



ADDENDUM TO FINANCIAL CONSUMER PROTECTION EFFECTIVE APPROACHES

EFFECTIVE APPROACHES ON PRINCIPLE 5: FINANCIAL EDUCATION AND AWARENESS

This document has been prepared by the OECD Secretariat based on extensive surveys and mapping conducted across the OECD/International Network on Financial Education (INFE) as well as policy instruments (notably the OECD/INFE High-level Principles on National Strategies for Financial Education) and practical tools developed by the OECD/INFE and already reviewed and/or approved by the INFE, OECD and G20 over the last years. It seeks to provide an overview of effective approaches identified to promote financial education and awareness that can enhance financial wellbeing.

It should be considered as an addendum on financial education to the effective approaches developed by the G20/OECD Task Force on Financial Consumer Protection on the other nine G20 High-level Principles on Financial Consumer Protection. It should be read in conjunction with the OECD/INFE progress report on financial education also transmitted to G20 in 2014.

This document is transmitted as an addendum to the effective approaches developed by the G20/OECD Task Force on Financial Consumer Protection to be circulated to G20 Ministers of Finance and Central Banks Governors at their meeting in Cairns on 20-21 September for information and approval for transmission to G20 Leaders at their Summit in Brisbane on 15-16 November 2014.

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ADDENDUM TO THE EFFECTIVE APPROACHES ON FINANCIAL CONSUMER PROTECTION:

ON FINANCIAL EDUCATION AND AWARENESS

PRINCIPLE 5

In 2011, High-level Principles on Financial Consumer Protection developed by the G20/OECD Task Force on Financial Consumer Protection were endorsed by G20 Leaders. They encompass a set of 10 key Principles. In 2013, three of these principles [on Transparency and Disclosure (4), Responsible Business Conduct of Financial Services Providers and Authorised Agents (6) and Complaints Handling and Redress Mechanisms (9)] were complemented by more detailed effective approaches to ease their implementation based on extensive country surveys amongst the Task Force membership.

In 2014, the G20/OECD Task force completed effective approaches on five of the remaining Principles. It has also asked the OECD/International Network on Financial Education (INFE) to provide effective approaches on Principle 5 on Financial Education and Awareness:

Financial education and awareness should be promoted by all relevant stakeholders and clear information on consumer protection, rights and responsibilities should be easily accessible by consumers. Appropriate mechanisms should be developed to help existing and future consumers develop the knowledge, skills and confidence to appropriately understand risks, including financial risks and opportunities, make informed choices, know where to go for assistance, and take effective action to improve their own financial well-being.

The provision of broad based financial education and information to deepen consumer financial knowledge and capability should be promoted, especially for vulnerable groups.

Taking into account national circumstances, financial education and awareness should be encouraged as part of a wider financial consumer protection and education strategy, be delivered through diverse and appropriate channels, and should begin at an early age and be accessible for all life stages. Specific programmes and approaches related to financial education should be targeted for vulnerable groups of financial consumers.

All relevant stakeholders should be encouraged to implement the international principles and guidelines on financial education developed by the OECD International Network on Financial Education (INFE). Further national and international comparable information on financial education and awareness should be compiled by national institutions and relevant international organisations in order to assess and enhance the effectiveness of approaches to financial education.

The numerous instruments developed by the OECD/INFE (principles, good practices, guidelines and policy guidance (see Box 1) on the basis of practices implemented (and evaluated) in OECD/INFE member economies and countries provide a comprehensive set of effective approaches which are fully relevant for the implementation of principle 5. The INFE is also developing further work to facilitate the

implementation of the High-level Principles on National Strategies for Financial Education which should offer some further effective and emerging approaches relevant for principle 5.

This document is therefore aimed at providing brief background information on the work developed on identified effective and emerging approaches to date by the OECD/INFE and OECD bodies in charge of financial education.

It has been prepared by the OECD Secretariat based on extensive surveys and mapping conducted across the OECD/International Network on Financial Education (INFE) as well as policy instruments (notably the OECD/INFE High-level Principles on National Strategies for Financial Education) and practical tools developed by the OECD/INFE and already reviewed and/or approved by the INFE, OECD and G20 over the last years. It seeks to provide an overview of effective approaches identified to promote financial education and awareness that can enhance financial wellbeing.

It is aimed at complementing, from a financial education perspective, the effective approaches developed by the G20/OECD Task Force on Financial Consumer Protection on the other nine G20 High-level Principles on Financial Consumer Protection. It should be read in conjunction with the OECD/INFE progress report on financial education which provides more detailed information on the content of the work, recent achievements and future work and is also transmitted to G20 in 2014.

This document is transmitted as an addendum to the effective approaches developed by the G20/OECD Task Force on Financial Consumer Protection to be circulated to G20 Ministers of Finance and Central Banks Governors at their meeting in Cairns on 20-21 September for information and approval for transmission to G20 Leaders at their Summit in Brisbane on 15-16 November 2014.

I. Background on the OECD/INFE work on Effective Approaches

The OECD/INFE was established in 2008 and currently comprises 110 economies from 240 public institutions. It is aimed at developing methodologies to collect evidence on financial education and literacy, share relevant experience and good practices, identify and elaborate research with a view to drawing policy instruments aimed at supporting policymakers in improving financial education delivery and efficiency and ultimately financial wellbeing.

The work of the OECD/INFE has first been based on former work and research conducted by the OECD and in particular recommendations including:

- OECD (2005) Recommendation of the Council on Principles and [Good Practices on Financial Education and Awareness](#);
- OECD (2008a) Recommendation of the Council on Good Practices for [Financial Education relating to Private Pensions](#);
- OECD (2008b) Recommendation of the Council on Good Practices for [Enhanced Risk Awareness and Education on Insurance issues](#); and,
- OECD (2009) Recommendation of the Council on Good Practices on [Financial Education and Awareness relating to Credit](#)

Since 2008, the OECD/INFE has further developed a number of policy and practical tools (see box 1 for a complete list) based on extensive global and regional surveys among its wide membership. These notably include:

- Regional surveys on :
 - “The Status of Financial Education in Africa”, *OECD Working Papers on Finance, Insurance and Private Pensions, No. 25*, 2012.
 - “Financial Education in Latin America and the Caribbean: Rationale, Overview and Way Forward”, *OECD Working Papers on Finance, Insurance and Private Pensions, No. 33*, 2013.
- Global surveys on policies and methodologies on :
 - Improving Financial Education Efficiency, OECD-Bank of Italy Symposium on Financial Literacy, 2011
 - “Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study”, 2012, *OECD Working Papers on Finance, Insurance and Private Pensions, No. 15*.
 - “Current Status of National Strategies for Financial Education: A Comparative Analysis and Relevant Practices”, 2012, *OECD Working Papers on Finance, Insurance and Private Pensions, No. 16*.
 - Advances in National Strategies for Financial Education, G20/OECD publication, 2013.
 - [Women and Financial Education](#): Evidence, Policy Responses and Guidance, 2013, OECD Publication.
 - [Financial Education for Youth](#): The Role of Schools, 2014, OECD Publication.

Box 1. OECD/INFE policy tools on financial education

- INFE (2012), High-level Principles on the Evaluation of Financial Education Programmes
- INFE (2012), [Guidelines on Financial Education in Schools](#)
- OECD/INFE (2012,) [High-level Principles on National Strategies](#) for Financial Education
- OECD (2013), OECD/INFE [Toolkit to Measure Financial Literacy and Financial Inclusion](#): Guidance, Core Questionnaire and Supplementary Questions
- OECD/INFE (2013), [Policy guidance on addressing women’s and girls’ needs for financial awareness and education](#)
- OECD/INFE (2014) Guidelines on Private and Non-For Profit Stakeholders in Financial Education
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II. Overarching framework for effective financial education

Based on the outcome of these preliminary surveys, the OECD/INFE has notably established an overarching framework for the elaboration of more efficient, objective oriented and nationally coordinated approach to financial education: **the OECD/INFE [High-level Principles on National Strategies for Financial Education](#) (*hereinafter referred to as The Principles*)**. The Principles were endorsed by G20 Leaders in 2012. They provide the definition, scope and key steps to develop evidence based strategy involving relevant stakeholders including effective approaches to implement such strategy.

The aforementioned Principles define a national strategy as:

“a nationally co-ordinated approach to financial education that consists of an adapted framework or programme, which:

- Recognises the importance of financial education - including possibly through legislation- and defines its meaning and scope at the national level in relation to identified national needs and gaps;*
- Involves the cooperation of different stakeholders as well as the identification of a national leader or co-ordinating body/council*
- Establishes a roadmap to achieve specific and predetermined objectives within a set period of time; and,*
- Provides guidance to be applied by individual programmes in order to efficiently and appropriately contribute to the NS.”*

The Principles also insist that:

There is no one-size-fits-all model or process for the development of a NS. The process for NS development and the design of its framework should address specific national challenges and be adapted to countries’ short and long term policy objectives. The NS can be part of, or a complement to, an holistic approach aimed at financially empowering consumers and investors through enhanced access to a range of regulated financial services or appropriate financial inclusion⁸ and/or improved financial consumer protection framework; or more broadly at promoting the development of sound and fair financial markets and supporting financial stability.

Based on this definition, this overarching framework is articulated around four key main components or steps to develop a national strategy:

1. Preparation of the national strategy: defining its scope and purpose through assessment, mapping and consultation.
2. Governance mechanism and the role of main stakeholders in the national strategy.
3. Roadmap of the national strategy: key priorities, target audiences, impact assessment and resources.
4. Implementation of the national strategy: delivery mechanisms and evaluation of programmes.

III. Implementing the overarching framework and dedicated effective approaches

In order to assist in the implementation of these key components, based on dedicated membership mapping exercises and surveys on effective and emerging approaches, the OECD/INFE has further developed a set of implementation tools in 2013/2014 including :

1) To measure financial literacy and evaluate financial education programmes

OECD (2013) OECD/INFE [Toolkit to Measure Financial Literacy and Financial Inclusion](#): Guidance, Core Questionnaire and Supplementary Questions

OECD (2013) [Evaluating financial education programmes: OECD-INFE Survey, evidence, policy instruments and guidance](#)

Both these toolkits were welcomed by G20 Leaders in 2013.

The OECD/INFE High-level Principles on National Strategies for Financial Education identified the measurement of needs and gaps in the population as a first step to develop an adapted approach to financial education in a country. The OECD/INFE toolkit on measurement therefore now serves (together with tools to measure the financial literacy of young people – such as PISA¹) to expand evidence of financial literacy levels and needs and gaps of the population at national and global levels: a first cross country survey was conducted in 2012 (“Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study”) and a second one is planned in 2015.

Results of impact and progress evaluation of financial education delivery channels, initiatives and programmes (notably based on the second toolkit and INFE High-level Principles on the Evaluation of Financial Education Programmes) are also being compiled by the OECD/INFE to increase the global knowledge on most effective ways to improve populations (and vulnerable groups) financial wellbeing.

2) To involve key stakeholders and define their role including through the OECD/INFE Guidelines on Private and Non-For Profit Stakeholders in Financial Education.

The Guidelines were developed through the INFE based on a wide mapping exercise. They were approved and finalised in 2014 and are also submitted to G20 through the aforementioned progress report.

3) To efficiently target vulnerable groups of the population identified in National Strategies roadmap:

Youth (especially through schools)

INFE [Guidelines on financial education in schools](#); The Guidelines were supported by APEC Finance Ministers in 2012 and the progress report on the survey was welcomed by G20 leaders in 2013.

Women and girls:

- [OECD/INFE Policy guidance on addressing women’s and girls’ needs for financial awareness and education](#) endorsed by G20 leaders in 2013

Further work on vulnerable groups in general and migrants and their family will be finalised in 2015. Additional work on key target audience such as SMEs and seniors are also in the pipeline.

4) To deliver effective financial education programmes

The Principles already identified a series of useful effective approaches for the provision and delivery of financial education programmes including:

¹ See also progress report on financial education by the OECD/INFE

The preferences and needs of target groups should be assessed in order to design, develop and evaluate tailored and adapted dissemination tools. These can include:

- Wide and targeted public awareness campaigns to inform the public about the financial education needs of the population and important risk and financial issues; the development of these campaigns should be planned on a regular basis at a national and/or regional level.*
- Objective and interactive website(s) with online information and advice should be established and maintained preferably by public stakeholders. This can include comparisons of various types of financial products. This source of information should be widely publicised and appropriate incentives can be provided to consumers to encourage them to access and use it.*
- A range of other tools as appropriate including paper materials, workshops and training, and advice centres, etc.*

Particular attention should be paid to the quality and timing of the delivery of financial education:

- Financial education provision should be as straightforward and engaging as possible and also include interactive tools and tips such as budgeting plans to help individuals make suitable financial decisions.*
- The development, use and evaluation of innovative tools aimed at influencing consumers' financial behaviours rather than improving their financial knowledge should also be promoted. These can encompass social marketing tools or the use of relevant findings of behavioural economics and psychological research.*
- Financial education should preferably be provided to individuals and or communities at "teachable moments" of their lives when they are making long term plans, when they need or are about to make important (financial) decisions (e.g. wedding, pregnancy, new job, divorce, retirement, unemployment etc) or when they are in an environment conducive to learning (such as school, adult education colleges, the workplace).*

The development and careful monitoring of programmes to train the persons providing financial education and/or programmes aimed at training and teaching potential future disseminators of financial education (e.g. the media, public servants, employees, etc) should be encouraged and promoted. This should help to enhance the effectiveness and reach of financial education initiatives.

The development of financial education awards and, resources permitting, licensing and certification of programmes and providers can also be considered.

Incentives can also be developed to encourage funding to support direct provision of financial education by non-profit organisations, educational institutions, as well as local or regional governments.

They also encourage evaluation of programmes and initiatives using available tools - see subsection 1 above.

5) Identification of further effective approaches: the Policy handbook

A policy handbook to implement national strategies for financial education which should be delivered by the OECD/INFE for next year G20 Presidency (see OECD/INFE progress report to G20 in 2014) is expected to complement these initial effective approaches and provide some useful insights in some emerging/innovative promising approaches.

The OECD/INFE has also decided in 2014 to establish a research committee composed of key academics which will notably be in charge of identifying new and effective way to deliver financial education and awareness effectively.

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Policy Instruments

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