



# **National Strategy for Financial Education** **OECD and INFE Preliminary Findings**

OECD-Banque du Liban International  
Conference on Financial Education :  
Building Financially Empowered Individuals

20-21 October 2010  
Beirut

Flore-Anne Messy  
Principal Administrator  
Financial Education-OECD



# 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 co-ordinated and developed with efficiency”
- OECD International Network on Financial Education : Priority of the programme of work for 2010/2011
- 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](mailto:Flore-Anne.Messy@oecd.org)



**THANK YOU!**