

Opening Remarks by
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Malaysia-OECD High-level Global Symposium on Financial Well-being

*Building on the momentum and
identifying new paths*

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Dear Dr Zeti, distinguished guests, ladies and gentlemen.

It is a pleasure for me to be in Malaysia, welcoming you to what I am sure will be a highly engaging and successful Symposium.

I would like to thank the Bank Negara Malaysia for their hospitality in hosting the OECD International Network on Financial Education (or INFE, as we usually call it) meetings over the last two days. I understand that the INFE meetings have been very successful, and provided many of you with the opportunity to contribute to- and guide- important financial education projects on topics ranging from digital finance through to long-term savings and investments.

I must also thank Dr Zeti for her foresight on the issues of financial inclusion and financial education. She has shown exactly the leadership that is required to create momentum in emerging policy areas such as these.

This symposium is a co-operative effort between the OECD and Malaysia. We are extremely grateful to Bank Negara Malaysia for providing us with the opportunity to hold the symposium and meetings in this excellent training facility, and for their tireless efforts to ensure that everything runs smoothly. I would also like to take this opportunity to thank the Japanese Government – my own Government – for its support to the OECD in hosting this event, as well as its continued contribution to OECD financial education and financial consumer protection activities in Asia and beyond.

The theme of this symposium – financial well-being - takes us right back to the basic definition of financial education developed by the OECD a decade ago. This definition highlights the process of improving understanding and helping individuals to develop the skills and confidence that will improve their financial well-being. **A desire to increase the financial well-being of our population is the driving force in our efforts on financial education and matches closely with the OECD objective of Better Policies for Better Lives.**

We are all aware that – back in 2008 - the impact of the global financial crisis on individuals provided an important impetus to develop a policy level response combining **financial education, financial consumer protection** and **financial inclusion** (the so-called trilogy approach). This was a great achievement, but we must **not** stop there. We can, and must, do better to make these policies create a positive impact on each and every citizen.

My colleague André Laboul will review some of our key milestones, including sustained G20 recognition in recent years. For my part, I would like to focus on what the OECD believes is still needed to make a difference to the financial well-being of our citizens, and to ensure inclusive growth and financial stability.

First; we need to work on better coordination between financial education and financial consumer protection at all levels.

Second; on the practical level, we should take a closer look at the approaches we use to deliver financial education, to maximise our impact on behaviours and attitudes. We should look at how we tailor our delivery to different target audiences, and we should pay attention to the range of tools available to us to reach even the most reluctant participant.

These two approaches will be discussed in depth today and tomorrow. Here, I would like to spend a few moments creating a foundation for those discussions.

1) **First**; the need to create and strengthen financial education and financial consumer protection synergies.

Efforts to strengthen financial literacy will help consumers to play an active role in identifying areas where they are not well protected. And stronger protection will enable consumers to expand more effort on making decisions that increase their financial well-being, rather than having to focus on avoiding potential dangers. These are just some of the synergies that can be developed through co-ordinated efforts.

To achieve such advantages, we need to continue to roll out the implementation of the high-level principles on national strategies for financial education and for financial consumer protection that were developed by the OECD and endorsed by the G20. The OECD/INFE is also working ever more closely with the OECD/G20 Task force on Financial Consumer Protection, and other bodies working on consumer protection internationally in order to support such efforts.

Countries represented here today show how coordinated efforts work in practice: The Financial Services Authority in Indonesia, for example, is mandated to conduct financial education as part of its financial consumer protection tasks; and the Financial Services Agency of Japan has mandates for both policies. In Portugal, it was the National Council of *Financial Supervisors* that launched the National Plan for *Financial Education*. We will hear other examples in **the first session** of this symposium.

When financial education and financial consumer protection policies come together, there is also an opportunity to achieve synergies through the strategic use of data. **Session 2** today will look at the lessons we can learn from consumer complaints data, and the ways in which these lessons are being applied to financial education policies. This session builds on recent work undertaken for the Task Force on Financial Consumer Protection, looking at how complaints data can provide information about ongoing and evolving risks and potential misconduct.

We also need repeated measures of financial literacy in order to make sure that we continue to address the most challenging issues through co-ordinated approaches, and that we target those consumers that are most in need. It is for this reason that the OECD continues to include financial literacy within the PISA assessment of 15 year-olds, and why we are encouraging all countries to participate in the OECD/INFE Financial Literacy Measurement exercise for adults.

Both policy goals and their implementation need to be smart and focused. **Session 3** today will illustrate one example how countries are working towards a significant policy goal: Ensuring credit smartness. It is painfully clear that the ways in which people use credit can seriously reduce their financial well-being. This is an issue in both developed and developing countries – an issue often made worse by easy access to high-cost, rotating credit. Practical

solutions to reduce the incidence of problem debt and ensure the smart use of credit require a combination of financial education and financial consumer protection measures.

2) This brings me back to my **second** point of the need to build on our practical tools. Building on sound evidence, policy and institutional levels we can refine our approach to delivering financial education in order to improve its effects.

In this respect, to borrow the OECDs much repeated mantra for the design of National Strategies, one size does **not** fit all. We need to consider the needs and preferences of each group, and monitor their reactions to the interventions we design. We should actively seek creative, innovative solutions to reach out to even the most vulnerable consumers.

I am pleased to say that tomorrow morning will be dedicated to such discussions in two sets of breakout sessions on target groups and delivery channels.

The OECD is also making important progress on these practical issues. Recent work on youth, women and migrants has been recognised by the G20, and one of our ongoing project seeks to explore the financial literacy needs of micro, small and medium sized enterprises. The OECD/INFE also intends to undertake work on the needs of seniors, many of who face a complex array of decisions in an unfamiliar, and rapidly changing financial landscape.

Through this work, we have learned the importance of identifying role models to help to motivate people to become more financially literate. We also recognise the essential role of community groups and local stakeholders with ‘an ear to the ground’, who can spot emerging trends and quickly reach out to target groups.

As noted in the OECD/INFE Policy Handbook on National Strategies, developed as a response to a call from the G20 in 2013, there is a wide range of delivery channels that can be harnessed for financial education. These range from the - now traditional – website, through to more innovative and interactive online courses, social media approaches and so-call ‘edutainment’ (education delivered through a source of entertainment such as a game or TV show). The last breakout session will help to illustrate how these approaches are being harnessed to improve levels of financial literacy and financial well-being.

I am sure that many of you would like to be in three places at once to learn from each and every breakout session. With this in mind, each of the moderators will be invited to report back to you in the final plenary session of this symposium. Their conclusions will also feed into the future work of the INFE.

I really hope that the breakout sessions will also provide further incentives to researchers and policymakers to robustly evaluate programmes and initiatives to further improve our knowledge on what works. The OECD is an evidence based organisation, and hold high-quality research in high regard. We strive to identify, collect and disseminate robust and timely data. I am pleased to say that in addition to our efforts to measure financial literacy we are also in the process of developing a

new database dedicated to evaluations of financial education programmes. I encourage everyone here to submit evaluation reports to this database.

Still on the theme of high-quality research, we are pleased to welcome four members of our newly formed INFE Research Committee here today, two of whom will share their insights with us during the plenary sessions today and tomorrow:

- Professor Annamaria Lusardi - chair of the INFE Research Committee - will share with you her vision for the future; and
- Professor Paul Gerrans - a member of our Research Committee – will present the latest academic thought around the concept of financial well-being to kick off our day tomorrow.

We rely on the contributions, experiences and expertise of INFE members and all the other stakeholders attending this symposium to enrich the debate and help us all to continue to make progress in the coming months and year.

Let me now thank you all in advance for your commitment to this vital topic and wish you a very successful symposium.

Thank you.