OECD-FSCA International Conference

Financial Education of the Future

SUMMARY RECORD

23-24 May 2019
Cape Town, South Africa

FSCA
Financial Sector Conduct Authority

OECD

About the OECD

The OECD is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendations to produce better policies for better lives. The OECD's mission is to promote policies that improve the economic and social well-being of people around the world.

About the OECD International Network on Financial Education (INFE)

Created in 2008, the OECD/INFE promotes and facilitates international co-operation between policy makers and other stakeholders on financial education issues worldwide. More than 260 public institutions from 119 countries have joined the OECD/INFE.

About the Financial Sector Conduct Authority (FSCA)

The Financial Sector Conduct Authority (previously known as the Financial Services Board) has made a multitude of progressive changes since the Financial Sector Regulation Act (Act No.9 of 2017) got signed into law. The Act has resulted in fundamental changes in how the FSCA will operate in the future. The objective of the Financial Sector Conduct Authority is to:

(a) enhance and support, efficiency and integrity of financial markets; and

(b) protect financial customers by

- promoting fair treatment of financial customers by financial institutions and,
- providing financial customers and potential financial customers with financial education programs, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions; and

(c) assist in maintaining financial stability.

As a result of greater emphasis being placed on consumer financial education, the Consumer Education Department (CED) of the FSCA plays an important role in responding to the specific issues and areas of risk facing South African consumers. The CED celebrates over a decade of consumer financial education in South Africa. This is done in response to the mandate of the FSCA.

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Conference highlights

On 23-24 May 2019, the OECD-FSCA International Conference "Financial Education of the Future" brought together 200 high-level government and central bank officials, financial sector experts and academics from 50 countries to discuss how technological innovation, effective policy-making and better financial education can converge to improve the economic and social well-being of people around the world.

This document presents the main outcomes of the conference presentations and discussions, which focused on how to design and implement effective financial education in times of change; the financial education needs of different population age groups; lessons learnt to improve consumers' financial behaviour, and the implications of digitalisation for financial education.

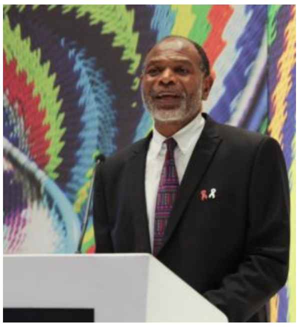
Key takeaways

- **Financial education has made significant progress on the ground**, with more than 50 countries having used OECD tools to measure financial literacy, and more than 70 countries around the world are applying OECD/INFE instruments to design and implement national strategies for financial education.
- **Nevertheless, there is still room for improvement and financial education needs to be prepared for emerging challenges**. Levels of financial literacy around the world are still relatively low and consumers continue to face difficulties in understanding the benefits and risks of different financial products and in creating financial security for themselves and their families.
- **These are times of rapid change and financial markets are growing and evolving**, with implications for the structure and tasks of regulatory and supervisory systems, financial consumer protection and education polices, and the design of specific interventions.
- **Years of research and 'trial and error' have provided valuable insights** into the design and delivery of effective initiatives at 'teachable moments' to those who need help most. In this respect, financial education should:
  - **Be targeted on specific segments of the population, like Millennials, the elderly or other groups at risk** of financial exclusion or vulnerability. Population ageing has important implications for financial inclusion, consumer protection and education, as highlighted by the G20 Fukuoka Policy Priorities on Ageing and Financial Inclusion developed by the Global Partnership for Financial Inclusion (GPFI) and the OECD for the Japanese G20 Presidency in 2019.
  - **Focus on pressing issues, such as helping consumers to stay safe in a digital financial environment**.
  - **Have as its ultimate goal positive behaviour change**, since financial well-being is influenced more by what people do than what they know.

Transformation and inclusion in the financial sector

In recent times, financial markets started experiencing rapid change and evolution. Thanks to advances in digital technology, new financial intermediaries, products and services are becoming widespread. Such transformations have implications for financial inclusion and for financial education.

Digital financial services offer great opportunities for improving the access to formal financial markets to previously excluded segments of the population, but also bring new challenges and risks that could create new forms of exclusion, especially in credit and insurance, or among specific groups, like the elderly.



Abel Sithole
Commissioner, FSCA
South Africa

Various countries are seeking ways to ensure that their policies stay abreast of such major transformations. In many jurisdictions, regulatory and supervisory systems are undergoing important changes to respond to these challenges. In South Africa, for instance, the mandate of the FSCA was recently extended to cover the promotion of financial inclusion and transformation, consumer protection and financial education. The so-called "twin peaks" legislation also widened the scope of the FSCA's regulatory powers to include oversight over retail banks and credit providers.

> Fintech also brings with it many opportunities for inclusion and education and we believe our role is to increase consumers' financial capability and demystify the complexities of FinTech to further contribute to the delivery of financial products which add value to people's lives.
>
> **Abel Sithole, Commissioner, FSCA, South Africa**

Implementing a financial inclusion mandate means creating a financial environment that does not intimidate vulnerable groups, that ensures that products are developed and distributed in a manner that treats consumers fairly, and that recognises the socio-economic circumstance of those to be included and protected.

In this context, consumer financial education is a vital part of the consumer protection landscape. The integration of financial education into the regulatory function is essential to build trust of consumers in the financial sector, to empower them to make informed financial decisions, and ultimately to encourage a positive behaviour change.

> Financial education should focus on the most pressing issues – in other words, those that do most harm if not addressed. Some issues are particularly urgent, such as helping consumers to stay safe in this digital age.
>
> **Angel Gurría**
> **OECD Secretary-General**

Over the past decades, countries have made concrete progress in financial education. More and more countries have started to develop national strategies for financial education based on robust evidence about the levels of financial literacy in the population, including through the OECD/INFE financial literacy survey. Nevertheless, levels of financial literacy around the world are still far lower than they need to be and many consumers continue to face difficulties in understanding the benefits and risks of different financial products and in creating financial security for themselves and their families.

Countries need to keep working to ensure that their financial education policies remain relevant in such an evolving financial landscape and focus on the target groups that are most affected by these transformations, like those least attached to formal financial markets, young people and the elderly.

How to design and maintain effective, large-scale policies in times of change

Panel members

From left to right: **André Laboul**, Senior Counsellor, Directorate for Financial and Enterprise Affairs, and Special Advisor to the G20 Sherpa, OECD; and Chair of the OECD/INFE; **Tafadzwa Chinamo**, Chair of the Committee for Insurance, Securities and Non-banking Authorities, Southern African Development Community; **Sarah Porretta**, Strategy & Insights Director, Money and Pensions Service, UK; **Caroline da Silva**, Division Executive: Regulatory Policy, FSCA, South Africa; **Tirta Segara**, Member of the Board of Commissioners, Financial Services Authority, Indonesia

Financial markets are growing and evolving, bringing in new consumers and new providers. Financial education should continue to be relevant in this rapidly changing environment.

Trends shaping societies

Demographic, technological, social, economic and financial trends are affecting many countries around the world.

Caroline da Silva
FSCA, South Africa

Demographic changes are not the same across countries. While the population of most OECD countries is ageing, several emerging economies like Indonesia and South Africa are still experiencing a demographic "bonus", with youthful populations and growing labour force. But many emerging economies in Asia and elsewhere will soon start to feel the pressure of ageing populations on their socio-economic landscape.

At a macroeconomic level, many countries are still dealing with the consequences of the global financial crisis. In the UK, many consumers are economically vulnerable, live on irregular income and use credit to fund everyday spending, which often leads to excessive levels of debt and even mental health issues. In other countries, economic vulnerability and instability are the result of longer-term structural forces. In many African countries, including South Africa, high poverty and limited inclusion in formal economic, labour and financial markets are widespread.

Across the globe, technological innovation is radically changing the socio-economic and financial landscape and is affecting not only the way in which people communicate and share information but also how they access and use financial services.

Many countries are also experiencing a decrease in trust in the financial system, which is to some extent a legacy of the global financial crisis but is also related to the quality of financial supervision, consumer protection, and financial literacy. The rise in digital financial services can improve trust in financial institutions for some technologically-savvy groups, but is likely to decrease it among people who favour traditional services with greater human interaction, like the elderly.

In all countries, significant socio-economic or rural-urban disparities can make the social and economic consequences of these trends more acute for disadvantaged groups.

Policy solutions in times of change

Policies in the financial sector are changing to adapt to these challenges. In Indonesia, supervision is changing to facilitate access to financial services across the many country islands. In South Africa, significant regulatory reforms not only established a "twin peaks" model for financial regulation (with two regulators, one in charge of prudential regulation and the other – the FSCA – tasked with supervising market conduct and protecting consumers) but also gave greater emphasis to financial inclusion and consumer financial education.

> Consumer education is no longer something on the side but is interwoven into our regulatory strategy. Consumer education is a way to stop harm before it happens.
>
> **Caroline da Silva, Division Executive: Regulatory Policy, FSCA, South Africa**

In a context of limited trust toward financial institutions and new types of risks and fraud, including those coming from the rise of digital financial services, financial education has a great role to help prevent or reduce negative outcomes for consumers. For instance, in the UK, financial education is used to promote a cultural shift that gives greater emphasis to saving over borrowing, in an effort to put more resource into prevention rather than in remediation. Many people lack a savings buffer to face financial difficulties, meaning that financial education can complement supply-side measures to make savings easier through employers and the workplace. Translating financial education into local languages and ensuring that messages are consistent are other ways to increase financial literacy and improve trust in the financial system.

Innovative delivery channels are increasingly being used for financial education and for financial regulation more generally. The Financial Services Authority of Indonesia (OJK) revised the national strategy for financial education giving more emphasis to digital tools; it is also using technology for supervision and to interact with financial institutions and consumers.

Even though the quality and reach of financial education are improving, there are still challenges that limit its effectiveness, such as a lack of collaboration and coordination between stakeholders, difficulties in separating educational messages from the marketing of financial institutions, and limited monitoring and evaluation. Financial regulators can use their regulatory powers to define best practice and promote what works. For instance, the What Works Fund of the UK Money and Pensions Service devotes significant resources to trying, testing and assessing the impact of various approaches to financial education to promote its effectiveness. Testing different delivery channels and evaluating their impact before large-scale implementation is also useful in the case on online and digital delivery, to ensure that a programme works even in the absence of face-to-face interaction.

Providing financial education to Millennials

Panel members

From left to right: **Laura Higgins**, Senior Executive Leader, Australian Securities and Investments Commission; **Olaf Simonse**, Head, MoneyWise Platform, Ministry of Finance of the Netherlands; **Benjamin Roberts**, Chief Research Specialist and Coordinator of the South African Social Attitudes Survey; **José Vasco Cavalcanti**, Head of the Investor Education and Protection Office, Securities and Exchange Commission of Brazil

What is different about Millennials?

Millennials are broadly defined as the generations born between the early 1980s and the early 2000s, who are generally marked by a transition into adolescence and adulthood during the digital age. Millennials have been described as the 'trend-setting generation', having been the first truly, globally-interconnected 'digital natives'. They are also now, globally, the largest generation, and are also more likely than their elders to face the prospect of having long lives with several career changes and an extended period in retirement.

With some variations across countries, many Millennials are experiencing a context of economic uncertainty, with high levels of unemployment, precarious incomes, and difficulty to find jobs that match their degrees. This is reflected in their financial behaviour and their ability to manage their finances. Research from South Africa showed that Millennials in the country displayed lower control over their finances and lower planning ability than other generations, but also highlighted significant heterogeneity within Millennials themselves across education level, employment status, living standards, and rural-urban residence.

> There may be bigger difference within Millennials than between Millennials and other groups.
>
> **Olaf Simonse, Head, MoneyWise Platform, Ministry of Finance of the Netherlands**

At the same time, Millennials share various characteristics with other generations of young people. As young people in previous times, they are "financial firsts", as they approach many financial experiences for the first time in their lives, such as leaving home, saving for home deposits, buying a car and starting to manage debt. The decisions that they will make will affect their retirement and financial future.

How to design effective financial education for Millennials?

Addressing the financial education needs of the Millennials has to take into account that they are experiencing many financial decisions for the first time, they have sometimes precarious economic situations, and are digital natives. How can they be encouraged to plan for the mid- to long- term?

As for most target audiences, it is important to reach Millennials “where they are” and to “speak their language”. In practice, this often means making financial education content available and promote it through digital means, be it social media, videos or apps. In Australia, the MoneySmart website managed by the Australian Securities and Investment Commission (ASIC) has a dedicated section for under 25s; life-events videos for young people are the most watched of the website.

It is also important to recognise that not all Millennials are the same and that there can be significant differences not only in terms of socio-economic background but also in digital skills and access to digital technologies across them.

This can have important consequences on the most appropriate delivery channels. For instance, the Securities and Exchange Commission of Brazil (CMV) developed jointly with the World Bank a pilot programme called “Program your future”, including an impact evaluation component. The programme will address young people in a violent favela in Rio de Janeiro, Brazil and will aim at providing them competences about financial literacy, programming and blockchain, to reduce the chances that they will end up in unemployment or crime after leaving compulsory education.

José Vasco Cavalcanti
CVM, Brazil

The impact of ageing and longevity on individuals, families and the wider community

Panel members

From left to right: **David Kop**, Head of Stakeholder Engagement, The Financial Planning Institute, South Africa; **David Kneebone**, General Manager, Investor and Financial Education Council, Hong Kong, China; **Rose Kwena**, Chief Manager, Corporate Communication, Retirement Benefits Authority, Kenya; **Christopher Poole**, Senior Research and Policy Officer, Financial Consumer Agency of Canada

The implications of ageing for financial education

The number and proportion of older people as a share of the population is growing rapidly in many developed and developing countries; others will experience such growth in years to come. The UN predicts that there will be over two billion people aged 60 and above worldwide in 2050, and one in five people in developing countries will be aged 60 or more. Some will remain economically, intellectually and physically active into later life, whilst others will face cognitive and physical decline and challenging personal needs. Population ageing has important implications for financial inclusion, consumer protection and education, as highlighted by the G20 Fukuoka Policy Priorities on Ageing and Financial Inclusion developed by the Global Partnership for Financial Inclusion (GPFI) and the OECD for the Japanese G20 Presidency in 2019.

Rose Kwena
RBA, Kenya

Definitions and concepts of what constitutes “old people” differ around the world, and so do the opportunities and challenges that people face in preparing for and during old age. In several developed economies, many seniors enjoy good levels of income and wealth; many are in better health conditions that previous cohorts at the same age. Longer life trajectories can also include various periods of employment, entrepreneurial activities, and more time with families and for leisure. At the same time, many people arrive in old age with limited savings and high levels of consumer and mortgage debt, and some may have increased living costs related to healthcare expenses. Older people may be particularly at risk not only of poverty but also of financial exclusion, due to limited digital and financial skills, declining physical and cognitive ability, and social exclusion.

As societies start to age also in developing and emerging economies, governments and infrastructure for the elderly may not be able to keep the pace of social transformation. People themselves may not be prepared or have the right skills to face the implications of ageing. For instance, in Kenya the introduction of a cash transfer (equivalent to about USD 20 per month) for people over 70 was accompanied by a rise in betting among the elderly, and family pressure means that the additional money is often spent to support adult children rather than sustaining one's own retirement.

Supporting seniors through financial education

Overall, this implies that people need to be supported in their lifetime financial planning, before, during and after they reach retirement, keeping into account that the elderly are not a homogeneous group. People can be supported through a combination of supply- and demand-side measures related to the design of financial products, incentive mechanisms, financial consumer protection and financial education.

It is important to keep in mind that older cohorts often have lower levels of educational attainment than current generations of adults and that they typically have lower financial literacy than adults. This means that financial education initiatives need to take into account that older people are experienced but do not necessarily have good financial skills. Cognitive and physical decline may also limit the ability of older people to attend training or learn new content.

As people age they may become less willing to learn how to use and interact with new digital financial services and with digital tools in general. Financial education for this target group needs to take this into account, by providing up-to-date knowledge and information presented in a simple, appealing, jargon-free way. At the same time, it is also critical to support and strengthen the digital skills of older people. Policy makers and other stakeholders can develop initiatives that address both financial literacy and digital skills simultaneously by educating older people about the safe use of digital financial services.

Financial education strategies have the opportunity to take into account shifting demographics in a strategic and coordinated way. For instance, the National Strategy for Financial Literacy of Canada, released in 2015, includes a specific focus on seniors. The strategy for seniors aims at engaging Canadians in preparing financially for their future retirement; helping current seniors plan and manage their financial affairs; improving understanding of and access to public benefits for seniors; and increasing the tools to combat financial abuse of seniors.

Trial and error: Lessons learnt from programme implementation

Panel members

From left to right: **Lyndwill Clarke**, Head of Department: Consumer Education, FSCA, South Africa; **Ntombizethu Cele**, Winner of the 2018 Interprovincial Financial Literacy Speech Competition, Grade 12 learner, Little Flower Secondary School, Ixopo, KwaZulu-Natal, South Africa; **Ruth Benjamin Swales**, Chief Executive Officer, ASISA Foundation, South Africa; **Anna Zelentsova**, Advisor, Ministry of Finance, Russian Federation; **Maria Lucía Leitão**, Head of Banking Conduct Supervision Department, Bank of Portugal

The success of financial education programmes depends on a variety of factors, such as following a comprehensive approach, making sure delivery is effective, and evaluating impact. Lessons learnt from programmes around the world provide useful insights for improving future interventions.

Adopting a comprehensive and strategic approach

Lyndwill Clarke
FSCA, South Africa

Following a comprehensive and strategic approach to financial education – such as creating a national strategy for financial education – is the first step to ensure the success of the initiatives implemented under the strategy. National strategies involve the coordination of different stakeholders, the establishment of a roadmap to achieve given objectives, and provides guidance to individual programmes in order to efficiently and appropriately contribute to the strategy.

In Portugal, one of the most important factors for programmes' success was the identification of and collaboration with a strategic partner, together with the development of core competencies frameworks and teaching materials, the training or trainers, and the evaluation and review of programmes. The success of programmes in schools and as part of vocational training was at least partly due to the support of the relevant ministries, while programmes for university students and for the overall population have been less effective also because of the lack of a clear partner.

Similarly, in Russia, the successful introduction of financial literacy in schools benefitted from the close collaboration with educational authorities at federal and local level, as well as teachers and parents.

Setting measurable goals, piloting and evaluating

Setting clear, measurable goals and using them to evaluate small-scale pilot interventions is also crucial before reviewing a programme and scaling it up.

Financial education programmes in Russia have initially been developed in a small number of pilot regions before being extended nation-wide. Programmes are associated to simple goals and measurable key performance indicators (KPIs) that are assessed at regular intervals, such as the percentage of low- and middle-income users of financial services in participating regions who compare alternative offers before taking a loan, or know what steps should be taken if they feel that their consumer rights are violated by financial institutions.

Evaluating the impact of a pilot through qualitative and quantitative methods is also a way to better understand what elements are more or less effective, therefore saving resources before extending programme reach. The ASISA Foundation in South Africa defines programme objectives, KPIs and how to measure them upfront. It also embeds a monitoring and evaluation component from the beginning of programme design.

Ensuring effective delivery

Last but not least, the effectiveness of an intervention rests on implementation features related to how specific target audiences are addressed and through which delivery channels.

Ruth Benjamin Swales,
CEO, ASISA Foundation,
South Africa

Programmes should be informed by a deep understanding of the target audience, for instance in terms of age, gender, life stage, and socio-economic background, so that the content, methodology and tools are adequately customised. Learning outcomes should be contextualised to address specific needs and take advantage of teachable moments.

It is important to identify strategic points of access to target audiences, such as existing networks, associations and communities, to improve reach and facilitate logistics. Trainers should be well-prepared not only on the content of the programme but also on pedagogies to address a specific audience.

Effective delivery tools include facilitators, experiential learning, story-based edutainment, technology, and social media. In countries with several local languages and communities, it is also important to translate messages in a way that is relevant to different language and cultural contexts. Incorporating positive psychological elements and soft skills into financial education programmes is a good way to contextualise the content, build confidence and facilitate skills transfer.

Fintech and consumer financial empowerment

Panel members

From left to right: **Arabile Gumede**, Financial Journalist, South Africa; **Chris Becker**, Blockchain and Crypto Lead, Investec Bank, South Africa; **Anrich Daseman**, Senior Fintech Specialist, South African Reserve Bank; **Tendani Mathobo**, Senior Specialist, Regulatory Policy Division, FSCA

Fintech companies and regulators offer complementary perspectives on how new and innovative financial products can meet the needs of consumers and comply with regulation.

Technology and digitalisation are rapidly transforming the way in which the financial sector is operating. Innovative applications of digital technology for financial services, or Fintech, are changing the interface between financial consumers and service providers. Fintech involves not only the application of new digital technologies to financial services but also the development of new business models and products.

Chris Becker
Investec Bank, South Africa

Technological advances have greatly improved quality and processing speed, therefore helping to lower information costs and other costs of transacting. These developments have had implications for both providers and users of financial products and services.

The digitalisation of financial services has generally increased the accessibility of various financial products and services to consumers and has greatly contributed to increasing financial inclusion among excluded and vulnerable groups. New models have targeted previously underserved market segments, and mobile banking in particular has brought banking services to these market segments in developing economies. Nevertheless, the trend towards digital and online-only services has in some cases *not* contributed to the financial inclusion, or even contributed to the exclusion, of groups with limited connectivity or limited digital skills, such as the elderly and people living in rural areas.

Given the fast pace of innovation in the financial domain, regulators are adapting and learning to make sure that regulation remains fit and purposeful. In many countries, including South Africa, they have developed ways to interact with financial service providers and understand innovation, such as innovator facilitators or hubs, regulatory sandboxes and policy labs. The FSCA in South Africa is considering how to balance regulation in a way that encourages the development of saving and investment products for the low end of the market.

At the same time, new challenges have emerged due to the spread of digital innovation, including new types of fraud, misuse and mis-selling; issues related to the security and confidentiality of personal data; greater access to high-cost short-term credit and so on. All these risks can be exacerbated by the fact that consumers and small business owners may not have the financial and digital skills to use the new digital financial services and to understand the new risks they may be facing.

These trends have implications for the educational and legal protection needs of the population, and policy makers need to find ways to make financial education and financial consumer protection more effective in this environment. Financial literacy and education can play an important role in enhancing consumer protection, improving awareness and information about digital finance, increasing financial literacy for the use of Fintech products, and ultimately in strengthening overall consumer trust in digital financial services.

Many financial education programmes are incorporating topics related to digital finance, and cover the availability of mobile money and its safe and effective use, mobile banking, and internet banking, the protection of personal data when using these financial services, and the protection of personal data with financial implications. In doing this, it is particularly important to address the specific needs of disadvantaged or at-risk groups, like first time users, youth, women, the elderly, low-income and rural populations, as well as migrants.

Behaviour change and financial education: is it possible and if so, how?

Panel members

From left to right: **Adele Atkinson**, Senior Policy Analyst, Financial Education, OECD; **Bernadene de Clercq**, Associate Professor, College of Accounting Sciences University of South Africa; **Celestyna Galicki**, Research Analyst, Commission for Financial Capability; **Carmela Aprea**, Full Professor, Business School, University of Mannheim, Germany

Much has been said of the importance of ensuring that financial education changes behaviour. However, given that behaviour is influenced by a multitude of factors, is it possible to directly link behaviour change and financial education? What features of financial education programmes would be capable of influencing people's behaviour? Are there any synergies from combining various behaviour change approaches with more traditional forms of financial education?

Actionable knowledge, good habits and experiential learning

Research has generally found that it is relatively easier to improve financial knowledge but more difficult to change people's financial behaviour and attitudes. The effectiveness of financial education on changing behaviour depends on several factors, including its content, delivery method, the type of behaviour it aims at influencing, and the target audience. Simply providing information and facts does not effectively change behavior, as much as knowing that one should lose weight does not automatically lead to doing more exercise.

Celestyna Galicki
CFFC, New Zealand

Knowledge is an important factor in influencing behaviour as it represents a foundation for decision-making and action. Nevertheless, what matters the most is its content, timing, and whether it is actionable and easy to put into practice.

Evidence from the evaluation of financial education programmes, together with lessons from behavioural sciences, suggested various ways to improve the effectiveness of financial education, including the importance of removing barriers to applying knowledge, creating positive habits, and fostering experiential learning.

Spending, saving and borrowing are areas where consumers can easily fall into traps, like overspending, or using excessively costly options, due to a social pressure to spend, lack of confidence, lack of hope and other behaviourally-related attitudes. Financial education should aim not only at providing relevant knowledge but also at addressing such attitudes.

As highlighted in the IOSCO-OECD report "The Application of Behavioural Insights to Financial Literacy and Investor Education Programmes and Initiatives" and other recent research, behavioural insights offer useful lessons to make financial education knowledge more effective in steering behaviour. Messages should be framed in a positive way and introduce social incentives, as a way to avoid paralysis and fear; and they should provide immediate rewards to actions whose outcomes will become evident only in the future. Financial education can also trigger a change in habits, as long as it focuses on starting from small changes, in order to have an immediate sense of gratification and reduce the stress of big financial decisions.

Serious games and edutainment are another way – if carefully designed – to support the development of higher-order cognitive skills, intrinsic motivation and positive attitudes. Learning through games reinforces experience and improves abilities through failure and feedback. Researchers at the University of Mannheim and Friedrich Schiller University Jena in Germany contributed to the integration of digital games into financial literacy lessons. Their approach focused on introducing elements of costs and benefits, scarcity of resources, risk and reward, debt and saving, and strategic thinking into a game where heroes have to accomplish certain missions. Pre-post small groups comparisons showed that the game was successful in improving outcomes in similar situations, ensuring a "near transfer". At the same time, it is important to keep in mind that games offer an excellent complement to other forms of learning but may not be the only one. Young people have different strengths and motivations, and not all of them engage with games. Most young people appreciate to have a choice on the learning process, but some students prefer more traditional learning methods.

Lessons from research also highlight that, if financial education interventions are found to be unsuccessful, it is important to investigate the issue further in order to understand how the programme can be improved. A mix of qualitative and quantitative methods, including focus groups, surveys, feedback from community leaders and NGOs, and cooperation with academics can be extremely useful to find out the source of the problem and help solving it.

The Zeros and Ones of Digitalisation

Panel members

From left to right: **Flore-Anne Messy**, Head of the Insurance, Private Pensions and Financial Markets Division, OECD; and Executive Secretary of the OECD/INFE; **Olaf Simonse**, Head, MoneyWise Platform, Ministry of Finance of the Netherlands; **Herman Smit**, Head, Client Insights Division, Cenfri, South Africa; **Martin Taborsky**, Head of Financial Literacy Unit, Central Bank of Austria

Changes brought about by digital technology, from the digitalisation of basic services and education offerings to the emergence of crypto-currencies and digital assets, have several implications for consumers, both in terms of risks and opportunities.

Risks and opportunities of financial services digitalisation

Herman Smit
Cenfri, South Africa

The expansion of digital financial services – such as mobile and online financial services, electronic money, or branchless banking – is a major global phenomenon and is particularly widespread in the developing world. They offer numerous possibilities for integrating the poor and other financially excluded populations into the formal financial system by overcoming physical infrastructure barriers and lowering costs – thereby extending access to new, faster and secure types of financial services and making finance more affordable to all.

An increasing number of digital platforms – such as those that facilitate online shopping, freelance work or other types of services – are seeing the light in Africa and they are offering new opportunities to becoming engaged with financial services and earning money. It is estimated that between

1 and 3% of adults in Africa earn income through such platforms. Research from insights2impact indicates that many of these platforms offer additional financial services, mostly in the form of insurance or digital wallets, and in some cases also savings or credit products.

At the same time, major threats have emerged due to the spread of digital innovation, including new types of fraud; inadequate disclosure and redress mechanisms; unfair customer treatment, data insecurity and digital profiling; but also easier access to short-term credit and questionable digital offers. These risks are compounded in the absence of financial and digital literacy.

Particularly complex and risky digital financial products have important implications for financial education and consumer protection. In recent years, financial regulators started receiving an increasing number of requests for information about bitcoins and other cryptocurrencies, as well as complaints for income losses related to these products. This spurred the need to collect more evidence to understand which consumers are more engaged with cryptocurrencies, their motivations and needs, and how to adapt the content of financial education programmes. Research by the Central Bank of Austria in 2018 revealed that only 2% of the Austrian population owned crypto-coins, but that 11% of adults could be defined as "crypto-affine", as they were current or former owners, or showed high interest in the topic. Crypto-affine people tended to be male, with higher income, and employed. They were ready to take risk and were interested in technology and new applications.

The implications of digitalisation for financial education

In parallel with the spread of digital financial services, the content of many financial education initiatives is adapting, as a way to translate complex topics into simpler messages, explain the features and risks of the new services, increase trust in well-regulated financial services delivered through digital means, and possibly limit excessively risky behaviours.

At the same time, also the format and delivery of many financial education programmes are becoming increasingly digital. In the Netherlands, the MoneyWise platform recently re-designed its financial education teaching materials for primary schools to include more examples from the digital world, such as vlogs, internet advertising, and mobile phones, and to combine online with offline material. This resulted in resources that were easier to implement for teachers and more engaging for students, as they could identify more easily with the characters.

Evaluation

In total, 53 participants responded to the evaluation questionnaire, with a response rate of 30%.

All respondents rated the symposium as at least good, with 92.5% rating the overall symposium as very good or excellent. Similarly, 92.5% rated the content of the conference as very good or excellent. About 83% reported that the relevance of the discussing held for their organisation was very good or excellent. About three in four respondents (73.1%) felt that the conference had definitely given them new insights for their institution or their country, and about one in four (26.9%) felt that his was the case to at least some extent.

Some 90.6% of the respondents felt that the organisation of the event was very good or excellent. Some participants would have liked to have some time dedicated to focused discussions or breakout groups for greater knowledge sharing, indicating their interest in considering topics in more detail. Some participants also expressed an interest to have more presentation from countries similar to South Africa, such as India or Latin America.

All sessions were appreciated, but the ones on providing financial education to Millennials and the elderly, and the ones on behaviour change and lessons learnt from implementation were considered to be the most relevant ones. Many participants also expressed an appreciation for the speech delivered by Ntombizethu Cele, winner of the 2018 Interprovincial Financial Literacy Speech Competition, South Africa.

Respondents were invited to indicate what topics they would like to know more about. Most respondents indicated that they would be interested to know more about how to set up monitoring and evaluation systems, and to learn about the impact of successful programmes. Many respondents were also interested to know more about how financial education can improve financial behaviour, and the applicati0on of behavioural insights to financial education. Various issues related to the implementation and delivery of financial education were of interested to respondents, including the implications of digitalisation for financial education and digital delivery.

Respondents were also invited to provide suggestions for future conferences. Future topics suggested included: how to share, adapt and translate programmes across countries; having more practical examples and the views of practitioners; how to evaluate impact and measure behaviour change.

Main OECD publications on financial education

National strategies for financial education

- OECD/INFE High-Level Principles on National Strategies for Financial Education
- OECD/INFE Policy handbook on the implementation on national strategies for financial education

Measuring financial literacy

- 2018 Toolkit for Measuring Financial Literacy and Financial Inclusion
- Survey of adult financial literacy competencies in G20 countries
- OECD/INFE International Survey of Adult Financial Literacy Competencies
- PISA 2015 Results (Volume IV): Students' Financial Literacy
- PISA 2012 Results (Volume VI): Students and Money

Digital financial literacy

- G20 OECD Policy Guidance Note on Digitalisation and Financial Literacy
- G20/OECD Policy Guidance Financial Consumer Protection Approaches in the Digital Age
- G20/OECD INFE Report "Ensuring financial education and consumer protection for all in the digital age"

Target audiences

- OECD/INFE report and checklist on financial education for migrants and their families
- OECD/INFE policy guidance on addressing women and girls' needs for financial education.
- OECD/INFE core competencies framework on financial literacy for adults
- OECD/INFE core competencies framework on financial literacy for youth
- OECD/INFE core competencies framework on financial literacy for MSMEs
- Report on Effective Approaches from Implementing the G20/OECD High Level Principles on SME Financing.

OECD financial education meetings

OECD/INFE Technical Committee meetings and global symposia 2019/2020

- 8-11 October 2019, Rio de Janeiro, Brazil
- 4-7 May 2020, Paris, France
- 5-9 October 2020, Vienna, Austria