



SEBI – OECD* INTERNATIONAL CONFERENCE ON INVESTOR EDUCATION

“Towards a more inclusive and secure financial world”

FEBRUARY 3-4, 2012 in GOA, INDIA

Opening Remarks

9:00- 10:00

With Mr. U.K. Sinha (Chairman) and Mr. Prashant Saran (Whole time Member)

Mr. U.K Sinha, Dear Mr. Saran, distinguished guests, ladies and gentlemen,

I would like to start by thanking the Securities Exchange Board of India (SEBI): not only for the honour of organising this event together, but also for our fruitful co-operation on a range of financial issues such as corporate governance and investor education. Which I might add, keeps me coming back to India on a regular basis. Thank you.

This first high-level international meeting represents an important milestone in our collaborative work: an opportunity to discuss what we have learned, and break new ground on investor education. Investor education is relevant, is critical, for both emerging and more mature economies. As the financial crisis lingers on, our societies and economies need stronger financial markets that can channel critical resources efficiently and support the development of the real economy. There is a clear need to renew consumer confidence by ensuring a safe savings environment for private investors, and new investors in particular.

Indeed, the global crisis has severely and irrevocably changed the economic context in many countries. It has scarred households and investors. They are wary, and rightly so, of financial markets and complex investment vehicles. This understandable lack of trust now represents a major impediment for economic development and the financial wellbeing of our citizens.

** The OECD contribution to this event is sponsored by the Government of Japan*

Policymakers at the highest level are addressing this issue of confidence, or rather the lack of, by launching policies to empower financial consumers and investors. In 2010, G20 governments approved Principles on Innovative Financial Inclusion, followed last year by a set of High-level Principles on Financial Consumer Protection prepared by the OECD in co-operation with other relevant international stakeholders, such as the International Organisation of Securities Commission (also known as IOSCO) who are with us here today.

These Principles recognise the importance of three policy dimensions: financial inclusion, financial consumer protection and financial education. These dimensions must be present in order for individuals to evaluate and fully benefit from the services and, benefit from the opportunities offered by financial services. These dimensions apply to the most simple bank account to sophisticated and high risk investment products. These investment products address the increasing and varied saving needs of the vast and growing middle classes of our societies. Such needs cover all the aspects of life: from education, to health expenses, marriage, retirement and housing; and making the right choices is fundamental for our wealth and protection. Yet, we all know how complex and time consuming these decisions might be especially for inexperienced investors.

We have an ambitious agenda over the next two days. We will be trying to answer some tough questions. How can we enhance the confidence and skills of existing and new groups of investors? How can we help them understand, really understand, the risks and benefits inherent to important investment products for our future? How can we help consumers make the right long-term decisions? Decisions that can have an impact over their entire life times.

Help in answering these questions lies in the work of the OECD and its network of financial education experts from over 90 countries. We offer you our policy work on national strategies for financial education which we believe will produce High-level Principles that G20 leaders will endorse in June. Our discussions will also be served by OECD research and guidance on financial education and private pensions, financial education and saving, and important findings on the evaluation of financial education programmes.

Help in answering these tough questions is also found in this room. There are 45 countries represented here today. Men and women with vast expertise, and knowledge who are ready and willing to share their experiences. Let me take this opportunity to congratulate Mr. U.K. Sinha for his foresight and leadership on investor education issues both in India and internationally, and thank Mr Prashant for his active and valuable support to OECD activities on financial education. Let me also thank IOSCO for its contributions both to this meeting and OECD work on Financial Consumer Protection.

I will now take you quickly through the highlights of our agenda. In the next session, a roundtable of experts from various continents will address the development of investor education initiatives in different policy and economic contexts. They will provide us with their view of the main objectives of investor education and its role in the macro policy agenda of their country. Next, a panel of public and international experts will lead the discussion on the complementarity between educating and protecting investors. Investor education can have an impact only if it is backed by a proper and adequate regulatory framework, where fraud is combated and appropriate disclosure and redress mechanisms are in place. They will also discuss the particular role of regulators in investor education. The last session today will bring together experts from the media, academia and private sector to share their views on their roles and responsibilities in investor education and their partnerships with other key players. In each of these sessions, your comments, questions - and the more provocative the better - are not only welcomed, but needed if we are to break new ground.

Tomorrow's special address and parallel workshops will focus on the challenges of influencing and changing behaviours when it comes to investing. From procrastination, to recklessness, to acute risk aversion, we will consider the various behavioral and psychological biases which can also impede better investment decisions. These practical workshops will illustrate how these challenges can be addressed by developing more effective investor education programmes targeted to the needs and learning preferences of various groups of the population and by using innovative tools to improve knowledge and change behavior.

We will close this meeting, yes all good things must come to an end, by considering how investor education fits into the design of national strategies for financial education. Investor education objectives must be consistent with the overall financial education policy agenda and balance for example the objectives of increased saving with the necessity to fight overindebtedness, or to ensure that financial education initiatives address the needs not only of the already financially included population but also of more vulnerable and underserved groups.

We need to do more to improve the effectiveness and relevance of investor education. The OECD is committed to breaking new ground on investor education. We are committed to the search for better, evidence-based policies. Our discussions today and OECD work with key partners will, I believe, enable us to provide you and your colleagues around the world with practical tools and guidance to develop the right policies and programmes.

Thank you. I wish you a good and fruitful discussion.

Richard Boucher
Deputy Secretary-General, OECD