

## **Kazakhstan Stock Exchange: Developing a financial culture**

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Financial literacy is at most importance when talking about emerging markets. We talked to Ermek Mazhekenov, Deputy Chairman of Management Board of the Kazakhstan Stock Exchange (KASE) about the exchange's contribution to improving financial literacy and the development of financial education in Kazakhstan.

Please describe the role of the Kazakhstan Stock Exchange in improving the financial literacy of the population? How long has the Exchange been implementing projects?

Kazakhstan Stock Exchange (KASE) has implemented a number of educational initiatives since 2017 to help the target audience to obtain comprehensive information about the country's stock market and KASE activities in order to expand the investor base and to improve the financial literacy of the population.

The development of the population's investment culture is an important factor in the development of financial markets and, as a result, efficient investment environment. That is exactly why we focus in our work on providing knowledge of the financial fundamentals and principles of stock market products to Kazakh citizens, to expand understanding of existing investment opportunities and on the ability to use them. One of the fundamental elements is the availability of information, as well as the simplicity and transparency of KASE and broker services.

The Exchange has held more than 20 training events since 2017 giving potential retail investors information on how to trade in the securities market.

The cooperation between KASE and Kazakhstan's universities was launched in 2017 as part of KASE's initiative to improve financial literacy on the stock market. To date, the Exchange has developed and signed memorandums of mutual cooperation with 13 universities in order to organise educational lectures for students and academic staff.

In cooperation with educational institutions, KASE takes an active part in their conferences and forums, supports the organisation of internships, work placements and pre-graduation internships for students. KASE's employees hold guest lectures in the country's universities as well.

The Exchange conducts two large-scale competitions annually – the Exchange Simulator and the Retail Investor Competition – to create practical experience and to improve financial literacy of the student community and retail investors.

The Exchange Simulator competition consists of a series of mock trading sessions and is held among students of higher and secondary educational institutions. The interest of student youth to the Exchange Simulator is growing: more than 7,500 thousand students from 80 universities in Kazakhstan and the countries of near and far abroad have taken part in the project since 2008.

The Exchange resumed the Retail Investor Competition project in 2016, and it is open to individuals who are clients of stock market members. The participants of the competition participate in real trading in stocks on the KASE Index universe during the competition period. More than 3,700 retail investors took part in the competition between 2016 and 2019.

The Exchange also actively conducts educational events in cooperation with regulators and professional market participants. Joint efforts to develop a financial culture, to develop a responsible attitude to saving, to raise awareness about the products and services of the financial market are already yielding results. The number of private investors in 2020 amounted to more than 122,000 people. It is important for KASE that an investor becomes a long-term investor gaining successful experience on the stock exchange. Economic knowledge does not live in theory, it must be supported by practice.

The COVID events of 2020 have put almost all business processes in remote mode. Has the pandemic affected educational content in the work of KASE? Has the Exchange managed to move to a new, more mobile and flexible model of investor training?

Nowadays, technology allows financial services to be closer and more convenient to customers.

On February 21, 2020, the Exchange held an introductory seminar for graduate students of the Master of Science in Finance programme at Nazarbayev University. The number of participants of the seminar exceeded 40 people.

On July 10 and 24, KASE held webinars entitled How to trade on the stock market for the students and academic staff of a number of universities such as KBTU, Satbayev University, KIMEP and Al-Farabi Kazakh National University. The total number of participants was 95.

On August 28, 2020, the Exchange launched a comprehensive three-month training program dubbed Trading on KASE: From A to Z, for students and all those wishing to participate. The programme consists of a theoretical element in the form of six webinars and a practical part in the form of participation in mock trading - the Exchange Simulator.

To date, three webinars Investment Basics (August 28, 2020), The Exchange's website as a source of information for private investors (September 12, 2020) and The Fundamentals of Securities Analysis (September 18, 2020) have already been conducted under this programme. In the next two months, the Exchange will hold three more webinars on The Fundamentals of Technical Analysis, Investment Strategies and "How to create a startup and attract investors. In total, more than 390 participants registered for the programme.

KASE is also actively involved in strategic events to improve financial literacy of the population. Thus, this year the Exchange responded to the draft Concept of the improvement of financial literacy for 2020-2024 and sent a number of comments on the draft to the Association of Financiers of Kazakhstan. The Concept was approved by the Resolution of the Government of the Republic of Kazakhstan No. 338 dated May 30, 2020.

A series of training posts on the fundamentals of the stock market intended for retail investors with the hashtag #УчимсякКASE (Learn with KASE), has been published on social networks. A total of 23 posts were published in the column.

Given all of the above, I can say with confidence that KASE promptly and successfully adjusted to new realities and continued to work even in more active format.