National Strategy for Financial Education

OECD and INFE Preliminary Findings

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Outline

1) Context
2) Definition
3) Benefits and Rationale
4) Main findings of the OECD/NFE Stock take
5) Future work
1) **Context** for the development of work on National Strategy for Financial Education

- OECD Principles and Good Practices on Financial Education and Awareness 2005:
  
  “Financial education programmes should be coordinated and developed with efficiency”


- Formation of an expert subgroup with 15 Members including two co-leaders

- First stock take exercise: August/October 2011

- Preliminary results
2) **Working definition** of National Strategy (NS)

A NS is a national framework that:

- **Vision and context**: recognises the importance of financial education (and inclusion where relevant) and defines its coverage in the national context.

- **Governance – Coordination and leadership**: involves the cooperation of different stakeholders as well as the identification of a national leader or coordinating body.

- **Diagnosis**: establishes a roadmap to achieve specific, predetermined objectives in function of identified national needs and gaps.

- **Intervention**: identifies principles and processes to be applied by individual programmes in order to contribute to the fulfilment of the overarching Strategy Goals.
3) **Benefits** of a National Strategy

- **Establish high-level Guidance and coordination**
  - Credibility and sustainability
  - Engage key stakeholders
  - Avoid duplication of efforts
  - Encourage public and private initiatives and partnership

- **Share and strengthen expertise**
  - develop quality
  - promote best practices

- **Outreach** through various and efficient delivery channels

- **Encourage evaluation** and cost effectiveness
3) **Countries’ objectives**

A matrix of various stakeholders and time horizons

- **For individuals**:
  - Promote better **awareness on and understanding** of financial issues to:
    - Increase use of products and complement financial inclusion
    - Avoid fraud and misselling
    - Encourage shopping around for most suitable products
  
  - Encourage more **responsible financial behaviors**:
    - Liability side - **Credit**: reduce indebtedness
    - Asset side – **Saving/Pensions**: adequate coverage
  
  - Ultimately improve their **financial well-being** and successful interactions in society
3) **Countries’ objectives** (cont.): A matrix of various stakeholders and time horizons

- **For financial market players**:
  - Fix market **inefficiencies** (complaints, misselling)
  - Develop tailored and innovative financial services

- **For governments**:
  - Reinforce efficiency of *consumer protection*
  - Reduce **costs** resulting from inadequate behaviors
3) A **momentum** for the establishment of National Strategy for Financial Education

- **Aftermath of the crisis**:  
  - Need for more efficient and decisive endeavours to reinforce individuals’ financial empowerment  
  - “Teachable moment”

- Easier to **convince** relevant players...  
- And engage resources

- **Global trends**: increasing number of countries are developing NS  
- Sound and relevant **practices are available**
4) Main findings: Overview of responses

- 29 responses from 28 countries - we expect some more!
- 22 full-fledged responses

Status:
- 5 have planned and implemented a national strategy (Czech Republic, Netherlands, New Zealand, Spain, UK)
- 9 have planned a NS but not yet implemented it
- 8 have not planned a NS so far but, among these, 6 are considering the possibility

- Two thirds of responding countries are engaged in the development of national strategies
- An additional quarter envisages the development of a NS in the future
4) Main findings: Setting the framework

- **Time frame**: 
  - National strategies is a process: takes time to design and implement 
  - National Strategies are recent – last 2 years (with an exception) 
  - Roadmap for 5 years on average

- **Definition**: 
  - Various terminologies (financial literacy/capability/education), but globally a similar coverage: 
    - Financial literacy/capability: *a range of competencies (awareness, knowledge, attitudes and skills) that allows individuals to take effective financial decisions for their ultimate financial well being* + *(responsibility, entrepreneurship)* 
    - = outcome of the financial education process *(OECD definition)*

- **Coordination and partnership**: 
  - **One body** in charge (Ministry of Finance, Central Bank but also other regulatory authorities or even specific bodies) 
  - **Consultative process** with other public (Ministry of Education and interested stakeholders)
4) Main findings: No one fit all model
Diagnosis stage is critical

- Assess gaps and needs:
  - Development of baseline surveys on financial literacy
  - But not only: consumers surveys; industry surveys; complaints survey
    - Identify key policy areas
    - Populations in needs

- Map and evaluate existing:
  - initiatives
  - stakeholders
  - delivery channels
4) Main findings: designing intervention

- Set objectives on long term and short term
  - Quantitative and/or qualitative targets: scarce but ideal!

- Take into account available resources and seek to reinforce them (both public and private)

- Identify target audience: all population and especially targeted groups (young, old, immigrants, WOMEN!)

- And develop and/or fine-tune tailored and effective delivery channels

- Assign different stakeholders appropriate tasks
4) Main findings:
last but should not be the least!

**Monitoring and evaluation**

- **Effectiveness**, improved efficiency, **credibility** and accountability
- Evaluation is ideally **independently** designed at the **beginning** and with the strategy and according to its main objectives
- **Tailored Tools and expertise**:
  - Longitudinal surveys on level of financial literacy
  - Indicators of behaviors (access, debt, pensions)
- Monitoring of programmes and delivery channels to improve efficiency: importance of **pilot programmes**
- **Dissemination of results...**
5) **Next Steps**

- Draft analytical and comparative report-2011
- Policy recommendations on the development of national strategy for financial education-2011
Interested in being more involved?

- Join the **OECD International Network on Financial Education** (69 countries; 140 public institutions) and access to
  - a dialogue platform of experts;
  - Research papers and guidelines under discussion
  - meetings twice per year: next year
    - Canada May 2011
    - South Africa October 2011

- Search and submit information on the **OECD Gateway for Financial Education**: [www.financial-education.org](http://www.financial-education.org)

- Contact us: Flore-Anne.Messy@oecd.org
THANK YOU!