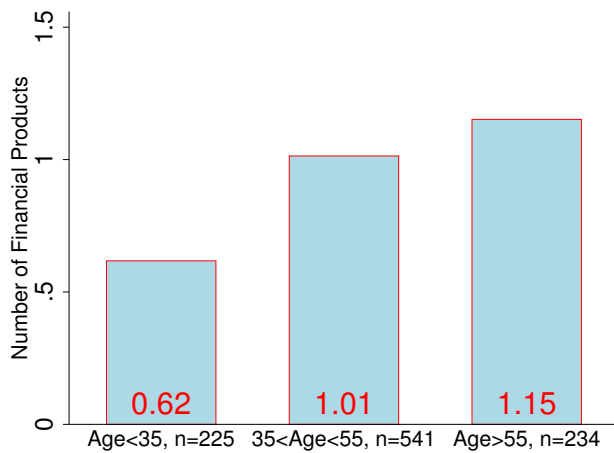


Figure 48: Average number of financial products used, by respondents' age.

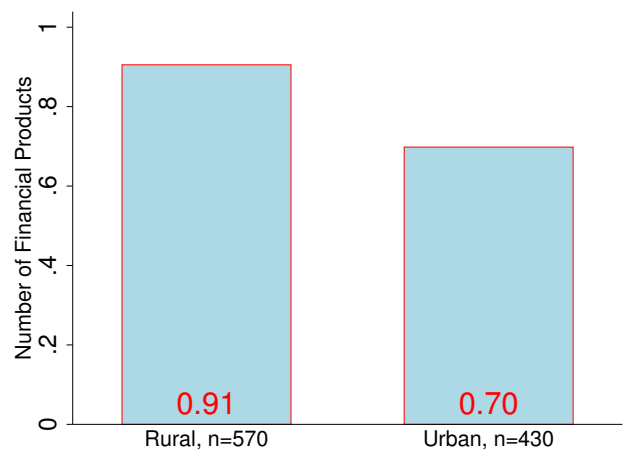
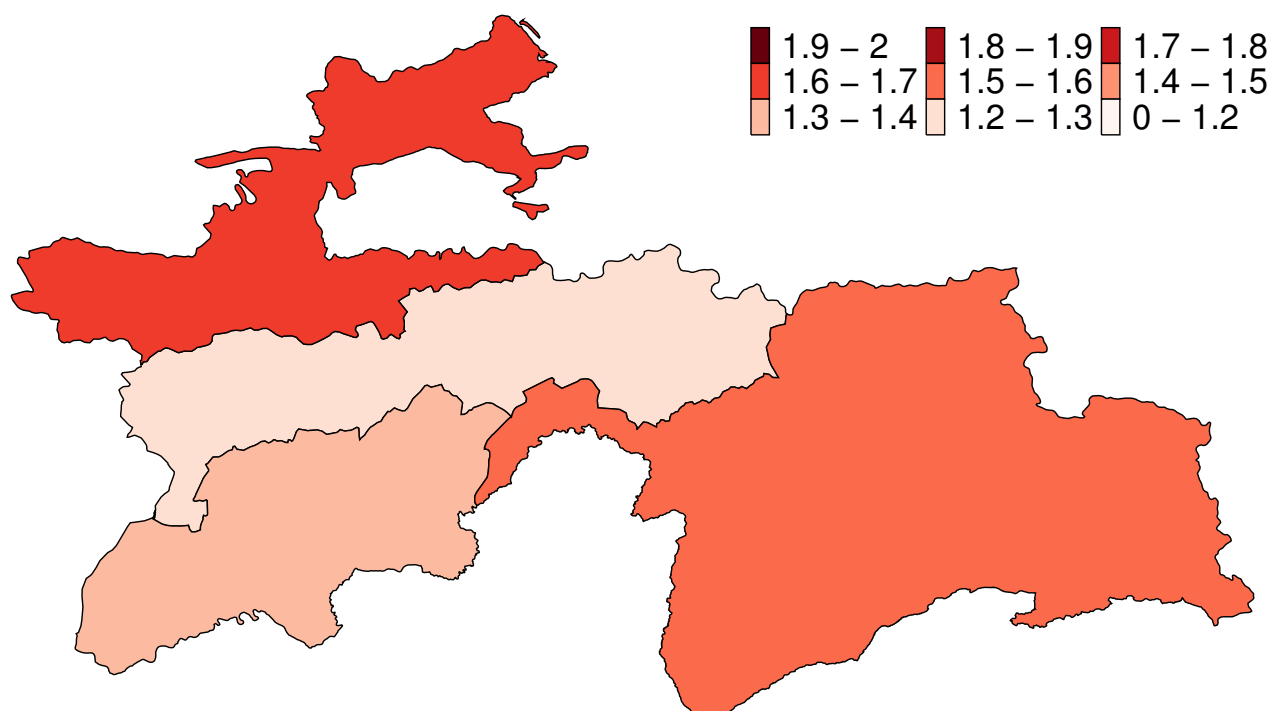


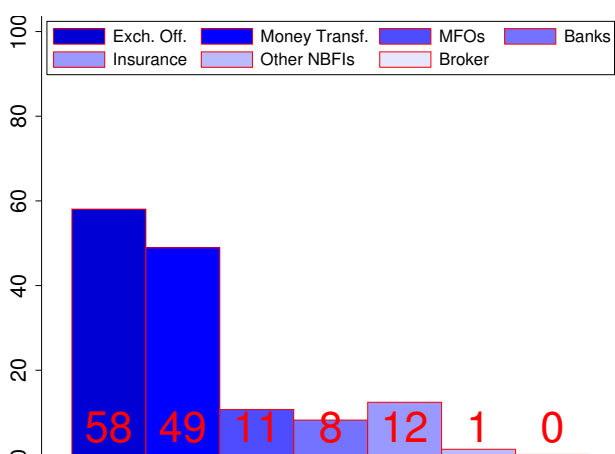
Figure 49: Average number of financial products used, by urbanization.

90. Compared to the rest of the population, individuals who are not in the labor force, as well as urban dwellers hold the smallest number of financial products (see figs. 47, 48, and 49). After controlling for other characteristics, the number of financial products held by populations outside the labor force are statistically indistinguishable from people who are unemployed, informally, or formally employed. However, the difference between people outside the labor force versus retired and self-employed persons appears to be significant. Concerning the urban living environment the differences persist after controlling for all the other characteristics included in the analysis. The key to this may lie, at least in part, in the aforementioned lower capability of putting money aside and planning for the long-term found among the urban population (Dushanbe's inhabitants). Surprisingly, the average number of financial products used, does not vary with income and any differences are statistically insignificant. On average, the lowest income group holds 0.85 products and the highest income group holds 0.97 products. The largest difference in the average number of financial products held can be seen across groups with different levels of indebtedness. Those who do not have any outstanding debts hold only 0.7 products on average, which compares to an average of 2 products for adults with outstanding debts higher than their annual income.

4.1.2. Financial Institutions



**Figure 50:** Average number of financial services used in regions, out of ‘Commercial banks’, ‘Insurance companies’, ‘Intermediary organizations’, ‘Microfinance organizations’, ‘Other non-banking financial institutions’, ‘exchange office’, and ‘money transfer operators’.



**Figure 51:** Percentage of respondents using financial services.

91. **Currency exchange offices (58 percent) and MTOs (48.9 percent) are by far the main FIs whose products and services Tajiks use.** Services offered by any other FI only play a minor role. Fig. 51 reveals that Tajikistan’s banking, microfinance and insurance sectors can be characterized by low usage rates of their services among the adult population. Services offered by commercial banks are only used by 8 percent, those of insurance companies by 12.4 percent and MFOs only reach about 10.7 percent of the adult population. Hardly any Tajiks ever used services from other NBFIs or brokerage houses.

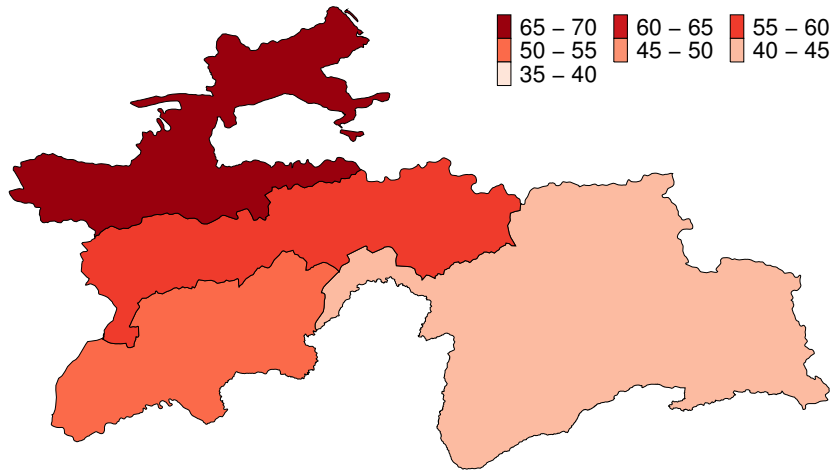
92. **Few people living on low incomes and few residents from regions other than Dushanbe ever have used the services of currency exchange offices.** High income earners are significantly more likely to report having used any services of currency exchange offices than those living on lower incomes. Similarly, people who live in Dushanbe are significantly more likely to have used services from currency exchange offices than residents from DRS, Kathlon, and GBAO (see fig. 52).

93. **Access to MTOs appears to be the most limited for low income groups and those who are out of the labor force.** Significantly fewer people living on lowest incomes use the services of MTOs, compared to high income populations (see fig. 58).

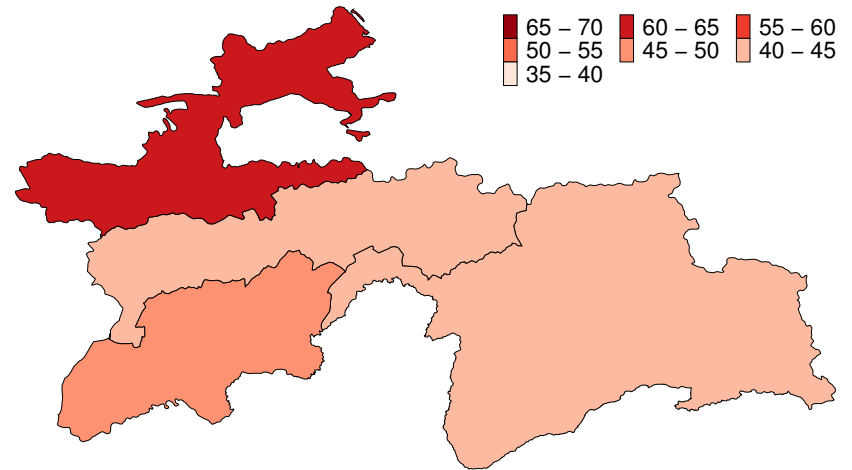


Compared to Dushanbe's population, residents from Sogd are also significantly more likely to ever have used any services provided by MTOs (see fig. 53).

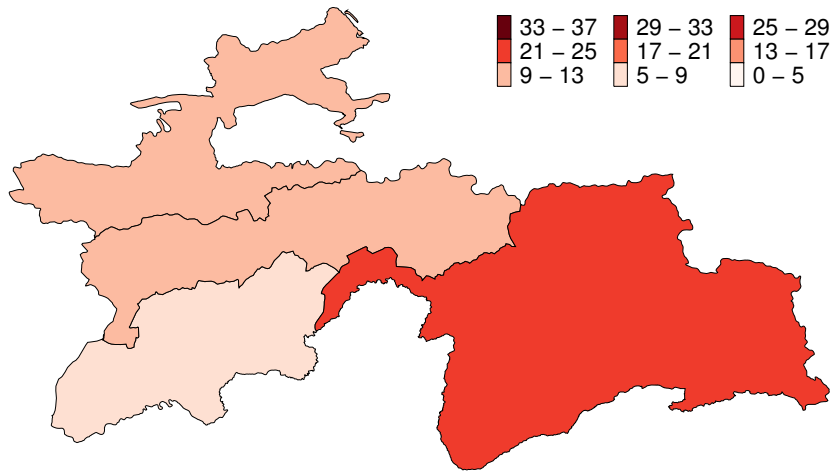
94. **Similarly, few individuals outside the labor force ever used the services offered by MFOs.** Informally employed and self-employed Tajiks are significantly more likely to have used any microfinance services than those out of the labor market (see fig. 57).
95. **Few singles and few people who are not the heads the of household use products provided by insurance companies.** Given the fact that mainly general insurance products, such as motor or household content insurance, are available on the insurance market in Tajikistan, it is not surprising that household heads are in comparison to those who are not heads of household significantly more likely to use these products (see fig. 55). Unmarried Tajiks, on the other hand, are less likely to ever have used any services offered by insurance companies compared to those who are married or living with a partner (see fig. 56).
96. **People with high educational attainment and those who already saved as a child are more likely to report having used any bank services than those who do not have these defining characteristics.** In comparison to those whose highest educational attainment is primary school or less, those with tertiary education are significantly more likely to have used any products and services offered by commercial banks (see fig. 59). Likewise, those who began savings habits as a child are significantly more likely to have used any bank services than those who did not save in their childhood (see fig. 60). In a similar vein, having more economically dependent children is associated with having used any services offered by commercial banks, potentially indicating different savings behavior in favor of the children. All three effects are statistically significant even after other characteristics are taken into account.



**Figure 52:** Percentage of respondents using services of currency exchange offices in regions.



**Figure 53:** Percentage of respondents using services of money transfer operators in regions.



**Figure 54:** Percentage of respondents using services of microfinance organizations in regions.

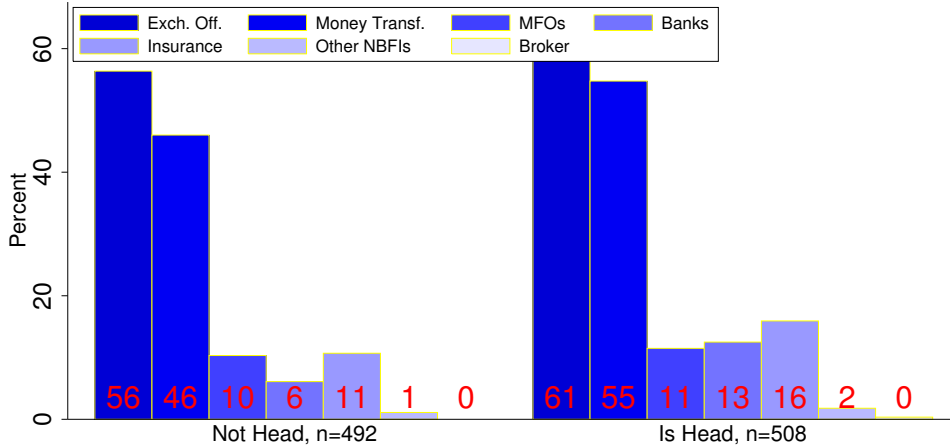


Figure 55: Percentage of respondents using financial service, by respondent being head of household.

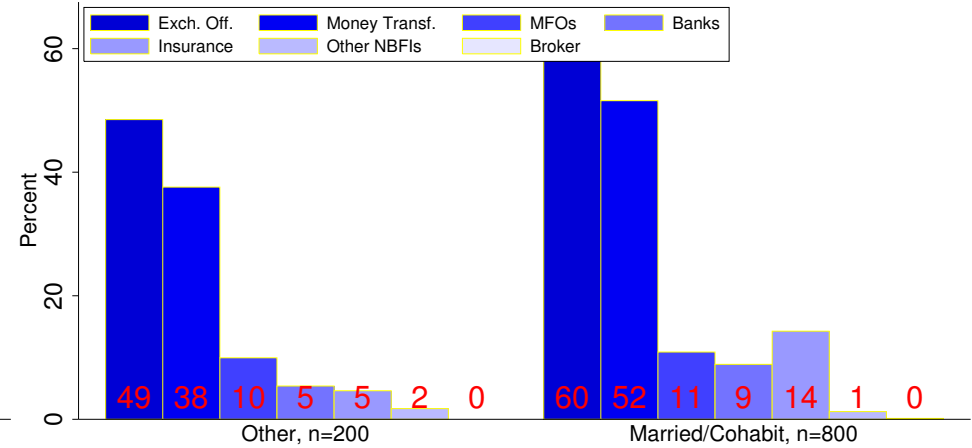


Figure 56: Percentage of respondents using financial service, by respondent cohabiting stats.

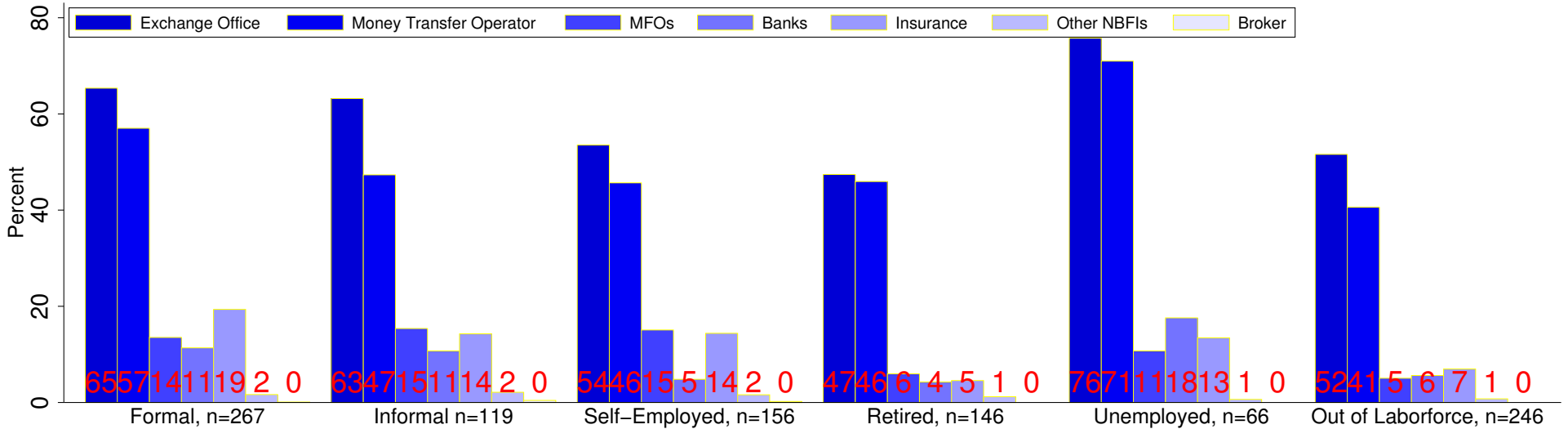


Figure 57: Percentage of respondents using financial service, by respondents' employment status.

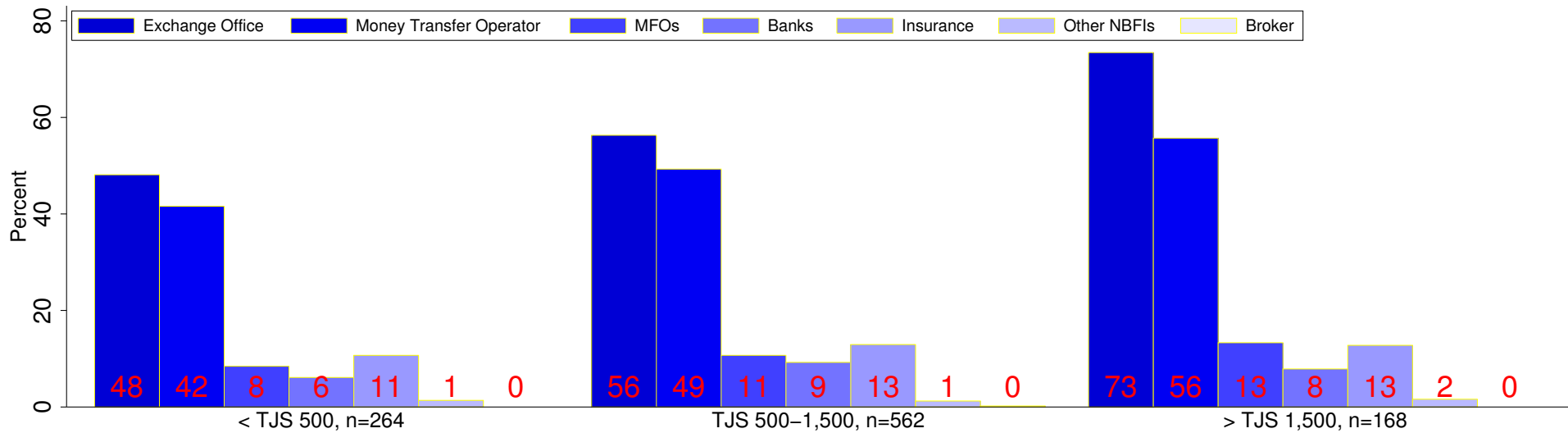


Figure 58: Percentage of respondents using financial service, by approximate monthly household income.

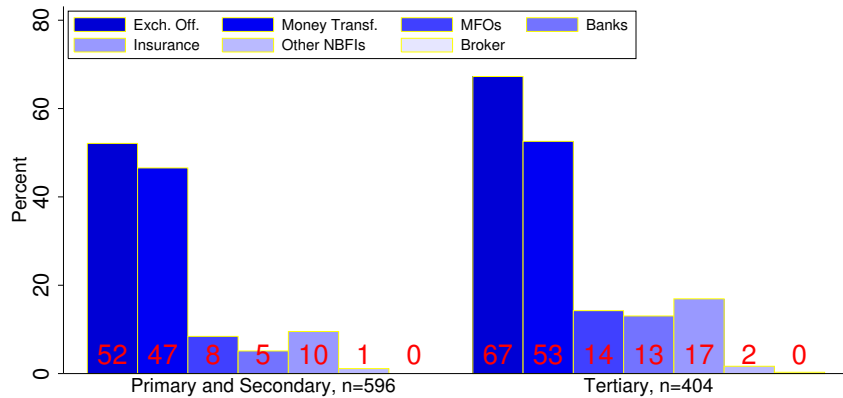


Figure 59: Percentage of respondents using financial service, by respondents' educational attainment.

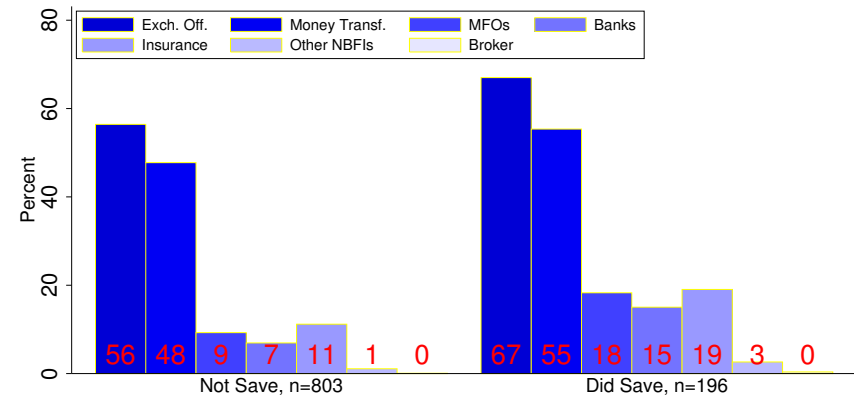


Figure 60: Percentage of respondents using financial service, by respondent's childhood saving behavior.



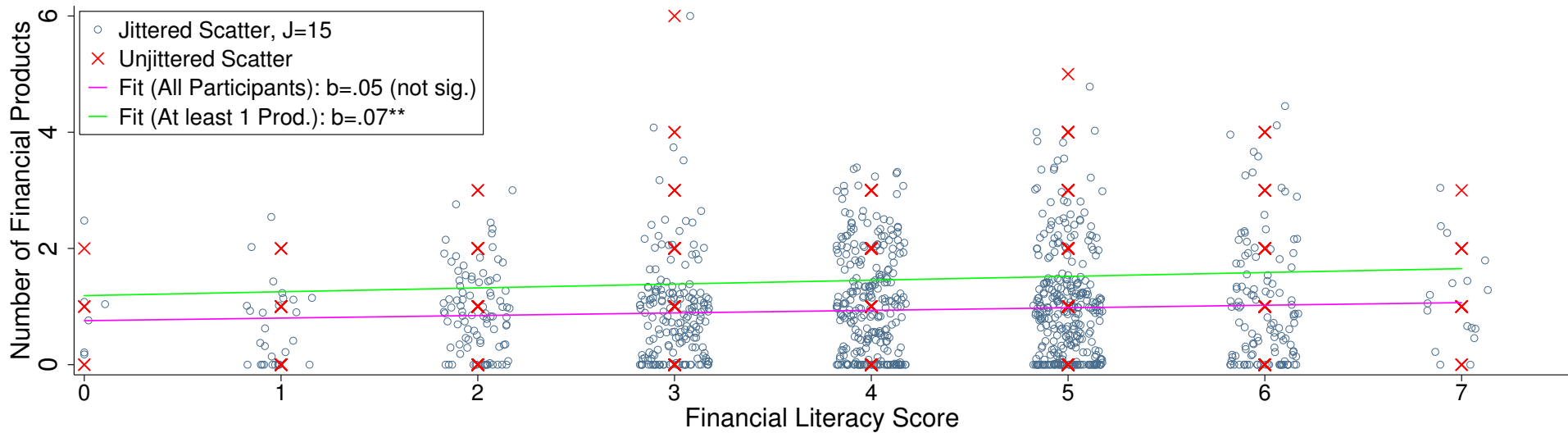
## 4.2. Relationship between Financial Inclusion and Financial Capability

### 4.2.1. Relationship between Financial Inclusion and Financial Knowledge and Awareness

97. **Access and usage of financial products and services can be constrained by lack of awareness about financial concepts.** It cannot be assumed that someone who does not use any financial products and services faces specific barriers in participating in the financial sector. Some parts of the population might voluntarily exclude themselves. However, even if non-participation in financial markets is based on voluntary decision-making it could be that this decision is the outcome of lack of required financial knowledge. As shown in fig. 61 a positive relationship between better knowledge of financial concepts and the number of financial products used exists. For example Tajiks who answered more of the quiz-like financial literacy questions correctly, also hold more financial products. Interestingly, this positive relationship turns stronger and becomes significant if adults possessing with at least one financial product are considered. These results may indicate that enhanced financial knowledge of those who already use a financial product is key for further financial sector widening and deepening. Before that, removing impediments to financial inclusion other than lack of financial knowledge (e.g. high cost, physical distance, lack of trust in FI, etc.) may be more important. Clearly, these statements are indicative at best and cannot be interpreted as causal. It is equally plausible that those with higher exposure to financial products are more likely to become financially knowledgeable.
98. **In addition, being more financially literate relates positively with increased usage of products provided by different FIs.** In comparison to those with lower scores, those who scored better with regard to the financial knowledge questions are more likely to use products offered by different types of financial service providers, such as currency exchange offices, MTOs, MFOs, and commercial banks (see fig. 62). Given that many insurance policies are compulsory, it is not surprising that no major differences emerge in the usage of insurance products across the groups with different levels of financial knowledge (see fig. 62).

### 4.2.2. Relationship between Financial Inclusion and Financial Attitudes and Behavior

99. **Similarly, access and usage of financial products and services can be further constrained by financial attitudes and behaviors.** However, in Tajikistan only specific aspects of financial attitudes and behavior seem to be associated with usage of a larger number of financial products and services. For example, people with higher scores for budgeting, saving, planning for unexpected and old age expenses, for using information and for achievement orientation tend to use more financial products. This may be due to the fact that people who plan for unexpected events and for old age expenses are more likely to use saving and investment products. In addition, people who tend to use advice and information may feel more confident about using financial products.
100. **On the other hand, people who are better in budgeting and living within their means tend to use fewer financial products.** A potential explanation could be that people who plan their expenses well and do not need to borrow to buy food and other essentials are less in need of using credit products.



Linear fit without further controls. Significance levels:  $p < .01^{***}$ ;  $p < .05^{**}$ ;  $p < .1^*$ . J(15): Jitter=15

Figure 61: Relationship between financial inclusion vs. financial literacy.

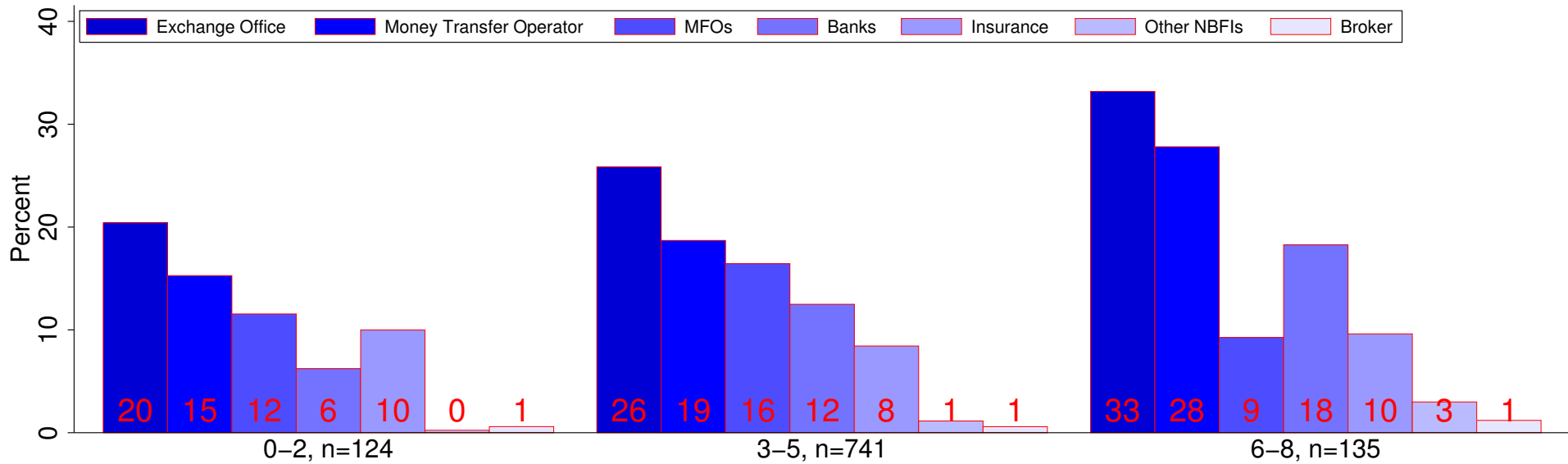
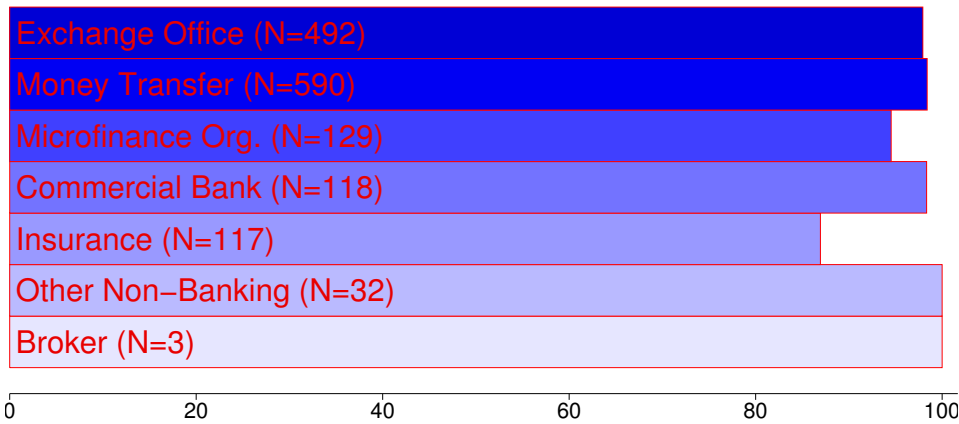


Figure 62: Percentages of respondents currently using the financial product, given their financial literacy score.

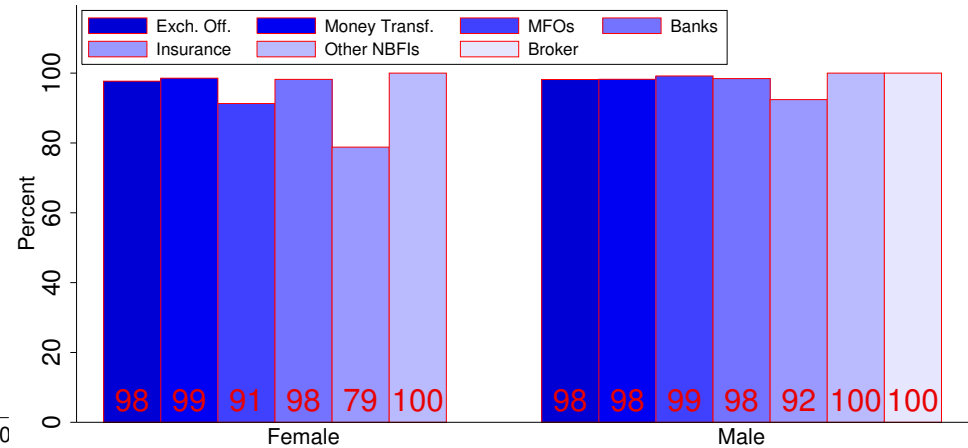


## 5. CONSUMER PROTECTION

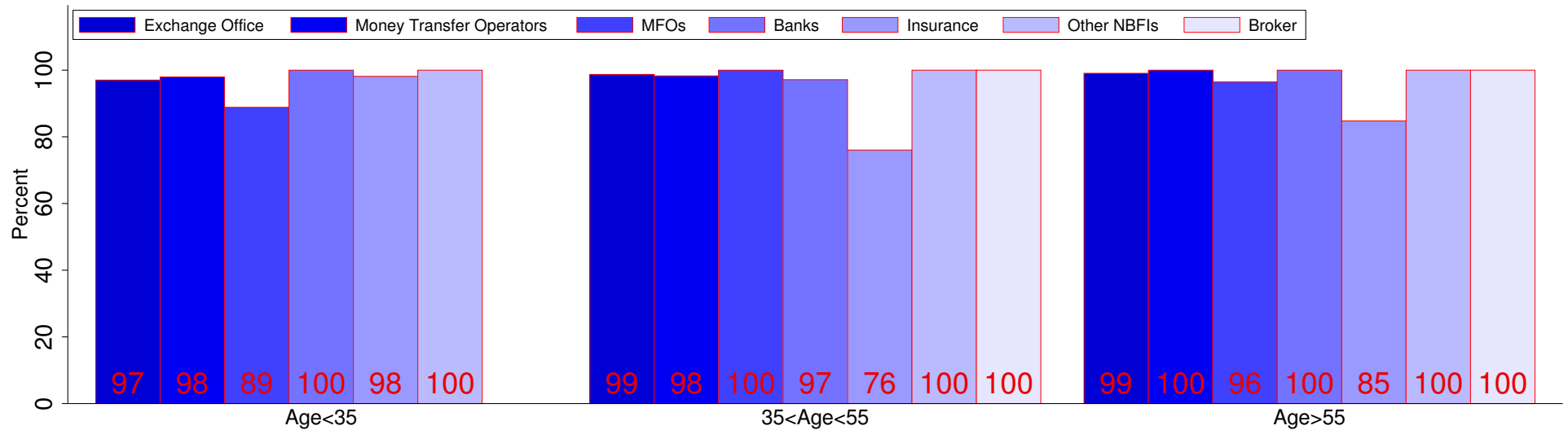
101. **Consumer protection is critical in ensuring confidence in the financial system and increasing financial inclusion.** A high incidence of conflicts with financial service providers or low levels of satisfaction with financial products offered by FIs could undermine the trust in the financial system and impede financial inclusion. Also, weak consumer protection can result in consumers being harmed by financial products rather than benefitting from them.
102. **Consumers do not widely report complaints or other conflicts with financial service providers.** Even less than 1 percent of the adult population reported that they experienced conflicts with FIs in the past 3 years. This low level of self-reported financial service provider conflicts certainly relates to the low levels of financial inclusion, but most likely also to difficulties many consumers have in understanding which financial products would fit their needs best. Due to this low number of incidences, no reliable conclusions can be drawn from the actual behavior of those who encountered a conflict.
103. **A significant fraction of those who did not encounter any conflicts would not do anything if they faced a conflict with a financial service provider.** Around half of the people who did not encounter a conflict reported that in case of a conflict they would choose to solve it formally through a system for redress. A third indicated that they would not do anything at all. This may be due to the fact that they do not know which institutions could help them to solve financial service provider conflicts or because they do not trust that formal redress mechanisms would do anything for them. Interestingly, of those adults who would seek either formal redress or would try to solve the conflict informally by directly discussing with bank representatives, almost everyone expresses confidence that the issue would be solved.
104. **The levels of satisfaction with financial services offered by FIs other than insurance companies are very high (see fig. 63).** Interestingly, those parts of the population who have used the services offered by commercial banks, intermediary organizations, MFOs, NBFIs, money transfer and exchange offices are highly satisfied with their services. Only insurance companies seem to offer lower quality services, which satisfy their customers much less. Given that by international standards the fraction of premiums paid out in claims is quite small, these findings are not surprising.
105. **Some customers are even less satisfied with the services that insurance companies provide.** Whereas 95 percent of younger aged populations indicated that they are satisfied with the services offered by insurance companies, the level of satisfaction clearly decreases with higher age. Only two thirds of those aged 55 or more reported to be satisfied with services provided by insurance companies (see fig. 65). A plausible explanation could be that seniors more likely faced a situation where they submitted a claim to an insurance company and either received low or no compensation at all. Fig. 64 reveals that women are another group of the population who are the least satisfied with the services provided by insurance companies. Whereas 88 percent of all men who ever held insurance policies reported to be satisfied, the corresponding number for women is only 68 percent. Compared to formally, informally and self employed Tajiks, those who are out of work also indicated to be much less satisfied with insurance companies and their services (see fig. 66).



**Figure 63:** Percentage of respondents being satisfied with services offered by financial institutions given respondents use it; number of cases in parentheses.



**Figure 64:** Percentage of individuals being satisfied with services offered by financial institution, by respondents' gender.



**Figure 65:** Percentage of individuals being satisfied with services offered by financial institution, by respondents' age.

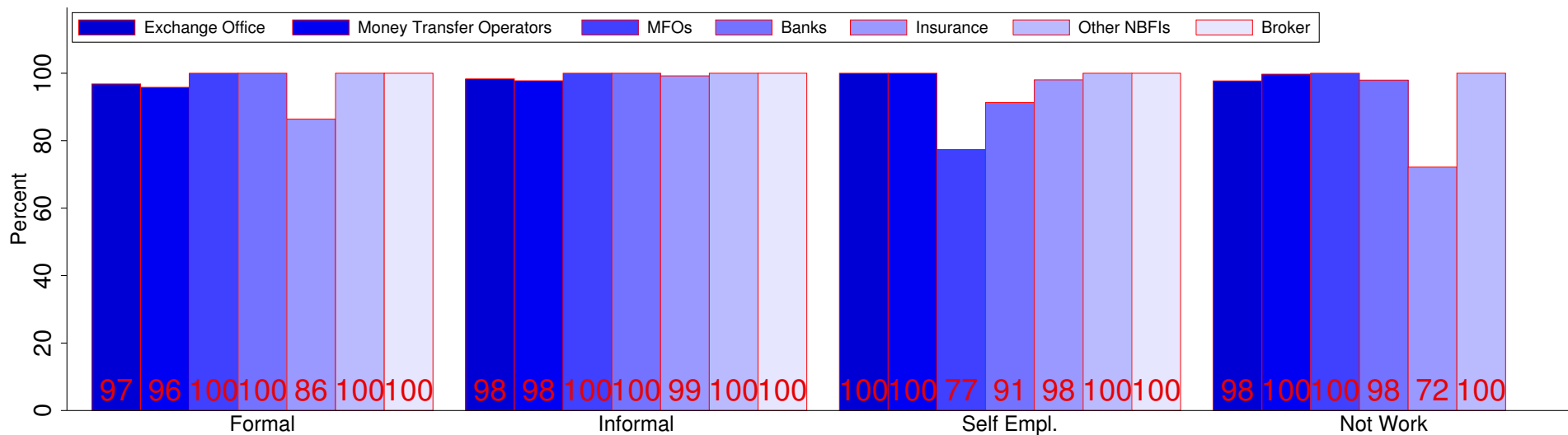


Figure 66: Percentage of individuals being satisfied with services offered by financial institution, by respondents' employment status.



## A. BACKGROUND TAJIK SURVEY

Table 2: Information on sampling design.

Strata	Urban / Rural	Number of households	Cluster size	Number of Clusters	N of expected interviews	N of selected households
Dushanbe	Urban	138,588	5	26	130	208
DRS	Urban	40,731	5	14	70	112
DRS	Rural	196,095	10	15	150	210
Khatlon	Urban	75,341	5	19	95	152
Khatlon	Rural	280,966	10	18	180	252
Sogd	Urban	110,001	5	22	110	176
Sogd	Rural	259,937	10	18	180	252
GBAO	Urban	5,111	5	5	25	40
GBAO	Rural	25,851	10	6	60	84
Total		1,132		143	1,000	1,486

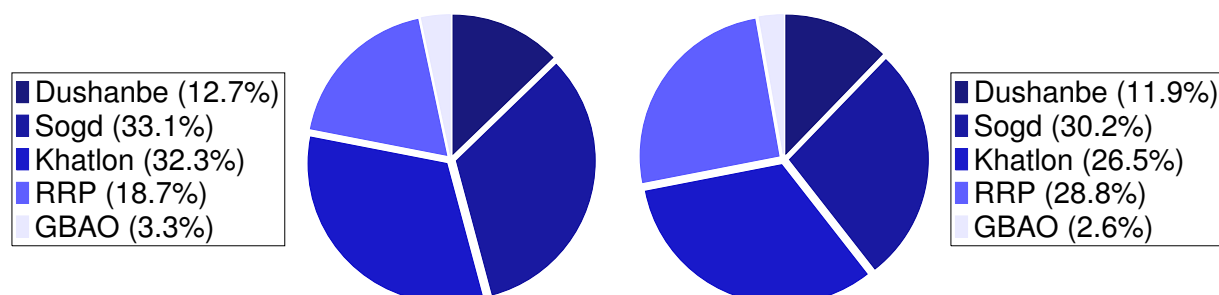


Figure 67: Comparison of regional coverage of all households in sample.

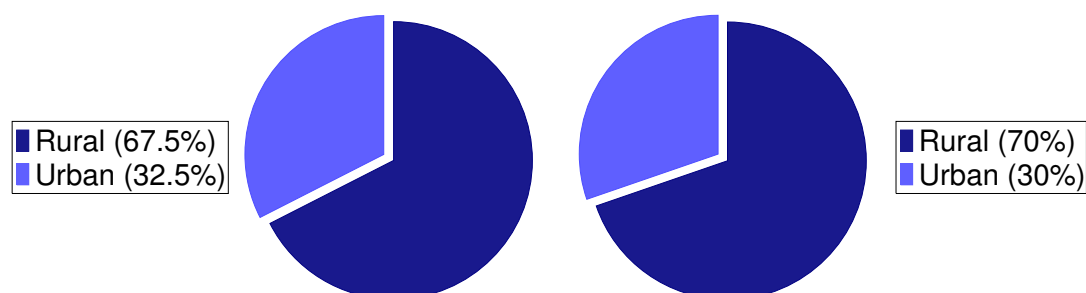


Figure 68: Comparison of household environment of all households in sample.

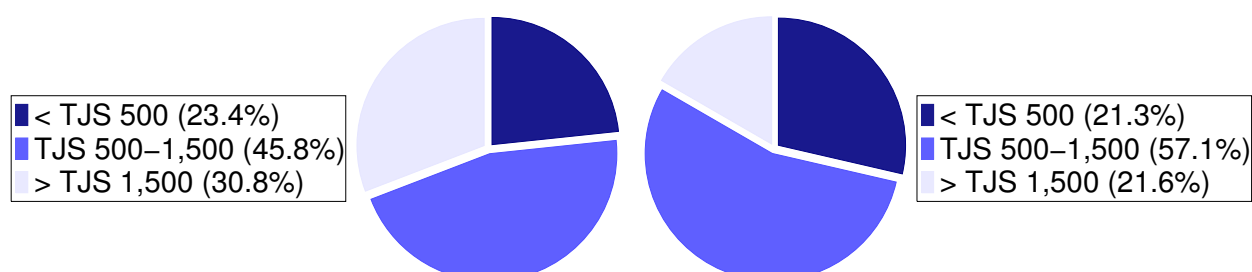


Figure 69: Comparison of total inflation corrected household income of all households in sample. Inflation data retrieved from World Bank open data panel.

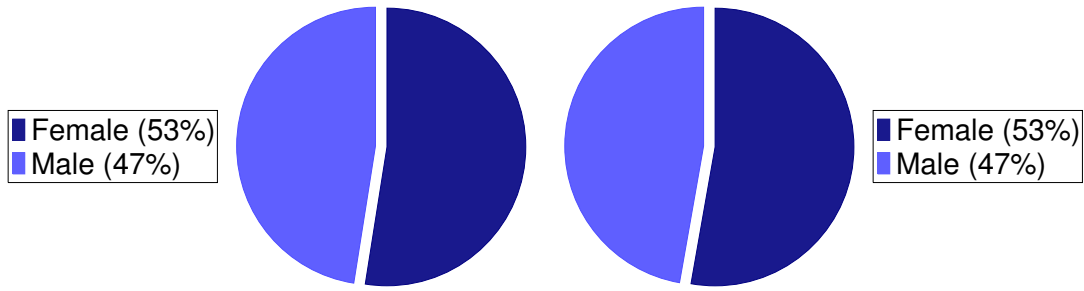


Figure 70: Comparison of intra-household gender distribution of all households in sample and of individuals 18 years or older.

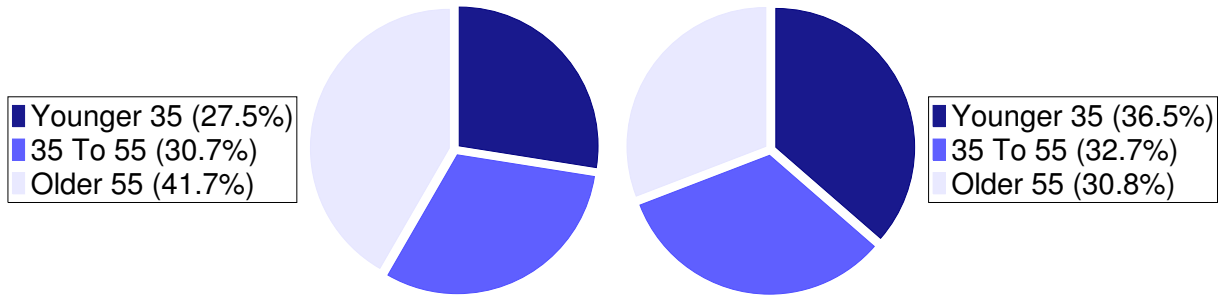


Figure 71: Comparison of intra-household age distribution of all households in sample and of individuals 18 years or older.



## B. FINANCIAL CAPABILITY

### B.1. Knowledge of Financial Concepts and Products

#### Background Information: Methods and Dependent Variables in Table 3

**Literacy** Score based on questions from sec. 3.1.1. The score sums all correct answers per respondent. Each question receives the same weight, i.e. knowing more difficult questions is not “rewarded”. The analysis applies a basic linear probability model, extended for the correction of the survey design.

**Financial Products Knowledge Score** The respondent is confronted with a list of financial institutions: Commercial banks, Insurance companies, Broker (Intermediary organizations), Microfinance organizations, Other non-banking financial institutions, Exchange office, and money transfer. For each institution the respondent answers ‘Yes’ or ‘No’ to the following question: ‘*Do you know about the services offered by the following institutions?*’. The variable counts how any institutions are know by the respondent. For the analysis a poisson model is fitted, extended for the correction of the survey design.

**Table 3:** Financial Knowledge

	Financial Literacy Score	Financial Products Knowledge Score
Age	−0.06 [−0.21, 0.09]	0.02 [−0.09, 0.13]
Age Square	0.00 [−0.00, 0.00]	−0.00 [−0.00, 0.00]
Age Cube	−0.00 [−0.00, 0.00]	−0.00 [−0.00, 0.00]
Male	−0.00 [−0.31, 0.31]	0.03 [−0.14, 0.20]
Secondary Educ.	0.41 [−0.25, 1.07]	−0.00 [−0.32, 0.32]
Tertiary Educ.	0.64* [−0.08, 1.36]	0.05 [−0.32, 0.41]
Literate (Tajik)	0.15 [−0.26, 0.56]	0.27** [0.04, 0.49]
Household Size	0.00 [−0.06, 0.07]	0.02* [−0.00, 0.05]
Econ. Dep. Kids	−0.05 [−0.13, 0.03]	−0.07*** [−0.12, −0.02]
Married/Cohabit	0.58*** [0.22, 0.95]	0.17 [−0.04, 0.37]
Household Head	0.41*** [0.15, 0.67]	0.11 [−0.05, 0.28]
Formal Sector	−0.25 [−0.60, 0.10]	0.14 [−0.04, 0.31]
Informal Sector	−0.06 [−0.59, 0.46]	0.11 [−0.13, 0.36]
Self Employed	0.15	0.14



Retired	[-0.31, 0.61] -0.06	[-0.13, 0.40] -0.06
Unemployed	[-0.49, 0.37] 0.12	[-0.27, 0.16] 0.27**
Urban Environment	[-0.33, 0.58] 0.35*	[0.03, 0.51] -0.00
500 to 1,500	[-0.01, 0.72] -0.06	[-0.15, 0.15] -0.16**
Higher 1,500	[-0.33, 0.21] 0.13	[-0.31, -0.00] -0.07
DRS	[-0.22, 0.47] 0.11	[-0.23, 0.09] 0.46**
Khatlon	[-0.59, 0.81] -0.19	[0.10, 0.82] 0.44***
Sogd	[-0.84, 0.46] 0.44	[0.12, 0.76] 0.54***
Gbao	[-0.18, 1.06] 0.38	[0.24, 0.83] 0.48**
Media Consumption	[-0.32, 1.08] 0.21***	[0.11, 0.84] 0.11***
Save as Child	[0.09, 0.33] 0.18	[0.04, 0.18] 0.16**
Observations	993	993

Significance: \* ( $p < 0.10$ ), \*\* ( $p < 0.05$ ), \*\*\* ( $p < 0.01$ );

95% Confidence Intervals in brackets.

**Reference Categories:** female, cannot read or write Tajik, neither married nor living with partner, maximum primary education, not head of household, out of labor force, rural environment, income lower TJS 500, Dushanbe Region, not saved as a child



## B.2. Knowledge of financial Products

### Background Information: Methods and Dependent Variables in Table 4

Table 4 considers the same list of institutions as analyzed for table 3. The analyses in table 4 explore the results from column ‘Knowledge’ in table 3 in greater detail. Each institution is considered separately. For each institution a zero-one dummy is created, equal to one if the respondent answers ‘Yes’ and zero if the reply is ‘No’. The results are obtained by fitting probit models, extended for the correction of the survey setup.

The following abbreviations are applied:

- **Banks** Commercial banks
- **Insur** Insurance Companies
- **Broker** Intermediary organizations
- **MFO** Microfinance Organizations
- **ONFI** Other Non-Banking Financial Institutions
- **Exch.** Exchange Office
- **MTO** Money Transfer Operator

**Table 4: Knowledge of Specific Financial Products**

	Banks	Insur	Broker	MFO	ONFI	Exch.	MTO
Age	0.05 [-0.19, 0.29]	0.17 [-0.04, 0.38]	0.12 [-0.20, 0.44]	-0.00 [-0.22, 0.21]	0.12 [-0.13, 0.37]	0.06 [-0.24, 0.36]	-0.18 [-0.45, 0.09]
Age Square	-0.00 [-0.01, 0.00]	-0.00 [-0.01, 0.00]	-0.00 [-0.01, 0.00]	0.00 [-0.00, 0.00]	-0.00 [-0.01, 0.00]	-0.00 [-0.01, 0.01]	0.00 [-0.00, 0.01]
Age Cube	0.00 [-0.00, 0.00]	0.00 [-0.00, 0.00]	0.00 [-0.00, 0.00]	-0.00 [-0.00, 0.00]	0.00 [-0.00, 0.00]	-0.00 [-0.00, 0.00]	-0.00* [-0.00, 0.00]
Male	-0.03 [-0.46, 0.39]	0.01 [-0.38, 0.39]	0.19 [-0.29, 0.66]	-0.12 [-0.46, 0.22]	0.19 [-0.24, 0.62]	0.18 [-0.34, 0.71]	0.04 [-0.44, 0.53]
Secondary Educ.	0.21 [-0.28, 0.71]	0.11 [-0.51, 0.73]	-0.29 [-1.09, 0.51]	-0.33 [-0.85, 0.19]	-0.06 [-0.71, 0.59]	-0.03 [-0.66, 0.60]	0.30 [-0.23, 0.83]
Tertiary Educ.	0.42 [-0.21, 1.05]	0.24 [-0.47, 0.95]	-0.17 [-0.98, 0.65]	-0.17 [-0.85, 0.33]	0.07 [-0.64, 0.78]	0.14 [-0.57, 0.84]	0.11 [-0.60, 0.82]
Literate (Tajik)	0.61** [0.10, 1.12]	0.59** [0.05, 1.12]	0.71*** [0.17, 1.25]	0.36 [-0.13, 0.85]	0.24 [-0.40, 0.89]	0.53 [-0.33, 1.38]	0.01 [-0.52, 0.55]
Household Size	0.01 [-0.04, 0.07]	0.06 [-0.02, 0.14]	0.08** [0.01, 0.14]	0.04 [-0.03, 0.10]	0.06 [-0.02, 0.13]	0.04 [-0.04, 0.13]	-0.00 [-0.08, 0.07]
Econ. Dep. Kids	-0.08 [-0.18, 0.02]	-0.23*** [-0.35, -0.11]	-0.14* [-0.30, 0.01]	-0.12** [-0.23, -0.01]	-0.10* [-0.23, 0.02]	-0.07 [-0.19, 0.05]	-0.09 [-0.19, 0.02]
Married/Cohabit	0.36 [-0.08, 0.80]	0.15 [-0.29, 0.58]	0.35 [-0.14, 0.83]	0.41* [-0.05, 0.88]	0.09 [-0.40, 0.57]	0.31 [-0.24, 0.85]	0.30 [-0.15, 0.74]
Household Head	0.24 [-0.16, 0.64]	0.22 [-0.15, 0.59]	0.36 [-0.09, 0.80]	0.22 [-0.15, 0.58]	0.06 [-0.33, 0.45]	0.23 [-0.23, 0.69]	0.22 [-0.21, 0.65]
Formal Sector	0.07 [-0.35, 0.48]	-0.05 [-0.42, 0.31]	-0.06 [-0.44, 0.33]	0.61*** [0.20, 1.02]	0.24 [-0.21, 0.70]	0.21 [-0.40, 0.82]	0.55** [0.08, 1.03]
Informal Sector	0.31 [-0.24, 0.85]	-0.22 [-0.74, 0.30]	-0.21 [-0.78, 0.35]	0.63** [0.11, 1.15]	0.01 [-0.55, 0.57]	0.35 [-0.36, 1.06]	0.18 [-0.41, 0.78]
Self Employed	-0.01 [-0.56, 0.53]	0.11 [-0.43, 0.66]	0.18 [-0.45, 0.81]	0.52** [0.00, 1.03]	0.31 [-0.28, 0.89]	0.07 [-0.57, 0.70]	0.23 [-0.28, 0.75]
Retired	-0.27 [-0.84, 0.29]	-0.32 [-0.82, 0.18]	-0.26 [-0.76, 0.24]	-0.02 [-0.52, 0.47]	-0.22 [-0.65, 0.20]	0.26 [-0.29, 0.81]	-0.09 [-0.66, 0.47]
Unemployed	0.53** [0.04, 1.01]	0.07 [-0.59, 0.73]	0.16 [-0.65, 0.97]	0.68** [0.06, 1.31]	0.47 [-0.14, 1.07]	0.56 [-0.69, 1.81]	1.00*** [0.47, 1.53]
Urban Environment	-0.19 [-0.58, 0.20]	0.03 [-0.36, 0.42]	-0.04 [-0.43, 0.35]	0.07 [-0.30, 0.44]	0.02 [-0.35, 0.39]	-0.01 [-0.44, 0.41]	0.03 [-0.36, 0.42]
500 to 1,500	-0.16 [-0.54, 0.23]	-0.24 [-0.57, 0.09]	-0.31 [-0.71, 0.10]	-0.41** [-0.72, -0.10]	-0.38** [-0.74, -0.02]	-0.24 [-0.67, 0.18]	-0.13 [-0.57, 0.32]
Higher 1,500	-0.05 [-0.53, 0.43]	-0.14 [-0.55, 0.28]	-0.30 [-0.75, 0.15]	-0.33 [-0.75, 0.08]	-0.27 [-0.68, 0.14]	0.16 [-0.50, 0.82]	0.18 [-0.37, 0.74]
DRS	0.93*** [0.24, 1.61]	0.38 [-0.32, 1.09]	0.66* [-0.02, 1.35]	0.93*** [0.28, 1.58]	0.64* [-0.02, 1.30]	-0.31 [-1.03, 0.41]	0.89** [0.20, 1.59]
Khatlon	0.66** [0.03, 1.29]	0.50 [-0.16, 1.16]	0.58* [-0.10, 1.25]	0.83** [0.19, 1.48]	0.17 [-0.50, 0.84]	0.04 [-0.71, 0.79]	1.24*** [0.59, 1.88]
Sogd	0.51* [-0.04, 1.07]	0.60** [0.02, 1.18]	0.93*** [0.37, 1.49]	1.03*** [0.45, 1.62]	0.60** [0.03, 1.17]	0.59* [-0.05, 1.23]	1.45*** [0.85, 2.04]
Gbao	1.03*** [0.31, 1.75]	0.71* [-0.11, 1.54]	0.71 [-0.15, 1.58]	1.17*** [0.43, 1.91]	0.74* [-0.05, 1.52]	-0.73* [-1.46, 0.00]	0.50 [-0.16, 1.15]

Media Consumption	0.21** [0.05, 0.38]	0.24*** [0.10, 0.38]	0.20** [0.04, 0.36]	0.17** [0.03, 0.31]	0.18** [0.02, 0.35]	0.13* [-0.02, 0.29]	0.13* [-0.02, 0.28]
Save as Child	0.30* [-0.03, 0.64]	0.31* [-0.06, 0.68]	0.13 [-0.26, 0.52]	0.77*** [0.38, 1.15]	0.21 [-0.17, 0.58]	0.38 [-0.19, 0.96]	0.30 [-0.09, 0.69]
Observations	993	993	993	993	993	993	993

Significance: \* ( $p < 0.10$ ), \*\* ( $p < 0.05$ ), \*\*\* ( $p < 0.01$ );

95% Confidence Intervals in brackets.

**Reference Categories:** female, cannot read or write Tajik, neither married nor living with partner, maximum primary education, not head of household, out of labor force, rural environment, income lower TJS 500, Dushanbe Region, not saved as a child





### B.3. Financial Attitudes and Behavior

#### Background Information: Methods and Dependent Variables in Tabs. 5 and 6

Based on factor analysis nine financial capability components are derived. The components are scores ranging from 0 (lowest capability) to 100 (highest capability). Below the first five measures relate to behaviors, the other four to attitudes and motivations. All analyses in tabs. 5 and 6 apply the same linear probability model, correcting for the survey design.

The following financial capability scores and abbreviations are applied:

**Budgeting** measures to which extent people plan how to use their money and whether they stick to the plan.

**Living w/ means** The outcome living within means measures the level of borrowing, whether people borrow to buy food and other essentials, and whether people who have money left over after buying essentials save it (instead of only spending it on non-essentials).

**Not Overspend** indicates whether people tend to spend their income on things that are not necessary or on things they cannot afford.

**Plan old/unexp.** The score for planning for unexpected and old age expenses: indicates whether people could cover an unexpected expense equivalent to a month's income and whether they worry about it, and if they have provisions that cover/will cover their old age expenses in full.

**Saving** measures whether people see themselves as trying to save for the future, trying to save for emergencies, and trying to save even if a small amount.

**Info/Learn** The measure for attitudes towards information is a combination of getting information and advice before making financial decisions, learning from others, and being disciplined.

**Foresightedness** conveys attitudes towards the future. It measure whether people agree or disagree with statements such as 'I live more for the present day than for tomorrow', 'The future will take care of itself', 'I only focus on the short term'.

**Not Impulsive** stands for non-impulsiveness and is determined by whether people agree or disagree with statements about impulsivity (being impulsive, saying things without giving them too much thought, doing things without thinking them through).

**Achievement** designates achievement orientation and assesses to what extent people agree with statements on having aspirations, working hard to be the best, always looking for opportunities to improve one's own situation.

**Table 5: Financial Capability Scores – Part 1**

	Budgeting	Living w/ means	Not Overspend	Info/Learn	Plan old/unexp.
Age	-0.01 [-2.39, 2.37]	-1.44 [-3.58, 0.71]	0.78 [-1.93, 3.50]	2.76** [0.64, 4.88]	0.69 [-2.25, 3.63]
Age Square	0.00 [-0.04, 0.05]	0.02 [-0.02, 0.07]	-0.02 [-0.08, 0.03]	-0.06** [-0.10, -0.01]	-0.01 [-0.07, 0.06]
Age Cube	-0.00 [-0.00, 0.00]	-0.00 [-0.00, 0.00]	0.00 [-0.00, 0.00]	0.00** [0.00, 0.00]	0.00 [-0.00, 0.00]
Male	1.56 [-2.55, 5.68]	3.95* [-0.21, 8.12]	-1.24 [-4.61, 2.13]	-0.47 [-3.90, 2.96]	0.64 [-3.85, 5.14]
Secondary Educ.	5.21 [-2.52, 12.94]	-0.95 [-5.31, 3.42]	2.00 [-3.95, 7.95]	-3.61 [-8.08, 0.85]	3.10 [-5.03, 11.23]
Tertiary Educ.	8.59** [0.66, 16.52]	0.11 [-5.05, 5.27]	-1.34 [-7.64, 4.96]	-4.09 [-9.13, 0.96]	4.87 [-5.39, 15.14]
Literate (Tajik)	1.91 [-6.20, 10.02]	-2.75 [-7.88, 2.39]	4.78 [-1.97, 11.53]	3.66 [-1.45, 8.77]	-5.71 [-13.29, 1.87]
Household Size	-0.20 [-0.93, 0.53]	-0.80** [-1.42, -0.17]	0.50** [0.08, 0.92]	0.35 [-0.16, 0.86]	0.08 [-0.73, 0.89]
Econ. Dep. Kids	0.32 [-0.83, 1.47]	-0.29 [-1.34, 0.76]	0.73** [0.01, 1.46]	0.39 [-0.54, 1.32]	-0.67 [-2.14, 0.80]
Married/Cohabit	-5.19** [-10.20, -0.19]	-0.77 [-4.73, 3.19]	1.74 [-2.51, 6.00]	-1.94 [-5.63, 1.74]	-1.21 [-6.45, 4.03]
Household Head	-2.16 [-5.63, 1.30]	-4.98** [-9.74, -0.22]	0.55 [-2.20, 3.30]	0.59 [-3.01, 4.19]	3.42 [-1.92, 8.76]
Formal Sector	0.03 [-5.12, 5.18]	-0.42 [-5.50, 4.66]	1.61 [-2.64, 5.85]	0.59 [-4.17, 5.36]	1.91 [-4.52, 8.34]
Informal Sector	2.84 [-3.82, 9.51]	1.46 [-4.59, 7.51]	2.92 [-1.07, 6.91]	2.92 [-2.04, 7.88]	-0.04 [-8.17, 8.08]
Self Employed	-5.18 [-11.61, 1.25]	1.27 [-4.90, 7.45]	-0.68 [-5.33, 3.97]	3.53 [-1.56, 8.61]	0.64 [-7.45, 8.73]
Retired	0.09 [-5.10, 5.28]	-2.69 [-9.96, 4.57]	-0.13 [-4.86, 4.59]	2.01 [-2.94, 6.96]	8.13** [1.31, 14.95]

Unemployed	-5.26 [-11.86, 1.33]	-2.26 [-8.99, 4.47]	-1.10 [-6.34, 4.14]	1.80 [-4.20, 7.79]	-4.60 [-11.20, 2.00]
Urban Environment	4.08* [-0.24, 8.41]	-3.05 [-7.40, 1.30]	1.64 [-1.06, 4.33]	0.02 [-3.87, 3.90]	3.66 [-1.16, 8.48]
500 to 1,500	-1.07 [-5.27, 3.13]	-0.76 [-4.98, 3.46]	-1.94 [-4.93, 1.06]	-1.28 [-4.74, 2.17]	-1.60 [-6.29, 3.09]
Higher 1,500	5.44* [-0.29, 11.17]	9.49*** [4.48, 14.50]	-2.32 [-6.75, 2.10]	-4.26* [-8.90, 0.38]	9.27*** [2.84, 15.70]
DRS	13.68*** [6.09, 21.27]	0.62 [-6.49, 7.73]	7.72** [1.63, 13.81]	19.34*** [11.90, 26.78]	4.13 [-4.69, 12.96]
Khatlon	21.82*** [15.19, 28.45]	-1.57 [-10.53, 7.39]	8.92*** [3.14, 14.71]	18.78*** [11.17, 26.38]	5.39 [-2.01, 12.79]
Sogd	17.26*** [11.01, 23.50]	2.71 [-4.98, 10.39]	5.91** [0.63, 11.19]	18.16*** [11.23, 25.09]	7.68** [0.95, 14.41]
Gbao	26.37*** [15.53, 37.20]	-5.49 [-15.29, 4.31]	11.19*** [5.46, 16.92]	19.52*** [10.38, 28.67]	15.62*** [6.30, 24.93]
Media Consumption	0.11 [-1.37, 1.58]	0.26 [-1.30, 1.81]	-0.90 [-2.00, 0.19]	1.37* [-0.02, 2.77]	1.03 [-1.18, 3.25]
Save as Child	2.90 [-1.29, 7.08]	-0.95 [-6.24, 4.34]	3.65** [0.73, 6.58]	4.17*** [1.12, 7.22]	3.86 [-1.16, 8.88]
Observations	831	979	992	993	954

Significance: \* ( $p < 0.10$ ), \*\* ( $p < 0.05$ ), \*\*\* ( $p < 0.01$ );

**Reference Categories:** female, cannot read or write Tajik, neither married nor living with partner, maximum primary education, not head of household, out of labor force, rural environment, income lower TJS 500, Dushanbe Region, not saved as a child

**Table 6:** Financial Capability Scores – Part 2

	Saving	Foresightedness	Not Impulsive	Achievement
Age	-0.17 [-4.94, 4.60]	0.88 [-2.46, 4.22]	3.12** [0.22, 6.02]	-1.29 [-4.03, 1.46]
Age Square	0.01 [-0.09, 0.11]	-0.02 [-0.09, 0.05]	-0.06** [-0.12, -0.00]	0.04 [-0.02, 0.09]



Age Cube	-0.00 [-0.00, 0.00]	0.00 [-0.00, 0.00]	0.00** [0.00, 0.00]	-0.00 [-0.00, 0.00]
Male	-2.19 [-11.14, 6.77]	-3.94 [-9.99, 2.10]	1.51 [-2.04, 5.07]	-1.42 [-6.21, 3.36]
Secondary Educ.	-9.42 [-21.85, 3.01]	-5.33 [-13.48, 2.81]	-1.60 [-5.80, 2.60]	-6.46** [-12.82, -0.10]
Tertiary Educ.	-10.12 [-22.32, 2.08]	-6.28 [-15.08, 2.52]	-3.78 [-8.84, 1.29]	-1.22 [-8.12, 5.68]
Literate (Tajik)	-6.97 [-18.96, 5.01]	2.95 [-5.45, 11.36]	2.22 [-2.73, 7.17]	-1.29 [-6.85, 4.26]
Household Size	-0.20 [-1.71, 1.30]	0.22 [-0.69, 1.12]	0.03 [-0.58, 0.64]	-0.77 [-1.78, 0.23]
Econ. Dep. Kids	3.00** [0.27, 5.73]	0.80 [-0.78, 2.39]	0.52 [-0.46, 1.49]	2.19*** [0.55, 3.83]
Married/Cohabit	1.68 [-8.57, 11.94]	6.11* [-0.25, 12.47]	-1.44 [-5.69, 2.81]	0.64 [-4.71, 5.99]
Household Head	3.52 [-3.99, 11.03]	0.92 [-4.58, 6.43]	-0.29 [-3.36, 2.78]	3.81 [-0.96, 8.59]
Formal Sector	0.66 [-9.46, 10.78]	3.81 [-3.36, 10.97]	2.29 [-2.40, 6.99]	1.92 [-2.99, 6.82]
Informal Sector	-2.48 [-15.28, 10.31]	2.09 [-6.15, 10.33]	-0.72 [-5.70, 4.27]	4.32 [-3.14, 11.79]
Self Employed	-2.05 [-13.72, 9.61]	-3.90 [-13.58, 5.78]	0.39 [-3.86, 4.64]	1.12 [-7.50, 9.73]
Retired	0.01 [-11.12, 11.14]	6.41 [-2.04, 14.86]	1.29 [-3.70, 6.28]	-1.54 [-8.84, 5.76]
Unemployed	0.94 [-12.55, 14.42]	3.88 [-3.94, 11.70]	1.53 [-3.17, 6.24]	1.68 [-4.74, 8.09]
Urban Environment	-2.65 [-13.02, 7.72]	-1.65 [-8.11, 4.81]	1.84 [-1.63, 5.31]	-1.85 [-7.09, 3.39]
500 to 1,500	5.96 [-2.67, 14.59]	3.57 [-2.40, 9.54]	1.50 [-3.04, 6.03]	0.97 [-4.98, 6.92]



Higher 1,500	10.38* [-0.97, 21.73]	9.11** [1.53, 16.70]	1.62 [-4.10, 7.34]	4.27 [-1.17, 9.71]
DRS	31.50*** [16.39, 46.60]	4.09 [-7.54, 15.72]	3.29 [-3.43, 10.01]	11.34** [1.84, 20.84]
Khatlon	21.80*** [5.55, 38.05]	10.90* [-0.05, 21.85]	4.02 [-2.12, 10.15]	8.53* [-1.19, 18.25]
Sogd	29.54*** [15.58, 43.50]	8.72 [-2.13, 19.58]	2.69 [-4.10, 9.49]	8.03* [-1.10, 17.17]
Gbao	54.96*** [39.69, 70.24]	-0.10 [-11.83, 11.62]	3.82 [-2.51, 10.14]	15.47*** [5.95, 24.98]
Media Consumption	5.18*** [2.15, 8.20]	1.69 [-0.77, 4.14]	-0.23 [-1.57, 1.10]	-0.02 [-2.61, 2.58]
Save as Child	9.72** [0.88, 18.56]	-0.65 [-6.13, 4.83]	-1.86 [-6.57, 2.85]	8.27*** [4.01, 12.53]
Observations	982	993	993	993

Significance: \* ( $p < 0.10$ ), \*\* ( $p < 0.05$ ), \*\*\* ( $p < 0.01$ );

95% Confidence Intervals in brackets.

**Reference Categories:** female, cannot read or write Tajik, neither married nor living with partner, maximum primary education, not head of household, out of labor force, rural environment, income lower TJS 500, Dushanbe Region, not saved as a child



## C. FINANCIAL INCLUSION: ACCESS AND USAGE OF FINANCIAL SERVICES

### C.1. Products

#### Background Information: Methods and Dependent Variables in Table 3

**Products** Similar to *Knowledge*, but asking; ‘*Regarding some financial products and services that some people use, do you currently have any of the following?*’. The products and services are: Insurance (health, life or income replacement insurance), Mortgage, Formal credit (loan from a commercial bank, credit card), General insurance (car insurance, household contents insurance, building insurance), Formal savings / deposit account in a commercial bank, Checking account / money transfer services (internet banking, Mobile banking, Western Union, debit card), Credit from micro finance institution (e.g Imon, Humo etc), Saving at micro deposit institution (e.g Bovari va Hamkori etc), Informal credit (loan from informal money lenders, loan from family or friends that need to be repaid), Informal savings (at home: keeping money under the mattress), and Other. The same model is fitted.

**Table 7:** Number of Financial Products

	Products
Age	0.11 [−0.11, 0.34]
Age Square	−0.00 [−0.01, 0.00]
Age Cube	0.00 [−0.00, 0.00]
Male	−0.21 [−0.56, 0.13]
Secondary Educ.	0.02 [−0.50, 0.53]
Tertiary Educ.	0.05 [−0.47, 0.57]
Literate (Tajik)	−0.04 [−0.53, 0.44]
Household Size	0.02 [−0.04, 0.08]
Econ. Dep. Kids	0.02 [−0.05, 0.09]
Married/Cohabit	0.11 [−0.15, 0.38]
Household Head	0.08 [−0.15, 0.32]
Formal Sector	0.26 [−0.12, 0.65]
Informal Sector	−0.05 [−0.56, 0.46]
Self Employed	0.45**



Retired	[0.01, 0.89] 0.58***
Unemployed	[0.19, 0.97] 0.20
Urban Environment	[-0.24, 0.63] -0.21*
500 to 1,500	[-0.45, 0.02] 0.04
Higher 1,500	[-0.20, 0.29] -0.12
DRS	[-0.50, 0.26] -0.07
Khatlon	[-0.58, 0.43] 0.14
Sogd	[-0.31, 0.59] 0.20
Gbao	[-0.22, 0.62] -0.12
Media Consumption	[-0.73, 0.48] 0.07
Save as Child	[-0.03, 0.18] 0.14
Observations	[-0.15, 0.43] 993

Significance: \* ( $p < 0.10$ ), \*\* ( $p < 0.05$ ), \*\*\* ( $p < 0.01$ );

95% Confidence Intervals in brackets.

**Reference Categories:** female, cannot read or write Tajik, neither married nor living with partner, maximum primary education, not head of household, out of labor force, rural environment, income lower TJS 500, Dushanbe Region, not saved as a child



## C.2. Financial Institutions

### Background Information: Methods and Dependent Variables in Table 8

Table 8 extends the analysis of table 7. Following the same list and given that an individual knows the services offered by the institution (see tab. 4) he or she is asked: '*If Yes, have you ever used it?*'. Again zero-one dummies are generated. Agents who did not know the services offered by the institution were assessed as never having used these services. Thereby the results include the entire sample and the analyses become more meaningful. Like above probit models are estimated, extended for the correction of the survey setup.

Again, the following abbreviations are applied:

- **Banks** Commercial banks
- **Insur** Insurance Companies
- **MFO** Microfinance Organizations
- **Exch.** Exchange Office
- **MTO** Money Transfer Operator

Analyses for Broker and ONFIs are excluded since too few people use these products, which makes a more thorough statistical investigation not applicable.

**Table 8:** Usage of Specific Financial Products

	Banks	Insur	MFO	Exch.	MTO
Age	-0.15 [-0.71, 0.41]	0.25 [-0.20, 0.70]	0.12 [-0.19, 0.44]	0.08 [-0.13, 0.30]	-0.16 [-0.41, 0.09]
Age Square	0.00 [-0.01, 0.02]	-0.01 [-0.01, 0.00]	-0.00 [-0.01, 0.01]	-0.00 [-0.01, 0.00]	0.00 [-0.00, 0.01]
Age Cube	-0.00 [-0.00, 0.00]	0.00 [-0.00, 0.00]	0.00 [-0.00, 0.00]	0.00 [-0.00, 0.00]	-0.00 [-0.00, 0.00]
Male	-0.02 [-0.50, 0.45]	-0.01 [-0.59, 0.57]	-0.42 [-0.92, 0.09]	0.15 [-0.17, 0.48]	-0.06 [-0.45, 0.32]
Secondary Educ.	0.25 [-0.22, 0.71]	0.04 [-0.77, 0.85]	-0.46 [-1.36, 0.43]	0.08 [-0.58, 0.73]	0.29 [-0.26, 0.84]
Tertiary Educ.	0.80*** [0.32, 1.29]	0.06 [-0.75, 0.87]	-0.18 [-1.20, 0.84]	0.35 [-0.37, 1.06]	0.33 [-0.29, 0.95]
Literate (Tajik)	-0.26 [-1.10, 0.57]	-0.29 [-1.31, 0.73]	-0.06 [-0.93, 0.82]	0.43 [-0.12, 0.97]	0.11 [-0.39, 0.61]
Household Size	-0.08** [-0.15, -0.01]	0.14* [-0.01, 0.30]	-0.02 [-0.11, 0.07]	-0.01 [-0.06, 0.04]	-0.01 [-0.07, 0.05]
Econ. Dep. Kids	0.15** [0.03, 0.26]	-0.11 [-0.24, 0.03]	0.04 [-0.07, 0.15]	0.02 [-0.09, 0.13]	0.02 [-0.09, 0.14]
Married/Cohabit	0.19 [-0.38, 0.75]	0.51* [-0.04, 1.06]	0.05 [-0.45, 0.55]	0.15 [-0.23, 0.54]	0.30 [-0.10, 0.70]
Household Head	0.10 [-0.36, 0.56]	0.51*** [0.14, 0.87]	0.13 [-0.26, 0.52]	0.02 [-0.33, 0.37]	0.18 [-0.20, 0.57]
Formal Sector	0.15 [-0.40, 0.69]	0.16 [-0.31, 0.63]	0.49 [-0.24, 1.23]	0.26 [-0.18, 0.71]	0.43* [-0.03, 0.90]
Informal Sector	0.34 [-0.33, 1.02]	-0.09 [-0.91, 0.72]	0.86** [0.08, 1.64]	0.37 [-0.12, 0.85]	0.23 [-0.25, 0.72]
Self Employed	-0.09 [-0.60, 0.42]	0.17 [-0.61, 0.94]	0.77** [0.12, 1.42]	-0.04 [-0.47, 0.39]	0.02 [-0.51, 0.54]
Retired	-0.06	-0.51*	0.60	0.20	0.12



Unemployed	[-0.63, 0.50] 0.66	[-1.10, 0.08] -0.03	[-0.18, 1.39] 0.58	[-0.26, 0.65] 0.61*	[-0.36, 0.60] 0.79***
Urban Environment	[-0.15, 1.48] 0.21	[-0.70, 0.64] -0.13	[-0.16, 1.32] 0.20	[-0.02, 1.25] -0.12	[0.30, 1.29] -0.10
500 to 1,500	[-0.23, 0.65] 0.32	[-0.58, 0.32] -0.08	[-0.22, 0.62] 0.17	[-0.49, 0.25] 0.13	[-0.45, 0.26] 0.16
Higher 1,500	[-0.23, 0.87] 0.29	[-0.52, 0.37] -0.18	[-0.40, 0.74] 0.25	[-0.20, 0.45] 0.77***	[-0.14, 0.46] 0.44*
DRS	[-0.37, 0.94] 0.25	[-0.94, 0.58] -0.55	[-0.51, 1.01] 0.50	[0.33, 1.21] -0.84***	[-0.04, 0.91] 0.43
Khatlon	[-0.55, 1.04] 0.35	[-1.51, 0.41] -0.27	[-0.54, 1.54] 0.18	[-1.37, -0.32] -0.72**	[-0.21, 1.08] 0.35
Sogd	[-0.37, 1.07] -0.47	[-1.09, 0.56] -0.38	[-1.01, 1.37] 0.39	[-1.29, -0.15] -0.14	[-0.24, 0.94] 0.69***
Gbao	[-1.13, 0.19] 0.77	[-1.22, 0.45] -0.35	[-0.72, 1.51] 0.83	[-0.64, 0.35] -0.91**	[0.17, 1.21] 0.20
Media Consumption	[-0.16, 1.71] 0.00	[-1.14, 0.45] 0.22**	[-0.37, 2.04] 0.09	[-1.67, -0.15] -0.05	[-0.58, 0.98] -0.05
Save as Child	[-0.18, 0.18] 0.53**	[0.04, 0.40] 0.16	[-0.05, 0.23] 0.38	[-0.18, 0.08] 0.03	[-0.20, 0.10] 0.06
	[0.07, 0.99]	[-0.46, 0.77]	[-0.13, 0.88]	[-0.32, 0.38]	[-0.26, 0.39]
Observations	993	993	993	993	993

Significance: \* ( $p < 0.10$ ), \*\* ( $p < 0.05$ ), \*\*\* ( $p < 0.01$ );

95% Confidence Intervals in brackets.

**Reference Categories:** female, cannot read or write Tajik, neither married nor living with partner, maximum primary education, not head of household, out of labor force, rural environment, income lower TJS 500, Dushanbe Region, not saved as a child

