
Financial education

OECD Conference on Financial Education

Tomas Prouza

Deputy Minister of Finance

Czech Republic

New Delhi, September 21, 2006

Learning needed by all

- An important topic for OECD
- Lessons to be learned from India
 - Securities markets awareness campaign (SMAC) motto ***"An Educated Investor is a Protected Investor"***

Importance of financial literacy

Financial literacy

- crucial skill for successful economical development
- significant role for financial stability – better investment decision-making:
 - enhances allocation effectiveness
 - improves investor confidence
- necessary part of any financial market policy

Rising significance of financial literacy

- market developments (wider choice, new products, increasing complexity)
- social developments (demographics, pension issues, changes to consumer behaviour)
- financial products represent "challenge" to average consumers (intangible, difficult to assess whether they will "function" well, complexity)

OECD and financial literacy

- OECD involved in financial education
- Leading international body on financial literacy
- Selected OECD activities:
 - Financial education project (2004)
 - Report *Improving Financial Literacy: Analysis of Issues and Policies* (2005)
 - Specialised website
www.oecd.org/daf/financialeducation
 - and **this conference**

Neverending task

- Level of financial literacy in a population is not static
 - There is a need for
 - continuous cultivation
 - reflection of new trends and issues
 - understanding that people get old and new children are born to be financially educated
- => Financial education is a neverending learning process

Public policy issues

- Close relationship between consumer protection and the level of financial literacy
 - consumer protection aims at reducing information asymmetry
 - disclosure is the basic tool

BUT there is also need to tackle enormous asymmetry in ability to **really** understand financial information and consequences of financial decisions

Public policy issues II

- Policy makers need to develop well balanced mix of policies to enhance functioning of financial markets and to protect interests of consumers
- Areas to cover:
 - prudential requirements
 - market stability and integrity
 - conduct of business
 - financial education
- None of these can be neglected to achieve and maintain financial stability, efficiently functioning financial markets and sound economic conditions

Cooperation needed

- Financial education and consumer protection policies should be endorsed internationally in the globalised world
 - global firms are also local firms
 - local consumers are also global consumers
- OECD can provide a recognised platform for policy guidance development

Thank you for your attention!