



FINANCIAL EDUCATION: GLOBAL RELEVANCE AND EMERGING TRENDS

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OECD International Network on Financial Education

OECD work on financial education started in 2002

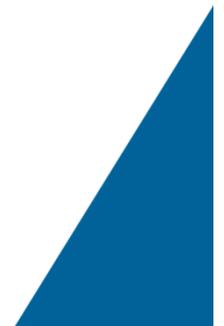
- under the aegis of the OECD Committee on Financial Markets and the Insurance and Private Pensions Committee

The International Network on Financial Education (INFE) was created in 2008

- It includes now over 200 institutions from 110 countries and economies.
- Global and regional policy platforms and regular meetings to discuss the latest developments, share good practice...
- ... and develop analytical and comparative studies, methodologies, policy instruments and practical guidance on key priority areas related to financial education



Financial Education definition (OECD, 2005; G20, 2012):
A capacity building process by which individuals,
through information, instruction and/or objective advice...





Empowerment requires a multi-dimensional approach

**OECD/INFE (2012)
High-Level Principles on
National Strategies for
Financial Education**

**Financial
Education**

**G20 (2011) High-Level
Principles on Financial
Consumer Protection
developed by the OECD**

**Financial
Inclusion**

**Financial
Consumer
Protection**

**G20 (2010) Principles
for Innovative
Financial Inclusion**



Reasons for a global approach

A more inclusive and innovative, but also riskier and complex financial landscape



Limits of financial consumer protection and regulation alone



Low level of financial literacy in all countries



Negative spill over effects for all involved !

Financial and social exclusion



Asymmetry of information and power



Lack of trust, fraud and misselling

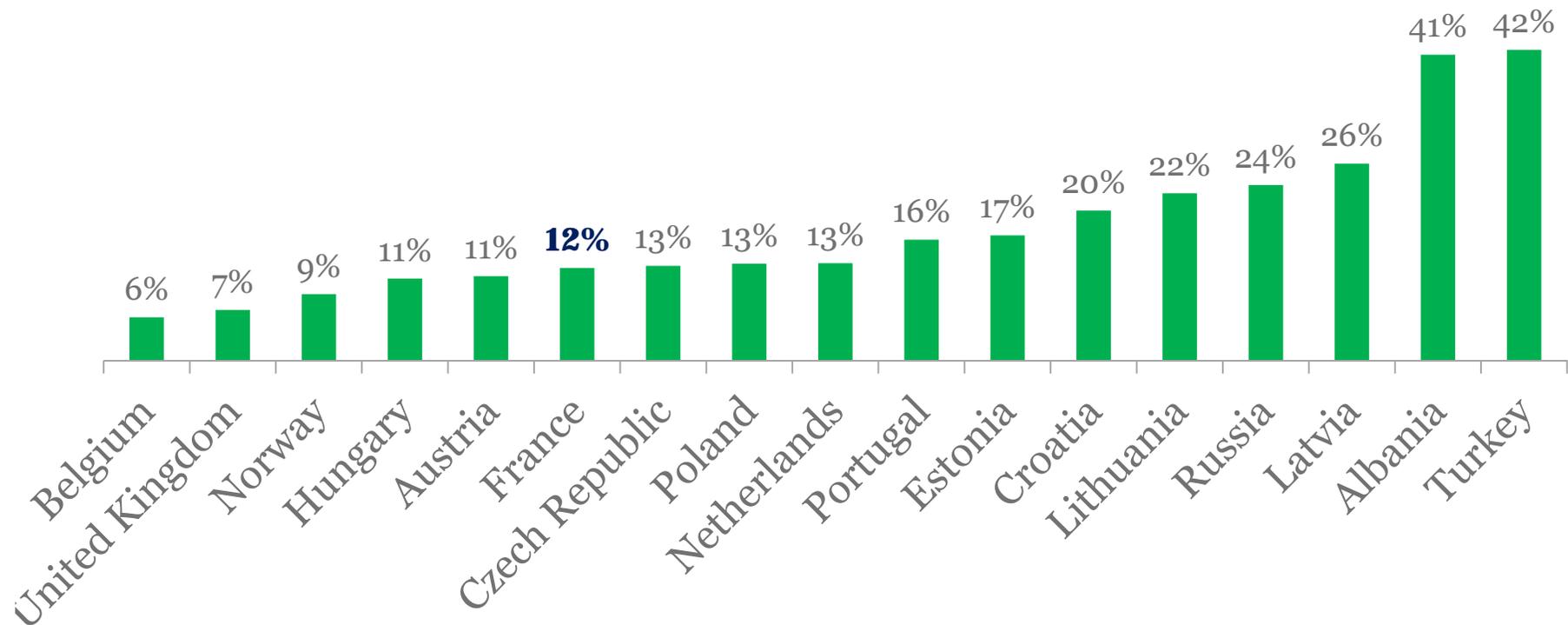


Costs for all stakeholders



A sizeable proportion of adults borrow to make ends meet

Borrowed to make ends meet in last 12 months

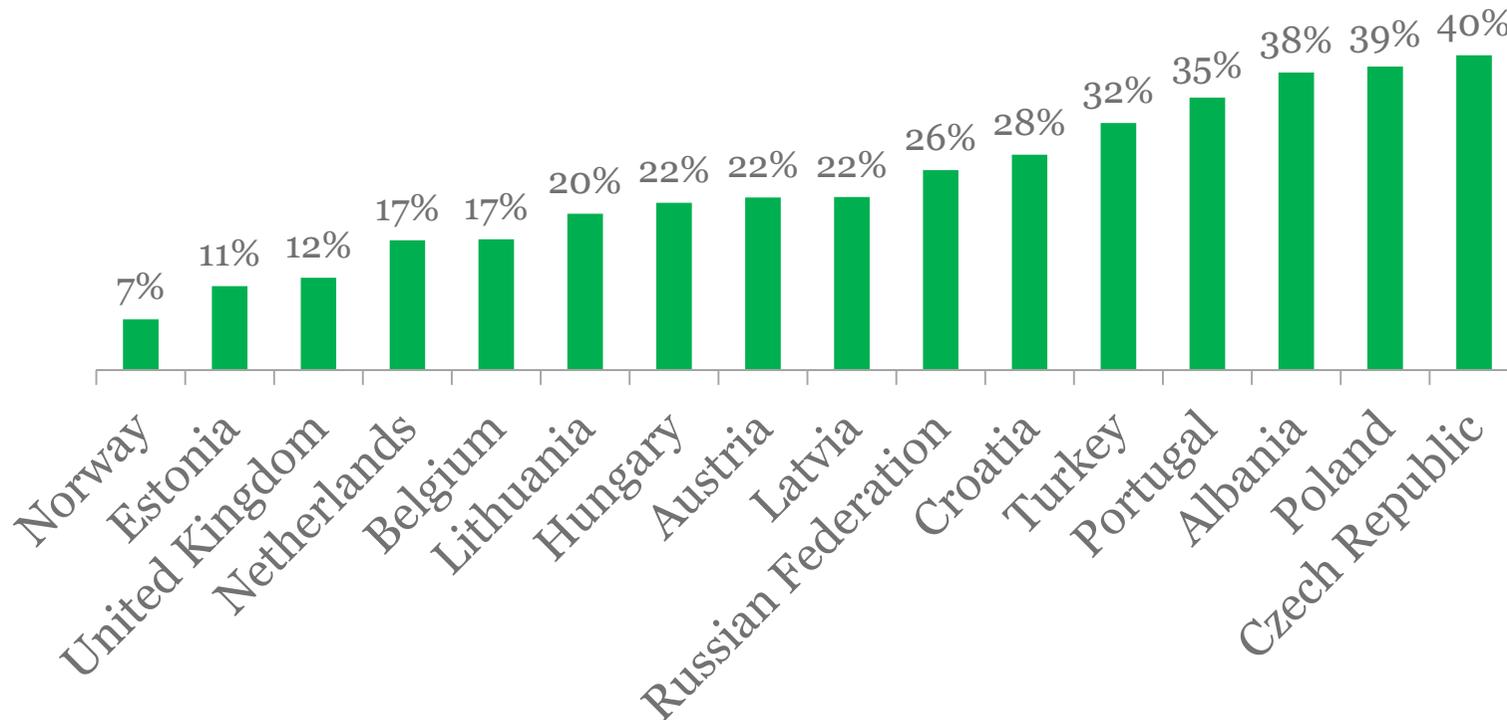


OECD/INFE Financial Literacy and Inclusion measurement exercise. Preliminary data



Mixed levels of confidence in financial knowledge (self-assessment)

Assesses own financial knowledge as quite low or very low compared to that of other adults in the same country

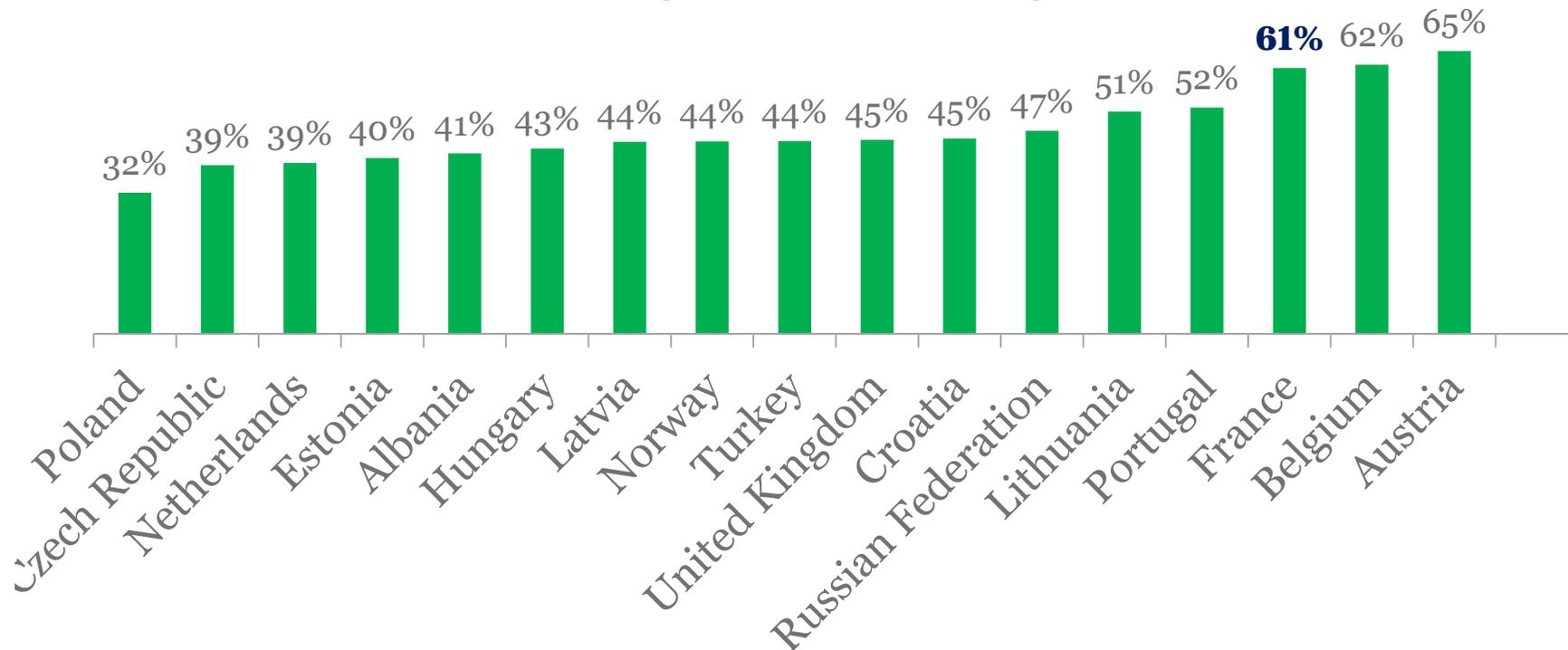


OECD/INFE Financial Literacy and Inclusion measurement exercise. Preliminary data (This question was not asked in France)



Variation in the extent to which adults are setting long-term financial goals

Sets long-term financial goals



OECD/INFE Financial Literacy and Inclusion measurement exercise. Preliminary data



Strategic approaches to the financial literacy challenge

No one-size-fits-all model!

A National Strategy is a nationally coordinated approach to financial education that consists of an adapted framework which:

*Recognises the **importance of financial education** and defines its meaning and scope at national level in relation to **identified national needs and gaps***

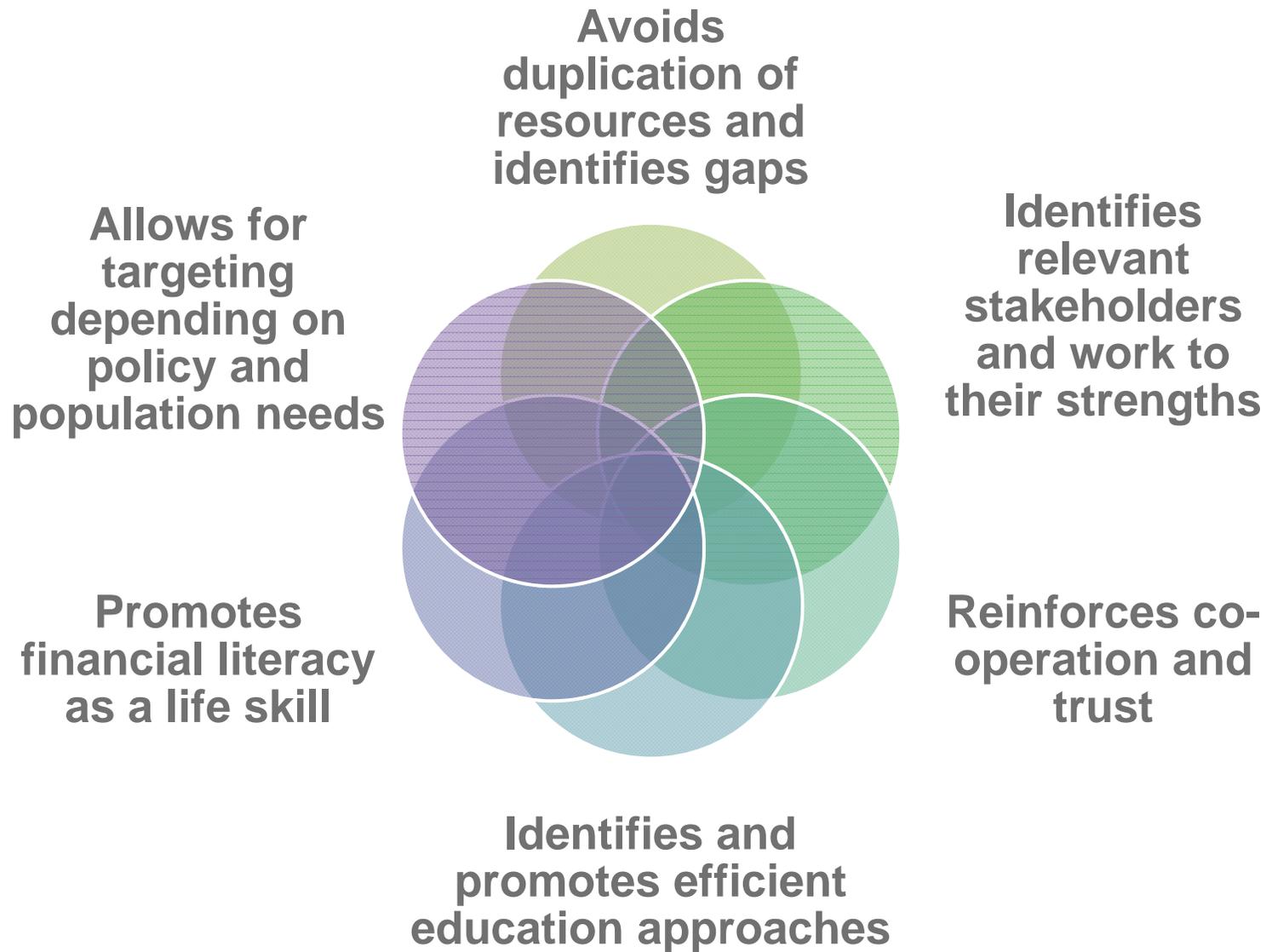
*Involves **the cooperation** of different stakeholders as well as the identification of a national **leader** or **coordinating body/council***

*Establishes a **roadmap** to achieve specific and predetermined **objectives** within a **set period of time**; and,*

*Provides **guidance** to be applied by individual programmes in order to **efficiently and appropriately** contribute to the strategy”*



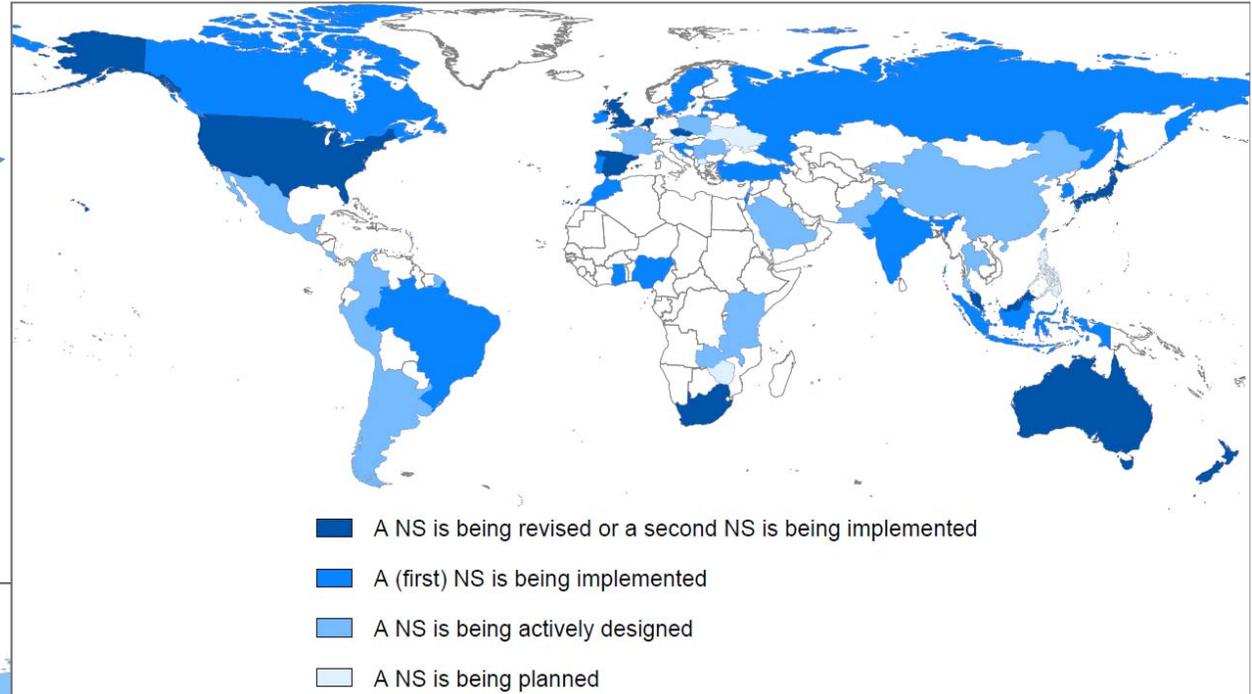
Benefits of a strategy



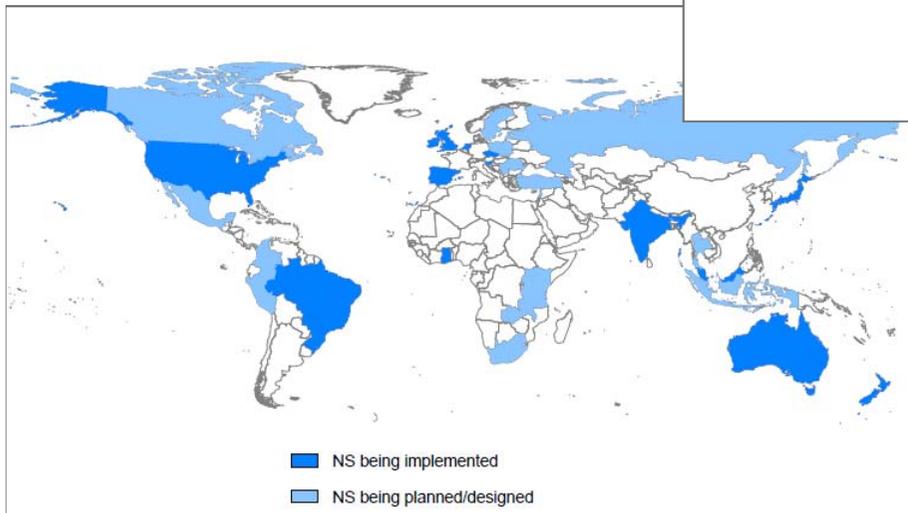


Steady development of national strategies

Status of national strategies in 2015



Status of national strategies in 2012



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Main objectives

The overarching purpose of all these strategies is to strengthen financial literacy and promote positive financial behaviours, with a focus on concerns such as:

Reducing over-indebtedness

e.g: Croatia, Estonia, Latvia, Netherlands, Portugal, Serbia, Turkey, United Kingdom

Improving long-term saving

e.g: Croatia, Netherlands, Portugal, Serbia, Spain, Turkey

Supporting pension reforms

e.g: Latvia, UK

Improving financial inclusion

e.g: Croatia, Estonia, Latvia, Portugal, Romania, Turkey

Raising awareness of consumers' rights

e.g: Poland



Another emerging policy issue: the growth of digital financial services



More decisions will be made without human guidance

- Strong requirement for good literacy and financial knowledge
- Temptation to make quick decision



Consumers and providers need to keep data secure

- It is important to know how to recognise fraudulent offers/scams



Buyers may not read and understand the terms and conditions before signing electronically and may not recognise that the contract is legally binding

The solution requires a combined approach:

- Robust consumer protection framework
- Efficient, tailored financial education





Some of the key criteria to contribute effectively to financial education

Objectivity



- Address consumer needs
- Balanced, impartial unbiased education
- No marketing activities
Not linked to commercial priorities

Quality of resources and trainers



- Resources that are:
 - Tailored
 - Targeted
 - Appropriate
 - Accurate
 - Up to date
 - Accessible
- Trainers should be competent and confident

Monitoring and evaluation



- Systematic, independent, evaluation is essential
- Learning from previous success (and failure) saves time and money



THANK YOU!

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www.oecd.org/finance/financial-education

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