

FINANCIAL
LITERACY
&
EDUCATION
RUSSIA TRUST FUND



OECD/INFE **PRODUCTS**
under the Russia Financial
Literacy and Education Trust
Fund: **an overview**

OECD/INFE products under
the Russia Financial Literacy
and Education Trust Fund:
an overview



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To access the database of programmes and online material:

OECD International Gateway for Financial Education

www.financial-education.org

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Financial education is the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become aware of (financial) risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being and protection.

—OECD Definition, 2005

Building on experience accumulated through its project on financial education launched in 2002 and its International Network on Financial Education (INFE) (see box 1), the OECD has led the development and worldwide dissemination of the following three main types of products, tools and activities developed under the Russia/WB/OECD Trust Fund for Financial Literacy and Education (the Trust Fund):

1. **Broad and detailed reviews and inventories of effective financial education activities and policies worldwide** thanks to the wide membership and involvement of the OECD/INFE.
2. **Policy, analytical and comparative reports and research** highlighting good practices and detailed case studies on financial education and literacy across member countries.
3. **Criteria, standards, principles and guidelines** as well as practical tools to facilitate and improve strategic financial education efforts.

Key and strategic issues (displayed in box 2) have been rigorously explored and analysed through the broad membership of the OECD/INFE and its subgroups, as well as the OECD relevant committees and in-house expertise and experience.

Member surveys, round table events, biannual OECD/INFE meetings, and a comprehensive depository of research and policy papers have provided detailed evidence. This has been further strengthened through extensive desk-research and consultation with senior academics to ensure a broad based, rigorous approach to identifying good practices, challenges and knowledge gaps.

The OECD/INFE activities and outputs have already been globally recognised, including notably, by G20 leaders and APEC Ministers of Finance in 2012.

Moving forward, the outcomes of these activities are expected to continue to feed into the G20 and global roadmap and further support policymakers and interested stakeholders efforts to improve consumers' (financial) wellbeing through effective and consistent financial education, combined with appropriate financial consumer protection and financial inclusion.

A user-friendly database of **over 400 financial education initiatives** in more than 100 countries (including 54 national strategies and 167 programmes for youth), as well as OECD/INFE outputs are available on the OECD International Gateway for Financial Education (IGFE). Products developed under the Trust Fund by the OECD are all available at the IGFE (www.financial-education.org) and the Trust Fund website (www.finlitedu.org). Paper copies and a dedicated USB key available will be available at the Conference in Moscow on 13–14 June 2013.

The following sections of this brochure sketch out the main products developed under each key area of work and highlight main findings.

The endorsement of the OECD/INFE High-Level Principles on National Strategies for Financial Education by the G20 leaders in their meeting in Los Cabos, Mexico, not only identifies these principles as the global standard, the rule book, for the financial education initiatives, it also demonstrably proves that promoting financial education and literacy has become a long-term policy priority in most countries across the globe.

—Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India, and Vice Chair of the INFE; Trust Fund Dissemination Seminar, Nairobi, 2012

BOX 1 THE OECD/INFE AND ITS SUBGROUPS

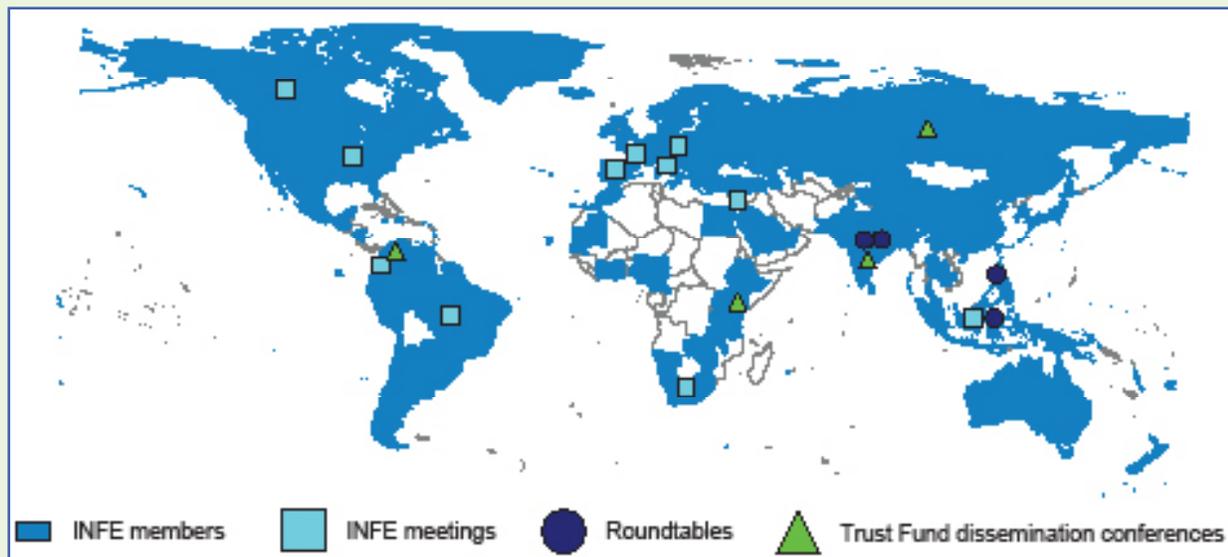
The OECD/INFE was created in 2008 under the aegis of two OECD Committees: Committee on Financial Markets and Insurance and Private Pensions Committee in collaboration with other relevant OECD committees such as the education policy committee.

The OECD/INFE now includes 107 countries and 240 public institutions (see map). It meets biannually to share experiences about current and recent financial education initiatives and policies and collaborates in the development of data, comparative analysis and global policy instruments in a consistent and systematic way.

The OECD/INFE has created Expert Subgroups to lead detailed workstreams according to its work programme. These subgroups are comprised of volunteering member experts in the relevant key area, lead by an expert official. They are actively supported in the development of their work by the OECD Secretariat and academic expertise. Since 2008, subgroups have been created and have worked on:

- National Strategies for Financial Education.
- Measurement of Financial Literacy and Education.
- Evaluation of Financial Education Programmes.
- Financial Education for Youth and in Schools.
- Empowering Women through Financial Education and Awareness.
- Financial Education for Financial Inclusion.
- Financial Education for Long-term Savings and Investments

Current INFE membership and main awareness, peer review and dissemination meetings organised between 2008 and 2013



BOX 2 OECD/INFE KEY AREAS OF WORK UNDER THE TRUST FUND

- The overall framework: national strategies for financial inclusion
- Supporting the preparation of national strategies through methodological tools to measure financial literacy and evaluate education programs
- Addressing vulnerable groups' needs for financial education: cases of youth and women
- Promoting key policy proprieties through financial education: financial inclusion, pensions, savings and investments
- Improving financial education delivery using behavioural economics
- Supporting regional peer review of financial education: Africa and Latin America

THE OVERALL FRAMEWORK: NATIONAL STRATEGIES FOR FINANCIAL EDUCATION

In the aftermath of the financial crisis, governments launched financial reforms that sought to focus on and improve individuals' financial wellbeing and empowerment through enhanced financial consumer protection, financial education and access to appropriate products. In order to promote a consistent and effective approach to financial education and avoid duplication of resources and efforts, in 2010 the OECD/INFE launched a project on the development of national strategies for financial education.

The project identified the main criteria of a national strategy and conducted an initial mapping in 2010/2012. This showed that 23 member countries had designed and implemented National Strategies for Financial Education and a further 24 were in the process of doing so at the end of 2012:

- **Fully fledged national strategy** in Australia, Brazil, Czech Republic, El Salvador, Estonia, Ghana, India, Ireland, Japan, Malaysia, Mexico, the Netherlands, New Zealand, Nigeria, Portugal, the Russian Federation, Singapore, South Africa, Spain, the United Kingdom, the United States and Zambia
- **Designed/in preparation national strategy** in Armenia, Canada, Chile, China, Colombia, Indonesia, Israel, Italy, Kenya, Latvia, Lebanon, Malawi, Morocco, Peru, Poland, Romania, Serbia, Slovenia, Sweden, Tanzania, Thailand, Turkey, Uganda and Uruguay

The comprehensive survey and additional desk research facilitated the analysis of existing practices and identification of the essential features of such a strategy. Findings are discussed in a dedicated report.

This work supported the preparation of OECD/INFE High-Level Principles (box 3) which were endorsed by G20 Leaders in June 2012 at Los Cabos and welcomed by APEC Ministers of Finance in August 2012 in Moscow.

SUPPORTING THE PREPARATION OF NATIONAL STRATEGIES THROUGH METHODOLOGICAL TOOLS TO MEASURE FINANCIAL LITERACY AND EVALUATE FINANCIAL EDUCATION PROGRAMMES

One of the first critical steps in the development of a national strategy for financial education and other relevant initiatives is to establish evidence on the level of financial literacy of the population and to collect quantitative and qualitative information on the types of financial education programmes and initiatives that work best for different target audiences.

Two sets of methodological tools were developed by the OECD/INFE to:

- Measure financial literacy at national level while allowing cross country comparison
- Support the evaluation of financial education programmes.

Measuring financial literacy and inclusion across countries

Assessing the levels of financial literacy in the population and identifying target groups are key components of a successful national strategy. International comparisons increase the value of an assessment by enabling countries to benchmark themselves with other countries. Where similar patterns are identified across countries, national authorities can work together to find common methods for improving financial literacy within their respective populations.

Under the Trust Fund, a detailed review of existing approaches to financial literacy measurement was undertaken by the OECD/INFE to inform the development of a survey instrument that could be used to capture information in a wide range of countries with different income level and allow international comparisons. 18 out of the 26 financial literacy surveys were identified as relevant and analysed in depth.

The resulting good practice instrument incorporates a set of 24 core questions designed to capture financial knowledge, behaviour and attitudes. This instrument draws on existing good practice questions and the input of INFE members, international academics and experts from national statistical offices.

Supplementary questions are also available to allow countries the opportunity to increase the breadth of the questionnaire.

The final toolkit also includes guidance to ensure that the data collected at a national level can be compared internationally.

Financial literacy is defined as: “A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.”

—OECD/INFE (2012)

TABLE 1 COUNTRIES USING THE OECD/INFE FINANCIAL LITERACY CORE QUESTIONNAIRE

COUNTRY	OECD/INFE PILOT	USED PART/ALL OECD/INFE QUESTIONNAIRE ON THE NATIONAL POPULATION	USED PART/ALL OECD/INFE QUESTIONNAIRE ON SUBPOPULATIONS
Albania	X		
Armenia	X		
British Virgin Islands	X		
Canada			X
Czech Republic	X		
Estonia	X		
Germany	X		
Hungary	X		
Iceland		X	
India			X
Ireland	X		
Jamaica		X	
South Korea		X	
Lithuania		X	
Malaysia	X		
New Zealand		X	
Norway	X		
Poland	X		
Peru	X		
Puerto Rico		X	
South Africa		X	
Turkey	X	X	
United Kingdom	X		
United States			X

In 2010/11, 14 INFE countries from four continents (table 1) used the OECD/INFE survey instrument to capture levels of financial literacy in their country. The resulting data enabled the development of a first international survey of financial knowledge, behaviour and attitudes, as well as studies of financial inclusion and detailed analysis of differences in financial literacy by gender. The results from this first survey are available in a dedicated publication.

A wide range of additional countries have since undertaken their own national survey using all or parts of the instrument and compared their findings with those from the original study.

Evaluating financial education programmes

A robust evaluation is crucial to establish whether financial education has been effective, to make sure that resources are being used efficiently and to identify practices that can be replicated in similar circumstances.

A broad stocktake of OECD/INFE members conducted under the Trust Fund in 2009 and covering 46 authorities in 29 countries showed that whilst many programmes incorporated some kind of monitoring or evaluation, relatively few countries were undertaking robust impact evaluations. Amongst the variety of techniques used, by far the most popular way of assessing financial education programmes was to circulate satisfaction surveys.

The stocktake highlighted the challenges faced by public authorities when developing evaluation processes for financial education programmes and indicated that policy makers could benefit from guidance on this subject.

The OECD/INFE therefore undertook research on a framework for evaluation, developed two evaluation guides (with differing levels of detail) and elaborated High-Level Principles for the Evaluation of Financial Education Programmes.

The framework highlights the importance of evaluating programmes and provides an overall roadmap, definition and relevant terminology for the evaluation of financial education programmes.

The guides are designed as short, practical tools, covering:

- Planning – defining the scope, identifying stakeholders, choosing the evaluation design;
- Implementation – analysing and interpreting the data;
- Dissemination – reporting the results.

The High-Level Principles are a policy tool, stressing the relevance of credible, robust and well designed evaluation that can attribute changes in the outcomes of participants to financial education. They also mention that evaluation should be included in programme budgets and suggest ways to minimise costs. They encourage the sharing of evaluation findings through a range of reporting styles in order to disseminate the findings as broadly as possible.

Key materials

- Financial Literacy and Inclusion: *Results of OECD/INFE Survey Across Countries and by Gender*
- OECD/INFE Toolkit to Measure Financial Literacy and Inclusion: *Guidance, Core Questionnaire and Supplementary Questions*
- Evaluating Financial Education Programmes: *OECD/INFE Stock take and Framework*
- INFE High-Level Principles on Evaluation of Financial Education Programmes
- Guide and Detailed Guide on Evaluation of Financial Education Programmes

ADDRESSING THE NEEDS OF VULNERABLE GROUPS FOR FINANCIAL EDUCATION: THE CASE OF YOUTH AND WOMEN

One of the main elements of a national strategy for financial education is the identification of vulnerable audiences that require specific targeting through financial education. The OECD/INFE has identified youth and women as priority target audiences and has established two projects to:

- Develop youth financial competencies through schools
- Address women's specific needs for financial education

Resulting OECD/INFE analysis and findings are expected to provide relevant insights into the G20 agenda and that of the Global Partnership on Financial Inclusion.

Develop youth financial competencies through schools

While financial education concerns all ages, educating the younger generation on financial issues is a top priority of most national strategies. Indeed, young generations will likely bear more financial risks than their parents and be faced with increasingly complex and sophisticated financial products. The young also have access to, and are being offered, financial services at ever earlier ages. Yet most recent surveys show that youth financial competencies are significantly lower than those of their parents.

Including financial education in the official school curriculum is increasingly recognised as one of the most efficient and fair ways to reach a whole generation. In addition, since formal schooling spans many years and can start as early as kindergarten, it offers a unique means to inculcate and nurture sound financial behaviours amongst future adults. This is especially critical since parents are unequally equipped to transmit appropriate financial habits to their children. Furthermore, young people are potentially good disseminators of new habits in the rest of the population.

Yet the successful integration of financial education in school curricula is challenging owing to a vast range of constraints, not least of which is the absence of national curricula in most countries. Others include: lack of resources and time; already packed curricula; insufficient teaching expertise and knowhow; lack of quality materials; the variety of stakeholders involved; and the lack of strong and sustainable political commitment and overall accountability.

Under the Trust Fund, the OECD/INFE launched a dedicated project on financial education for youth and in schools in 2009. Subsequent stocktakes of OECD/INFE members show that over 30 countries had some form of financial education in their schools by 2012. In most cases this provision is part of a national strategy. The

We recognise the need for women and youth to gain access to financial services and financial education, [and] ask the GPF, the OECD/INFE and the World Bank to identify barriers they may face and call for a progress report to be delivered by the next Summit.

—G20 Leaders' Declaration, Los Cabos, June 2012

involvement of the Ministry of Education and of key national players of the education system including teachers is essential for the success of this endeavour.

Different models exist for introducing financial education into schools, but financial education is more frequently incorporated through a cross-curricular approach rather than as a new standalone subject. This typically involves the development of a tailored learning framework on financial education encompassing the following broad topics: money and transactions; planning and managing finances; risk and rewards; and the financial landscape. Evaluation of financial education provision remains scarce in most schools (exceptions include Brazil, Italy and the US).

Building on these findings and on the in-depth analysis of relevant country cases studies, the OECD/INFE has developed guidelines to successfully introduce financial education in schools complemented by guidance on learning frameworks and a policy handbook illustrating successful practices in relevant countries.

The INFE Guidelines and Guidance have been approved by APEC Ministers of Finance in August 2012 and have been instrumental in the development of the OECD/PISA financial literacy framework and exercises (in 2012 and 2015).

Address women's specific needs for financial education

Men and women have different strengths and weaknesses in terms of their financial literacy, but typically women display lower levels of financial knowledge and confidence (figure 2). Various demographic and economic factors make it important to improve levels of financial literacy amongst women in order to strengthen their financial security and wellbeing throughout life.

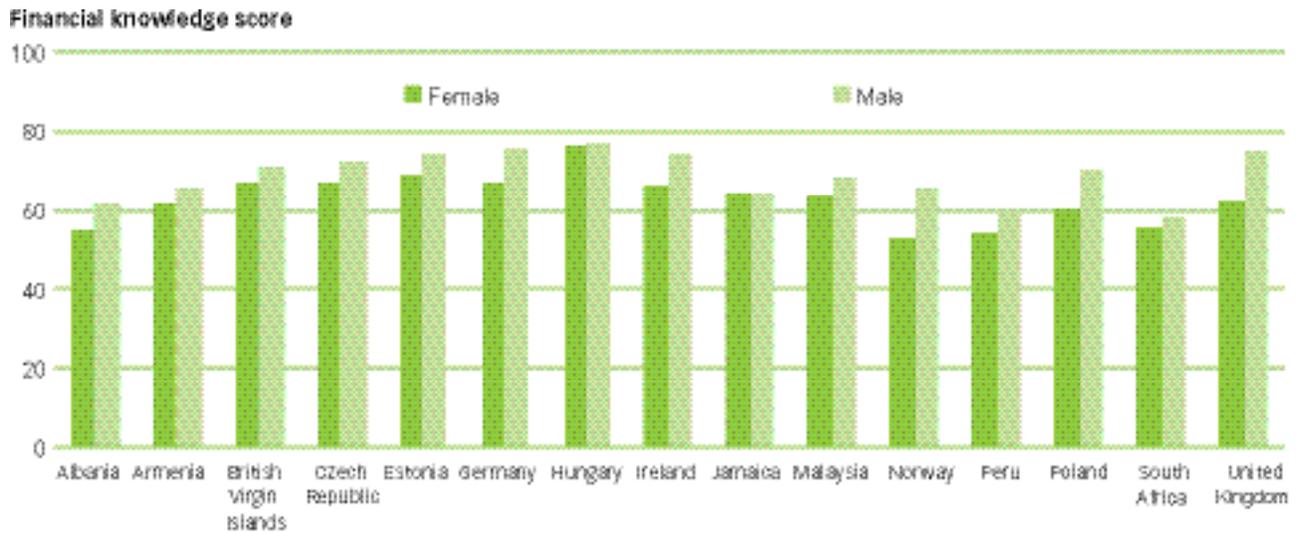
Under the Trust Fund, the OECD/INFE established a dedicated workstream in 2010 to address the needs of women for financial education. This is also part of a wider horizontal OECD project on gender equality.

The workstream initially focused on the review and analysis of available national and international research and evidence and a survey of the (limited) level of policy awareness and action in this area.

These preliminary findings as well as two extensive surveys across over 50 countries and the results of the OECD/INFE financial literacy survey permitted to complete a comprehensive report, a set of policy guidance and a summary leaflet in 2012/2013.

Such material provides policy makers and interested stakeholders with a comprehensive picture of women's needs for financial education, effective- albeit patchy- approaches implemented in various countries to address these needs and policy guidance to improve the situation in the future.

FIGURE 2 FINANCIAL KNOWLEDGE GAP BETWEEN MEN AND WOMEN
(BASED ON THE OECD/INFE SURVEY ACROSS 15 COUNTRIES)



These products are expected to be key deliverables for the G20 Russia's Presidency in 2013.

Key materials

- INFE Guidelines on financial education in schools and Guidance on Learning Frameworks
- Financial education for youth and in schools: *OECD/INFE policy guidance, challenges and case studies*
- Financial education in schools (leaflet)
- Women and Financial Literacy: *OECD/INFE Evidence, Survey and Policy Responses*
- Policy Guidance on Addressing Women's and Girls' needs for financial awareness and education
- Addressing women's needs for financial education (leaflet)

PROMOTING KEY POLICY PRIORITIES THROUGH FINANCIAL EDUCATION: FINANCIAL INCLUSION, PENSIONS, AND SAVINGS AND INVESTMENT

In addition to addressing the needs of particular groups of the population, national strategies also often identify policy priorities which should be addressed by appropriate financial education initiatives. The OECD/INFE has in particular explored two of these priorities as well as the role of financial education in these areas:

- Financial inclusion
- Long-term savings, investments and pensions

The role of financial education in improving financial inclusion

Financial inclusion is an international policy priority and demand side initiatives such as financial education have an important role to play in helping individuals to access and use appropriate, formal financial products. In 2010, under the Trust Fund, the OECD/INFE launched a project on the role of financial education in financial inclusion.

The results of this work show that low levels of financial inclusion are associated with lower levels of financial literacy. Recent research combining a broad stocktake of INFE members and additional desk research permitted to identify various ways in which policy makers and interested stakeholders are tackling the dual challenge of increasing financial literacy and financial inclusion. Such findings are presented in a comprehensive report including illustrative case studies and preliminary policy guidance.

The outputs, including the work on quality indicators of financial inclusion and financial literacy, as well as future work on financial education and migrants are expected to provide important insights for the work plan of the Global Partnership on Financial Inclusion in 2013.

Financial education to improve long-term savings and investments and pensions

Due to a growing transfer of risks from governments to households in many countries, individuals are increasingly responsible for their own financial security. In order to make savvy decisions for their future financial wellbeing, individuals need to be aware of those risks, adequately informed and equipped. Under the Trust Fund, building on its long standing experience in the area of pensions, the OECD has developed a dedicated workstream to address the needs for long-term saving for retirement and investment through tailored financial education approaches.

The main outputs from this comprise:

- A report on National Pension Communication Campaigns addressing challenges and good practices in OECD and non-OECD countries. Findings indicate that the success of campaigns will depend on the ability of design teams to set realistic and measurable goals that can be delivered in a timely, cost-effective and innovative manner to achieve maximum impact. The report also calls for better evaluation of campaigns and more targeted communication that delivers clearer messages.
- A focused examination of the content and design of the annual pension statement sent to members of funded defined contribution (DC) pension schemes in a selection of OECD and non-OECD countries and lessons learnt from this survey.
- An overview of financial education, savings and investments discussing the barriers to saving and policy responses, including financial education and savings incentives

Key report

- *The Role of Financial Education in Financial Inclusion: OECD/INFE Evidence, Policies and Illustrative Case Studies*

Key materials

- *Improving Pensions' Information and Communication: OECD Survey and Lessons Learnt*
- *Financial Education, Savings and Investments: Survey and Findings*

IMPROVING FINANCIAL EDUCATION DELIVERY AND IMPLEMENTATION USING BEHAVIOURAL ECONOMICS

Financial education developers are well aware that individuals do not always fully behave in the way that standard economics predicts (i.e. fully rationally), and that there is no single path from improved financial knowledge to beneficial financial behaviour. In this respect, studies of behavioural economics and economic psychology can help policy makers to explore the range of barriers that may prevent people from acting in their own best interest, and point to innovative solutions that draw on our understanding of psychology to improve education techniques and provide complementary policy solutions such as default options.

Under the Trust Fund, the OECD/INFE researched these areas with a view to improving financial education design for identified target audiences. A publication has been prepared, combining two papers on this topic:

The first paper looks at applying behavioural economics to the design of financial education programmes generally. It discusses ways of:

- Encouraging take-up and completion of education initiatives;
- Tailoring the content and delivery to make the most of psychological tendencies;
- Achieving sustainable behaviour change; and
- Recognising when to apply other policy instruments.

The second paper provides an in-depth case study of an innovative application of lessons from psychology to a financial education programme in Brazil, providing an in-depth case study.

Key material

- Improving Financial Education Effectiveness through Behavioural Economics: *Key Findings and Way Forward*

PROMOTING INTERNATIONAL AND REGIONAL PEER REVIEW OF FINANCIAL EDUCATION: AFRICA AND LATIN AMERICA

The importance of financial education is recognised in many countries in Latin America and the Caribbean (LAC) and Africa, including low- and middle-income countries. The OECD has undertaken in-depth studies of such provision in both regions, drawing on surveys of members and submissions to the IGFE, conference proceedings, regional contacts and wide-ranging desk research. Three common themes emerge from the two reports:

- Financial inclusion is low but improving, with innovations reaching out to the excluded (notably mobile banking in Africa and Conditional Cash Transfers in LAC).
- An increasing number of countries are making efforts to measure financial literacy across their population, and results indicate that financial knowledge and awareness are low.

An increasing number of countries are seeking to develop national strategies for financial education. In this respect, learning from regional peers seems to be particularly important.

In Latin America, financial education is high on the policy agenda, and institutional cooperation amongst public authorities is common. Two countries (Brazil and Mexico) have fully fledged strategies developed at a national level to improve financial literacy across the population, and other governments in the regions are currently designing their own strategies.

In Africa, South Africa has made a long-term commitment to financial education through a national strategy, but the majority of countries on the continent lack of strategic, co-ordinated approach to financial education. Funding for financial education and programme delivery is often provided by international donors, NGOs, micro-finance institutions or the private sector.

Key material

- OECD/INFE peer review and regional reports: *Financial Education in Africa & Latin America*

OECD PRODUCTS UNDER THE RUSSIA/WB/OECD TRUST FUND FOR FINANCIAL LITERACY AND EDUCATION

OECD/INFE SET OF CRITERIA, PRINCIPLES, GUIDELINES AND POLICY GUIDANCE TO IMPROVE FINANCIAL EDUCATION

- Part 1: The Framework
- Part 2: Addressing Youths' and Women's Needs for Financial Education
- Part 3: Measurement and Evaluation Tools

FLAGSHIP PUBLICATIONS

- Current Status of National Strategies for Financial Education: OECD/INFE Comparative Analysis and Relevant Practices
- Financial literacy and inclusion: Results of OECD/INFE survey across countries and by gender
- OECD/INFE toolkit to measure financial literacy and inclusion: Guidance, Core questionnaire and Supplementary Questions
- Evaluating financial education programmes: OECD/INFE stocktake and framework
- Financial education for youth and in schools: OECD/INFE policy guidance, challenges and case studies
- Women and Financial Literacy: OECD/INFE Evidence, Survey and Policy Responses

DEDICATED REPORTS

- The Role of Financial Education in Financial Inclusion: OECD/INFE Evidence, Policies and Illustrative Case Studies
- Improving Pensions' Information and Communication: OECD Survey and Lessons Learnt
- Financial Education, Savings and Investments: Survey and Findings
- Improving Financial Education Effectiveness through Behavioural Economics: Key Findings and Way Forward
- OECD/INFE peer review and regional reports: Financial Education in Africa & Latin America
- Russian/WB/OECD Trust Fund Dissemination Seminars: Main Highlights and Way Forward

LEAFLETS ON ADDRESSING SUBGROUPS NEEDS AND EFFICIENCY OF PROGRAMMES:

- Financial education in schools
- Addressing women's needs for financial education
- Guide and Detailed Guide on evaluation of financial education programmes

The Russia Financial Literacy and Education Trust Fund was established in 2008 at the World Bank with funding provided by the Ministry of Finance of the Russian Federation. The work supported by the Trust Fund is jointly managed by the World Bank and the Organisation for Economic Co-operation and Development (OECD) and is directed toward improving public policies and programs to enhance financial knowledge and capabilities in low- and middle-income countries. This effort has focused on the review of national strategies for financial education, the development of methods for the measurement of financial knowledge and capabilities, methods for evaluating the impact and outcome of programs, and research applying these methods to programs in developing countries. The products of this program of work can be found at the Trust Fund website at:

www.finlitedu.org

