

Speaking notes

Ross Jones

Thank you

I would like to echo my colleague, Mr. Erich Harbrecht's thanks, and extend to Bank-Indonesia my sincere appreciation for its co-operation with the OECD and for hosting this important global event in Bali.

After Mr André LABoul and Erich Harbrecht who both spoke on behalf of the OECD, I will of course remain short.

As the Vice-Chair of the OECD Working Party on Private Pensions and representing more broadly the OECD Insurance and Private Pensions Committee, I think it is worthwhile to take a few additional minutes at the outset of your programme to concentrate on the evolving financial risk landscape and its relevance from a financial education perspective. I am referring on the one hand to longevity risks and the impact of ageing on saving and financial issues; and on the other hand to other types of emerging and conventional risks such as large-scale disasters and risk related to health, economic development and modern evolution and technologies.

The present financial crisis has put a lot of emphasis on short-term individual and corporate bankruptcies, as well as on credit and financial market issues. Nevertheless, ageing risks which have an impact on both pension and health financing, as well as the increasing frequency and magnitude of large-scale disasters could well be the main drivers of the next financial crisis.

Both ageing and large-scale risks are global and their dramatic financial consequences are transferred increasingly to individuals. In fact, the impact of ageing and large-scale risks has the potential to create a financial crisis even more long-lasting and far-reaching for households and the whole society than the one we are currently living.

Yet successful and well targeted initiatives to enhance awareness and education could well make a difference. And happily, policymakers and main stakeholders around the world have already acknowledged these concerns and have started taking steps to address them.

In this respect, I am glad to represent the OECD's Working Party on Private Pensions and the Insurance and Private Pensions Committee. Both groups started working on these key policy priorities a couple of years ago. And this year, they finalized some important projects to be pursued and developed in 2009-2010.

I do not want to get into the details of the main findings and outcomes of these comprehensive activities for now. We will have time to discuss them in greater detail in the sessions dedicated to risk awareness and retirement scheduled tomorrow in your programme.

For now, I would like to stress briefly some of the main achievements of this year:

- The finalization and publication of two stocktaking and research reports on the most efficient ways to raise awareness and education on saving for retirement and on risk and insurance issues in OECD and some non-OECD countries;

- This initial work permitted to develop two sets of international good practices for financial education relating to private pensions and for enhanced risk awareness and education on insurance issues which were approved by OECD governments at the beginning of this year.
- The completion of a comprehensive stocktaking report on risk and risk reduction awareness and education on natural catastrophes; the related policy handbook is will be finalized by the end of this year.

Research has also been undertaken on two specific aspects, of private pensions from a financial awareness and literacy perspective:

- How to best enhance pension awareness of both individuals and policymakers – a challenging issue - particularly well illustrated by the experience of the “orange envelope” developed in Sweden- and certainly a key component of the problem we have to handle;
- Financial education and annuities: a project that assesses how financial education could help in developing the annuitisation of retirement saving where appropriate.

Future work to be conducted by the OECD on financial education related to insurance and pensions in the coming years will encompass:

- the role of insurance intermediaries in financial education;
- more in-depth research on pension awareness; and
- how to reach most vulnerable groups;

Most of the OECD’s research and guidelines on financial awareness and education on risk, insurance and pensions is available to participants of this conference. I am confident that this material and guidance, as well as your distinguished expertise and experience will allow us to face better the financial challenges of the future.

I wish you all a successful and enlightening conference,

Thank you for your attention.