

# OECD-Spain Conference on Financial Education

## The CNMV Financial Education Plan.

JULIO SEGURA, CNMV PRESIDENT

Madrid, 10 May 2012

Good morning ladies and gentlemen.

I would firstly like to thank the organisers, the OECD and the Ministry of the Economy and Competitiveness, for their invitation to participate in this conference. After nine editions, the meeting of the OECD International Network on Financial Education, and the conference held on that occasion, has become the key global forum on financial education. The OECD's various actions in this field have fostered significant progress in building awareness of the need for education on the subject, as well as international cooperation. I am sure this conference will also lead to further progress in that direction. This is the first time Spain has hosted this event; and on behalf of all of us who, one way or another, have responsibility and interest in this area, I can say that it is a source of great satisfaction to welcome this highly skilled cast of experts on financial education from practically all over the world to our country.

In this brief presentation, I will describe the main initiatives that the CNMV is undertaking to improve our citizens' financial literacy. But first of all, let me mention the exceptional opportunity we have at this time to redouble our efforts to improve investors' financial literacy, and hence their effective protection. We are mired in the worst financial crisis that there has been for several generations. The crisis, which many experts believe stems partly from the confluence of a number of serious problems in terms of financial information and education, has underscored the need to transmit adequate and comprehensible education to investors, which will prove useful when taking decisions on contracting a financial product or service.

Like so many other securities regulators, the CNMV spends much of its resources on protecting investors, improving the transparency of markets and generally ensuring that standards of conduct are fulfilled by financial intermediaries, particularly those relating to the correct marketing of financial products. And in this context, financial education is a necessary complement to regulation and supervision. Although both are essential, for improvements in regulation and supervision to be really effective, they must be accompanied by an adequate level of financial literacy, to enable individuals to take responsibility for their decisions and adequately defend their rights. This is particularly the case in crisis situations like the present, where risk evaluation becomes more complex and financial entities have restructuring needs that require them to increase their regulatory capital under conditions that make capital market access difficult, which encourages them to issue new products to sell to their customers.

We would all agree that financial literacy generally remains insufficient, and this increases the chances that citizens take decisions that are not best suited to their interests or their particular financial situation. Hence the need to promote improvements in their financial education, alongside better investor protection.

OECD-Spain Conference on Financial Education. The CNMV Financial Education Plan.

Making individuals and institutions aware of the need for and importance of basic financial knowledge is the first challenge to be faced by any initiative on financial education. In situations like that prevailing today, in which many of the beliefs and habits on which individuals base their economic behaviour in good times are called into question, hopefully people will be more willing to review their attitude to financial issues, because this is a good time to gain greater awareness. The financial industry should also understand the strategic nature of providing financial education for investors, not only for moral or legal reasons, but for their own interest, to underpin solid and lasting development of financial activity.

In recent years, the CNMV has undertaken specific training activities targeting both investors and the population at large. These actions are designed to make it easier to obtain information and increase understanding of financial terms and issues, to enable consumers to take better investment decisions.

A key element of these activities is the publication of a set of investor guides and leaflets entitled “Guías y fichas del inversor”, which disseminate the basic characteristics of the main financial instruments and services for investment sold in our country. They also contain recommendations and warnings to be taken into account by investors when operating in the securities markets (e.g. the set includes a pamphlet on knowing one’s own investor profile (“Conozca su perfil inversor”) , and updates to the guide to financial products sold through kiosks (*chiringuitos financieras*) and the guide on security orders (*órdenes de valor*). Another complementary element is the investor portal on the CNMV’s website, which targets small-scale investors, offering online courses, information bulletins, news and information of interest. It also has a mechanism for queries and complaints, and free subscription to the institution’s various publications.

In addition to financial literacy activities specifically designed for investors in the financial products and services under our jurisdiction, the CNMV has been working with the Bank of Spain, with collaboration from the Directorate General of Insurance and Pension Funds, to develop a general plan for financial education. This plan, which was launched in 2008 and adopts the recommendations and principles of the OECD and the European Commission on this subject, aims to help improve the financial literacy of Spanish citizens through various education initiatives and the dissemination of various materials.

As part of the plan, a public Internet portal has been created ([www.finanzaspartodos.es](http://www.finanzaspartodos.es)), offering practical advice and easy-to-use tools to help citizens in the planning of savings and the family economy.

In addition to this portal, which is the most visible face of our financial education plan, one of the key priority challenges has been, and continues to be, the introduction of financial education in school. On this point, it is very important that our young people, from the earliest school ages, acquire basic knowledge on the context in which they will have to take their main saving and investment decisions throughout their lives. Firstly, because they have greater capacity for learning and are less exposed to misconceptions and inappropriate habits, which are so common among adults in this field; but secondly because today’s youth are tomorrow’s consumers of financial products and services, and hence the population group in which investments in financial education will normally have longer to bear fruit and thus produce a higher social return.

It is therefore not surprising that there is growing consensus on the need to include financial education in the school curriculum. In particular, the prestigious PISA programme will evaluate the financial skills of 15 year old students, through tests to be held for the first time in 2012 and repeated in 2015. This evaluation will clearly boost efforts to include financial content in regulated teaching programmes. In my opinion, the OECD's International Network on Financial Education has a fundamental role to play in managing this process, by setting standards, and promoting the exchange of experiences and resources.

During the 2010-2011 school year, the CNMV and the Bank of Spain implemented a pilot financial education programme under an agreement signed with the Ministry of Education. This included financial education modules, consisting of a minimum of 10 teaching hours on basic concepts of personal finance, such as saving, means of payment, responsible consumption, etc. Both teachers and students have been provided with a wide variety of didactic tools for the purpose, including study guides and an Internet portal, entitled *Gepeese* containing multimedia resources such as games and workshops to complement the pilot scheme. The programme has thus far been imparted to 2,700 third-year students attending compulsory secondary education (ESO) in 32 public schools located across most of Spain's autonomous communities.

The evaluation of the programme, conducted pursuant to OECD guidelines, has generally been very positive. In nearly all schools, it was concluded that students had gained better technical knowledge and had reacted favourably to the provision of this type of training. In particular, most students considered that the subjects taught were highly useful for putting into practice in daily life and for understanding the environment surrounding them; and a positive change was detected in their attitudes and beliefs on financial issues.

At the present time, work is ongoing to extend this financial education programme in schools to the next school year (2012-2013). The aim, which clearly depends largely on collaboration from the corresponding education authorities and the schools themselves, is to disseminate this programme among the largest possible number of public, private, and publicly financed private ("concerted") schools. For that purpose, the improvements suggested by the evaluation of the pilot programme already implemented will be introduced.

In terms of financial literacy among the adult population, one of the pillars of our financial education plan is collaboration with associations representing the financial industry and consumers, as well as public administrations with responsibility in the consumer protection area.

In relation to lending institutions, various channels of collaboration have been set up through specific education programmes, mutual links between the various telematic tools of the financial education plan and those belonging to private entities, and educational and informative materials provided to the public and to employees of bank branch network.

In the insurance and pensions field, we are also collaborating with a number of private entities to promote and disseminate a culture of insurance and saving for retirement among citizens.

In addition, in the last few years, several cooperation protocols have been established with citizen associations, which have potential to impact the users of financial products and services. Based on these agreements, education and informative actions have been undertaken with specific consumer groups (young people, women, immigrants, older people) through specific campaigns, workshops and conferences.

At the level of public administrations, an agreement to run a teacher training programme has been signed with the Instituto Nacional de Consumo (National Consumer Institute). This will provide training to consumer professionals from the various local administrations, so that they in turn can provide financial literacy training to consumers of financial products and services.

To conclude, I would like to remind you that the importance of implementing national financial education strategies has been highlighted by the G20, which supports the publication of "High-Level Principles on National Strategies for Financial Education". These principles, to be approved shortly, will provide basic guidance on developing these strategies in an efficient way. They recommend involving top-level public authorities level in the plans, including the Ministries of Economy and Education, central banks, and financial supervisors and regulators.

Personally I have no doubt that in Spain we will continue to receive support from all the relevant public authorities; and this will help us create the conditions for financial education to adapt to the challenges and difficulties currently being raised by financial markets. In particular, I'm sure that we will receive support from the authorities in our efforts to include financial education in regulated secondary schools, which, as mentioned earlier, is a cornerstone of the development of financial education policies. The specific importance that the organisers have attached to including financial education in schools in the programming of this conference, shows that many of our colleagues from other countries also share this objective.

It only remains for me to wish you a productive and agreeable stay in our city.

Thank you very much.