



IMPROVING FINANCIAL LITERACY

Moscow, 29 -30 November 2006

CHAIR`S SUMMARY

The conference on Improving Financial Literacy, held under the auspices of the Russian G8 Presidency with collaboration from the Organisation for Economic Co-operation and Development (OECD), was convened in recognition of the important and growing impact of the financial literacy on economic development and the ability of individuals and households to use financial services effectively in order to improve their well-being. The conference brought together a broad range of government officials, representatives of international organisations and financial institutions, as well as business representatives, with the aim of strengthening mutual understanding of existing challenges in this area.

Conference participants were aware that although the 21st century is sure to witness a significant increase in the importance of financial literacy this issue remains largely unaddressed in many countries. They agreed that the dialogue in the area of financial literacy and financial education should be intensified, in order to achieve the complementarity between public and private sector joint efforts to increase financial literacy and improve the financial system management. The participants also recognized the current risks for the world economy and financial markets associated with the low level of financial literacy.

The participants further agreed that:

1. Financial literacy is crucially important for financial sector development and economic growth. Financial education could help to smooth the road from poverty for vulnerable groups of people. Improving financial literacy of poor, remote and marginalized individuals and households can be achieved through increasing of awareness and confidence of these groups of people.
2. Current demographic change with its significant economic and social consequences has the potential to affect saving behaviour, capital accumulation, the structure of financial

markets and instruments to assist in the management of retirement incomes. Other factors making financial education increasingly important are the complexity and number of financial products, rising life expectancy, changes in pension arrangements, etc. Therefore improving financial literacy may be one of the policy measures to manage the impact of these changes.

3. The coordination of efforts of Ministries of Finance, Economy, Education, Central banks and special agencies is extremely important for establishing efficient national systems of financial education. The role of governments in promoting financial literacy and providing consumers` protection is crucial and should be developed in close partnership with other stakeholders, especially with private sector and financial institutions.

4. It is necessary to formulate an international methodology which will allow to regularly evaluate the level of financial literacy and the effectiveness of existing efforts.

The participants fully agree that next steps on improving financial literacy should take full advantage of the work already accomplished and underway and support the G8 call for further development by the OECD of financial literacy guidelines based on best practices. Recent research of this problem made by international financial institutions offer valuable policy advice and recommendations and bring us to the conclusion that each country needs an individual strategy for improving financial literacy. Conference participants favour further discussions of promoting national financial literacy strategies at the government level in order to ensure financial market stability and economic development.