



CLOSURE OF THE FINANCIAL EDUCATION CONFERENCE

“Challenges Ahead: Turning Policy Guidance into Efficient Practices”

11 May 2012

Good afternoon. It's a pleasure for me to participate in the closing ceremony of this conference in which, for a day and a half, we have discussed the importance of financial education, and to share experiences, concerns, projects and achievements in the different countries represented here.

As we have heard at different times during the conference, a large proportion of the world's citizens lack the knowledge needed to understand the financial products and services offered to them, make effective use of protection mechanisms, and take informed and responsible decisions.

In the world we live in, where information, communication and interconnections govern the economic dynamic of countries, it is increasingly urgent for people, from childhood, to receive adequate training in the basic elements of an economic and financial culture that helps them to take more efficient decisions throughout their life cycle.

Adequate financial literacy will result in a better quality of life for individuals and have positive effects on financial stability.

The current crisis has revealed the importance of transparency, regulation and financial supervision; but it has also underscored the urgent need to strengthen financial literacy and responsibility among citizens; this need has also been aggravated by the increasing tendency to transfer risks to household economies and by the increasing complexity of financial products.

Aware of this, citizens are demanding greater financial education to be able to take decisions based on knowledge of the financial products and services in question. It is our duty to help satisfy this demand and take advantage of this opportunity to implement “efficient practices”, which improve the families' financial literacy.

Nonetheless, this effort should not only come from the public sector; the importance of the objective being pursued requires coordinated efforts from all potential providers of financial education in their respective fields.

The idea is not for all citizens to become financial experts. Nonetheless, the economy and finance are ever present in the decisions of our life from a very early age: we consume, pay endless bills, choose adequate instruments to save and insure ourselves, invest, declare taxes, inherit... The Survey of Family Finances undertaken by the Bank of Spain, which was presented yesterday in the first panel of this conference, provides excellent evidence of the major presence of financial operations in our daily lives. All of these are decisions that can and should be adopted with a responsible and forward-looking attitude.



Firstly, therefore, it is important to understand the value and practice of saving. This morning we discussed the need to save to maintain our standard of living during retirement, and the different instruments available in current financial systems to make such saving. As income and expenditure do not occur linearly throughout the life cycle, we must take advantage of periods when income will be accumulated for saving, to guarantee a level of consumption during periods when for various reasons no income is generated.

Secondly, it is important to identify the risks involved in inadequate financial decisions or decisions taken without the necessary information. For that purpose, not only is information needed; it is also crucial to manage that information, understand it, assume it, and use it to take decisions that are optimal for each individual.

That same panel a few minutes ago discussed the importance of the responsible use of credit, which is a basic tool for development and economic activity. Citizens must adequately manage their access to credit, being aware of the obligations it involves and adapting it to their finances to guarantee the sustainability of the family economy.

Citizens in any country, from one end of the world to the other, take daily decisions that can have consequences for their capital and well-being, without being fully aware of what those consequences might be. Thus, learning to plan for the future and make the best use of the income and resources available in a family unit can significantly improve the long-term well-being of individuals and families.

Thus far we have been speaking of the importance of financial education to enable families to take optimal decisions from the economic standpoint. But we should not forget the importance of financial education as a tool of consumer protection, in a global context in which the culture of financial-consumer protection is consolidating.

Financial literacy also brings long-run benefits to society at large. Better investment and financing decisions contribute to the stability of the system and encourage financial inclusion.

Citizens with an understanding of financial issues have a better relation with the financial system. They have the ability to measure the risks they assume; and they can evaluate the quality of services and fulfil obligations. Financial education is also a tool for stimulating competition in the financial sector, correcting market inefficiencies, developing innovative financial services and reducing the costs of suboptimal behaviour. It is also a way to strengthen consumers, enabling them to protect themselves by using existing defence mechanisms.

Despite its numerous benefits, however, the level of financial literacy worldwide is worryingly low, as shown by various studies. These have also stressed the fact that weak understanding of financial concepts or undervaluation of needs is widespread throughout all population groups, although particularly acute in the most vulnerable groups.

Spain shares with other OECD countries the objective of improving the population's financial literacy; and the government's commitment is unquestionable in this regard. A crucial landmark on the road to financial literacy in Spain is the Financial Education Plan for 2008-2012, which we have had the chance to learn about in greater detail in this conference.



Let me also return to the title of the conference: “Challenges Ahead, Turning policy Guidance into Efficient Practices” and mention that perhaps the most ambitious challenge facing us today in Spain is to include financial education in the school curriculum, the consequences of which will only be visible in the long term.

Particularly valuable in this regard was the session held yesterday on “How to integrate financial education in schools”, at which the Spanish Ministry of Education, Culture and Sport was represented, along with entities and organizations that are doing important work through financial education programs in colleges. Each of these entities shared with us their visions of the current situation and prospects for the future. This confluence of public and private initiatives, from the academic and business worlds and working towards a common goal, can only bode well for meeting the challenge facing us in the educational domain.

To conclude these remarks, I would like to recapitulate some of the most important points that have arisen during the course of the conference:

Firstly, the growing importance that international economic organizations attach to citizens’ financial literacy. The complexity of new products, more intense competition between financial entities, the transfer of risk on to individuals and families, among other things, mean that citizens, one way or another (and irrespective of their level of income, education or social or employment status), are forced to assume greater financial responsibilities in relation to the present and future.

Nonetheless, the reality shows that in developed countries consumers’ financial knowledge has failed to keep up with the advance of financial markets. Without downplaying the importance of tools such as regulation and supervision, there is a broad consensus that financial education is one the most efficient ways to improve levels of consumer and investor protection.

Secondly, I would stress that financial education is an important way to preserve confidence in the financial system and strengthen its stability, because it enables families and individuals to adapt their investment decisions and consumption of financial products to their risk profile, and to the needs and expectations.

Lastly, citizens’ financial behaviour, in conjunction with the challenges posed by the current macroeconomic and financial situation, justifies the importance and highlights the timeliness of strengthening an integrated policy on financial education that coordinates actions in the public and private spheres, to achieve efficient practices that increase citizens’ financial literacy.

I hope this conference which is now ending, has enabled you to learn from the experiences that have been shared here, and to benefit from the ideas discussed as you resume your activities in the many different countries represented here, with renewed energy. Future achievements in the field of financial education require effort and enthusiasm from all of us; and only by coordinating these efforts will we be able to ensure that efficient practices result from financial education programs.

Thank you very much for your attention and participation in this conference.