



# Technical Assistance Report

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Project Number: 48152-001  
Policy and Advisory Technical Assistance (PATA)  
November 2014

## Kingdom of Thailand: Advancing National Financial Literacy

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 29 October 2014)

Currency unit	–	baht (B)
B1.00	=	\$0.03
\$1.00	=	B32.46

## ABBREVIATIONS

ADB	–	Asian Development Bank
BOT	–	Bank of Thailand
G20	–	Group of Twenty
INFE	–	International Network on Financial Education
OECD	–	Organisation for Economic Co-operation and Development
TA	–	technical assistance

## NOTE

In this report, "\$" refers to US dollars.

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## POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 48152-001</b>	
<b>Project Name</b>	Advancing National Financial Literacy	<b>Department /Division</b>	SERD/TRM
<b>Country Borrower</b>	Thailand Government of Thailand	<b>Executing Agency</b>	Bank of Thailand
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
✓ Finance	Inclusive finance		0.50
		<b>Total</b>	<b>0.50</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Knowledge solutions (KNS) Partnerships (PAR)	Knowledge sharing activities Pilot-testing innovation and learning Implementation Regional organizations	No gender elements (NGE)	✓
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No	Nation-wide	High
<b>6. TA Category:</b>	B		
<b>7. Safeguard Categorization</b>	Not Applicable		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>0.50</b>	
Sovereign Policy and advisory technical assistance: Technical Assistance Special Fund		0.50	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>0.25</b>	
Government		0.25	
<b>Total</b>		<b>0.75</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems		Yes	
Use of country public financial management systems		Yes	

## I. INTRODUCTION

1. The goal of the country partnership strategy, 2013–2016 is to assist Thailand in achieving inclusive and sustainable rapid economic growth, leading to reduced poverty and a higher income status.<sup>1</sup> The country partnership strategy is operationalized through four program areas: infrastructure development, finance sector development, environmentally sustainable development, and regional cooperation initiatives. Under the finance sector development program area, advancing financial literacy and inclusive finance are priorities. This policy and advisory technical assistance (TA) project was included in the Asian Development Bank (ADB) country operations business plan for Thailand, 2013–2015.<sup>2</sup> During the 2014 country programming mission, the government confirmed that financial literacy remained high on Thailand's development agenda. The Bank of Thailand (BOT) confirmed its strong commitment to develop a financial literacy assessment system and strengthen the framework for financial literacy programs. The TA impact, outcome, outputs, implementation arrangements, cost estimates and financing agreements, and terms of reference were agreed during a TA fact-finding mission from 1 to 12 September 2014. The design and monitoring framework is in Appendix 1.<sup>3</sup>

## II. ISSUES

2. Understanding financial matters from the basics of budgeting to investment planning is fundamental for inclusive finance. Many of the problems in the Thai finance sector, including rising household debt, inadequate pensions, and poor record-keeping by small and medium-sized enterprises, can be traced to a lack of understanding of financial matters. Surveys conducted in 2013 on financial literacy by the BOT in cooperation with the National Statistical Office and by FinScope during a TA project on microfinance found that the level of financial literacy of most of the Thai population is low.<sup>4</sup> More than 25 financial literacy programs are being implemented in Thailand by commercial banks, specialized financial institutions, independent bodies (such as the Stock Exchange of Thailand and the Securities and Exchange Commission), civil society organizations, and nongovernment organizations.<sup>5</sup> While there is no shortage of supply of financial education programs in Thailand, both the TA project on microfinance and another TA project,<sup>6</sup> which focused on formal sector workers, found that there is little coordination among different programs, no program evaluation or impact assessment, and no central strategy for financial education.

3. The development of a more inclusive financial system is at risk if users have a poor understanding of financial products, discipline, and choices. Without sufficient understanding, people may reject the financial services offered, preventing them from benefiting from the use of a wider range of financial tools. Individuals who lack financial literacy can also be drawn into making inappropriate choices and being taken advantage of by fraudulent financial schemes.

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<sup>1</sup> ADB. 2012. *Country Partnership Strategy: Thailand, 2013–2016*, Manila.

<sup>2</sup> ADB. 2012. *Country Operations Business Plan: Thailand, 2013–2015*. Manila.

<sup>3</sup> The TA first appeared in the business opportunities section of ADB's website on 2 October 2014.

<sup>4</sup> Bank of Thailand. 2013. *Financial Literacy Survey Report 2013*, Bangkok; and ADB. 2011. *Technical Assistance to the Kingdom of Thailand for the Development of a Strategic Framework for Financial Inclusion*. Manila. FinScope is a survey of demand for financial services that includes questions on financial knowledge.

<sup>5</sup> ADB. 2013. *Financial Literacy Findings and Recommendations Report*. Consultant's report. Manila (TA 7998-THA).

<sup>6</sup> ADB. 2010. *Technical Assistance to the Kingdom of Thailand for Capital Market Development Phase III*. Manila. This TA project included a component on enhancing the financial capabilities of workers.

4. Interconnected with financial literacy is the issue of consumer protection. In 2012, the BOT opened its Financial Consumer Protection Center, which focuses on the avoidance of fraud and the rights and responsibilities of consumers. Most of the complaints received involved lack of understanding of financial products. While this is partly a result of clients' insufficient financial knowledge, it is mostly because financial institutions do not provide sufficient and explicit information on their products.

5. International forums, such as the Group of Twenty (G20),<sup>7</sup> Asia-Pacific Economic Cooperation, and the Association of Southeast Asian Nations, have recognized the importance of financial education in achieving financial stability and inclusive development. The High-Level Principles on National Strategies for Financial Education were developed by the Organisation for Economic Co-operation and Development (OECD) International Network on Financial Education, and were endorsed by the G20 leaders and supported by the Asia-Pacific Economic Cooperation ministers of finance.<sup>8</sup> The High-Level Principles encourage countries to conduct a national measurement of financial literacy based on the OECD Toolkit to assess the needs of the population and determine the main policy issues. The BOT partially adopted the OECD toolkit on measuring financial literacy in its 2013 survey, and found the survey result useful for developing its nationwide financial education strategy. The survey showed that the Thai population scored 58.5% for financial literacy compared with an average of 62.3% for the 14 countries that participated in the survey that year. Building on the financial literacy work conducted under the two previous ADB TA projects (footnotes 4 and 6), the BOT would like to develop a sustainable way to conduct the survey. The survey would (i) evaluate the changes over time in the financial literacy behavior and needs of Thai people, thus supporting the development of an evidence-based policy on financial literacy and financial consumer protection; and (ii) enable consistent participation in the OECD Measuring Financial Literacy Program so that the survey results can be compared over time and internationally.

6. Under ADB's Financial Sector Operational Plan, ADB will strengthen its support for financial education and consumer protection to promote the development effectiveness of finance sector development operations.<sup>9</sup> The ADB Independent Evaluation Department special evaluation report on Microfinance Development Strategy 2000 also recommended that a demand orientation with a greater focus on the clients is needed, particularly in financial literacy and consumer protection.<sup>10</sup> The TA will contribute to the development of a framework for ADB financial education support under the Financial Sector Operation Plan.

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<sup>7</sup> The G20 membership comprises the world's largest advanced and emerging economies, representing about two-thirds of the world's population, 85% of global gross domestic product, and more than 75% of global trade. Its members are Argentina, Australia, Brazil, Canada, the People's Republic of China, the European Union, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, the Russian Federation, Saudi Arabia, South Africa, Turkey, the United Kingdom, and the United States.

<sup>8</sup> The High-Level Principles recommended that the development of a national strategy for financial education should involve appropriate assessment, mapping, consultative and communication processes, and preparatory surveys. The process for the development of a national strategy is important in order to raise the level of awareness at a national level, build trust among various stakeholders, identify the best modalities for coordination, and ensure relevance at the national level. <http://www.oecd.org/daf/fin/financial-education/>

<sup>9</sup> ADB. 2011. *Financial Sector Operational Plan*. Manila.

<sup>10</sup> ADB. 2012. *Microfinance Development Strategy 2000: Sector and Client Welfare*. Manila.

### III. THE POLICY AND ADVISORY TECHNICAL ASSISTANCE

#### A. Impact and Outcome

7. The impact will be improved personal awareness and skills to manage financial transactions of the Thai population. The outcome will be clear direction and a better coordinated nationwide strategy for financial literacy programs.

#### B. Methodology and Key Activities

8. **Output 1: Developing a financial literacy assessment system.** The TA will support the development of country-specific survey questionnaires based on the OECD and International Network on Financial Education Toolkit to Measure Financial Literacy and Financial Inclusion. A national survey with a sample size of at least 10,000 will be carried out. The OECD will provide cross-country analysis of the survey data while the TA will provide country-specific analysis. The demand side of financial literacy in Thailand will be reflected through the survey result and the analysis of gaps in awareness, understanding, and skills. Based on the survey questionnaires developed, the TA will support the development of a web-based questionnaire and data processing system that will be a sustainable tool for the BOT to (i) assess the improvement in financial literacy of the Thai population and the changing needs for financial knowledge, and (ii) evaluate the outcome of financial literacy programs of BOT and financial institutions over time.

9. **Output 2: Strengthening the framework for financial literacy programs.** The TA will help to strengthen the supply side of financial knowledge in Thailand through the development of creative financial knowledge contents and an improvement in coordination among various financial literacy programs. Based on the demand analysis in output 1 and the findings and recommendations of previous ADB support, the TA will work with the BOT and other stakeholders through a consultative process to develop strategic directions, key messages, and a core program for financial education that includes organized financial knowledge content, tools, and activity designs. The core program will be rolled out nationwide by the BOT, and implemented by the BOT and members of the Thai Bankers' Association. The TA will also recommend measures to strengthen financial consumer protection. The BOT will take follow-up actions to strengthen consumer protection rules and regulations.

#### C. Cost and Financing

10. The TA is estimated to cost \$750,000 of which \$500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of remuneration and per diem for counterpart staff, office space and supplies for the expert team, land transport for the team, tokens of appreciation for interviewees, a server to host the web-based survey processing system, and other in-kind contributions.

#### D. Implementation Arrangements

11. The BOT will be the executing agency. Members of the Thai Bankers' Association will also participate in the TA as the main stakeholders.

12. The TA will engage an international financial literacy expert (2 person-months), an international financial consumer protection expert (1 person-month), and a national project

assistant (3 person-months). The TA will also engage a national firm to carry out the national survey and develop a web-based survey processing system through a fixed-budget selection method. The consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time).<sup>11</sup> The TA activities, including consultation meetings and workshops, will be implemented from 1 December 2014 to 31 March 2016. The BOT will host the web-based survey processing system on its website and will maintain the system after the TA is closed.

#### **IV. THE PRESIDENT'S DECISION**

13. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$500,000 on a grant basis to the Government of Thailand for Advancing National Financial Literacy, and hereby reports this action to the Board.

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<sup>11</sup> To reduce the administrative burden, and for economy, efficiency, and value for money, all consulting services (except for a national project assistant) under the TA will be engaged on output-based (lump-sum) contracts.



## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Improved personal awareness and skills to manage financial transactions of the Thai population</p>	<p>Average financial literacy score surveyed in 2019 is equal to or higher than OECD average financial literacy score of 2019 (Baseline 2011: Thailand 58.5%, OECD average 62.3%)</p>	<p>BOT survey result, which will be available both on OECD and BOT websites</p>	<p><b>Assumption</b> TA outcomes and outputs are successfully implemented.</p> <p><b>Risk</b> Future populist policy that may lead to deterioration in financial discipline of Thai population.</p>
<p><b>Outcome</b> Clear direction and a better coordinated nationwide strategy for financial literacy programs</p>	<p>BOT and TBA adopt a mutual public message and strategic direction on financial literacy by the end of 2015 (Baseline: no common message in 2014)</p> <p>BOT and members of TBA use the designed financial literacy content and tools in their financial education programs in 2016 and beyond (Baseline: no organized content and common tools in 2014)</p>	<p>Public campaigns and financial education programs implemented by BOT and members of TBA</p>	<p><b>Assumption</b> BOT continues to take a leading role in financial literacy and consumer protection with adequate resources.</p> <p><b>Risk</b> Cooperation from organizations is halfhearted.</p>
<p><b>Outputs</b> 1. A financial literacy assessment system developed</p>	<p>Results of national survey and an OECD cross-country analysis are published by Q4 2015.</p> <p>Online financial literacy survey system is established and operational by Q1 2016.</p>	<p>BOT and OECD websites</p> <p>BOT website</p>	
<p>2. The framework for financial literacy programs strengthened</p>	<p>Core program for financial education is available for use by members of TBA.</p>	<p>BOT website</p>	

<b>Activities with Milestones</b>	<b>Inputs</b>
<p><b>1. A financial literacy assessment system developed</b></p> <p>1.1 Consultations with BOT and OECD to develop questionnaires (November–December 2014)</p> <p>1.2 Test and finalize survey questionnaires (January 2015)</p> <p>1.3 Field survey (February–April 2015)</p> <p>1.4 Decode and clean data and submit complete dataset to BOT (April 2015)</p> <p>1.5 Provide support to BOT on the country-specific analysis to identify demand for financial literacy (May 2015)</p> <p>1.6 Develop the online version of questionnaires (May–June 2015)</p> <p>1.7 Develop the web-based survey processing system (June–July 2015)</p> <p>1.8 Conduct a test-run workshop and install the system (August 2015)</p> <p>1.9 Conduct a training workshop to hand over the system with a complete set of manuals (September–December 2015)</p> <p><b>2. The framework for financial literacy programs strengthened</b></p> <p>2.1 Conduct a series of consultation meetings with stakeholders to coordinate supply of financial literacy programs and to discuss and fine-tune a common financial literacy message (May–July 2015)</p> <p>2.2 Support BOT and members of TBA in launching common financial literacy message campaign (July–August 2015)</p> <p>2.3 Structure financial literacy contents and design creative tools and activities for the core financial education program in accordance with the common message (August–September 2015)</p> <p>2.4 Finalize and submit core financial education message and creative concepts (October 2015)</p> <p>2.5 Conduct workshops to introduce the common financial literacy message and creative concepts to stakeholders (October 2015–December 2016)</p> <p>2.6 Contribute to the rolling out of financial education programs of BOT and members of TBA (October 2015–March 2016)</p>	<p><b>ADB: \$500,000</b></p> <p>Note: The government will provide counterpart support in the form of remuneration and per diem for counterpart staff, office space and supplies for the expert team, land transport for the team, tokens of appreciation for interviewees, a server to host the web-based survey processing system, and other in-kind contributions.</p>

ADB = Asian Development Bank, BOT = Bank of Thailand, OECD = Organisation for Economic Co-operation and Development, Q = quarter, TA = technical assistance, TBA = Thai Bankers' Association.  
Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**

(\$'000)

<b>Item</b>	<b>Amount</b>
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	70.0
ii. National consultants	80.0
b. International and local travel	30.0
c. Reports and communications	20.0
2. Training, seminars, and conferences <sup>b</sup>	150.0
3. Surveys	70.0
4. Miscellaneous administration and support costs <sup>c</sup>	30.0
5. Contingencies	50.0
<b>Total</b>	<b>500.0</b>

Note: The technical assistance (TA) is estimated to cost \$750,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of remuneration and per diem for counterpart staff, office space and supplies for the expert team, land transport for the team, tokens of appreciation for interviewees, a server to host the web-based survey processing system, and other in-kind contributions. The value of government contribution is estimated to account for 33% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

<sup>b</sup> This is to cover at least four workshops.

<sup>c</sup> Miscellaneous administration and support costs include expenses related to consultation meetings and translation costs.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

### A. International Consultants

1. **Financial literacy expert** (2 person-months). The expert should have a degree in business administration, finance, or a related field with at least 10 years or more of experience in financial literacy. The expert should have some work experience in Thailand. The expert will work closely with the Bank of Thailand (BOT) (the executing agency) and the Asian Development Bank (ADB) during project implementation. The expert will perform the following tasks:

- (i) provide support to the BOT on the country-specific analysis to determine the demand for financial literacy;
- (ii) work closely with the BOT to develop a strategic direction for financial literacy programs;
- (iii) through a consultative process, develop a core program for financial education to be rolled out by the BOT and partner organizations;
- (iv) design financial education contents and creative concepts that include tools and activities for the core program; and
- (v) administer and conduct training workshops to introduce the core program and creative concepts.

2. **Financial consumer protection expert** (1 person-month). The expert will have a degree in business administration, finance, law, or a related field, and at least 10 years of professional experience including in the development of consumer protection regulations. The expert will work closely with the BOT and ADB during project implementation. The expert will perform the following tasks:

- (i) provide support to the BOT on the country-specific analysis to identify consumer protection gaps;
- (ii) provide recommendations to strengthen financial consumer protection based on the survey results; and
- (iii) contribute to the design of financial education contents and creative concepts.

### B. National Consultants

3. **National financial literacy survey firm** (fixed budget selection). The firm should have experience with face-to-face surveys at the national scale and analysis of finance-related issues. The firm should have experience in developing a sustainable web-based survey system. The firm will perform the following tasks:

- (i) develop country-specific survey questionnaires based on the Organisation for Economic Co-operation and Development (OECD) and International Network on Financial Education (INFE) toolkit to measure financial literacy and financial inclusion in close coordination with the BOT and the OECD;
- (ii) conduct a national survey with a sample size of 10,000 based on OECD methodology;
- (iii) decode, clean, and label the dataset for submission to the OECD;
- (iv) provide support to the BOT on the country-specific analysis to determine the demand for financial literacy;
- (v) based on the country-specific survey questionnaires, develop an online version of the questionnaire;
- (vi) develop a web-based survey processing system;

- (vii) administer and conduct a test-run workshop and install the system on the BOT's website;
- (viii) administer and conduct a training workshop to hand over the system; and
- (ix) prepare a complete set of manuals for the web-based survey processing system.

4. The team leader of the national financial literacy survey firm should have a relevant university degree with at least 7 years of professional experience in market or social survey. The team leader should also have experience in developing online questionnaire surveys. Familiarity with financial literacy issue is desirable. The team leader will perform the following tasks:

- (i) lead the development of country-specific survey questionnaires based on the OECD–INFE toolkit to measure financial literacy and financial inclusion in close coordination with the BOT and the OECD;
- (ii) manage and exercise quality control on the national survey and the dataset;
- (iii) support the BOT on the country-specific analysis to determine the demand for financial literacy;
- (iv) supervise development of the online version of the questionnaires and the web-based processing system; and
- (v) manage a test-run workshop and a training workshop.

5. The firm will deliver (i) country-specific questionnaires based on the OECD–INFE toolkit, (ii) a clean dataset of a national survey with a sample size of 10,000, (iii) a web-based survey processing system, (iv) a test-run workshop, and (v) a training workshop with system manual.

6. **National project assistant** (3 person-months). The national project assistant will have a minimum of 3 years of professional experience. He or she will work closely with the international consultants and the national consulting firm, and will report to the ADB project officer. The national project assistant will undertake the following tasks:

- (i) collect, organize, and manage all information and literature related to the TA project;
- (ii) organize meetings for consultants with the BOT and other stakeholders, and attend meetings to take notes as required;
- (iii) provide consultants with ad hoc translation services; and
- (iv) assist with any other project-related work assigned by the ADB project officer.