

# FINANCIAL LITERACY FRAMEWORK



**Nepal Rastra Bank**

**2022**



# नेपाल राष्ट्र बैंक NEPAL RASTRA BANK

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## Foreword

Financial education helps to make people financially literate which allows them to make appropriate financial decisions. Financial literacy refers to combination of knowledge, skill, attitude and behavior necessary to make informed and knowledgeable decisions regarding use of money which will ultimately help achieve financial wellbeing. Further, financial knowledge and skill are taken as integral parts of financial literacy, whereas the financial attitude and behaviors are the gradual impacts. Moreover, innovation in modern financial technology has brought digital financial literacy as a new avenue of financial literacy around the world.

Presently, promoting financial literacy is a prime concern of Nepal Rastra Bank (NRB). It has been prioritized in prudential regulation, monetary policy, strategic and annual plans of the bank. Considering that financial literacy is a cross-cutting issue both of education and finance, the NRB has a plan for promotion, collaboration, coordination and monitoring of financial literacy activities. In this regard, the NRB has a three pronged approach to promote financial literacy. First, the bank plays central role in conducting financial literacy programs and formulating necessary policy frameworks (such as financial literacy strategies, financial literacy framework, financial literacy guidelines, etc.). Second, the bank has a plan to collaborate with the Government of Nepal (GoN) to develop necessary contents of financial literacy in school and college level curriculums. Third, the NRB aims to mobilize, facilitate, guide and regulate banks, financial and non-bank financial institutions licensed by the NRB and also with other regulatory bodies in promoting, coordinating and monitoring financial literacy.

Financial literacy has interconnections with access to finance, financial consumer protection and financial inclusion of the country. The pathway of financial digitalization is a cross-cutting among the all. By considering the vision of NRB to achieve inclusive financial system to support the vision of GoN to achieve inclusive financial system, NRB has taken financial literacy as one of the significant tools of financial inclusion. To facilitate attainment of the vision, the NRB has revised and amended the existing framework as Financial Literacy Framework, 2022, with technical and financial assistance of Alliance for Financial Inclusion (AFI). The framework is a guiding, promoting and facilitating milestone document to all stakeholders of financial literacy. Therefore, I am thankful to AFI and the team of NRB's AFI Project Implementation Steering Committee (APISC) for preparing this document and am pleased to release it.

**Maha Prasad Adhikari**  
(Governor)

## Acknowledgement

I have this opportunity to acknowledge and give thanks to all the people who contributed to output of Financial Literacy Framework, 2022 (FLF) as the Coordinator of NRB's AFI Project Implementation Steering Committee (APISC).

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I would also appreciate the support of Alliance for Financial Inclusion (AFI) and would single out duos Mr. Ritesh Thakkar, AFI's Senior Regional Manager of Asian Region and Mr. Luis Trevino Garza, AFI's Senior Policy Manager, both of whom had given us timely feedback and support during this long process.

I would acknowledge the endeavors of the members of NRB's APISC who are (i) Director of Banks and Financial Institution Regulation Department (presently Director Kiran Pandit); (ii) Director of Microfinance Institutions Supervision Department (presently Director Mrs. Shreejana Bastola but initially Director Rajan Dev Bhattarai); (iii) Director of Economic Research Department (presently Dr. Rajan Krishna Panta but initially Dr. Ram Sharan Kharel); (iv) Director of Office of the Governor (OFG), Information Communication and Coordination Division (ICCD) (presently Director Narayan Prasad Pokhrel); (v) Deputy Director of OFG, ICCD, International Relations Unit (presently Damber Subedi) and; (vi) Member Secretary Dr. Ramesh Chaulagain who is in charge of OFG, Financial Inclusion Consumer Protection Division (FICPD)'s Financial Literacy Section (FLS) along with invitees Director Satyendra Raj Subedi and Director Ajit Regmi. The Secretariat is from NRB, OFG, FICPD, FLS and would highlight the able management of member-secretary Deputy Director Dr. Chaulagain and valuable contribution of both Assistant Director Mrs. Srijana Chhetri and Head Assistant Samita Shrestha.

I would appreciate stakeholders who had participated in process of finalizing FLF:

- (i) Focus Group discussion - The preliminary draft of FLF, 2022 had been based on seminal FLF publication amended to the current context of digital financial literacy with addition of consumer protection. This was refined by having undergone Focus Group Discussions in all seven provinces of Nepal with participation on recipients of FLF programs (target segments) along with providers of FLF programs (mainly BFIs).

- (ii) Stakeholder interaction program - The FLF draft was revised and then soft disseminated for feedback from different stakeholder (such as Nepal Bankers Association and UNCDF) along with relevant departments in NRB, including being commented by World Bank Office in Nepal.
- (iii) Peer Learning Visit - In further revising the draft of FLF, NRB had benefitted by having undergone an AFI's Peer Learning Visit to Bank of Uganda (BOU). I would appreciate support for this visit to all officials in BOU, especially coordination of contact persons Assistant Director Alex Ochan and Tilda Nabbanja of BOU's National Payments Systems Department.
- (iv) AFI Peer Review - All these comments were incorporated and this further revise draft was sent for AFI Peer Review where feedback was received from Bangladesh Bank, Reserve Bank of Malawi, Bangko Sentral ng Pilipinas and Bank of Uganda, I would acknowledge and appreciate those.
- (v) Finalization of FLF - This was then finalized in APISC reaching it present state.

Lastly, I would like to thank all of the stakeholder not mentioned above.



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## **Definition of Key Terms**

### **1. Financial Literacy**

Financial literacy refers to the combination of knowledge, skill, attitude and behavior necessary to make informed and wise decisions regarding the use of money and ultimately achieving financial wellbeing. Broadly, financial literacy has two parts, i.e. knowledge and behavioral aspects of understanding and rational use of personal finance. Literacy is taken as acquiring knowledge and skill from education, experiences and research whereas behavioral part is application of the knowledge and skill into practice.

### **2. Financial Knowledge**

Financial knowledge refers to information, awareness and understanding of money matters. It incorporates information on personal income, saving, expenditure, investment and borrowing. Financial knowledge is taken as an integral part of financial literacy.

### **3. Financial Skill**

Financial skill is the art of converting financial knowledge into practice. It is also taken as ability of numeracy, making personal and household financial plan and managing personal financial risks. The skill is associated with knowledge and management of personal income and expenditures to maximize personal welfare. Financial skill is also taken as an integral part of financial literacy.

### **4. Financial Attitude**

Financial attitude is the willingness and readiness of a person to invest time and other resources required to apply financial knowledge and exercise skills. It helps to evaluate perceived financial knowledge and skill. Financial knowledge and skill have contribution on developing positive financial attitude. However, positive financial attitude has behavioral implication.

### **5. Financial Behavior**

Financial behavior is defined as the actual application of financial knowledge, skills and attitude in financial activities of everyday life. Therefore, financial behavior is a demonstration of personal financial management behavior, which has implication to

personal financial wellbeing. Primarily, financial behavior is about how a person deals with money such as paying bills, transferring money, managing portfolio, etc. Gradually, a conscious financial behavior shows a good decision making, comparing and evaluating opportunity cost, seeking alternatives, etc.

## **6. Digital Financial Literacy**

Digital financial literacy is termed as a set of understanding, knowledge and skills that helps to use digital financial services prudently and securely. Digital financial literacy is taken as a part of financial literacy

## **7. Financial Consumer Protection**

Financial consumer protection is a practice of providing convenient, affordable and transparent financial services to the consumers so as to protect their rights. It also includes the process of grievance redress.

## **1. Background**

Financial literacy and inclusion have been proven as an aid to economic growth and poverty reduction from various studies around the world. Financial literacy has emerged as an important component of financial inclusion. The Government of Nepal has emphasized the necessity of an inclusive financial system in its various documents. In consonance with the declaration of the government for an inclusive financial system, Nepal Rastra Bank (NRB) has the objective in NRB Act, 2002 Section 4 (b) “To increase the access of the financial service and increase the public confidence towards the banking and financial system”. To support the attainment of this objective, NRB has highlighted this in its Strategic Plan (2022–2026) setting a strategic objective as “Enhance Financial Literacy, Inclusion and Access to Finance”.

Developing financial inclusion index, promoting digital financial literacy and policy priorities are also mentioned in the plan. The importance of financial literacy has also been mentioned in Financial Inclusion Roadmap (2017-2022), which provides an overarching guideline for the strengthening of financial inclusion in Nepal, including financial literacy as an intervention to achieve its implementation priority in the area of strengthening consumer empowerment, protection and education. Meanwhile, monetary policy of NRB (2022-23) has incorporated the provision of digital financial

literacy, financial consumer protection and developing financial literacy training manual in the framework by NRB. As mentioned in the policy, NRB will also coordinate with Curriculum Development Center (CDC) for producing contents for financial literacy in school level curriculum.

The goal of the framework is to develop and produce a formal structure of financial literacy for NRB to help increase financial access as well as to facilitate in attaining financial system stability in a systematic manner. Financial inclusion from the access part is being levied across the country as a national agenda. This is particularly driven by the opening of bank branches in all the local levels. Thus, the need of financial literacy to drive up the demand for financial access is increasing.

Financial literacy programs in Nepal are presently being conducted by various agencies including the central bank, banks and financial institutions and non-bank financial institutions in a scattered and fragmented manner with different methodologies and delivery mechanism. NRB aims to enhance and systematize the current fragmented activities to facilitate monitoring and evaluation as well as regular assessment through a policy initiation in the form of a financial literacy framework. The framework is expected to be useful to promote retention, i.e. the continued “use, existence, or possession of something or someone”, and contribute to behavioral changes in domestic financial consumers.

The framework will be instrumental to institutionalize financial literacy efforts in Nepal. Based on this framework, operating guidelines, training manuals and monitoring and evaluation methodologies will be produced giving diverse activities a standard foundation which comprise of NRB's vision, mission, goals and objectives for financial literacy.

## **2. Vision, Mission, Goal and Objectives**

### **2.1 Vision**

Financially aware and capable citizens for prosperous Nepal

### **2.2 Mission**

Assist people make rational financial decisions and access appropriate financial products and services.

### **2.3 Goal**

To enhance knowledge of using formal channels for making financial transactions and converting these skills into behavioral change

### **2.4 Objectives**

2.4.1 To create awareness about availability of various financial products and services

2.4.2 To motivate people to get accustomed to formal banking practices and in improving their financial conditions

2.4.3 To help financial consumers understand their rights and responsibilities

2.4.4 To enhance awareness about digital financial services

2.4.5 To impart knowledge of personal finance to bring behavioral and attitudinal changes towards financial services and products.

2.4.6 To create awareness about financial fraudulence and grievance redress measures

2.4.7 To encourage banks and financial institutions to provide financial education to financial consumers

2.4.8 To develop collaboration among relevant stakeholders for the implementation of various financial literacy programs

## **3. Scope**

The framework will be used in financial literacy activities of NRB, banks and financial institutions (BFIs) and non-bank financial institutions (NBFIs) licensed by the NRB.

## **4. Delivery of Financial Literacy**

### **4.1 Target Group Segmentation**

This section comprises of segmentation of target groups that the framework will cater to. The target groups have been categorized into 3 broad segments on the basis of income generation. They are further categorized into 6 sub-segments and 3 cross cutting segments as shown below:

<b>Levels</b>	<b>Categories</b>		
<b>Broad segments</b>	<b>Regular income earners</b>	<b>Irregular income earners</b>	<b>Dependents</b>
<b>Sub-segments</b>	1. Salaried workers	2. Farmers, 3. MSMEs (Micro, small and medium enterprises) 4. Daily wage earners 5. Potential migrant workers	6. Students
<b>Cross-cutting</b>	7. Women 8. Remittance receivers 9. Youth		

These segments are depicted in detail below along with their characteristics.

<b>Segments</b>	<b>Characteristics</b>
<b>1. Regular income earners (Salaried workers)</b>	Individuals whose main sources of income are salary drawn from employment in private companies and in government or public enterprises.
<b>2. Irregular income earners (farmers, MSMEs , daily wage earners, potential migrant workers)</b>	Individuals who obtain their income from farming activities or from owning and running a micro, small or medium enterprise, or daily wages or are planning to go abroad with a seasonal or irregular income flow to their household.
<b>3. Dependents (students)</b>	Students who are in secondary to higher secondary level.
<b>4. Women</b>	Women who are head of households or are in charge of using the household budget as a decision making authority or dependents whose main source of money is family, often a household member.
<b>5. Remittance receivers</b>	Those who rely on remittances sent by relatives or friends.
<b>6. Youth</b>	Young population aged above 15 years.

## **4.2 Levels of Financial Literacy**

The level of financial literacy has been divided into two categories: (i) basic and (ii) advanced. Though the level of financial literacy of individuals is time, place and context specific this framework has defined basic financial literacy as common understanding of income, saving, borrowing, investment and expenditure management. Advanced financial literacy refers to gradual understanding of financial services, systems, acquiring decision skill on financial issues and applying the knowledge for better personal financial activities.

## **4.3 Digital Financial Literacy**

Development in information technology and financial technology has necessitated understanding and adoption of digital financial services. As digital financial services are more reliable, cost effective, accessible and less time consuming than traditional financial services, the use of digital financial services has been on the rise globally. On the other hand, digital way of doing things are increasing complexities and creating more vulnerable environment too for the financial consumers. Innovative digital financial products and services, service providers and delivery mechanisms are creating new type of risks and challenges in the financial system. Thus this framework aims to highlight the need of digital financial literacy and expects BFIs and NBFIs emphasize the safe use of digital financial services and incorporate digital financial literacy as a part of the financial literacy activities and programs.

## **4.4 Financial Consumer Protection**

The framework aims to increase financial literacy in the target groups along with the awareness about grievance redress mechanisms. NRB expects to raise awareness among financial consumers not only about the selection of best financial services but also about their rights and responsibilities that come with those services. BFIs and NBFIs should prioritize consumer protection by creating awareness about digital payment innovations, anti-money laundering (AML) and combating the financing for terrorism (CFT), cyber security, data privacy, etc. in addition to the adoption of policies for healthy financial conduct. Information asymmetry between the provider and

consumer of financial services may create vulnerable situation leading to miss-selling and exploitations. NRB believes in creating awareness among financial consumers through literacy initiatives leading to a healthy and consumer friendly financial system.

#### **4.5 Financial Literacy Training Manual**

NRB will develop a training manual to create a minimum set of standardized knowledge material based on the core competencies framework as referred in Annex 1. The manual will play a guiding role and facilitation on baseline contents, methods and monitoring activities of financial literacy. All financial literacy programs should adopt the manual as a guiding tool while delivering customized programs to the target segments.

### **5. Delivery Channels of Financial Literacy**

The framework contains a multi-targeted group segments; hence, there are diversified delivery channels and methodologies to be implied during the implementation. These are depicted below.

- 5.1 In-person communication and counseling
- 5.2 Print, audio and visual mass media (in simple Nepali and local languages)
- 5.3 Mass presentation and talk programs
- 5.4 Social media
- 5.5 Websites, mobile applications
- 5.6 Publications, books, booklets, handbooks, poems, stories, etc.
- 5.7 Mobile libraries
- 5.8 Digital boards, caller ring back tones (CRBT)
- 5.9 Training manuals
- 5.10 Online games, competitions and courses
- 5.11 Study tour
- 5.12 Street drama

### **6. Roles and Responsibilities of Financial Literacy Implementation**

Financial literacy initiatives demand the involvement of multiple stakeholders. Likewise, the implementation of this framework requires a similar approach. List of roles and responsibilities of the NRB, BFIs and NBFIs are explicitly listed below.

However, NRB believes other agencies and players of entire financial system can also play crucial role in this initiative.

Institution	Roles and Responsibilities
<p style="text-align: center;"><b>Nepal Rastra Bank</b></p>	<ul style="list-style-type: none"> <li>• Preparation of standardized knowledge materials</li> <li>• Conducting financial literacy programs</li> <li>• Regulation and supervision of licensed BFIs and NBFIs</li> <li>• Monitoring and evaluation of financial literacy programs</li> <li>• Periodic review and update of the framework</li> <li>• Provide trainings to financial literacy trainers (TOT)</li> <li>• Ensure effective collaboration with related stakeholders</li> </ul>
<p style="text-align: center;"><b>BFIs</b></p>	<ul style="list-style-type: none"> <li>• Preparation of knowledge materials</li> <li>• Implementation of the framework through financial literacy programs.</li> <li>• Monitoring of financial literacy programs in micro level.</li> <li>• Micro level reporting of financial literacy programs.</li> </ul>
<p style="text-align: center;"><b>Non BFIs</b></p>	<ul style="list-style-type: none"> <li>• Implementation of the framework through financial literacy programs.</li> </ul>

## 7. Monitoring and Evaluation

### a. Micro level

All BFIs must submit annual evaluation report of financial literacy programs conducted by them throughout the year according to the Financial Literacy Guidelines, 2022.

### b. Macro Level

The Financial Inclusion and Consumer Protection Division at NRB will evaluate the financial literacy related activities and programs. It will monitor the activities through a specially designed template and publish the status report annually.

## 8. Cooperation and Collaboration

NRB will cooperate and collaborate with other stakeholders of financial system such as Insurance Board, Securities Board of Nepal, line ministries, Department of Cooperatives, Associations of BFIs, Employees Provident Fund, Investment Board,

Cooperatives, non-government organizations, Telecom Authority, Nepal Film Development Board, Curriculum Development Centre, educational institutions, local level governments, civil society and other related stakeholders across the country to increase the outreach and effectiveness of financial literacy related activities. NRB expects such cooperation and collaboration will further the demand side interventions and better streamline the financial literacy programs efficiently.

## **9. Expected Outcomes**

With the initiatives envisaged by this framework these outcomes are expected:

- 9.1 Enhanced use of formal financial channels for financial transactions and remittance transactions.
- 9.2 Knowledge of availability of different banking products and services.
- 9.3 Enhanced skills and attitudes that will eventually be exercised into behavior
- 9.4 Awareness of the availability of digital financial services, their benefits as well as risks inherent in digital services
- 9.5 Management of personal finance and old age financial plans through budgeting and saving
- 9.6 Impart various financial literacy skills that will enable to take on rational behavior while making financial decisions
- 9.7 Awareness about AML related provisions
- 9.8 Enhanced financial consumer awareness and empowerment
- 9.9 Contribution to financial access and inclusion and financial well being

## **10. Conclusion**

NRB has formulated the financial literacy framework to systematize financial literacy efforts of NRB, BFIs and NBFIs. The framework aims to make people aware about concepts of financial services, increase ability of identifying pros and cons of financial activities, increase confidence on financial behaviors, enable people select right financial services from the market for their financial wellbeing. It also aims to enhance the use of formal channels for making financial transactions and contribute to increased financial access and inclusion. Moreover, the framework is expected to contribute in developing coordination and collaboration among all the stakeholders for increasing capability of the people in financial matters. An integrated effort of and collaboration among the government, NRB, financial service providers, civil

society, non-government organizations, etc. are keys to achieve goals of the framework. The framework is visualized as a dynamic document which will be regularly updated.

### Annex 1: Core Competencies Framework\*

Elements	Knowledge	Skill	Attitude	Behavior
<b>Financial Concept: Basic level of Financial Literacy</b>				
<b>Needs and wants</b>	<ul style="list-style-type: none"> <li>• What are needs</li> <li>• What are wants</li> </ul>	<ul style="list-style-type: none"> <li>• Differences between needs and wants.</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to apply needs and wants into practice</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritize savings and expenditure as per needs and wants.</li> </ul>
<b>Financial goals</b>	<ul style="list-style-type: none"> <li>• How to set goal</li> <li>• Why it is important to set goals</li> </ul>	<ul style="list-style-type: none"> <li>• Financial goal setting.</li> </ul>	<ul style="list-style-type: none"> <li>• Willingness to set short-term and long-term financial goals</li> </ul>	<ul style="list-style-type: none"> <li>• Setting long term and short term financial goals</li> <li>• Ways to tackle challenges of financial goal achievements</li> </ul>
<b>Grievance handling</b>	<ul style="list-style-type: none"> <li>• What are grievances</li> <li>• How to file complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Process of grievance handling.</li> </ul>	<ul style="list-style-type: none"> <li>• Confident on filing complaint</li> <li>• Raising up of complaint to responsible officers</li> <li>• Confidence to ask questions</li> </ul>	<ul style="list-style-type: none"> <li>• Legal process of grievance and grievance management.</li> </ul>
<b>Financial Concept: Advanced level of Financial Literacy</b>				
<b>Financial Discipline</b>	<ul style="list-style-type: none"> <li>• What is financial discipline and why it is important</li> </ul>	<ul style="list-style-type: none"> <li>• Preparing financial budget and work on budget</li> <li>• Understanding of bad debts</li> </ul>	<ul style="list-style-type: none"> <li>• Discipline to stick to a spending plan and on-time loan repayment</li> <li>• Commitment to work towards a financial goals, and follow a budget</li> </ul>	<ul style="list-style-type: none"> <li>• Financial independence</li> <li>• Economic spending, implementation of financial planning and goals, right use of financial services</li> </ul>

<b>Digital Financial Services</b>	<ul style="list-style-type: none"> <li>• Different type of digital transactions including debit card, credit card, and mobile wallet.</li> </ul>	<ul style="list-style-type: none"> <li>• Types of digital transactions.</li> <li>• Ability to use e-wallets, mobile banking.</li> </ul>	<ul style="list-style-type: none"> <li>• Operate digital transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Cash less transactions</li> <li>• Use of digital media for P2P, P2G and G2P transactions</li> </ul>
<b>Capital Market</b>	<ul style="list-style-type: none"> <li>• Fundamentals of capital market operation</li> </ul>	<ul style="list-style-type: none"> <li>• Risks and return of capital market and primary market</li> </ul>	<ul style="list-style-type: none"> <li>• Belief on benefits of investment on shares</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in primary and secondary capital markets</li> </ul>
<b>Planning and Managing: Basic level of Financial Literacy</b>				
<b>Household Budget</b>	<ul style="list-style-type: none"> <li>• Benefits and elements of budget</li> <li>• Benefits of tracking cash flow</li> <li>• Benefits of spending plan</li> </ul>	<ul style="list-style-type: none"> <li>• How to fill financial diary</li> <li>• Constructing a budget</li> <li>• Tracking cash flow</li> <li>• Designing a spending plan</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to follow budget</li> <li>• Discipline to stick on a spending plan</li> <li>• Confident on money management</li> <li>• Motivated to plan ahead</li> </ul>	<ul style="list-style-type: none"> <li>• Making household budget to plan income, savings and expenditure.</li> <li>• Filling financial diaries.</li> </ul>
<b>Savings</b>	<ul style="list-style-type: none"> <li>• Purpose of savings and element of saving plans</li> <li>• Different ways and place to save</li> <li>• Basic consideration to open a savings plan</li> </ul>	<ul style="list-style-type: none"> <li>• Savings account.</li> <li>• Process of opening savings account.</li> </ul>	<ul style="list-style-type: none"> <li>• Belief on benefits of savings</li> <li>• Discipline to save regularly</li> </ul>	<ul style="list-style-type: none"> <li>• Basic habit of saving in bank accounts, types of saving products, interest calculation</li> </ul>
<b>Loans</b>	<ul style="list-style-type: none"> <li>• Loan and its advantages and disadvantages</li> <li>• Borrowing sources and options</li> <li>• Elements of loans</li> <li>• Consequences of being default</li> <li>• Loan management strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Types of loan accounts</li> <li>• Completing loan application</li> <li>• Simple interest calculations.</li> </ul>	<ul style="list-style-type: none"> <li>• Caution on borrowing decision</li> <li>• Strength to say “no” for unfavorable loan terms and conditions</li> <li>• Discipline to follow a loan management plan</li> </ul>	<ul style="list-style-type: none"> <li>• Taking loans from formal sector only</li> <li>• Proper selection of loans, implications of loans</li> </ul>

<b>Financial Service Providers</b>	<ul style="list-style-type: none"> <li>• <b>Understanding of different types of financial service providers.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Differentiate different types of commercial oriented and community based financial service providers</li> </ul>	<ul style="list-style-type: none"> <li>• Confidence to choose suitable financial service providers</li> </ul>	<ul style="list-style-type: none"> <li>• Know the different types of Financial Service Providers in terms of products and services, legal liabilities prevalent in Nepal</li> </ul>
<b>Remittance</b>	<ul style="list-style-type: none"> <li>• <b>Process of sending /receiving money, both domestic and international</b></li> <li>• <b>Wealth building</b></li> </ul>	<ul style="list-style-type: none"> <li>• Filling remittance receiving and sending forms.</li> <li>• Differences between productive and unproductive expenditures</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to productive use of remittance</li> </ul>	<ul style="list-style-type: none"> <li>• Remittances from formal channels</li> </ul>
<b>Microenterprises and Business Plan</b>	<ul style="list-style-type: none"> <li>• <b>Principles and business planning</b></li> <li>• <b>Steps on business planning</b></li> <li>• <b>Use of business plan</b></li> </ul>	<ul style="list-style-type: none"> <li>• Legal requirements of a business, financial needs and banking channels to satisfy the needs, short term financial management.</li> </ul>	<ul style="list-style-type: none"> <li>• Confident to prepare and understand business plan</li> <li>• Confidence to stick on business planning objectives and information</li> </ul>	<ul style="list-style-type: none"> <li>• Business plan preparation for availing bank credit for micro enterprises</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• <b>Difference between risk and uncertainty</b></li> <li>• <b>Understanding of coping mechanism</b></li> </ul>	<ul style="list-style-type: none"> <li>• Various types of risk</li> <li>• Preventive versus protective risk</li> <li>• Accept, avoid, transfer, mitigate and exploit risks</li> </ul>	<ul style="list-style-type: none"> <li>• Confidence on risk management</li> <li>• Ability to prepare risk management plan</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation of coping strategies</li> <li>• Long-term savings, investment and insurance scheme.</li> </ul>

<b>Digital Financial Services</b>	<ul style="list-style-type: none"> <li>• <b>Mechanisms of digital financial services operation</b></li> </ul>	<ul style="list-style-type: none"> <li>• Use of digital financial products</li> <li>• Visualize the cashless environment</li> </ul>	<ul style="list-style-type: none"> <li>• Confidence of using digital financial services</li> <li>• Willingness to participate in P2P, P2G and G2P transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Basic concept of digital financial service providers</li> <li>• Cash less transactions</li> <li>• Use of digital platform for P2P, P2G and G2P transactions</li> </ul>
<b>Planning and Managing: Advanced Level of Financial Literacy</b>				
<b>Diversified Savings and Loans</b>	<ul style="list-style-type: none"> <li>• <b>Meaning, rationale and process of savings and loans diversification</b></li> </ul>	<ul style="list-style-type: none"> <li>• Savings and credit plan with contingency planning for risk mitigation.</li> <li>• Compound interest.</li> <li>• Bundling of products.</li> </ul>	<ul style="list-style-type: none"> <li>• Confidence in the banking system for long term savings and investment.</li> <li>• Multiple banking system concept visualization by the customer</li> </ul>	<ul style="list-style-type: none"> <li>• Financial planning in the long run</li> <li>• Prioritize savings over discretionary spending</li> <li>• Diversification of credit facilities into different products according to nature of personal needs and organization needs</li> <li>• Lower loan defaults</li> </ul>

<b>Rational Financial Decisions (Long and short term)</b>	<ul style="list-style-type: none"> <li>• <b>Different types of financial decisions to be made,</b></li> <li>• <b>Understanding of factors to be considered for rationale financial decisions for short and long term</b></li> <li>• <b>Understanding of time value of money</b></li> </ul>	<ul style="list-style-type: none"> <li>• Time value of money</li> <li>• Long term budgeting with investment.</li> <li>• Making business plan to submit for banking purposes for micro enterprises and micro entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>• Confident on different financial decisions to be made</li> <li>• Confidence to apply factors to be considered for rational financial decisions in short term and long term</li> <li>• Willingness to apply the concept of time value of money into practices</li> </ul>	<ul style="list-style-type: none"> <li>• Rational financial decision making</li> </ul>
<b>Variants of Digital Financial Services</b>	<ul style="list-style-type: none"> <li>• <b>Scope of use of digital financial services</b></li> </ul>	<ul style="list-style-type: none"> <li>• Skill to use digital financial services for diversified purpose</li> </ul>	<ul style="list-style-type: none"> <li>• Confidence to use digital financial services on diversified sources</li> </ul>	<ul style="list-style-type: none"> <li>• Digital platform for all financial services</li> </ul>
<b>Financial Literacy from Regulatory perspective</b>				
	<ul style="list-style-type: none"> <li>○ <b>NRB and its key functions</b></li> <li>○ <b>Consumer protection</b></li> <li>○ <b>Interest rate</b></li> <li>○ <b>Cost of funds</b></li> <li>○ <b>Clean Note Policy</b></li> <li>○ <b>Key examples of income generating methods</b></li> <li>○ <b>Subsidized Loan Policies</b></li> <li>○ <b>Anti-Money Laundering</b></li> <li>○ <b>Know Y our Customer (KYC)</b></li> <li>○ <b>Grievance Handling</b></li> <li>○ <b>Others</b></li> </ul>			

**\* Based on OECD Core Competencies Framework on Financial Literacy**