Peru: Progress on financial education

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Superintendencia de Banca, Seguros y AFP
Bicentennial plan: Peru towards 2021

Objective: To have transparent and efficient Financial Markets, with sound institutions that facilitates financing and investment.

National Development Strategic Plan

Objective: To develop financial markets through financial inclusion (Diversify economy, competitively and employment axis)

National Strategy for Financial Inclusion

National Plan for Financial Education
Strategy: National Financial Education Plan

Co-Leadership (SBS-MINEDU)

SBS Expands Financial Education Experience

Ministry of Education

Students (Basic and Higher Education)

National Financial Education Plan*

National Definition

Financial education is the process to develop knowledge, abilities, and attitudes in people so that it would contribute to their financial well-being.

Working groups in PLANEF

<table>
<thead>
<tr>
<th>Schools</th>
<th>Universities &amp; Technical institutions</th>
<th>Workplaces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro entrepreneurs</td>
<td>Vulnerable populations</td>
<td></td>
</tr>
</tbody>
</table>

*Approved by the National Multisectoral Commission for Financial Inclusion (CMIF), in June 2017.
Effective financial education policies

14 principles for financial education programs (PLANEF, 2017)
<table>
<thead>
<tr>
<th>Period</th>
<th>Strategy</th>
<th>National Curriculum</th>
<th>Programs</th>
<th>Evidence</th>
<th>Digital FE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-10</td>
<td>MoU SBS - MINEDU</td>
<td>DCN 2009</td>
<td>- SBS Teachers training program (TTP) for secondary</td>
<td>PISA – Financial literacy</td>
<td>FE Website</td>
</tr>
<tr>
<td>11-12</td>
<td>CMIF Conformation</td>
<td>SBS Technical assistance</td>
<td>- Workplace program</td>
<td>National SBS Survey</td>
<td>E-learning platform</td>
</tr>
<tr>
<td>13-14</td>
<td>NSFI PLANEF Design</td>
<td>New National School curriculum</td>
<td>- Minifinanzas</td>
<td>National SBS Survey PISA</td>
<td>Tools and games (apps)</td>
</tr>
<tr>
<td>15-16</td>
<td>PLANEF Approval &amp; Implementation</td>
<td>New competency implementation</td>
<td>- TTP with others</td>
<td>- Mapping</td>
<td>Digital libraries</td>
</tr>
<tr>
<td>17-18</td>
<td></td>
<td></td>
<td>- Global Money Week (SMA)</td>
<td>- Impact assessment TTP</td>
<td></td>
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</table>

**Peruvian Financial Education progress**
National Curriculum: Financial Education in schools

Competency #19:
Responsibly manages economic resources.

Competency #27:
Manages social or economic entrepreneurship projects.

Competency #28:
Works out in ICT’ virtual contexts.

Competencies have a linked, simultaneous, sustained development during the school experience, and they combine with each other through their lifetime. (Peruvian National Curriculum, 2016).
SBS Digital Strategy: Use of ICTs to improve consumer empowerment
MINEDU, SBS, CEFI, APESEG

Minifinanzas con Torito
Islas de los Uros
Agosto 2017
OECD-Russia Global Symposium
Advancing financial literacy globally:
Implementation and innovation

Lyndwill Clarke
Head of Department: Consumer Education
FSCA- South Africa
Discussion Points

- Financial literacy trends
- Financial literacy and macro-economic strains
- Financial literacy among youth
- Recognising diversity
- FSCA Legislative Mandate
- FSCA financial education “regulatory powers”
- Strategic priorities and intended outcomes
Financial Literacy Trends since 2011

<table>
<thead>
<tr>
<th>Domain</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2015</th>
<th>2017</th>
<th>NS targets</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial control</td>
<td>58</td>
<td>62</td>
<td>62</td>
<td>63</td>
<td>62</td>
<td>62</td>
<td>Increased</td>
</tr>
<tr>
<td>Financial planning</td>
<td>53</td>
<td>50</td>
<td>48</td>
<td>49</td>
<td>48</td>
<td>57</td>
<td>Decreased</td>
</tr>
<tr>
<td>Product choice</td>
<td>45</td>
<td>48</td>
<td>48</td>
<td>49</td>
<td>47</td>
<td>49</td>
<td>Stable</td>
</tr>
<tr>
<td>Financial knowledge</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>59</td>
<td>58</td>
<td>60</td>
<td>Stable</td>
</tr>
<tr>
<td>Overall financial literacy</td>
<td>54</td>
<td>54</td>
<td>54</td>
<td>55</td>
<td>54</td>
<td></td>
<td>Stable</td>
</tr>
</tbody>
</table>

- Subdomain scores have fluctuated, with **financial control increasing** over time and **financial planning decreasing**.
- As expected, product choice and financial knowledge scores stable.
Financial Literacy during times of macro-economic strain

- **Economic strain evident from macro-economic measures:**
  - Over time, likely to affect certain financial literacy domains and indicators more than others.

- **Financial planning and financial control:**
  - Stronger ethic of financial management, out of necessity
  - Difficulty in making ends meet
  - Strain on savings in an already low-savings context

- **Product choice:** growing sense of regret over product decisions

- **Financial knowledge:** likely to be relatively unaffected

- **Lessons from SA case:**
  - Need for regular monitoring and mapping in a context of greater global economic uncertainty
  - Identifying new risks and vulnerabilities: Evidence-based policy and programmatic intervention.
Financial Literacy among youth

• Youth vs. adult age cohorts
  o Youth tend to have lower financial literacy scores on average
  o Measurement tool may be penalising youth due to life-cycle effect
  o For instance, young adults less likely to …
    o …be directly involved in household financial decision making
    o …be provisioning for the future
    o …possess a range of financial products

• Need to focus on indicators less affected by life-cycle when examining financial literacy among youth
  o Would assist in making more accurate financial literacy comparisons between youth and older cohorts
  o Examples of FSCA and OECD INFE indicators:
    o Ethic around money management (carefully watching finances)
    o Ethic around saving (saving for long term vs. living for today)
    o Awareness of financial products
    o Financial knowledge measures
Example from financial control domain

**Behavioural measure: A youth penalty?**

Personal involvement in household decision making (%), by age group (2011-2017)

A very steep age gradient

**Attitudinal measure: A fairer reflection?**

Considered approach to personal finances, mean index score based on 0-100 scale (2011-2017)

A more modest age gradient
Recognising diversity - the heterogeneity of groups

- Need to increasingly adopt an intersectional approach
  - Looking particularly at within-group rather than just between-group differences
  - Challenging assumptions of homogeneity among categories of any given population, such as youth, elderly, women, men, poor and rich.

- Example of young South Africans (under 35 years)
  - Clear differences among this cohort, especially along class lines
  - Potentially important bearing on policies and programmes designed to reach young citizens
FSCA Legislative Mandate

Mandated by the FSB Act No. 97 of 1990, as amended in 2000

“Promote programmes and initiatives by financial institutions and bodies representing the financial services industry to inform and educate users and potential users of financial products and services”.

Financial Services Laws General Amendments Act, 2013

“provide, promote or otherwise support financial education, awareness and confidence regarding financial products, institutions and services.”

Financial Sector Regulation Act, 2017

Objectives
57. The objective of the Financial Sector Conduct Authority is to—
(a) enhance and support the efficiency and integrity of financial markets; and
(b) protect financial customers by—
(i) promoting fair treatment of financial customers by financial institutions; and
(ii) providing financial customers and potential financial customers with financial education programs, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions; and
(c) assist in maintaining financial stability.
Functions
58. (1) In order to achieve its objective, the Financial Sector Conduct Authority must—
(a) ..... 
(b) ..... 
(c) ..... 
(d) ..... 
(e) ..... 
(f) ..... 
(g) ..... 
(h) ..... 
(i) ..... 
(j) formulate and implement strategies and programs for financial education for the general public.

Working groups and subcommittees
81. (1) The Financial System Council of Regulators must establish working groups or subcommittees in respect of the following matters:
(a) Enforcement and financial crime; 
(b) financial stability and resolution; 
(c) policy and legislation; 
(d) standard-setting; 
(e) financial sector outcomes; 
(f) financial inclusion; 
(g) transformation of the financial sector; and 
(h) any other matter that the Director-General may determine after consulting the other members of the Financial System Council of Regulators.

Conduct standards
106. (1) The Financial Sector Conduct Authority may make conduct standards for or in respect of—
(a) financial institutions; 
(b) representatives of financial institutions; 
(c) key persons of financial institutions; and 
(d) contractors. 
(2) A conduct standard must be aimed at one or more of the following:
(a) ..... 
(b) ..... 
(c) ensuring that financial education programs, or other activities promoting financial literacy are appropriate; 
(d) ..... 
(e) .....
Strategic priorities and intended outcomes

FSCA strategic priorities for the next three years
• Building a new organisation
• An inclusive and transformed financial sector
• A robust regulatory framework that promotes fair customer treatment
• **Informed financial customers**
• Strengthening the efficiency and integrity of our financial markets
• Understanding new ways of doing business and disruptive technologies.

Intended outcomes of our financial literacy and consumer education strategy are:
• Broader consumer protection
• **Integration of financial education with regulatory functions**
• Coordinated industry financial education activities
• Improved data on consumer behaviour
• Positive consumer behavioural change.
No country can really develop unless financially its citizens are educated.

Nelson Rolihlahla Mandela