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Financial Education in Latin America and the Caribbean: Rationale, Overview and Way Forward

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Abstract

FINANCIAL EDUCATION IN LATIN AMERICA AND THE CARIBBEAN: RATIONALE, OVERVIEW AND WAY FORWARD

Abstract: Macroeconomic stability and growth in the Latin America and the Caribbean (LAC) region have allowed governments to focus on public policies that build on the complementarities between financial education, inclusion and the development of social capital. Financial education programmes can support the needs of emerging middle classes in managing their finances and benefitting from access to more sophisticated financial markets. They can also be a valuable tool to ensure a more effective financial inclusion of the most vulnerable sectors of the population, and help fight poverty and inequality.

This joint report by the OECD, the Development Bank of Latin America (CAF), the Central Bank of Colombia and the Financial Institutions Guarantee Fund of Colombia (Fogafin) provides an overview of the status of financial education programmes developed in Latin America and the Caribbean - thanks to a dedicated survey of public institutions-, discusses their rationale, and offers initial guidance for policy makers.

JEL codes:
D14 – Personal Finance
D31 – Personal income, wealth and their distribution
H53 – Government expenditures and welfare programmes
I25 – Education and economic development
I38 – Government Policy; provision and effects of welfare programmes
O19 – Economic development, role of international organisations

Keywords: financial education, financial literacy, financial inclusion, Latin America, Caribbean, poverty reduction, conditional cash transfer programmes

Résumé

L'EDUCATION FINANCIERE EN AMERIQUE LATINE ET DANS LES CARAIBES : TOUR D'HORIZON ET PERSPECTIVES

Résumé : La stabilité et la croissance économique des pays d'Amérique Latine et des Caraïbes ont permis aux gouvernements de la région de concentrer leurs efforts sur la mise en place de politiques publiques qui exploitent la complémentarité entre éducation financière, inclusion financière et développent du capital social. Les programmes dédiés à l'éducation financière ont pour but d'aider les classes moyennes émergentes à gérer leurs budgets et à accéder à des marchés financiers qui deviennent plus sophistiqués. Ces programmes sont aussi importants pour la mise en place d'une inclusion financière plus efficace, ainsi que pour lutter contre la pauvreté et les inégalités.

Ce rapport écrit par l'OCDE, la Banque Latino-Américaine de Développement (CAF), la Banque Centrale de Colombie, et le Fond de Garantie des Institutions Financières de Colombie (Fogafin) présente un tour d'horizon sur les programmes pour l'éducation financière développés par les institutions publiques de la région – grâce à une enquête menée auprès des institutions publiques dans le cadre de ce rapport-, analyse leur raison d'être et offre des recommandations pour les décideurs publics.

Codes JEL:
D14 – Finances personnelles
D31 – Revenu personnel et distribution de la richesse
H53 – Dépenses publiques et programmes sociaux
I25 – Éducation et développement économique
I38 – Politiques publiques ; allocation et effets des programmes sociaux
019 – Relations internationales en matière de développement, rôle des organisations internationales

Mots clés : éducation financière, alphabétisation financière, inclusion financière, Amérique Latine, Caraïbes, réduction de la pauvreté, programmes de transfert de fonds sous conditions (*conditional cash transfer*)

FOREWORD

This joint report is the result of the collaboration between the OECD and its International Network on Financial Education (INFE), the Central Bank of Colombia, the Financial Institutions Guarantee Fund of Colombia (Fogafin) and the Development Bank of Latin America (CAF), ahead of the Colombia-OECD-World Bank International Conference on financial education "*Progress of Global Policies and Practices and Latin American Experience*"[1] that took place in Cartagena, Colombia on 31 October – 1 November 2012.

As a testimony of the importance of these issues for policy makers in the region, more than 200 regional and international experts from 49 economies gathered in Cartagena to discuss the latest policies and successful regional programmes. The significance of financial education as a component of effective inclusive growth policies is indeed increasingly acknowledged by policy makers in Latin American and Caribbean economies. This has led to the development of a number of initiatives aiming at increasing the financial literacy levels of the population, often complementing financial inclusion and consumer protection efforts.

[1] A summary record of the event and presentations can be found at: http://www.oecd.org/daf/fin/financial-education/oecd-colombiainternationalconferenceonfinancialeducation.htm

WORKING PAPER DEVELOPED IN CO-OPERATION WITH

Banco de la Republica **(the Central Bank) of Colombia (BRC):** created in 1923 by Act (*Ley*) 25, the BRC is the highest Colombian monetary, foreign exchange and credit authority. Its main objective consists of ensuring price stability in coordination with a general macroeconomic policy leading to output and employment growth. Among other functions, the Bank is responsible for the issue of currency, and it acts as a "banker of banks", designs and decides upon the treatment of the foreign exchange rate policy, is in charge of administering the national reserves, and it promotes the country's scientific, cultural and social development policy.

The Financial Institutions Guarantee Fund (Fogafin): was created by Act (*Ley*) 117 de 1985 for the purpose of protecting the confidence of both depositors and creditors in registered financial institutions, by preserving economic equilibrium and equity and preventing shareholders and administrators from obtaining unjustified benefits whether economic or of any other nature likely to harm financial institutions.

Development Bank of Latin America (CAF): it was established in 1970 and currently includes 18 Latin American, Caribbean and European countries, as well as 14 private banks from the Andean region. Its objective consists of promoting a sustainable development model through credit operations, non-reimbursable funds, while supporting the technical and financial structuring of projects of the Latin American public and private sectors.

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EXECUTIVE SUMMARY

Over the last decade, most economies in Latin America and the Caribbean have displayed sustained growth and macroeconomic stability leading to the emergence of growing middle classes. Despite these advances, poverty and inequality levels remain high and financial exclusion still affects important sectors of both the urban and the rural population, which can hinder future economic and social development. Moreover, those who benefitted from economic growth need to know how to manage their finances and benefit from more developed financial markets. Financial education policies can help policy makers in the region address both the needs of the growing middle classes, and be an important complement to financial inclusion and poverty reduction measures.

Accordingly, public authorities in the region have developed programmes that build on the complementarities between financial education, inclusion and the development of social capital. The recent example of financial education included within conditional cash transfer programmes is among the promising initiatives implemented. A regional survey of the public actors active in financial education and of the characteristics of existing programmes has permitted identifying innovative practices and relevant examples of inter-institutional co-operation, as well as some highly developed national strategies for financial education implemented with strong political support.

However, the research also finds that evidence of the needs of the region's population when it comes to financial literacy is not equally available in all economies, calling for increased efforts on measurement. This, together with more thorough impact evaluation of existing programmes, would help designing and implementing more effective financial education programmes and generate measurable results, thereby raising the profile of financial education policies.

Process

This joint analysis is the result of the collaboration between the OECD and its International Network on Financial Education (INFE), the Central Bank of Colombia, the Financial Institutions Guarantee Fund of Colombia (Fogafin) and the Development Bank of Latin America (CAF).

The first draft of this paper was prepared ahead of the 10th meeting of the OECD International Network for Financial Education (INFE) held in Cartagena, Colombia in October 2012, and submitted to INFE members for comments at the 11th meeting of the INFE held in Prague, Czech Republic, in May 2013.

The paper was prepared by Ms. Nidia García Bohórquez (Chief of Economic and Financial Education Section, BRC), Mr. Andrea Grifoni (Policy Analyst, Financial Affairs Division, OECD), Mr. Juan Carlos López Mora (Professional of Corporate Affairs, Fogafin) and Ms. Diana Margarita Mejía Anzola (Senior Specialist of the Department of Public Policies and Competitiveness, CAF)[2].

[2] This paper does not necessarily reflect the views of the OECD or those of its member governments, Development Bank of Latin America, Central Bank of Colombia and Fogafin.

The analysis benefitted from the important inputs and review of Ms. Flore-Anne Messy (Principal Administrator, Financial Education, OECD and Secretary of the International Network on Financial Education) and of Ms. Adele Atkinson (Policy Analyst, OECD).

This paper is also published in Spanish by CAF as "*La educación financiera en América Latina y el Caribe: situación actual y perspectivas*" in the series on Public Policies and Productive Transformation (*Serie Políticas Públicas y Transformación Productiva*), available at http://publicaciones.caf.com/

Scope

Given the presence of common challenges and policy developments in the region, the paper tries to encompass, whenever possible, all Latin American and Caribbean economies: South America, Central America and the Caribbean.

The main sources of information are data gathered through global stocktaking exercises and surveys conducted within the OECD/INFE (notably on National Strategies for Financial Education, and Measurement of Financial Literacy), and the survey[3] conducted by the Central Bank of Colombia, Fogafin and CAF (from now on "the regional survey"). The regional survey was conducted in July 2012 between public financial institutions and industry associations in Latin America, and saw the participation of 28 institutions[4] from sixteen countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Paraguay, Peru, Dominican Republic, Uruguay and Venezuela. These sources were complemented by additional desk research conducted by the authors.

3. See the survey questionnaire in Annex 2.

4. Central Bank of Argentina; Association of Private Banks of Bolivia; Securities and Exchange Commission of Brazil (CVM); Central Bank of Brazil; Central Bank of Chile; Central Bank of Colombia; Fogafin Colombia; Stock Market Self-regulator of Colombia (AMV); Federation of Colombian Insurers (Fasecolda); Central Bank of Costa Rica; Banking Authority of Ecuador; Deposit Insurer of Ecuador; Central Bank of El Salvador; Central Bank of Guatemala; Deposit Insurer of Mexico; Central Bank of Mexico; National Commission for the Protection of Users of Financial Services of Mexico; Ministry of Finance Mexico; Central Bank of Nicaragua; Central Bank of Paraguay; Institute of Peruvian Studies (Proyecto Capital); Superintendency of Banks, Insurance and Private Pension of Peru; Central Bank of Peru; Central Bank of the Dominican Republic; Central Bank of Uruguay; Deposit Insurer of Uruguay; Central Bank of Venezuela, and Deposit Insurer of Venezuela.

I. INTRODUCTION

There is growing global awareness of the need to promote positive changes in economic behaviour and in the financial literacy levels of individuals and households. Such awareness is a consequence of several factors including economic challenges, strong evidence of low financial literacy levels and of their adverse effects on individuals and households (OECD 2005a). The cost of these issues for the economy, together with increasing risks shifted from governments onto individuals and the emergence of increasingly sophisticated financial markets and products have certainly contributed to awareness.

Policy makers now recognise the need to address shortcomings in financial literacy levels through financial education programmes and wider initiatives such as national strategies for financial education (Grifoni and Messy 2012; OECD/INFE 2012). Financial education has become a policy priority for public institutions globally as well as for international organisations, multilateral institutions and fora such as the OECD, the World Bank, the G20, the Association of Asia Pacific Economic Co-operation (APEC), and the Association of South-East Asian Nations (ASEAN).

Financial education is defined as:

> *the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more 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* (OECD, 2005a)

This definition can be broadly interpreted to take into account the varying needs of individuals in different socio-economic contexts. Financial education starts with very basic notions, such as the characteristics and use of financial products, progressing to more advanced ones, which deal with the knowledge of financial concepts, the development of skills and attitudes for the management of personal finance that ultimately encompass positive behavioural change.

Financial education can empower individuals and allow them to better manage personal and household finances and resources. In Latin America, this applies both to the emerging or consolidating middle classes, who might need to better manage their finances over longer time horizons, and to the poor and to the financially excluded.

The benefits of financial education can also spill over into the wider economy. Financial education can promote in the population the necessary competencies to make informed and appropriate decisions, as well as enabling them to defend their rights as financial consumers. Moreover, financially literate citizens will have a greater capacity to understand economic and social policies adopted within their economies. This "civic" aspect of financial literacy, seen as an important component of human capital, is stressed by policy makers in emerging economies, such as those of Latin America[5]. This is based on the

[5] Evidence gathered through stock takes undertaken by the OECD International Network for Financial Education (INFE) in preparation of the work on National Strategies for Financial Education (Grifoni and Messy 2012).

idea that more educated and informed consumers will take better financial decisions throughout their life, which, as a whole, will favour the stability and development of the financial system.

However, financial education is a necessary but not sufficient process to empower financial consumers, and is often part of a trilogy of policy that provide the framework to the participation of individuals in the financial marketplace, centred on financial education, financial inclusion and financial consumer protection.

Financial education can contribute to reduce the demand-side barriers to financial inclusion. Improved financial literacy can increase both awareness and understanding of financial products and services, and as such promote demand of financial products and their effective use. When it comes to financial consumer protection, financial education can provide individuals with the awareness of their rights and understanding of financial entities' obligations that are both an important complement to financial markets regulation and public interventions in this sector.

II. THE LATIN AMERICAN AND CARIBBEAN CONTEXT AND THE RATIONALE FOR FINANCIAL EDUCATION POLICIES

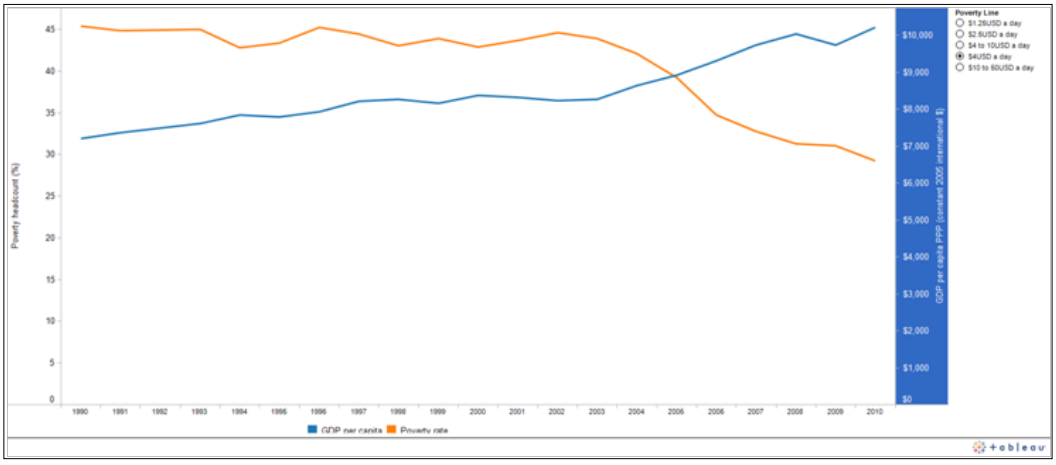
This chapter presents an assessment of the general economic trends experienced in the region. This is characterised by overall macroeconomic stability, GDP growth, emerging middle classes, but persisting strong inequalities. It will then address the growing levels of financial inclusion and the low levels of financial literacy among the general population and among specific target groups in particular. It will finally explain how the combination of these factors has initiated a growing interest in financial education amongst policy makers in the region and encouraged their participation in international fora.

A. The regional context: economic outlook, social inequalities, access to education.

In the last decade, Latin America and the Caribbean have shown encouraging figures in terms of economic growth. The region displayed noteworthy resilience in the recent global economic crisis, performing well relative to economies elsewhere in the world and reversing the immediate downturn fairly quickly (OECD 2011; OECD/Economic Commission for Latin America and the Caribbean, 2012). Moreover, in contrast with previous international crises, on this occasion Latin American and Caribbean financial systems have held up remarkably well and have not experienced negative effects in the quality of loans, solvency or market liquidity, thanks to improved prudential regulation and supervision already in place at the onset of the crisis (OECD 2011).

This has allowed governments to design and implement a series of ambitious public policies aimed at locking-in economic advancements and supporting sustainable long-term development goals. These efforts have reduced poverty and inequality to historically low levels for the region (see Figure 1).

Figure 1. GDP per capita and poverty level in Latin America and the Caribbean



Source: Tableau Public

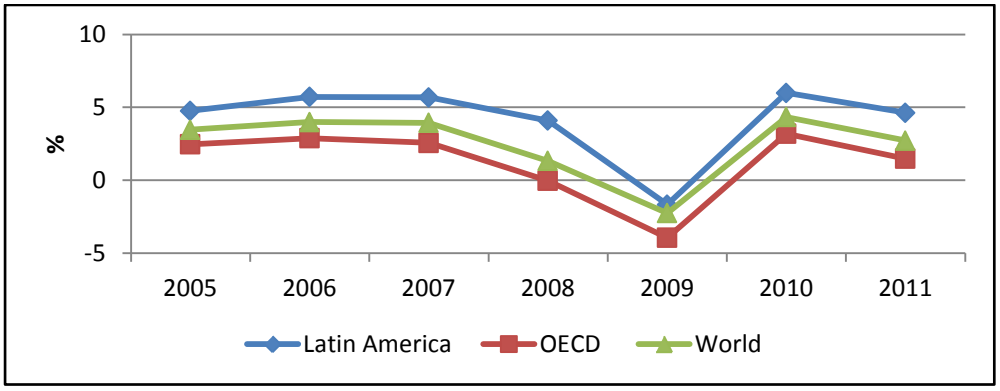
A positive economic outlook...

The region has experienced good economic performance in the last decade. The forces that supported the recent positive results were macroeconomic stability, high growth rates, better educational results, a more inclusive labour market and expanded protection networks, particularly those related to conditional cash transfers (CCTs)[6] (see section III.D).

Likewise, inflation rates in the countries of the region have, with a few exceptions, decreased significantly in the last two decades, favouring macroeconomic stability and stabilising the purchasing power of individuals.

A comparison with the rest of the world underlines the positive results achieved by these economies. Since 2003 the GDP of Latin America and the Caribbean has grown above that of OECD countries[7], while at the same time, during the beginning of the global economic crisis (between 2008 and 2009) the slowdown of economic expansion was less than that evidenced by the developed countries. The regional gross domestic product (GDP) growth of Latin America is above the global average (see Figure 2).

Figure 2. GDP growth (annual percentage)



Source: compiled by authors with data from the World Development Indicators (World Bank 2011).
Chile and Mexico, as Latin American OECD Members, are common to all three groups.

The region has also displayed an improvement in terms of gross capital formation[8] as a percentage of GDP: while OECD economies presented a gross capital formation of 17.1% in 2009, Latin America and the Caribbean achieved 20.1%. For the year 2010 the trend was maintained and the results were 17.9% and 21.7%, respectively. The good performance of the region can also be corroborated by analyzing the gross savings rate[9] as a percentage of GDP which grew from 18.5% in 2009 to 19.3% in 2010 globally.

6. This paper will use the most common definition of these programmes, Conditional Cash Transfers (CCTs), notwithstanding the fact that many programmes now are implemented through bank transfers or pre-paid cards and have as such lost the "cash" component (see section III.D).

7. Chile and Mexico, as Latin American OECD members, are common to both groups.

8. Gross capital formation includes the disbursements in respect of additions to the fixed assets of the economy plus the net variations in the level of inventories.

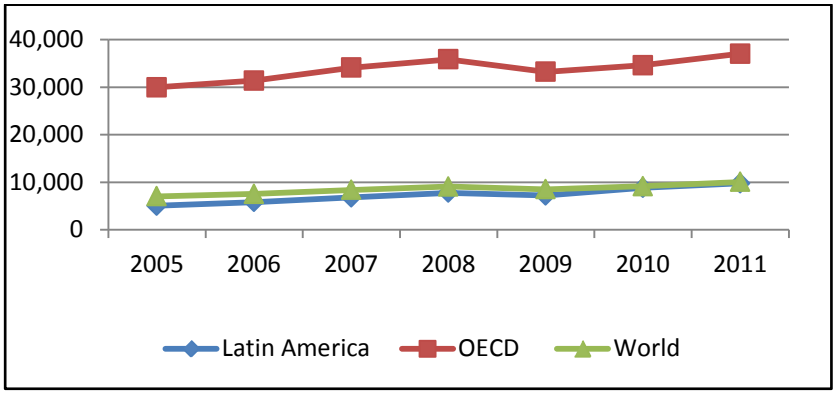
9. Gross saving is calculated as the national gross income minus total consumption plus net transfers.

...but persisting inequalities.

Despite these positive trends in growth and macroeconomic stability, Latin America and the Caribbean is still the most unequal region in the world (United Nations Development Programme 2010). This is reflected in several indicators such as income per capita, access to infrastructure and basic services and, in general, in the components of the human development index (HDI)[10].

GDP per capita, despite improvements since 2002, is still low compared with the average of OECD member countries (above 30.000 USD). The GDP per capita of Latin America and the Caribbean, at 8.822 USD, represents a little more than one quarter of this average and is lower than the global average, which for the year 2010 was 9.928 USD (Figure 3).

Figure 3. GDP per capita (current US$)



Source: compiled by authors with data from the World Development Indicators (World Bank 2011). Chile and Mexico, as Latin American OECD Members, are common to all three groups.

The human poverty index (HDI)[11], of the region is 31.4%, including 12.3% of people in conditions of extreme poverty (representing 70 million indigent people in absolute terms). Despite the reduction of the poverty indexes inequality, measured in terms of the Gini index, is still high. The countries of the region present Gini indices[12] between 45 and 60, while OECD countries are located, on average, at approximately 33.

Poverty and inequality in the region remain high: close to one third of the population is poor (OECD, 2011; World Bank, 2011). The main challenge of the region is, therefore, achieving a reduction of social inequalities (OECD/ECLAC, 2012) in parallel with economic growth and development, through an effective

10. The Human Development Index is a way of measuring development through a composite index combining indicators of life expectancy, educational attainment and income. It is a single statistic that takes into account both social and economic development. See http://hdr.undp.org/en/statistics/hdi/

11. The Human Poverty Index (HPI) represents the extent of poverty in a country. It uses indicators of the most basic dimensions of deprivation: a short life, lack of basic education and lack of access to public and private resources.

12. Gini index measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.

reduction of income concentration and the achievement of better results in terms of the components of the HDI.

In this context, the capacity of the poor to take advantage of new opportunities depends critically on their skills, including financial literacy (OECD 2010a). Financial education is one of the policy tools currently developed by Latin American governments in order to develop necessary skills among their population.

Education: performance and access

Performance in education and access to the formal educational system in the region display an overall positive trend. The scores of the region in the OECD Programme for International Student Assessment (PISA)[13] have improved slightly over the past ten years, with the gap with OECD economies reducing from 23% to 19.5% between 2000 and 2009[14]. It is encouraging to note that in various countries the improvement is due mainly to better scores of lower-scoring students and of girls (OECD/ECLAC 2012), showing a reduction in inequality.

Regarding access, there are clear positive trends across all levels of education. Economic growth and stability determined an increase in the educational coverage and government spending on schools, leading to substantial advances particularly in primary education. Moreover, following increases in access and enrolment rates (see Figure 4), more than half of the university students are the first member of their family to attend university. This will likely help boost socio-occupational mobility.

However, important challenges remain in the extension of these advances to secondary and tertiary education, and in the need to improve quality, efficiency and performance of the region's educational systems. This becomes particularly relevant as growth and the associated impact on the economic and social structures have implied an increase in demands for access to higher education. In particular, income-based differences remain strong. The increase in secondary education between 1990 and 2006 was substantial, going from 27% to 51% of young people between 20 and 24 years of age having completed secondary education. However, strong income inequalities are still present, with the first income quintile (lowest income) displaying around a quarter of the percentage found in the last quintile (highest income).

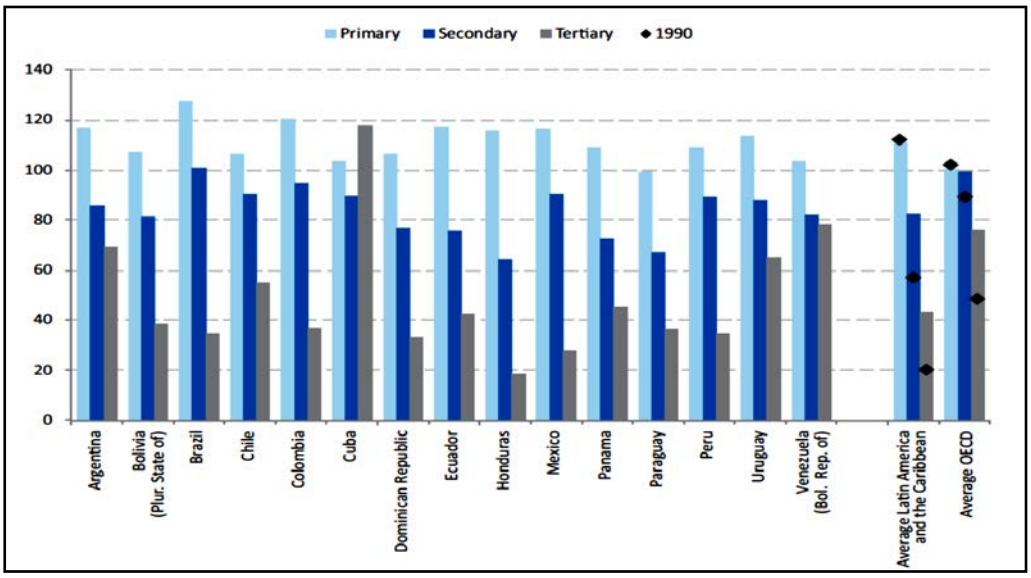
Therefore, in this domain as well, the region is still one of the most unequal in the world, both in terms of access and in terms of the quality of education services received. Despite a decline in the transmission of socio-economic inequalities in educational outcomes in some countries (especially in Brazil, Chile and Mexico), the persistent segmentation of access to good quality education services means that the region's education systems still tend to maintain inequalities in income (OECD 2010a).

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13. The PISA programme (Programme for International Student Assessment) began in 2000. It aims to assess the capacity of students to use their knowledge and experience in "real world" situations. The emphasis of the test is on understanding concepts and mastering skills in three areas: mathematics, reading and sciences. Around 470 000 students from 65 countries completed the fourth edition of the test in 2009. For more information visit www.oecd.org/pisa/

14. The comparison is possible for the Latin American countries that participated both in 2000 and 2009: Argentina, Brazil, Chile, Mexico and Peru.

Figure 4. School enrolment rates[15]



Source: Institute for Statistics, UNESCO (2011).

B. Low but improving levels of financial inclusion and access

The OECD/INFE defined financial inclusion as:

> *the process of promoting affordable, timely and adequate access to a wide range of regulated financial products and services and broadening their use by all segments of society through the implementation of tailored existing and innovative approaches including financial awareness and education with a view to promote financial wellbeing as well as economic and social inclusion.*

The use of financial services and products is a driver for economic growth in both advanced and emerging economies, supporting poverty alleviation, social progress and sustainable development.

For Latin American and Caribbean economies in particular, financial inclusion is a particularly important priority. Higher financial inclusion is indeed expected to have a positive effect on inequality and poverty reduction, as well as on economic growth. Typically, it is considered that an increase of 10% in the access to financial services has the effect of a reduction of 0.6 points in the Gini inequality coefficient (Honohan, 2007), and an increase of 10% in private credit reduces poverty by close to 3% (Clarke, Xu and Zou, 2003; Honohan, 2007).

15 . Gross enrolment rate is calculated as the total number of students (of any age) enrolled over the total number of children in the official age group corresponding to the level of education. The current rate corresponds to the most recent year available for the countries in the sample. In Argentina, Brazil, Chile, Ecuador, Honduras, Peru and Uruguay this year is 2008, in Bolivia and Panama, 2007, in Peru, 2006, in the Dominican Republic, 2004. The average for Latin America and the Caribbean is 18 countries (the 15 aforementioned countries plus Costa Rica, El Salvador and Jamaica). The higher rates of enrolment for Latin America, relative to those of the OECD may reflect a greater incidence of late entry into school and/or may include students over the standard age group.

Initiatives to increase levels of financial inclusion require improved access to products, through appropriate, affordable and accessible supply of products and strong demand for and appropriate use of those products.

Access to the financial services in general, and to credit in particular, is low in Latin America. The fundamental reasons are believed to lie in an institutional framework that does not promote competition or financial development. High levels of inefficiency and high margins for financial intermediaries further dissuade traditional banks from serving geographically dispersed populations or to those with the lowest income levels. Financial inclusion strategies have therefore so far often focused on reducing these supply side barriers to access.

However, available evidence suggests that financial inclusion processes can further benefit from a financial education component. As such the provision of financial education is becoming increasingly associated with these inclusion initiatives[16], in the region and worldwide.

The CAF Economic and Development Report (2011) made a substantial contribution to the evidence available on access to financial services through a survey undertaken in 2010 in seventeen cities of Latin America (Buenos Aires, Córdoba, La Paz, Santa Cruz, Río de Janeiro, São Paulo, Bogotá, Medellín, Quito, Guayaquil, Lima, Arequipa, Panama City, Caracas, Maracaibo, Montevideo and Salto)[17]. It is worth noting that the survey captures access in urban areas, which is likely to be higher than average access (in particular if compared to rural and remote areas)[18].

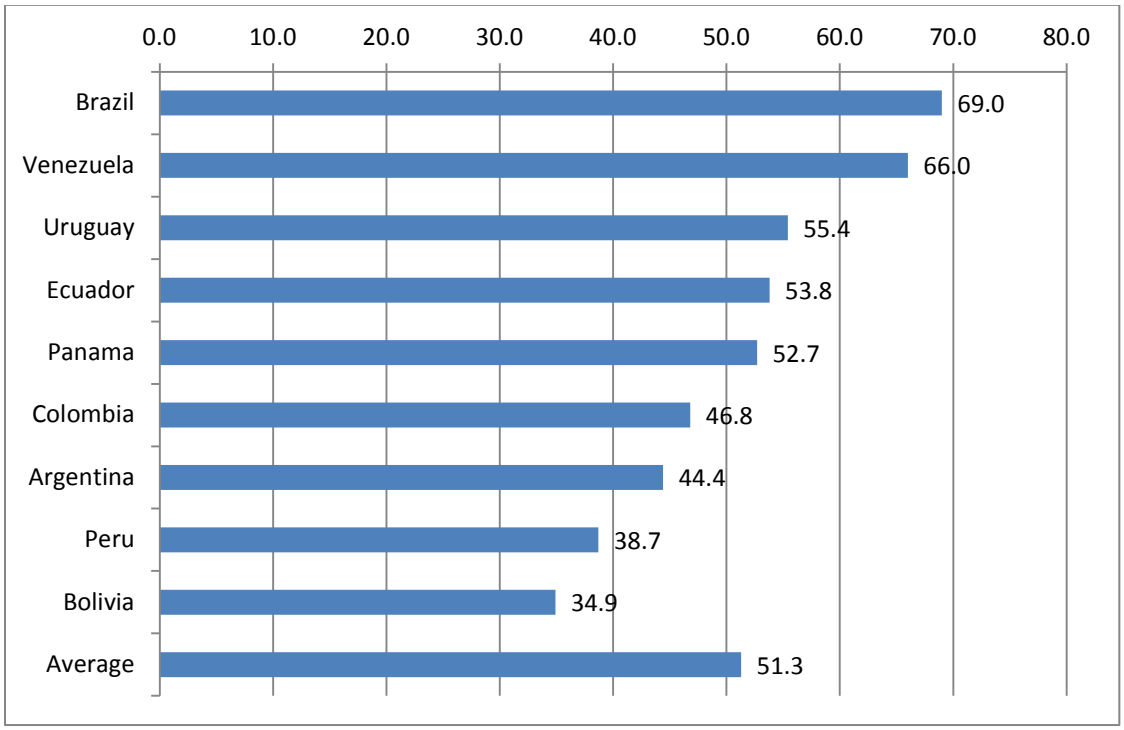
According to this survey, on average 51% of the households of the sample had an account in some type of financial institution (not necessarily regulated) (Figure 5). Other data show that only 39% of adults in Latin America and the Caribbean had an account in a formal financial institution, a figure that contrasts with a global average of 50% (Demirguc-Kunt, Asli and Leora Kappler, 2012).

16. See the examples of the Mexican National Strategy for Financial Education and the case of Peru (section III.A)

17. The survey was conducted on 600 households by city between 25 and 65 years of age, interviewed in their homes. The sample was stratified by geographic area in each city and included high and medium-high income sectors as well as lower income sectors.

18. Levels of access found by CAF in the two most populous city for each country are indeed higher than the levels identified for each country by the Global Financial Index Database (Findex). Findex is a World Bank project funded by the Bill & Melinda Gates Foundation to measure how people in 148 countries - including the poor, women, and rural residents - save, borrow, make payments and manage risk.

Figure 5. Percentage of households who possess at least one bank account in main cities of selected Latin American countries



Source: CAF (2011)

Table 1 describes access to financial services in 17 cities. Cities such as Santa Cruz and Lima are located well below the sample average, while Caracas, Quito and São Paulo have the highest access levels. It is worth noting the low levels of knowledge of bank accounts opening requirements. Almost 40% of those who do not have an account state that they do not know the requirements to obtain one. As expected, this is also inversely related to the level of use of financial services: in the cities where few households have a bank account, the knowledge of bank account opening requirements tends to be lower.

Table 1. Households that have an account in a formal financial institution (percentage)

	Have an account at a financial institution	Do not have an account and does not know the requirements for opening an account
Buenos Aires (ARG)	42.1	34.1
Cordoba (ARG)	46.5	39.5
La Paz (BOL)	35.7	45.7
Santa Cruz (BOL)	34.1	43.6
Río de Janeiro (BRA)	65.6	26.4
Sao Paulo (BRA)	72.5	19.8
Bogota (COL)	51.6	31.1
Medellin (COL)	41.9	44.5
Guayaquil (ECU)	36.9	23.6
Quito (ECU)	70.7	43.5
Panama City (PAN)	52.7	31.3
Arequipa (PER)	38.9	47.8
Lima (PER)	38.4	49.4
Montevideo (URU)	55.4	55.6
Salto (URU)	55.4	52.3
Caracas (VEN)	81.6	13.0
Maracaibo (VEN)	50.4	47.6
Average	51.2	38.2

Source: CAF (2011)

Table 2 shows the percentage of households that do not have an account and the reasons reported (multiple choice questionnaire). Data show that the most important reasons not to open one are associated with perceived lack of sufficient income or lack of a stable job and, to some extent, mistrust in financial institutions. There is also an important group stating that they do not realise the advantages of having an account or are not aware of the requirements.

Table 2. Reasons given for not having a bank account

(percentage)

	Not enough money	No job	Prefer to have money in different form	Does not trust financial institutions	Does not see benefits	Does not satisfy requirements	Interest rates are very high
Buenos Aires (ARG)	53.8	21.1	19.1	15.2	7.6	17.2	1.7
Cordoba (ARG)	55.0	17.9	4.6	7.8	22.8	10.7	1.6
La Paz (BOL)	72.9	16.6	16.3	16.8	12.6	12.1	8.2
Santa Cruz (BOL)	56.9	9.5	20.3	15.4	5.4	8.5	10.0
Río de Janeiro (BRA)	54.6	19.5	12.7	4.9	17.1	13.2	12.2
São Paulo (BRA)	51.2	14.0	5.5	1.8	28.7	13.4	14.6
Bogotá (COL)	62.7	24.4	15.3	16.7	19.5	9.1	9.4
Medellin (COL)	75.1	30.5	35.8	5.9	28.7	11.2	4.7
Guayaquil (ECU)	82.5	27.1	16.2	22.3	19.4	10.9	3.7
Quito (ECU)	71.4	18.3	19.4	34.9	13.1	13.1	6.3
Panama City (PAN)	68.6	27.6	19.2	6.5	2.7	14.6	7.7
Arequipa (PER)	56.6	13.8	31.5	19.9	2.5	4.7	9.9
Lima (PER)	59.1	21.0	23.2	21.6	14.3	8.7	16.5
Montevideo (URU)	69.5	15.8	10.9	10.5	7.5	9.0	1.1
Salto (URU)	74.7	13.6	7.9	1.9	7.9	14.3	2.3
Caracas (VEN)	74.3	37.6	30.3	21.1	19.3	20.2	0.0
Maracaibo (VEN)	78.8	21.2	19.8	20.1	1.4	8.5	2.7
Average	65.8	20.6	18.1	14.3	13.6	11.7	6.6

Source: CAF (2011)

In almost all countries surveyed, there is a positive correlation between access to financial services[19] and family income. However, there is no equal positive correlation between the use of financial services[20] and income.

This is confirmed by research conducted internationally (Demirguc-Kunt, Asli and Leora Kappler, 2012) finds that per capita income explains close to 70% of the variation in the percentage of adults who possess an account in a formal financial institution among the world's economies. This suggests that beyond the relationship between average GDP per capita and access, there are also other key factors that determine the level of access to and use of financial services, including financial literacy.

Access by population subgroups and product category

There are indeed other powerful factors that can explain these variations. Evidence from analysis of the Global Financial Inclusion Database (Findex)[21] and from the financial literacy measurement conducted in Peru using the OECD/INFE instrument (Prialé Reyes et al., 2011)[22], shows that differences in financial access are related to the level of income and other characteristics such as gender, educational level and geographic location.

Income is a strong determinant of financial access. 21% of the individuals who belong to the lowest income quintile in Latin America and the Caribbean have an account in a formal financial entity, while the percentage of individuals in the highest quintile with an account totals 61%.

However, gender, educational level and age also accounts for the differences evidenced in financial access in the region. There are significant gender disparities in financial inclusion. 35% of women in the region have a bank account, while in the case of men this percentage totals 44%. Globally, these percentages are 47% for women and 55% for men. The SPS survey shows that in Peru women were noticeably less likely than men to hold a payment product (45% vs. 53%).

The educational level also helps to explain the variation in the use of formal accounts. In Latin America and the Caribbean those people with tertiary education are more than twice as likely to have a bank account in comparison with those who only have primary education. In Peru, the use of payment products varies from 36% among people who have not completed secondary education and increases to 74% for those beyond secondary.

Likewise, age is also an important characteristic in the financial access of individuals. Young Latin Americans (15-24 year old age group) are less than half as likely to have an account as those between 25 and 64 years old. This is further confirmed by the SPS survey: use of payment products ranges from 38% for people aged 18-29 to 60% for those aged 60 and more. Geographical location is also relevant: 43% of the people who have a bank account in the region live in urban zones, while 35% live in rural zones. These percentages contrast with the global averages of 60% and 44%, respectively.

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19 Financial access in this context is defined as the holding of at least one financial product.

20. Use is measured on the basis of use of payment, saving and insurance products reported by households in the CAF 2010 survey.

21. Analysis carried out by Demirguc-Kunt *et al.* (2012).

22. The study was conducted by the Peruvian financial superintendency (Superintendencia de Banca, Seguros y AFP) and Universidad del Pacifico.

Strong variations can also be found on the basis of the product category analysed. The CAF EDR survey (CAF, 2011) investigates the access of households to financial services such as savings and credit. Despite the low percentages of the population possessing an account in a financial institution, the results of the survey show that more than 53% of households report having some kind of savings. Less than 40% of these households hold savings in the formal financial system, while more than 80% state that they use an alternative mechanism such as cash, durable goods or informal savings schemes.

In contrast with these high savings percentages (formal and informal), the use of credit products is low and includes both formal and informal credit sources. The CAF survey indicates that, on average, only 19% of those interviewed state that they currently use credit. The predominant financing source is the financial system (for 65% of those who have credit), but other formal (government credit, credit obtained through the employers, commercial houses and NGOs) and informal sources also stand out. With regard to the latter, the survey shows that a large percentage of households (21% of those who have credit) report receiving financing from family and friends, moneylenders and pawnshops.

By countries, Brazil and Uruguay appear as those with greatest access to bank accounts and credit instruments, while Argentina and Venezuela show the greatest gaps, especially in credit access. In Bolivia, with a significant development of micro-finance, the use of formal credit products appears significant (more than 80% of consumers accessing credit), despite Bolivia being the country with the lowest per capita income of the sample considered in the CAF survey.

Table 3 shows the fraction of households that have never requested a loan and the reasons for not having done so. On average, approximately 64% of the surveyed households have never requested a loan, pointing to limitations of income and wealth as the main reason. 70% of them have not done so because they do not like to go into debt and approximately 23% are not aware of the requirements to open an account.

Table 3. Households that have never requested a loan and reasons for not having done so (percentage)

	Has never applied for a loan	Reason for not applying:		
		Borrowing is risky and/ or does not like	Does not have sufficient income or collateral	Unbanked and does not know the requirements to open a bank account
Buenos Aires (ARG)	78.5	80.0	25.7	22.7
Cordoba (ARG)	71.5	66.6	31.0	24.2
La Paz (BOL)	57.4	77.9	27.6	34.7
Santa Cruz (BOL)	59.2	69.4	22.7	34.7
Río de Janeiro (BRA)	77.0	69.3	17.7	10.6
São Paulo (BRA)	61.0	73.3	16.2	7.7
Bogota (COL)	56.6	66.7	12.6	21.1
Medellin (COL)	71.0	54.4	33.3	25.6
Guayaquil (ECU)	75.5	74.5	30.2	16.3
Quito (ECU)	57.5	73.0	27.9	17.0
Panama City (PAN)	65.3	68.1	24.1	17.9
Arequipa (PER)	50.8	66.9	25.9	35.2
Lima (PER)	67.5	74.5	29.4	34.2
Montevideo (URU)	39.3	74.7	25.3	35.6
Salto (URU)	46.4	75.7	26.7	25.9
Caracas (VEN)	62.6	51.4	40.6	3.5
Maracaibo (VEN)	88.0	48.7	28.2	22.6
Average	63.8	68.5	26.2	22.9

Source: CAF (2011)

Key elements

Combining the results of the OECD/INFE measurement in Peru, the CAF survey, Findex, as well as Xu and Zia (2012), key features of access to financial services in the region can be summarised as follows:

- The most widely used financial products are savings accounts, which, in the majority of cases, are opened as a requirement of the employer to deposit salary payments.

- There is an association between income and education levels and access to the products offered by the formal financial system. In effect, as income and the level of education increases, so does access.

- Credit users are typically male, heads of households, people between 30 and 49 years of age, salaried and independent workers, those with higher income levels and higher levels of education.

- The population groups with the greatest level of exclusion levels in the use of credit are: women that are not heads of households, youth, pensioners, students, people with lower income and education levels, and the rural population.

- Most people have a reluctant relationship with banks and do not fully appreciate the benefits associated with holding a bank account or other financial products. In general, there is a relatively high level of distrust of the population towards the banking system, with people turning mainly to their friends and family for financial advice.

Improving financial inclusion is a multidimensional concept that includes better access, better products and services, and better use. But better access and better alternatives do not automatically translate into more effective use. Financial education is a key element for improved financial inclusion, since, besides facilitating the effective use of financial products, it can help people to develop the abilities to purchase and select the most appropriate products for their needs and it empowers them to exercise their rights and responsibilities as financial consumers.

C. Low levels of financial literacy

The measurement of financial literacy levels is a necessary step for countries seeking to design and implement financial education programmes in an efficient manner and to evaluate their impact. This can be achieved only if policy makers and programme designers possess a clear picture of the level of financial knowledge and understanding of the population and behaviours and attitudes with regard to finances, allowing them to develop evidence-based, effective financial education programmes and/or strategies.

Available evidence is not sufficient to allow a fully fledged diagnosis of the needs and gaps in financial literacy within Latin America. Due to the lack of baseline surveys in each country, several programmes have been developed without an evidence-based identification of the needs of the population or of the target group. This has led to the development of initiatives without a clear segmentation of audiences and as such to potential duplication of efforts and diminished effectiveness of programmes.

However, it is worth highlighting that things are improving, thanks to policy makers increasingly adopting good practices developed globally and cases of co-operation between economies in the region and international organisations.

The situation in Latin America

Even though regionally comparable surveys are not yet available, a body of evidence allows the identification of general trends in the levels of financial literacy and priority policy areas. Countries for which more information is available in this respect, and which will be used in the following section, are Brazil, Chile, Colombia, Costa Rica, Guatemala, Mexico and Peru[23].

Financial knowledge

In general, there is widespread ignorance on the part of the population regarding basic financial concepts such as inflation, interest rate, relationship between risk and reward, and the general functioning of capital markets.

- Less than half of the population understands the term "interest rate" and is capable of carrying out basic calculations of simple (with the exception of Chile, where slightly more than 50% of the population understand the concept) or compound interest rate (surveys of Chile, Colombia, Guatemala, Mexico and Peru).

- The concept of inflation is also not understood by the majority of the population (less than half of the population understands the concept, with the exception of Mexico where 61% of the respondents understand its meaning), and an even lower percentage of those surveyed are capable of calculating the variations in the purchasing power of an amount of money determined by inflation (surveys of Colombia and Guatemala).

- A little more than half of those surveyed understands the relationship between risk and return; however, less than half have a good grasp of the relationship between risk and the diversification of investments (surveys of Colombia, Mexico and Peru).

- Those with higher income have a greater knowledge of financial matters (surveys of Colombia and Peru).

- On average, women have a lower level of financial knowledge than men (Hung, Yoong and Brown, 2012; OECD/INFE, 2013b).

- Nevertheless, women are mainly responsible for household budgets, and appear to be better at short term money management. Women also display a greater risk aversion than men (Atkinson and Messy, 2012; Hung, Yoong and Brown, 2012; OECD/INFE, 2013b).

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23 . Surveys on financial education and access of Brazil (Pesquisa Nacional: Grau de Educação Financeira da População Brasileira; Banco Central do Brasil, CVM, Previdência Social, Susep and BM&F Bovespa, 2008); Chile (in Xu, L. and B. Zia, 2012; Gobierno de Chile, 2011; and Universidad de Chile, 2010); Colombia (Central Bank and DANE, 2012); Costa Rica (Acceso a Servicios Financieros en Costa Rica, Asociación Bancaria Costarricense, 2010); Guatemala (Primera encuesta nacional de cultura económica y percepción bancaria de Guatemala, CABI, 2010); Mexico (Encuesta Nacional de Inclusion Financiera, CNBV INEGI 2012; 2012 Mexico Financial Capability Measurement, World Bank CNBV Condusef, in Holzmann et al., 2013) and Peru (Prialé Reyes et al., 2011).

Financial attitudes and behaviours

- Financial management
  - In Brazil and Peru between 70% and 80% of those surveyed indicate that they have control over their financial management. In Chile less than half of the population indicates that they have control over their expenses.
- Savings and investments
  - The majority of the region population does not save for retirement. Among those who save, most have high incomes. Lower income segments of the population typically save through informal products. Evidence from Chile shows that less than 10% of those surveyed has tried to calculate the level of savings necessary to ensure adequate retirement income. Among these, only 21% has developed a related saving plan.
  - In general, investment in shares is more common among men, people with higher income, younger people and those with a higher education level.
- Credit
  - In general, people with lower incomes ask family and friends for money, while people with middle and high incomes go to financial institutions. There is also a direct relationship between years of formal education of the head of household and access to credit through a formal financial institution (Chile).
  - The non-payment of debt increases as the income level of the population diminishes (surveys of Brazil, Peru and Mexico).
  - Surveys from Chile show that, one third of credit card holders are not aware of having a loan with a financial institution.

Box 1.The OECD/INFE Measurement Survey: Peru and the British Virgin Islands

In order to support policy makers and programme designers, in 2008 the OECD/INFE created the INFE Expert Subgroup on the Measurement of Financial Literacy and Inclusion. The Subgroup developed a survey instrument[24] that can be used to capture the financial literacy and inclusion of the population irrespective of their background or socio-economic situation and of the levels of financial markets development of country. INFE members inputted into the design of the survey, and then piloted it in the first internationally comparable measurement of financial literacy. This has enabled individual countries to understand gaps and needs of their population and as such better design and implement financial education programmes. It also provides important data that the OECD will use to inform its future policy output.

The questionnaire was piloted in the course of 2010/11 in 14 countries[25], from different continents and displaying different levels of economic and financial markets development. The Pilot had three main objectives: measure financial literacy and provide national benchmarks, describe levels of financial literacy of different socio-demographic groups to identify both needs and gaps and explanatory variables, and finally compare levels of financial literacy across the 14 countries (Atkinson and Messy, 2012). Within Latin America and the Caribbean, Peru and the British Virgin Islands were members of the Pilot exercise.

In **Peru**, the Superintendency of Banks, Insurance and Private Pensions (SBS) in co-operation with the *Universidad del Pacifico*, undertook the survey in 2011. The main objectives were the understanding of the use of financial products by Peruvian households and individuals and the establishment of a baseline against which measuring future improvements. It was focused mainly on 6 target groups: students, single workers, married workers, self-employed workers, workers approaching retirement age and retirees.

The survey results allowed Peruvian authorities to identify the main needs of the population in terms of financial education, to assess the effectiveness of current policies and to set evidence-based policy recommendations (Prialé et al, 2011). The results of the survey, jointly published by SBS and the *Universidad del Pacifico*, highlight in particular that:

- the results confirm the importance of the programme implemented by SBS to train teachers in order for them to disseminate financial education among the student population, and call for an extension of the scope and coverage of such activities;
- the government should promote more competitive financial markets and products in order to encourage people to save. This, it is noted, becomes even more important in a small and open economy like Peru, which boasts an annual growth of GDP of 6%;
- the efforts aimed at improving financial literacy must be co-ordinated with those aimed at financial inclusion.

In the **British Virgin Islands** the Financial Services Commission conducted the survey in the framework of its Financial Literacy Programme that aims to create a financially literate BVI public by educating them on the basics of finance and how to manage their money. The findings of the survey have been instrumental in identifying areas in which BVI consumers have shown more vulnerability, and will be used to fine-tune the content of Money Matters BVI in areas such as money management, choosing financial products and planning for the future (British Virgin Islands Financial Services Commission, 2011).

Other institutions have carried out the survey since 2011. In **Jamaica**, the Financial Services Commission (FSC) has completed conducting the first baseline survey of the financial literacy levels of its population using the OECD/INFE questionnaire. The FSC hopes that the results of the survey will lay the path for the development of a national strategy for financial education and will help the FSC to gather stakeholders from the public and private sector around this effort.

24. The questionnaire has been designed to be used in face-to-face or telephone interviews, and includes good practice questions drawn from existing financial literacy questionnaires. Core questions within the survey cover financial knowledge, behaviour and attitudes relating to various aspects of financial literacy (such as budgeting and money management, short and long term financial plans, and financial product choice). The questionnaire also allows interviewers to gather socio demographic details of the participants, such as age, gender and income. OECD/INFE (2011a); OECD/INFE (2011b).

25. The countries participating to the Pilot were: Albania, Armenia, Czech Republic, Estonia, Germany, Hungary, Ireland, Malaysia, Norway, Peru, Poland, South Africa, United Kingdom, and British Virgin Islands.

D. The increasing interest in financial education policies

The analysis of the Latin American and Caribbean context provides the rationale for the role of public policies in social and economic development.

Among the policy tools chosen, financial education is playing an increasingly important role. Governments see financial education policies as both timely and relevant as they can address both the needs of the growing middle classes and those of the poor sectors of the population, while at the same time having a positive effect on the participation of individuals and households in financial markets and in general on economic development.

This interest is reflected in the participation of fourteen Latin American and Caribbean economies in the OECD International Network for Financial Education (INFE)[26], to which they contribute with successful examples of policy design and implementation, and from which they learn about international good practices identified globally. Latin American and Caribbean economies also co-operate with the OECD on financial education issues through an additional channel: the regional network of Central Banks (see Box 2).

[26]. See Annex 1 for more information about the scope and objectives of the OECD/INFE and a full list of Latin American and Caribbean regular and affiliate members.

Box 2. The special partnership between the OECD and the Association of Latin American Central Banks (CEMLA)

The signing in November 2012 of a Memorandum of Understanding between the OECD and the Centre for Latin American Monetary Studies (*Centro de Estudios Monetarios Latinoamericanos*, CEMLA) formalised the existing fruitful co-operation on financial education policies between the two organisations.

CEMLA is a regional association of central banks from Latin American and Caribbean countries and several of the world´s leading economies[27]. Since its inception in 1952, its main objective has been to enhance co-operation among its members in order to promote a better knowledge of monetary, financial and economic issues in general. As a natural extension of its nature and objectives, CEMLA has embarked in the field of financial education.

CEMLA and the OECD began their collaboration through the organisation of regional conferences on financial education: in Peru (2010), Paraguay (2011) and in Suriname (2012). The success of these events, which have advanced the policy dialogue on financial education in the region, as well as the feedback from CEMLA members and the increasing interest in this area expressed by policy makers and central banks in Latin America and the Caribbean, has led to the development of a more formal relationship and co-operation.

This strengthened partnership, through the Memorandum of Understanding signed by CEMLA Director-General Guzman and the OECD Deputy-Secretary General Tamaki, provides an institutional framework for the exchange of financial education material and related good practices, the sharing of international good practices on financial education and inclusion, and the development of joint research. Furthermore, the instrument will allow the sharing of advice and guidance by the OECD with CEMLA and its member institutions on financial education and inclusion programmes in Latin American and the Caribbean. Those will include financial education programmes in schools, the measurement of financial literacy, the evaluation of financial education programmes and the setting up of national strategies.

The two organisations will also set up a regional annual roundtable of central banks, based on the one created by the OECD in Asia[28]0. These roundtables on the role of central banks in financial literacy and inclusion will provide high-level central banks representatives from Latin America and the Caribbean to gather among peers and discuss recent trends in financial education policies as well as challenges and good practices in their implementation.

27. Central Banks from the following countries are CEMLA Associate members: Argentina, Aruba, Bahamas, Barbados, Belize, Bolivia, Brazil, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Curacao and Saint Maarten, Dominican Republic, Ecuador, El Salvador, Eastern Caribbean Central Bank, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, Venezuela. For more information visit http://www.cemla.org/

28 The OECD set up in 2010 this regional co-operation forum. The first one was organised in Bangalore in 2010 in co-operation with the Reserve Bank of India, the second one was organised in Jakarta in 2011 in co-operation with Bank Indonesia, the third one was held in Cebu, Philippines, in 2012 in co-operation with Bangko Sentral ng Pilipinas (BSP), and the fourth one in Delhi in 2013 with the Reserve Bank of India.

Figure 6. Participation of Latin American and Caribbean economies in the OECD/INFE[29]

The map shows Latin American and Caribbean countries that are members of the OECD/INFE (for a full list of institutions, see Annex I).



[29] This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

III. FINANCIAL EDUCATION POLICIES AND PROGRAMMES IN THE REGION

This chapter addresses the most recent developments in the area of financial education policies and initiatives in the region. The analysis is based on a survey conducted specifically for this chapter, and on existing data collected within the scope of activities of the OECD/INFE and the World Bank.

Few countries in Latin America and the Caribbean have formulated a National Strategy for Financial Education, but at the same time many have developed initiatives and programmes –with some interesting innovations such as the use of financial education in Conditional Cash Transfers programmes (CCT). This rich body of experience still lacks widespread and robust evaluation processes, although efforts are underway in this regard.

For the purpose of identifying the main financial education initiatives implemented in the region and their characteristics, in July 2012 the Central Bank of Colombia, Fogafin and CAF developed and conducted a survey[30] ("the regional survey") with the participation of 28 institutions[31] from sixteen countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Paraguay, Peru, Dominican Republic, Uruguay and Venezuela.

The regional survey aimed to identify the main players active in financial education, the presence of measurement surveys, the target audiences selected, delivery tools, existence of financial education programmes in schools, evaluation of programmes, and finally the development of national strategies for financial education.

A. National Strategies for Financial Education

Brazil has a fully implemented National Strategy, whereas Chile, Colombia, El Salvador, Mexico and Peru are designing or are about to implement one.

The survey conducted by the OECD/INFE to lay the ground for the analysis of national strategies (Grifoni and Messy 2012) and the regional survey found that other economies in the region display elements of a national strategy. Notably, 81% of the institutions surveyed have put in place some form of co-operation with other public institutions in order to better implement financial education programmes.

30. See the survey questionnaire in Annex 2.

31. Central Bank of Argentina; Association of Private Banks of Bolivia; 'Securities and Exchange Commission of Brazil (CVM); Central Bank of Brazil; Central Bank of Chile; Central Bank of Colombia; Fogafin Colombia; Stock Market Self-regulator of Colombia (AMV); Federation of Colombian Insurers (Fasecolda); Central Bank of Costa Rica; Banking Authority of Ecuador; Deposit Insurer of Ecuador; Central Bank of El Salvador; Central Bank of Guatemala; Deposit Insurer of Mexico; Central Bank of Mexico; National Commission for the Protection of Users of Financial Services of Mexico; Ministry of Finance Mexico; Central Bank of Nicaragua; Central Bank of Paraguay; Institute of Peruvian Studies (Proyecto Capital); Superintendency of Banks, Insurance and Private Pension of Peru; Central Bank of Peru; Central Bank of the Dominican Republic; Central Bank of Uruguay; Deposit Insurer of Uruguay; Central Bank of Venezuela, and Deposit Insurer of Venezuela.

In terms of some of the main steps of the preparatory phase of a national strategy[32], half of the countries responding to the questionnaire identified relevant data on financial literacy (even if these are not always nationally representative) but just 19% conducted mapping activities to have a full picture of the programmes already in place.

The results of the regional survey show that the institutions responsible for the development of national strategies are: central banks, superintendencies, education and finance/economy ministries, deposit insurance companies, and governmental agencies. In addition, the existing or developing national strategies are often part of more holistic approaches aimed at financially empowering consumers through other measures such as access to financial services and financial consumer protection.

Existing institutional co-operation

In 81% of the surveyed countries there are inter-institutional alliances for the development of financial education programmes. These are predominantly among public sector institutions and involve the private sector to a lesser extent.

The cases of Brazil, Mexico and Peru stand out. In Brazil co-operation occurs in the framework of a fully implemented national strategy for financial education allowing the coordination of initiatives and a joint effort between the public and private sectors. In Mexico, cooperation occurs within the Financial Education Committee that was created in 2011 precisely to organize and align the financial education efforts and to develop a national strategy for financial education. In Peru, the co-operation between the government and the private sector takes place in the framework of financial education projects related to the Conditional Cash Transfer (CCT) programme *Juntos*, in which the private sector plays an important role in the implementation.

32. As identified by the OECD/INFE High-level Principles on National Strategies for Financial Education (OECD/INFE, 2012).

Box 3. OECD/INFE High-level Principles on National Strategies for Financial Education

The High-level Principles (OECD/INFE, 2012) were developed by the OECD/INFE following a thorough a consultative process. The Principles acknowledge that there is no one-size-fits-all path to the development and implementation of a national strategy, and that national circumstances must be fully taken into account in deciding over the scope of the strategy, its sequence of implementation, and whether financial education should be addressed as part of wider frameworks aimed at increasing financial inclusion or consumer protection.

As described in the first section of this chapter, the Latin American economic and social context is typically characterised by strong economic growth, rising middle classes and efforts aimed at poverty reduction. **Latin American INFE members** designing or implementing their national strategies were as such well positioned to bring to the discussions useful experiences of initiatives that are part of wider frameworks and need to take into account particular social and economic challenges. This certainly contributed to the development of a policy instrument that can serve as an overarching guidance applicable to both developed and emerging markets.

Mexico strongly supported not only the development of this instrument in the INFE, but also its international recognition during the Mexican Presidency of the G20. This lead to the endorsement by G20 Leaders, at the Los Cabos Summit in June 2012. This approval further confirmed the wide scope of application of the High-level Principles and their importance as an overarching policy instrument for countries interested in implementing national strategies for financial education (G20, 2012). Asia Pacific Economic Co-operation (APEC) Ministers[33] of Finance also recognised the importance of the High-level Principles, and welcomed their development and implementation (APEC, 2012a).

The High-level Principles are articulated around five sections, each addressing specific steps in the preparation and implementation of such endeavours:

- Definition, scope and purpose
- Preparation of the National Strategy: defining its scope and purpose through assessment, mapping and consultation
- Governance mechanism and the role of main stakeholders in the National Strategy
- Roadmap of the National Strategy: key priorities, target audiences, impact assessment and resources
- Implementation of the National Strategy: delivery mechanisms and evaluation of programmes.

National Strategies: case study[34]

Brazil

Brazil officially established a national strategy for financial education, *Estratégia Nacional de Educação Financeira* (ENEF), in 2010. The main drivers of the country's national strategy are: economic growth and the consolidation of a middle class in the country, coupled with surveys portraying low levels of knowledge of financial matters and evidence of non sustainable household consumption/savings ratios.

In recent years, Brazil has lifted millions of citizens out of poverty[35]. These economic and social changes determined a national strategy that aims both at financially empowering middle classes, notably

33. Latin American Members of APEC are: Chile, Mexico and Peru.

34. For a global analysis of these developments please see Grifoni, A. and F. Messy (2012), to be updated in the course of 2013.

through a focus on investor education and an important role played by the Securities and Exchange Commission of Brazil (*Comissão de Valores Mobiliários*, CVM), and through teaching basic financial education to lower income families, such as the beneficiaries of the federal income transfer programme *Bolsa Familia*.

The country's authorities, and specifically a committee representing the four financial regulators (*Comitê de Regulação e Fiscalização dos Mercados Financeiro, de Capitais, de Seguros, de Previdência e Capitalização*, COREMEC), put the national strategy under the responsibility of a Working Group (WG) coordinated by the Brazilian CVM. The Working Group also included the central bank, the *Secretaria de Previdência Complementar* (SPC) and *Superintendência de Seguros Privados* (SUSEP).

The WG issued an action plan with detailed targets, priority goals and areas, funding needs and solutions, governance structure as well as monitoring and evaluation of the strategy implementation. The action plan defined the goals of the strategy within three tiers of action based on the OECD definition of financial education: information, instruction and orientation. The WG continued its mission during 2008/9 with a mapping of the financial education initiatives already active within the country and with the measurement of the financial literacy levels of the Brazilian population.

Following this thorough preparatory phase, the national strategy was officially established by Presidential Decree in 2010 (Brazil Presidency of the Federative Republic, 2010) under the responsibility of CONEF, a committee comprising the four regulators and representatives from the Ministries of Justice, Education, Finance and Social Security and a few high-level representatives from the private sector. There are four non-governmental representatives within CONEF, elected by the eight government members for the period 2010-13. These are the association of capital market agencies, the stock-exchange self-regulating body, the confederation of the insurance industry, and the federation of banks. CONEF is presided over on a six-months rotating basis by five institutions (central bank, which also acts as permanent executive secretariat, SUSEP, the Ministry of Finance, CVM and the National Superintendency of Complementary Social Security PREVIC).

Stakeholders in Brazil have been involved in several ways. During the design phase, private sector representatives collaborated to draft chapters of the strategy, and public authorities held a consultation with NGOs and consumer associations. Stakeholders also play a major role in the implementation of the strategy: private sector institutions created the National Association for Financial Education (ABEF) in order to assist public authorities in the nationwide implementation of financial education in the formal school curriculum (see Box 5). Under the agreement with CONEF, ABEF receives annual guidelines, prepares and submits a work plan to the government for evaluation and then implements the content of the guidelines, under the monitoring of public authorities.

Monitoring and evaluation have been incorporated in the strategy from the design phase, and the most important programme, namely the nation-wide introduction of financial education in schools, has been piloted on a smaller scale and evaluated in order to test the curriculum itself, teaching methods, and potential impact on the community, including parents. The results of such evaluation have encouraged CONEF to pursue the planned introduction throughout the country (see Box 5).

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35. Fifty million people joined the first three economic classes from the bottom two in the period 2003-09 (Fundação Getúlio Vargas, 2010).

Chile

Chile is currently designing its national strategy on financial education. The development of a national strategy began in 2012 with the work of the Ministry of Finance and other public institutions such as the Ministry of Social Development, the Ministry of Economy and the Central Bank. During this period, the Ministry of Finance has been working together with an informal board of public and private entities that already execute individual programmes of financial education. The Ministry of Finance will publish this final work by the end of this year.

The development of programmes to promote greater financial education in Chile is already part of the priorities defined by the Chilean Government, and financial authorities have been active in their respective areas. The Superintendency for Capital Markets and Insurance (SVS), the Superintendency for Banks and Financial Institutions (SBIF), the Financial Consumer Protection Agency (SERNAC) and the Superintendency for Pensions have all implemented financial education initiatives covering their policy areas. These initiatives will certainly benefit from the establishment of a national framework, which will also allow for stronger synergies to be established with financial inclusion and consumer protection policies.

It is also worth signalling that in preparation for the national strategy and to create a baseline on the potential needs and gaps among youth, Chile will participate in the Financial Literacy Option of PISA 2015.

Colombia

The Colombian National Strategy for Economic and Financial Education (EFE) found its rationale in the scarcity of households' basic competencies on financial decision-making, evidenced by surveys, and in the need to rationalise several initiatives already in place within the economy but lacking orientation, co-ordination and resources. The decision to adopt a national strategy, from the perspective of public authorities, was therefore both a response to a lack of leadership and a means to effectively impact on the daily life of Colombians, and to provide them with the tools to support their financial and economic decisions.

An additional driver for the design of the strategy is the increasing level of access to financial services in the country, which creates both opportunities and risks for consumers. In this context, a national strategy for financial education has become of increasing relevance, according to Colombian authorities, due to its potential impact on economic growth and wellbeing, and to complement financial regulation policies, notably consumer protection regulation (Salamanca Rojas, 2012).

The national strategy was facilitated by a legislative provision included in the 2009 Financial Reform mandating the development of financial education programmes "with regards to financial products and services offered" by financial entities supervised by the Financial Superintendency.

The political support for the development of the national strategy certainly benefitted from the release in 2010 of a joint proposal for implementation of a national strategy (Colombian Ministry of Public Finance et al, 2010) by several Colombian institutions: Ministry of Public Finance, the Ministry of Education, the Central Bank, FOGAFIN, *Fondo de Garantías de Entidades Cooperativas* (FOGACOOP), and *Autorregulador del Mercado de Valores* (AMV). The joint proposal set the background with a snapshot of the Colombian situation, collecting evidence from surveys conducted by public and private entities, and explaining the theoretical justifications for action. It then elaborated a plan for implementation with clear objectives.

This plan identified several objectives. Some goals were operational, such as the need to generate consensus, construct a solid institutional arrangement, identify sources of financing and target audiences. Other goals identified areas for policy intervention, such as the incorporation of financial education in formal education curricula.

The framework of the Development Plan 2010-2014 (Colombian National Planning Department, 2010) established that the government and the central bank will implement, with the participation of the private sector, a national strategy that will entail the co-ordination between the Finance and Education Ministries as well as other public authorities.

Given the analysis performed and the objectives identified by the institutions behind the 2010 proposal, the Ministry of Finance has proposed the drafting of a Decree to formally approve the development of a national strategy focused primarily on the institutional architecture and the establishment of a "national administrative system for financial education". This notably entails the creation of a Commission for Financial Education charged with the definition and the co-ordination of objectives within this system and with representatives from all the supervisory authorities, the central bank, the ministry of finance and the ministry of education (represented at director and minister level).

Such high-level Commission will then be responsible for the policy proposals, the recommendation of implementation mechanisms, the co-ordination of the activities of both public and private institutions, and the creation of ad hoc sub-committees with specific responsibilities.

El Salvador

In El Salvador the national strategy for financial education (*Programa de Educacion Financiera de El Salvador*) was designed in 2008 as a collaborative initiative between the central bank, three financial supervisors (*Superintendencia del Sistema Financiero, Superintendencia de Valores* and *Superintendencia de Pensiones*) and the deposit insurance institute (*Instituto de Garantia de Depositos*). The establishment of the strategy was considered important in light of the new range and increased sophistication of products made available to citizens of the country following globalisation and financial innovation. An additional motive was the need to rationalise existing programmes under a single framework in order to increase the efficiency of the resources spent and co-ordinate their sector coverage.

The institutional part of the initiative recognised from the very start the need to involve the private sector in a co-ordinated fashion and align its efforts with those of the public authorities active in financial education and of the government.

The official document (El Salvador Central Bank et al, 2010) outlines the strategy's mission: the promotion of knowledge of product and services and their benefits/risks/costs and the strengthening of the understanding of financial services leading to better financial decision-making and ultimately better lives. It also describes the components of the strategy divided along policy areas (from savings and credit to investments and pensions) and the disaggregation of the population into different target groups to better fine-tune tools and content of financial education programmes and initiatives

The document also portrays the roadmap for the implementation of the strategy, outlining a first phase during which activities will be primarily directed at students, professionals and the sector of the general public that has access to mass media, and a full roll-out phase in which the coverage will be increased through the use of more target-specific tools.

Mexico

In Mexico the development of the national strategy found its basis in the need to complement nationwide financial inclusion initiatives that had been designed to increase the proportion of the population having access to and using financial services. Notwithstanding substantial results obtained in terms of access and product offering, public authorities lead by the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Credito Público,* SHCP) realised that long-term financial education policies had become necessary in order to complement those efforts and spread the responsible use of financial services.

The need to complement financial inclusion policies has been confirmed during the preparation of the national strategy on financial education. Mexican authorities analysed, among other sources of evidence, the requests for information submitted by consumers associations and individuals to public authorities over the course of several years: this showed a greater and diversified demand for information on the part of financial customers which was a consequence of the legal and regulatory reforms enacted to strengthen financial inclusion and consumer protection. Furthermore, the National Survey of Financial Inclusion (ENIF) conducted in 2012 shows a low level use of formal financial services.

An additional driver behind the design of the strategy was the need to provide financial education to those outside the scope of the financial inclusion strategy. As such, the financial education strategy has a broader coverage and also addresses the needs of people on higher incomes, with more sophisticated financial and education needs.

The preparatory phase of the national strategy has included a mapping exercise that, through the analysis of already existing initiatives, allowed Mexican authorities to identify specific policy issues to address, notably the importance of supporting citizens in their approach to the retirement saving system as well as to the insurance sector, as well as the need to develop financial education initiatives for financially excluded population based on their needs.

Among the objectives of the Mexican national strategy are better use of personal and household budgets, increased savings rate thanks to better use of existing formal saving products (including the use of long term savings and investment products), the inclusion of financial education in schools and enabling consumers to be better equipped when dealing with financial services providers.

As another step in the preparation of the national strategy, in May 2011 it was created the Financial Education Committee[36] as a coordination body with the objective of aligning the financial education efforts of public and private entities. The Committee is chaired by the Ministry of Finance and Public Credit, which has taken the lead in the financial inclusion and financial education efforts. The Committee is integrated by public financial and educational authorities, national development banks, other public entities, and representatives from the private and social sectors. The design of the Committee was explicitly linked to the recommendations of the OECD in this respect, to which Mexico positively contributed with its presence in the INFE Expert Subgroup on National Strategy for Financial Education, through a representative from the National Commission for the Retirement Savings System (CONSAR).

36. See official communiqué of the Presidency of the Republic, available (in Spanish) at: http://www.presidencia.gob.mx/2011/05/se-instalo-el-comite-de-educacion-financiera/

The aim of the Committee is threefold. It allows the establishment of a permanent co-ordination system, it has to develop and follow up the strategy, and it will be responsible for collecting and analyzing data regarding measurement of financial literacy.

There are four main elements in the Mexican roadmap:

1. The definition of a framework to increase coverage reaching all population segments as well as the co-ordination among financial supervisors, regulators, private sector and other institutions.

2. The development of programmes and policies based on the needs of the population.

3. Measurement, follow-up and evaluation of financial education actions and programmes and of the financial capabilities of the population.

4. Implementation of different communication channels to distribute financial education information, and on the provision of information on how to act in case of abuse by financial intermediaries.

Peru

Under the scope of a National Financial Inclusion Strategy, Peru is currently working on the design of a National Financial Education Strategy. The Superintendence of Banks, Insurance and Private Pension Funds (SBS) has implemented different programmes on financial education. These initiatives are expected to be integrated with other initiatives undertaken by other public and private sector institutions into a national financial education strategy.

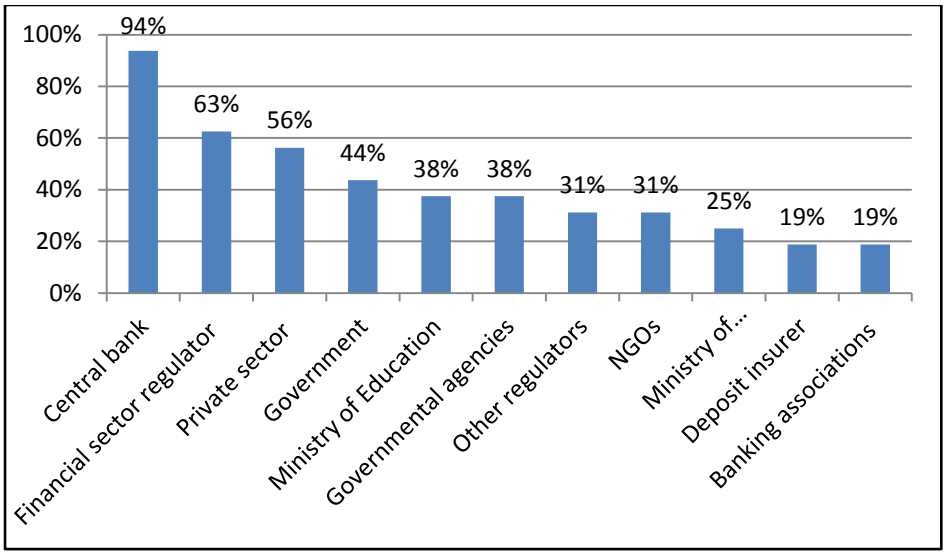
The collaboration agreement signed in 2007 between SBS and the education authorities has facilitated the implementation of the existing financial education initiatives in the country. Since 2007, SBS has implemented with success a nation-wide programme on financial education targeting high school students. This programme includes a train-the-trainers component aimed at improving financial literacy levels of high school students by focusing on the capacity development of public school teachers. The success of the programme has made possible the incorporation of financial education topics into the national curriculum, with the approval of the ministerial law drafted by the Ministry of Education in 2008.

Moreover, Peru was the first country in Latin America that conducted a baseline financial literacy level survey using the OECD/INFE survey (see Box 1), and is currently performing an impact evaluation to assess the impact its teacher training programme in high school students, following the Recommendations of the OECD/INFE High-level Principles on National Strategies for Financial Education (OECD/INFE, 2012).

B. Numerous initiatives in the region

Existing financial education programmes and active institutions

Figure 7. Main promoters of financial education in Latin America



Source: Survey conducted by the Central Bank of Colombia, Fogafin and CAF.

All the seventeen countries responding to the regional survey, even those currently not having a national strategy, have financial education initiatives in their jurisdictions. This demonstrates the growing importance of this issue in Latin American countries.

The survey identifies the public sector as the main actor. Within the public sector, the leadership of the central banks stands out. In 94% of countries surveyed (Fig. 7) they are the main promoters of financial education followed by financial regulators.

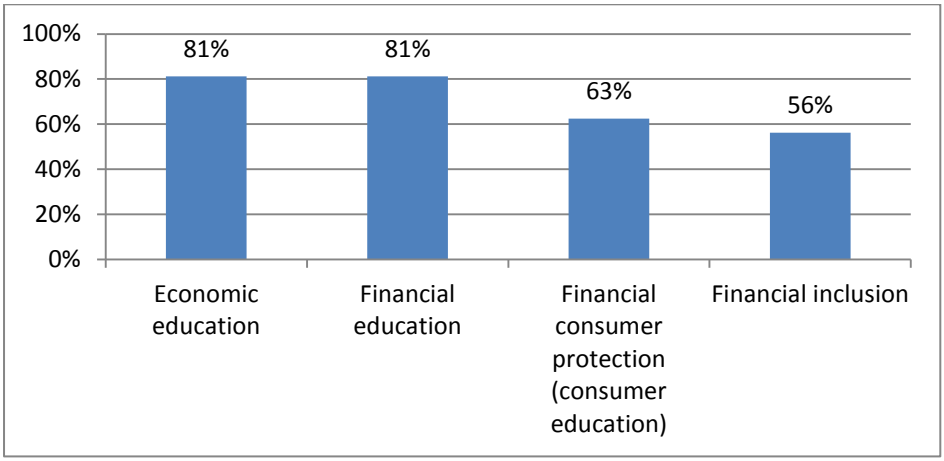
This reflects trends identified globally by the OECD/INFE (Grifoni and Messy, 2012). In the absence of clear mandates on financial education, central banks tend to act as leaders in this field, considering their resources, expertise, credibility and responsibilities. Moreover, central banks are often assigned supervisory functions over the banking sector, which can be crucial when faced with the need to engage with private financial institutions.

Despite this important role of the public sector, countries also acknowledge the presence of several initiatives conducted by NGOs and the private sector: this occurs in 31% and 56% of the countries, respectively (Fig 7).

The content and targets of financial education programmes

The financial education programmes implemented in Latin America are especially oriented towards economic and financial education: this is the case for 81% of those analysed through the regional survey (notably when led by central banks). 63% are also directed at the promotion of consumer protection, while 56% seek to promote mainly financial inclusion.

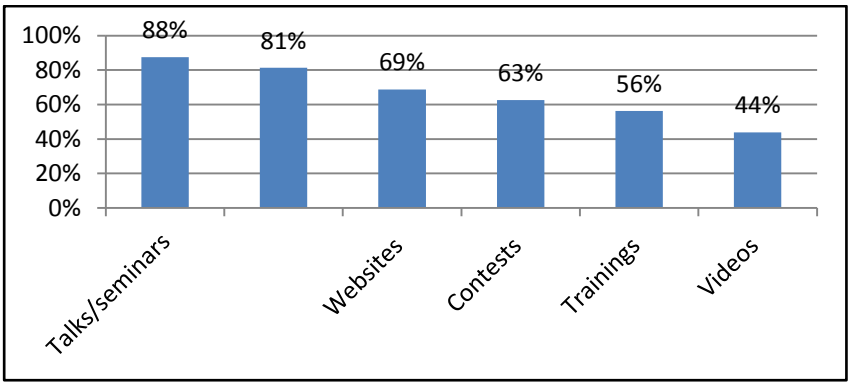
Figure 8. The focus of financial education programmes



Source: Survey conducted by the Central Bank of Colombia, Fogafin and CAF.

Delivery tools

Figure 9. Programmes' delivery channels



Source: Survey conducted by the Central Bank of Colombia, Fogafin and CAF.

There are five main channels to deliver financial education in the region (see Fig. 9): talks at seminars and events (88%), distribution of educational material (81%), websites (69%), contests (63%), and training programmes (56%).

In some cases public institutions have developed interesting *edutainment*[37] solutions. For instance, in Guatemala the Central Bank presents theatre plays during the Economic-Financial Education Festival. In Peru, the SBS together with *Agrorural*, an agency of the Ministry of Agriculture, has targeted more than 1.8 million residents in rural communities by using messages aired on local rural radios; moreover, radio soap operas and stories are designed by the Institute of Peruvian Studies Capital Project, for women who receive conditioned cash transfers from the Programme *Juntos*. In the Dominican Republic, a microfinance institution (Banco Adopem) has developed a soap opera, and in Colombia two radio programmes include financial education, 1) "Live Safely" from *Fasecolda* and 2) "That talk was not lost: stories of financial education" from Fogafin. In addition, it is worth mentioning the examples of Mexico

37. The term edutainment refers to entertainment that has a high educational content.

with its Interactive Museum of Economics (MIDE) and Colombia with the Central Bank's interactive monetary exhibition.

These programmes are very innovative in their delivery mechanisms and content, but often do not identify specific target audiences. 63% of the countries identified the public in general as the target audience of financial education initiatives, which may hamper the provision of a clear and adequate message suited to the characteristics of recipients.

In practice, institutions are identifying specific target audiences, particularly through programmes in schools: 81% of the countries state that they have programmes focused on secondary education, 63% do so via university and technical training programmes, and 50% have programmes focused on primary education.

C. Financial education in schools

The introduction of financial education in schools is increasingly recognised as one of the core elements of national strategies and as the most efficient way to reach an entire generation. Moreover, due to the length of the curriculum, usually stretching over several years, this is a very effective way to spread a sound financial culture and to create the conditions for positive spillovers on the broader community including parents.

The OECD/INFE has recognised the importance of this policy tool and has developed analysis of existing school programmes and learning frameworks, as well as guidelines on the introduction of financial education in schools and on the design of curricula (see Box 4).

Box 4. INFE Guidelines on Financial Education in Schools approved by APEC

The INFE Guidelines for financial education in schools (OECD 2013c), complemented by Guidance on Learning Frameworks, are aimed at providing policy makers with high-level non-binding international guidance to assist them in designing, introducing and implementing effective and efficient financial education programmes in schools.

The Guidelines indicate that financial education should be integrated into school curricula as part of a wider co-ordinated national strategy involving the community, should be targeted at every child within the jurisdiction and should be preceded by an assessment of the status and level of financial literacy of young people. They also recommend the involvement of the Ministry of Education and education stakeholders. Moreover the Guidelines suggest flexible modalities capable of adapting to national and local circumstances.

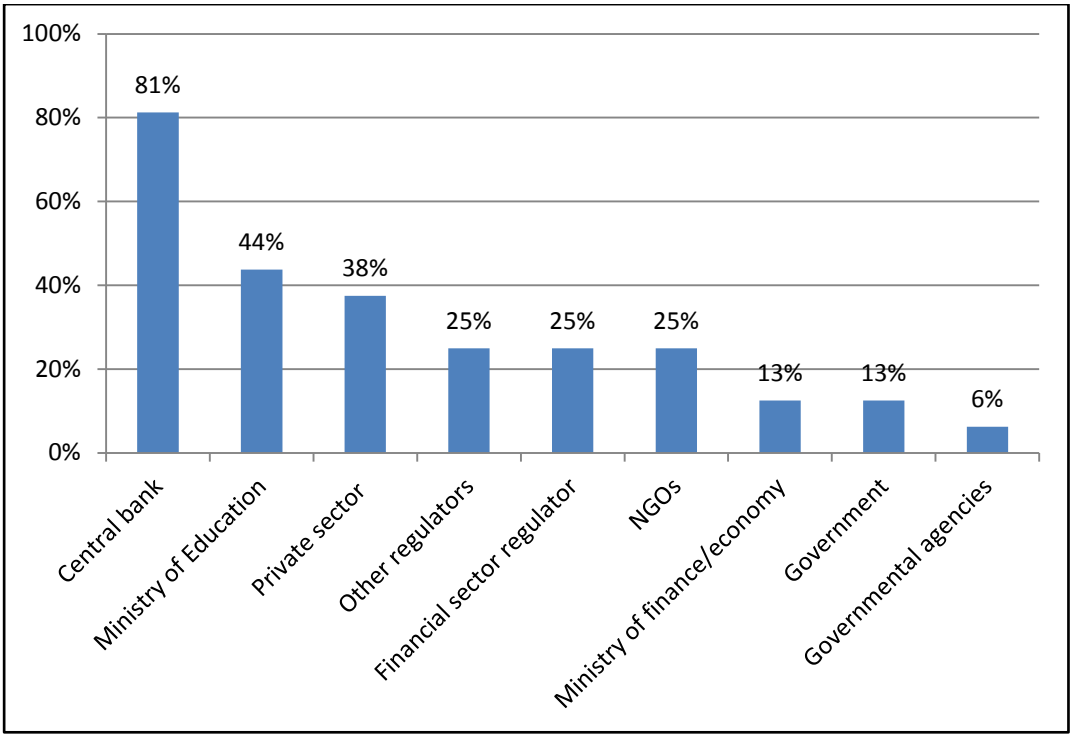
This important policy tool has recently been supported by the Ministers of Finance of the Asia Pacific Economic Co-operation (APEC 2012a: APEC 2012b), which includes **Chile**, **Mexico** and **Peru** among its members. At their August 2012 meeting in Russia, the Ministers encouraged, as one of the first priorities of National Strategies for Financial Education, "the development of appropriate programmes to enhance the financial knowledge and skills of future generations through financial education in school".

APEC Finance Ministers recognise financial education in schools as a critically important part of education in the 21st century, welcome the INFE Guidelines and encourage their use in APEC economies, notably through the establishment of tailored and dedicated learning frameworks and through the participation of APEC economies to Financial Literacy option within the OECD Programme for International Students Assessment (PISA) (OECD, 2013).

In the region, programmes introducing financial education in schools are still instigated mostly by central banks. In the countries where such initiatives are present, the institutions developing these programmes are central banks (81%), education ministries (44%) and the private sector (38%).

The importance of financial education programmes in schools for Latin American policy makers is confirmed also by their participation in the Financial Literacy Option of the OECD Programme for International Students Assessment (PISA) (OECD, 2013). PISA tests the attainment of 15-year-olds in mathematics, reading and science across 65 countries. The introduction of a financial literacy assessment has created a unique international benchmark on the level of financial literacy of young people. This rich body of data is enabling detailed investigations of the main factors associated with financial literacy levels of youth and will help to identify policy measures that can be employed to improve levels in the future. Colombia participated in the financial literacy option in 2012, and Brazil, Chile and Peru are expected to participate in 2015.

Figure 10. Financial Education in schools; main promoters in the region



Source: compiled by authors. Source: Survey of financial education in Latin America

These initiatives are not part of tailored national frameworks such as national strategies in 50% of the countries. However, 37% of respondents stated that initiatives in schools are implemented as part of a plan to move towards national strategies. In the case of Mexico, it is important to mention that in the recently launched National Development Plan (2012-2018), that will guide the government actions in this period, one of its action lines is to strengthen the inclusion of financial education in basic and medium education programs[38].

[38] See http://pnd.gob.mx/

Box 5. Financial education in schools: the case of Brazil

Providing financial education in the formal school sector is one of the main policies of the Brazilian national strategy for financial education. In 2010 Brazil introduced a pilot programme in 891 schools in six states, involving around 26.000 students, to test the effectiveness of the financial education programme and of the curriculum before implementing it at the national level. The associations representing financial sector institutions have been involved in the implementation of the programme in schools through the creation of the Brazilian Association for Financial Education.

The pilot programme also tested the provision of financial education through an integrated approach whereby financial literacy case studies were incorporated into mathematics, language/literature, science and technology and other disciplines.

As recommended by the OECD, the purpose and content of the Brazilian framework for financial education was determined by an assessment of the needs of the target audience. Surveys indicated that a significant portion of the Brazilian population lacks the expertise to properly manage personal finances, and it possessed low levels of savings and investment compared to consumption. This determined a financial education curriculum that stresses personal financial management as well as the impact of individual actions on the economy.

The Brazilian framework notes that financial education should not simply be informative but it should guide individuals as they consume, save and invest in a responsible and conscientious manner, providing a more secure basis for the country's development (COREMEC, 2010). Brazilian authorities stress that financially educated people are better prepared to fulfil not only individual but also collective outcomes, contributing to a more solid basis for the development of the country.

D. Conditional cash transfer programmes

Latin America has often been a pioneer in the field of public policy, especially in social sectors. Among the best examples are programmes that provide conditional cash transfers (CCTs) to poor households as an incentive to adopt certain patterns of behaviour that would improve their living conditions, opportunities and social capital. These programmes consist of monetary grants that some governments deliver directly to households in conditions of poverty or vulnerability, depending on compliance with a series of requirements such as children's attendance in school (primary and secondary), as well as nutritional and health controls of small children and pregnant women.

The development of the first CCTs at the end of the 1990s was aimed at reducing extreme poverty, as well as guaranteeing basic living conditions to sectors of the population, through an income transfer that would also contribute to the generation of human capital. There are at least seventeen CCT programmes in the region serving close to 27 million families (111 million people), a figure equivalent to 21% of the population of the region (Maldonado et al, 2011).

Even though the impact on overall poverty levels is relatively small, these programmes have a large impact on the poverty gap, which measures how far incomes lie below the poverty line: this was for example reduced by 18% in Brazil (OECD, 2010b). This has contributed to a reduction in inequality, which fell for example by 20% in Brazil and Mexico since the beginning of the programmes.

CCT programmes in the region have since the beginning had a natural association with the financial services sector (Samaniego and Tejerina, 2010), as bank branches were selected as the main channel for the delivery of transfer payments. In the early stages, most CCT programmes opted for cash payments, in

order to meet the needs of target audiences in rural areas. However, the high administrative costs associated with this personnel-intensive payment method led to the consolidation of the relationship with the financial system in order to expedite and enhance the transfer delivery process. This took place in two ways: i) payment with prepaid electronic cards, that beneficiaries can use at ATM machines, authorized stores and non-bank correspondents,[39] and ii) the deposit of the transfer to savings accounts with the provision of a debit card.

As a consequence, CCT programmes have become an exceptional opportunity for promoting financial inclusion, (Marulanda et al, 2012). Among CCT recipients in the region, 17% receive cash transfers (thirteen programmes); 56%, do so through a prepaid card (nine programmes); and the remaining 28% receives payments in a deposit account (seven programmes) (Maldonado et al., 2011). In other words, in nine programmes there is an initial move towards financial inclusion (electronic card) and in seven there is deeper inclusion (deposit account) that can potentially give access to a greater supply of financial services for beneficiaries. Nonetheless, these distribution methods cannot be considered per se as determining an effective financial inclusion process. In order for financial inclusion to be effective and to have an impact on the financial well being of target audiences, these must make effective use of financial services.

One of the factors, from the demand side, that can hinder an effective financial inclusion is the low level of financial literacy of the target population. The lack of knowledge with regard to the use and characteristics of financial products and more generally the low literacy levels of the target population have made the financial inclusion of target groups more difficult. Research shows an association between financial literacy and financial inclusion:

> "A lack of awareness in relation to the different types of financial products and whether or not they meet particular requirements, a low level of confidence, and certain attitudes and behaviours that inhibit use of, and trust in, formal financial products create barriers to access. Poor knowledge of how products work and their likely costs also reduce the likelihood of inclusion. The same issues may also prevent individuals from making full use of their existing products.
>
> Low levels of awareness about important mechanisms designed to increase trust and protect consumers, such as deposit insurance or consumer protection, may also reduce the demand for appropriate products "(OECD/INFE, 2013a).

These characteristics must be fully taken into account when designing interventions, as low financial literacy levels are often coupled with "self-generated myths, rumours and lies regarding the financial services that the banks provide" (Maldonado *et al.* 2011).Taking this into account, it was necessary for the financial inclusion process to involve mechanisms that allow households to make efficient use of financial services offered by the formal banking. As a response to these shortcomings, some CCTs have complementary programs, mostly focused on promoting the inclusion through a financial education component.

Given the characteristics of the target groups, in order to act on demand-side factors and increase the effectiveness of these programmes, some CCT initiatives have developed complementary programmes, most of them focused on stimulating inclusion through a financial education component. Of

39. Non-traditional authorised distribution channels such as stores, retailers, supermarkets and drugstores that provide access to basic financial transactions.

the seventeen countries[40] with CCT programmes in the region, nine (Argentina, Brazil, Colombia, Costa Rica, Chile, Ecuador, Mexico, Paraguay and Peru) provide programmes in financial education. The delivery formats (brochures and leaflets in bank branches, courses and workshops or videos and one-to-one guidance) vary by periodicity, depth and duration.

Annex 3 provides the main characteristics of financial education programmes in the framework of CCT. Fifteen financial education programmes have been developed in the framework of nine CCT initiatives in the region. In general, eight are related to the use and management of financial services to facilitate the use of prepaid and debit cards delivered with the programmes. Of these, two are aimed at promoting access to bank credit and saving products (*Crediamigo*, of Brazil, and *Programa Ahorro*, of Chile).

The seven remaining financial education programmes focus on management of personal finance and entrepreneurship, with five of them offered specifically as part of a financial inclusion strategy and two more focused on entrepreneurship and business management modules ("Human Development Credit", of Ecuador, and "*Juntos* Savings Promotion", of Peru). The two remaining cases were carried out in Mexico and Costa Rica separately from inclusion programmes. In Mexico, financial education was offered to the adult beneficiaries of the CCT programme, while in Costa Rica it was addressed to students of the family beneficiaries of the CCT enrolled in secondary education.

Some authorities are undertaking quantitative evaluations of financial education initiatives linked to CCT (see also next section III.E). Elsewhere evaluation has been mostly qualitative, mainly due to the fact that financial education programmes are still being rolled out. The emerging results suggest that programmes have been satisfactory, but programme developers and public authorities are currently implementing more thorough evaluations in order to better test the impact of such programmes.

E. Evaluation

The evaluation of financial education programmes is a fundamental tool to measure the effectiveness and the impact of these initiatives, in order to make better use of existing resources, fine-tune content and adapt delivery tools according to different target audiences[41].

The existing evidence regarding the impact of financial education in the region still is scarce. Despite available international good practices and tools for the evaluation of programmes and examples of its benefits both in the use of resources and in the impact on target audiences, the number of initiatives that include evaluation in their design or implementation is very low. This might also be detrimental to political support for these initiatives.

There are however a few notable exceptions (see Annex 4). One case in particular stands out: Brazil is the first country where, in the framework of the Russian Trust Fund, an experimental large scale evaluation (World Bank, 2012) has been applied to a financial education programme for young people in

40. Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Dominican Republic and Uruguay.

41. Given the challenges associated with the evaluation of financial education programmes, the OECD and the World Bank have developed instruments and tools to help policy makers and programme designers in these endeavours. Please see the instruments developed by the OECD and the World Bank in the framework of the Russian Trust Fund on Financial Literacy and Education, available at: http://www.finlitedu.org/evaluation/

the context of formal education. In other countries such as Colombia and Argentina there have also been evaluations of economic and financial education programmes for students, although they have used non experimental methodologies. In the three evaluations of programmes of financial education in schools in the region it is found that the financial education improves the knowledge and attitudes of the students (see Annex 3).

Box 6. Characteristics of an effective financial education programme [42]

Globally, impact evaluations of financial education programmes have been carried out on programmes targeted at dissimilar audiences, employing different forms of delivery and providing varying depth of content and duration. The results of these studies are varied, but in general evidence indicates that financial education programmes that have resulted most effective comply with some of these conditions: they are designed considering their audience (Varcoe et al., 2005; and Mandell and Klein, 2007), take into account behavioural elements (Varcoe et al., 2005; and Hung and Yoong, 2010), make use of innovative delivery channels (Tufano et al., 2010; Spader et al., 2009; Carlin and Robinson (2010); Walstad et al., 2010), consider the spillovers of education among peers (Duflo and Saez, 2003), are directed to entrepreneurs (Klinger and Schündeln, 2007; Berge et al., 2011; Giné and Mansuri, forthcoming), are either a complement to a financial inclusion programme or are directed to the banked population (Karlan and Valdivia, 2010; Drexler, Fischer and Schoar, 2011).

The evaluation carried out in Brazil is the first to find significant positive impacts on knowledge and behaviours of students. The results proved that the programme reached its objectives. This, and a careful design which considers the characteristics of the audience and takes into account behavioural and education theories, make it a model initiative for other countries of the region and of the world interested in developing financial education programmes in the context of formal education.

Other rigorous evaluations have been carried out in Peru and the Dominican Republic to programmes focused on bank clients. The evaluation carried out in the Dominican Republic shows the benefits of fine-tuning the provision of financial education to the specific needs of the audience: the evaluation demonstrated that a simplification of the message through easily understandable financial rules is more effective in improving the financial behaviour of small entrepreneurs compared with more traditional forms of training, which proved less effective (see Annex 3).

Finally, two ongoing evaluations are worth mentioning. The one carried out on the savings culture promotion programme "Bank of Opportunities" (*Banca de las Oportunidades*[43]), is going to provide important for other financial education initiatives that are being developed based on the existing CCT programmes in nine countries of the region (see section III.D). The impact evaluation of the financial education radio programme "Live Safely" of *Fasecolda*[44] evaluates the effect of the programme on the

42. The OECD/INFE High-level Principles on National Strategies for Financial Education also include guidance on delivery methods, training and tools, which can help policy makers and programme designers in implementing more effective financial education programmes.

43. This impact evaluation is being carried out by *Fedesarrollo* and it is financed by the *Banco de Comercio Exterior de Colombia S. A.* (Bancoldex).

44. This impact evaluation is being carried out by the Universidad de los Andes.

risk management skills[45] of the listeners, and will contribute to increase the understanding of the *edutainment* effect in the context of the financial education in Latin America.

Box 7. *Familias en acción* and the promotion of savings among poor families in Colombia[46]

Familias en acción (Families in action) is a Conditional Cash Transfer programme consisting of cash transfers to low-income families conditional on children attending school and meeting basic preventive health care requirements. Targeting children's health and education is the essence of the long-term poverty alleviation objective, but this programme also offers a unique opportunity to increase financial education and financial inclusion of recipients.

On this basis, the Government of Colombia decided, in 2008, to pay cash transfers into savings accounts and to launch at the same time a pilot programme of financial education for the promotion of savings behaviour within the formal financial system. This was undertaken in order to evaluate the results before extending the programme to all beneficiaries. To this effect, the government randomly selected twelve municipalities within three different regions, including three controls. This covered a total of 48,212 beneficiaries divided in three treatment groups, receiving financial education accompanied by a monetary incentive (E+I), only financial education (E), only the monetary incentive (I) and one control group (C), receiving neither of the two.

The monetary incentive was awarded through a quarterly draw in each of the treatment municipalities. The winning beneficiary was awarded a prize with a value equivalent to ten times his average savings balance of the previous quarter (with a cap at USD 2,500). The financial education component aimed at the transmission of financial knowledge to mothers and in particular of messages that would support the programme's general objectives, supporting long-term behavioural change. This was delivered through two textbooks and six workshops (to be held over 6 months for a total of around 15 hours).

The results of the 2010 evaluation of the programme show encouraging results:

- Beneficiaries declare that the possibility of leaving part of the monetary transfer in the formal account is "very likely" as money is safer and they can earn interest. When asked about the goal of saving, beneficiaries mentioned their children's future needs (paying for education in particular), the ability to deal with emergencies, or eventually begin a business or purchase home appliances.
- The average balance within savings accounts increased in each of the treatment groups (E+I, E and I), although in a marginal manner.
- Following access to banking services in the framework of the programme, the treatment groups increased its use of the savings account and kept higher balances. All beneficiaries (E, I, E+I) increased their savings, but those displaying the highest increases are the beneficiaries of both the monetary incentive and financial education (E+I).
- The pilot showed that the number of transactions carried on within the savings account (which the programme aimed to increase) was also influenced by factors not addressed by the programme such as limited coverage of businesses accepting card payments, prevalence of withdrawals from ATM machines and as such limited interactions with the bank branches, and limited use of business networks affiliated to

45. The programme has the purpose of generating awareness regarding the risks and teaching the listeners about the different financial instruments that exist to face the emergencies, at the same time that it seeks to explain the functioning of the insurance, their concepts, the different coverage, the fundamental elements at the time of reading the insurance policy and the rights and duties of the insurance financial consumer, this with the purpose of having people make informed decisions at the time of administering their risks (Fasecolda, 2012).

46 Authors' summary of Marulanda et al, 2012.

the banks.

Among the lessons that can be drawn from this evaluation, the most important is certainly that offering a saving product is not enough to actually increase savings among the target group and to allow beneficiaries to move from an informal to a formal saving culture. The characteristics of the account, its costs, the means to make use of funds, the incentive and the amount of information and education provided to users are all important and have an impact on the saving culture.

Building on these preliminary results, the Government decided to conduct additional evaluation in order to understand further what has proved most effective, before extending this programme nationally.

IV. LESSONS LEARNT AND WAY FORWARD

This paper has highlighted the characteristics of financial education programmes in Latin America and the Caribbean and the challenges faced by governments and programme designers and put them into a regional context. More importantly, the analysis of recent developments and trends has shown that these programmes are likely to become increasingly relevant to policy makers and ultimately to citizens in these economies.

The economic and social conditions differ strongly among Latin American and Caribbean economies, but it is possible to identify some common trends that characterise countries in the region and their financial literacy needs. All of the sixteen countries that participated in the regional survey organised by the Central Bank of Colombia, the Financial Institutions Guarantee Fund (Fogafin) and the Development Bank of Latin America (CAF), reported the existence of financial education initiatives in their jurisdictions. Financial education programmes are widespread and seen as an important tool by governments and public institutions. There are also several innovative examples in which financial education is effectively provided together with financial inclusion and consumer protection within programmes that aim more specifically at poverty reduction. Preliminary evidence suggests that these initiatives look promising and display positive results notably where access to products and services is combined with financial education and awareness programmes.

The paper finds that financial education is acquiring a high profile as a policy priority in Latin America and the Caribbean. It also identifies promising initiatives like CCT programmes complemented by financial education components. These could in the future be expanded to cover the majority of CCT beneficiaries thereby reaching out to a large section of the region's population. However, the design and implementation of programmes and national initiatives could further benefit from relevant international good practices and instruments. Building on existing successful initiatives in the region, financial education provision could be further strengthened through the development of evidence-based policies and programmes, thanks to the development of baseline surveys of financial literacy and impact evaluation, and through the development of strategic alliances at both national and regional levels.

It is therefore possible to identify key policy guidance aimed at increasing the relevance and the impact of financial education in the region, based on the OECD/INFE High-level Principles on National Strategies for Financial Education (OECD/INFE, 2012).

In the first place, the regional survey found room for improvement with regards to the development of national financial education policies. There is one fully implemented national strategy for financial education (Brazil), two at a very advanced state of design about to be implemented (Colombia and Mexico) and three in a development stage (Chile, El Salvador and Peru). More countries could benefit from national strategies as they clearly place financial education amongst the top priorities of governments and authorities, provide efficient structures for the co-operation among public entities and the private sector, establish a clear roadmap and objectives and allow for a more effective use of resources.

However, the regional survey also shows that some form of institutional co-operation among public authorities is present in 80% of responding economies. This goes hand in hand with a predominant role played by public entities in the promotion of financial education initiatives: this element, although not sufficient in itself for the design and implementation of fully fledged national strategies, lays the foundations for the development of more of these endeavours in the short and medium term. Economies in the region should build on the existing forms of institutional co-operation in order to design and implement nationally co-ordinated approaches to financial education: in order to do so, countries should look to international good practices and in particular to existing efficient national strategies in the region.

Secondly, as described by the regional survey and confirmed by the further analysis carried out for this paper, national financial literacy measurement and thorough evaluation of financial education programmes are often not given the necessary priority. Public authorities in the region should recognise the importance of measurement and evaluation to design and implement evidence-based policies and programmes[47]. Measurement would in particular permit a clearer identification of target audiences and specific needs of sectors of the population and would allow checking progresses against a baseline survey. Evaluation would help understanding which programmes, delivery tools and approaches work better and as such increase the overall effectiveness of public policies on financial education.

Furthermore, there is certainly room for improvement in the definition of the role and forms of involvement of the private sector in financial education and in the development of public-private alliances. Despite the presence of several institutional alliances within the public sector, co-ordination with the private sector is still missing in many cases, with a few notable exceptions (Brazil, Mexico). With the adequate development of codes of conduct[48] and clear sharing of responsibilities, private financial institutions can provide both resources and expertise to support public policies in this domain, and can serve in some cases as a national network to reach every area of the country and ensure effective implementation[49]. Representatives from the private sector should ideally be involved in the design phase of programmes and policies, always under public leadership, in order to ensure a clear sharing of responsibilities.

Finally, public institutions in the region should continue to take into account the specific needs of the financially excluded and of the rural population and address those when designing financial education policies and programmes[50]. Much of the available information from surveys of financial literacy and access is gathered from the urban population, which also tends to be more financially literate and included. Further investigation is therefore required to understand which programmes and policy solutions might better meet the needs of rural sectors of the population. The provision of financial education through innovative delivery channels, such as CCT programmes, is a first encouraging step in

47. See the OECD/INFE High-level Principles on National Strategies, "Assessment of the needs of the population and main policy issues" in section II "Preparation of the National Strategy" and "Impact and process evaluation of programmes" in section V "Implementation of the National Strategy"

48. The OECD/INFE is currently working on the development of international codes of conduct for the involvement of the private sector in financial education (International Guidelines for the Involvement of Private and Other Non-Public Stakeholders in Financial Education).

49. See the OECD/INFE High-level Principles on National Strategies, "Co-ordination and the roles and responsibilities of various stakeholders - Private sector and financial service providers" in section III "Governance mechanisms and the role of main stakeholders"

50. See the OECD/INFE High-level Principles on National Strategies, "Target audiences" in section IV "Roadmap of the National Strategy"

the right direction, but more evidence should be gathered on their impact. Public authorities should address the need to reach out to rural populations in order to better understand their financial literacy needs and craft dedicated evidence-based policy solutions which would better impact on their financial and social inclusion.

ANNEX 1: LATIN AMERICAN AND CARIBBEAN PARTICIPATION IN THE OECD/INFE

The INFE was created by the OECD in 2008 to enhance and promote awareness on the importance of financial education worldwide, strengthen information sharing and policy dialogue, collect evidence and data and develop analytical work, set standards and policy instruments. The Network brings together high-level public officials from more than 240 public institutions from 107 countries, going far beyond the OECD membership.

Through formal biannual meetings, the ongoing collaboration between members and the establishment of special Expert Subgroups to address specific policy objectives, the Network has substantially advanced the analytical framework and policy discussions on financial literacy, especially with regards to:

- the introduction of financial education programmes in schools;
- the development of methodologies for assessing the efficiency of financial education programmes;
- the development of an international approach for measuring financial literacy and inclusion;
- data collection and analysis, also through the contribution to the OECD PISA (Programme for International Student Assessment),
- the empowerment of women through financial awareness and education;
- the development of national strategies for financial education;
- the importance of investments and savings;
- the development of pensions awareness.

There are currently 15 members from Latin America and the Caribbean that are currently participating in the OECD/INFE (see table below).

Latin American and Caribbean Members of the International Network on Financial Education (INFE) [51]	
Argentina	Central Bank of the Republic of Argentina
Brazil	Brazilian Ministry of Social Security and Labour, National Secretariat for Pension Funds Brazilian Ministry of Education Central Bank of Brazil Comissão de Valores Mobiliários do Brasil Superintendência de Seguros Privados do Brasil (SUSEP) National Secretariat for Consumer Protection (SENACON)
Chile	Superintendencia de Valores y Seguros (SVS) Superintendencia de Bancos e Instituciones Financieras (SBIF) Central Bank of Chile Ministry of Finance of Chile Servicio Nacional del Consumidor (SERNAC), Ministry of Economy, Development and Tourism of Chile
Colombia	Banco de la República - Central Bank of Colombia Fondo de Garantías de Instituciones Financieras - FOGAFIN
Ecuador	Superintendencia de Compañias del Ecuador Superintendencia de Bancos y Seguros (SBS)del Ecuador
Guatemala	Superintendencia de Bancos of Guatemala
Jamaica	Financial Services Commission
Mexico	Ministry of Finance and Public Credit of Mexico National Commission for the Retirement Savings System (CONSAR) Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (CONDUSEF) Banco de México Comisión Nacional de Seguros y Finanzas (National Insurance and Bond Commission)
Paraguay	Central Bank of Paraguay
Peru	Superintendency of Banks, Insurance and Private Pension of Peru (SBS)
Suriname	Central Bank of Suriname
Trinidad and Tobago	Central Bank of Trinidad and Tobago Trinidad and Tobago Securities & Exchange Commission
Uruguay	Central Bank of Uruguay
Venezuela	Central Bank of Venezuela
Virgin Islands (BVI)	Financial Services Commission of the British Virgin Islands (BVI)
Associate members	Development Bank of Latin America (CAF)

51. As of June 2013.

Representatives of Latin American and Caribbean institutions provide important inputs into the work of the INFE, through active participation to plenary meetings and sharing of their national experiences during the frequent data collection exercises performed within the network. Latin American and Caribbean representatives also make an important contribution to the work of the INFE Expert Subgroups. The INFE Expert Subgroups from the creation of the INFE to date have been: Evaluation of Financial Education Programmes, Measurement of Financial Literacy, Financial Education in Schools, National Strategies for Financial Education, Empowering Women through Financial Education and Awareness, the Role of Financial Education in Financial Inclusion, and the more recently created Subgroup on Financial Education for Long-term Savings and Investments that has met in Cartagena at the 10th INFE meeting for the first time. These groups, whose creation is decided by the INFE Advisory Board and whose work is supported by the OECD Secretariat, meet biannually to share national experiences, analyse topical developments in the field of financial literacy and education and contribute to the development of analytical work, to the standard setting activities of the OECD and to the drafting of policy instruments in the field of financial education.

INFE members can also participate to ad hoc analytical projects. This is notably the case for Argentina, Brazil and Mexico that, as Latin American G20 members, will contribute to the drafting of a forthcoming OECD/G20 Russian Presidency Publication on National Strategies for Financial Education.

The participation and contribution of Latin America and Caribbean economies to OECD/INFE activities also involves the implementation of the analytical and standard-setting tools developed by the Network. Two examples are provided in the paper: the use of the OECD/INFE survey for the measurement of financial literacy, and the implementation of OECD/INFE recommendations on financial education in schools.

ANNEX 2: CAF-CENTRAL BANK OF COLOMBIA-FOGAFIN REGIONAL SURVEY

Institution: ...

1. Are there currently any financial education programmes in your country?

a. Yes

b. No

2. What institution is the main promoter of financial education in your country? (various options can be selected)

a. Government

b. Central bank

c. Deposit insurers

d. Superintendence(s), which one(s)?

e. Governmental agencies, which one(s)? _____

f. Education Ministry

g. NGO, which one(s)? _____

h. Private sector, which one(s)? _____

i. Ministry of finance/economy

j. Others, which one(s)? _____

3. Are there financial literacy surveys in your country? (various options can be selected)

a. Yes, of measurement of financial literacy of the population

b. Yes, regarding FE programmes carried out in your country

c. No

If your answered a. or b., please provide us with the name of the survey, the institution that carried it out and if possible attach relevant documentation or contact information.

4. Are there legislative provisions that regulate the development of financial education programmes in your country?

a. Yes, which one(s)?

b. No

c. Do not know

FINANCIAL EDUCATION PROGRAMMES

5. At present, does your institution develop financial education programmes?

a. Yes

b. No

If you answered b. please go to question 11.

6. Are the financial education programmes developed by your institution particularly dedicated at promoting (various options can be stated)

a. economic education

b. financial education

c. financial inclusion

d. protection to the financial consumer

e. Others, which one(s)? _____

7. Are there for of co-operation to develop financial education programmes between your institution and some entities of the public or private sectors?

a. Yes

b. No

If you answered a. please explain

8. At what specific group of the population are the financial education programmes of your institution aimed at? (various options can be selected):

a. Primary education students

b. Secondary education students

c. Technical or university education students

d. Primary or secondary schools teachers

e. Employees of the financial system

f. Public in general

g. Specific target groups

h. Mothers who are household heads

i. Vulnerable population, which one(s)?

j. Others, which one(s)? _____

9. What mechanism does your institution employ in the delivery of these financial education initiatives? (various options can be selected):

a. Websites

b. Information in mass media (radio, press and television)

c. Direct promotion in schools or universities

d. Social networks

e. Others, which one(s)?

10. Of the following options, which ones does your institution currently offer? (various options can be stated)

a. General talks regarding personal economy or finance

b. Training programmes (periodic training in economic matters, or personal finances)

c. Website on economic and financial education

d. Economy or finance contests

e. Educational material in economy or finances, printed or digital (brochures, books, etc.)

f. Videos regarding basic economy or finances

g. Others, which one(s)? _____

FE PROGRAMMES IN SCHOOLS

11. Which institutions develop financial education programmes in the schools of your country? (various options can be selected)

a. Government

b. Central bank

c. Deposit insurer

d. Superintendence(s), which one(s)?

e. Governmental agencies, which one(s)? _____

f. Education Ministry

g. NGO, which one(s)? _____

h. Private sector, which one(s)? _____

i. Ministry of finances/economy

j. Others, which one(s)? _____

12. Is financial education in schools part of a national financial education strategy?

a. Yes (please explain)

b. No (In process)

c. Do not know

13. Does your institution carry out financial education programmes in schools?

a. Yes

b. No

c. In process

EVALUATION OF THE FE PROGRAMMES

14. Which one of the following institutions carries out or has carried out the evaluation of financial education programmes? (various options can be stated)

a. Government

b. Central bank

c. Deposit insurer

d. Superintendence(s), which one(s)?

e. Governmental agencies, which one(s)? _____

f. Education Ministry

g. NGO, which one(s)? _____

h. Private sector, which one(s)? _____

i. Ministry of finance, economy or hacienda

j. Others, which one(s)? _____

15. Does your institution carry out any type of evaluation of financial education programmes?

a. Yes

b. In process

c. No (If you answered c. please go to question 19)

16. What is the sector that is the origin of the resources destined to finance the evaluation of the financial education programmes of your institution? Please indicate the percentage:

a. Public sector

b. Private sector_____%

c. Multilateral entities_____%

d. International organisms _____%

e. Others, which one(s) _____%

17. The evaluation of the programmes was planned:

a. Jointly with the design of the programme

b. During the development of the programme

c. After the development of the programme

18. What is the scope and purpose of that evaluation? (various options can be selected):

a. Monitoring (coverage of programme with regard to the number of participants)
b. Evaluate the satisfaction of the participants
c. Evaluate the mechanisms developed to implement the programme
d. Evaluate the methods used by the programme facilitators
e. Evaluate the impact of the programme using a control group (for example: expand the knowledge of the participants, change their behaviour, etc.)
f. Evaluate the potential impact of the programme on a global level (for example: financial inclusion, penetration of the financial services, etc.)
g. Respond to a policy objective (for example: justify the relevance of the programme)

19. What have been the results of these evaluations?

NATIONAL STRATEGY FOR FINANCIAL EDUCATION

20. At present, does a national FE strategy exist or is one being developed in your country?

a. Yes, it already exists
b. Yes, it is being developed
c. No (If you answered c, please go to the contact data)

21. What are the main entities responsible for the development of the national financial education strategy? (various options can be stated)

a. Government
b. Central bank
c. Deposit insurer
d. Superintendence(s), which one(s)?
e. Governmental agencies, which one(s)? _____
f. Education Ministry
g. NGO, which one(s)? _____
h. Private sector, which one(s)? _____
i. Ministry of finance, economy or hacienda
j. Others, which one(s)? _____

22. What entity is in charge of coordinating/leading the national financial education strategy?

23. The national FE strategy in your country, originates from a public policy that would seek to promote (various options can be stated):

a. financial literacy

b. financial inclusion

c. financial consumer protection (consumer education)

d. Other(s), which one(s)? _____

24. What are the main objectives of the national financial education strategy in your country?

25. What is the target audience of the national financial education strategy?

a. All the population

b. Specific segments of the population, which one(s)?_____

ANNEX 3: FINANCIAL EDUCATION PROGRAMMES LINKED TO CCT

Country	CCT Programme	Additional components		
		Financial inclusion	Financial education	
			Account usage and transactions	Personal finance and/or entrepreneurship
Argentina	Asignación Universal por Hijo (AUH)		Yes; in 2005, on-site workshops regarding the use of cards and ATM machines.	
Brazil	Bolsa Familia (BF)	Crediamigo	Yes, in the second phase of the bank inclusion project, and focused on the beneficiaries with bank accounts, who are sent information by mail describing the advantages of receiving money in their bank accounts. Currently, and in association with the *Caixa Económica Federal*, there are briefings and visits aimed at increasing beneficiaries' understanding of the formal financial system and encouraging them to open a bank account.	Yes; at the end of 2009 (third phase) a booklet was published regarding the importance of the good management of the financial resources of the household. It included matters such as: balances of income and expenses, budget, savings, intelligent purchases, insurance, bank loans and savings accounts.
Colombia	Familias en Acción (FA)		Yes; initially Acción Social promoted a series of videos that taught the beneficiaries the proper use of the BanAgrario card in ATM machines and authorized supermarkets.	
		Mujeres Ahorradoras en Acción (Women as active savers)		Yes; the training was carried out for groups of thirty people through one-day 8 hours workshops, with activities directed by a trainer or facilitator covering personal as well as financial aspects employing an entertaining and educational methodology. The training and the programme material explain basic concepts of the financial system, banking and savings. The training includes seven modules: Gender equality; Local context; Business management; Finances and management of money; Entrepreneurial mentality; Solidarity and entrepreneurship, and developing a business plan.
		Promotion of the savings culture in poor families		Yes; financial training on knowledge, abilities and attitudes through six monthly workshops during six months. The subjects of the workshops are: budget, savings, debt, transfers and insurance.

Country	CCT Programme	Additional components		
		Financial inclusion	Financial education	
			Account usage and transactions	Personal finance and/or entrepreneurship
Costa Rica	Avancemos			Yes; Avancemos does not include among its objectives the financial training of its beneficiaries, but by 2007, the Education Ministry promoted a series of training workshops for secondary school student beneficiaries of the programme.
Chile	Chile Solidario (CHS)	Savings Programme	Yes; since 2011 training was included for a pilot beneficiary group of the Savings Programme through home visits where the characteristics, benefits and components of various savings account options are explained, as well as interest rates, costs, permitted operations and conditions.	
Ecuador	Bono de Desarrollo Humano (BDH)	Human Development Credit	Yes; at the beginning of 2009 education campaigns began regarding the use of cards.	
				Yes. It is divided into two modules: one of financial literacy and the other of specific training. The financial literacy module covers investment, savings, expenditures and credit aspects. The second module seeks to improve the productivity of the business of the beneficiaries.
Mexico	Oportunidades		Yes; the Oportunidades programme holds informative conferences on how and where to use the cards for the beneficiaries of the programme.	Yes; financial education workshops and materials offered by *Bansefi*. The subjects discussed during the course were: financial planning, financial services, savings, credit administration and remittances.
Paraguay	Tekoporâ		Yes; days of direct financial literacy campaigns where the beneficiaries were taught how to use the card and ATM machines.	
Peru	Juntos	Savings promotion programme with the beneficiaries of Juntos	Yes; a training workshop was recorded and made available on the website of the Juntos programme, regarding the use of the cards. At the same time, regional teams were trained to instruct the zone coordinators and the local managers, who should replicate what they learned with the leading mothers of each village.	Yes; in the framework of the programme "Promotion of savings with the beneficiaries of Juntos" three training workshops were held with the objective of teaching the beneficiaries how to generate or execute entrepreneurial projects. The programme has three financial education modules: The financial system; Financial services, and a rural agricultural productive development programme.

Source: Compiled by the authors on the basis of information by Maldonado *et al.* (2011)

ANNEX 4: SELECTED EXPERIENCES OF EVALUATION OF FINANCIAL EDUCATION PROGRAMMES IN THE REGION

Impact evaluations of Financial education programmes in Latin America					
Programme	**Study**	**Method**	**Sample**	**Intervention**	**Impact**
Pilot programme of Financial education in the schools of Brazil in the framework of the National Strategy of Financial Education	World Bank (2010), Impact Evaluation of Brazil's School-Based Financial Education Programme , http://www.finliteu.org/evaluation/wb/pilots/brazil1/	Controlled social experiment (random assignment)	891 schools and nearly 26.000 students in five Brazilian states of São Paulo, Río de Janeiro, Ceará, Tocantins, Minas Gerais and Distrito Federal.	Treatment: the schools receive material and training for teachers regarding financial education.	+ On the financial knowledge, attitude and behaviour of the students. + On the financial behaviour of the parents of the treated students: financial planning and savings rate.
Pilot programme of Economic and financial education in public schools of Colombia "Finances for Change"	García N. (2011), El impacto de la educación económica y financiera en los jóvenes: el caso de Finanzas para el Cambio (TheImpact of Economic and Financial Educationon Young People: the Case of Finanzas para el Cambio), Borradores de Economia, Colombian Central Bank.	Propensity score matching method.	16 schools and 1.518 students of secondary from Medellín and Cartagena.	Treatment: the schools receive material and training for teachers regarding economic and financial education.	+ On the economic and financial knowledge of the students. <> On the financial abilities, attitudes, capacities and behaviour s of the young people.
Financial education programmes in the framework of the training programmes of the Banco Adopemde República Dominicana	Drexler, A., Fischer G., and Schoar A., 2011, "Keeping it Simple: Financial Literacy and Rules of Thumb"	Controlled social experiment (random assignment)	1.193 bank clients of Adopem in Santo Domingo.	Comparison between treatment and controls Treatment 1: traditional financial education training. Treatment 2: financial education training based on "the golden	+ For the EFE programme based on "the golden rules", a positive effect was found on the financial management practices of the small entrepreneurs. <> For the traditional EFE programme no impact was found.

Impact evaluations of Financial education programmes in Latin America					
Programme	**Study**	**Method**	**Sample**	**Intervention**	**Impact**
				rules".	
Business training programme offer by the NGO TechnoServe in El Salvador, Guatemala, and Nicaragua during 2002–05.	Klinger B. and Schündeln M. (2011) "Can Entrepreneurial Activity be Taught? Quasi-Experimental Evidence from Central America", World Development Vol. 39, No. 9.	Regression discontinuity, based on application scores	655 male and female entrepreneurs with small firms in Guatemala, Nicaragua, and El Salvador	Two rounds: 1) Training programme to refine business plan, for accepted applicants 2) Cash prize of $6,000-$15,000 to most successful participants in training	+ Training programme has significant effect on starting a new business or expanding an existing business + Winning cash prize increases probability of starting a business much more for females than for males
Literacy Project on Risk and Insurance In Colombia by Fasecolda	Fasecolda – Cede (2012) "Informe de Línea Base – Unipanamericana"	Controlled social experiment (random assignment)	1.519 female and male students from Unipanamericana.	Comparison between treatment and control groups. Treatment: Students from selected courses received a workshop on financial education, specifically on insurance. Control: Students didn't receive such workshop	There is no endline survey. There are no results for the impact evaluation yet.
	Fasecolda – Cede (2012) "Informe de Línea Base Radio – Nacional"	Controlled social experiment (random assignment)	956 radio listeners from Bogotá, Barranquilla and Pereira	Comparison between treatment and control groups. Treatment: Listeners from the selected radio stations where exposed to a radio programme called "Viva Seguro" on financial education	There is no endline survey. There are no results for the impact evaluation yet.

Impact evaluations of Financial education programmes in Latin America					
Programme	**Study**	**Method**	**Sample**	**Intervention**	**Impact**
				Control: Radio Listeners who were not exposed to this radio programme	
Teacher Training Programme of the Superintendence of Banks, Insurance and Private Pension Funds (SBS) and the Ministry of Education of Perú	SBS-Cuanto (2012) "Evaluación de impacto al programa de asesoría docente"	Differences-in-differences.	6 schools and 466 High-school students from representative cities in the northern, centre and southern parts of the country (Chiclayo, Lima-Callao and Arequipa).	Comparison between treatment and control groups. Treatment: Students trained by teachers who received this programme Control: Students trained by teachers who did not receive this programme	The baseline survey took place in December 2012, the endline survey will be taking place in December 2013. Results so far: + At least 90% of the teachers, who have taken the programme, increase their financial literacy levels + In particular, the topics of the real cost of credit, personal credits, private pensions fund system and banking services and operations were the most understood by teachers. + More than 95% of the teachers rated the training as "good" or "very good", expressing that they were very satisfied with the programme.
+ indicates a positive impact/change , <> indicates no impact/change					

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