Guidance Note on the Development and Implementation of National Strategies on Financial Education and of Financial Education Programmes

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About the author

Shaun Mundy is a consultant specialising in financial capability and financial services regulation. His clients include the World Bank, the OECD, AFI (the Alliance for Financial Inclusion), CGAP (Consultative Group to Assist the Poor), GIZ (German Development Cooperation), FinMark Trust, the Central Bank of Azerbaijan, the Microfinance Centre, CfBT Education Trust and Responsible Finance. Since 2008, he has worked in Armenia, Azerbaijan, Ghana, Kazakhstan, Kenya, Moldova, South Africa, Tanzania, Uganda, UK, Ukraine, USA and Zambia.

From 2003 to 2007, he was Head of Financial Capability at the UK's Financial Services Authority (FSA), where his responsibilities included leading the development and implementation of the UK's national strategy on financial capability.

Shaun has an MA in Economics and Politics and a Diploma in Criminology, both from Emmanuel College, Cambridge University.

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Executive Summary

1. *It is becoming increasingly important that people are able to manage their personal and household finances. However, surveys from a number of countries have shown that many people lack the knowledge, understanding, skills and confidence to do so well.*
2. *Many countries are tackling this, often through the development and implementation of a national strategy on financial education, and several international organisations are taking initiatives.*
3. *This guidance note provides advice on the development and implementation of a national strategy on financial education and of individual financial education programmes. It draws on experience from a number of countries, particularly the four countries which are the subject of case studies at Annexes A-D: Brazil, Malaysia, Poland and the UK.*
4. *Financial education is important, but it is not sufficient on its own. Prudential regulation, market conduct regulation, financial inclusion initiatives and financial education are complementary, rather than alternatives, and each has a vital role to play in the development and maintenance of a stable and vibrant financial sector.*
5. *The development of a national strategy on financial education helps to provide focus and momentum, to avoid unplanned gaps and unnecessary duplication and to establish sustainable partnerships. It provides the opportunity for a roadmap to be developed, setting out the steps which will be taken to strengthen financial literacy.*
6. *The development and implementation of a national strategy on financial education requires strong and effective leadership and the active involvement of a range of partners. Typically, the leader is the central bank, another financial services regulator or a government department or agency.*
7. *Strengthening a population's financial literacy is in the interests of many different stakeholders, including consumers, the financial services industry, the government, the central bank, any other financial services regulators, educationalists, employers and employee representatives and voluntary sector organisations. These are all stakeholders – and are therefore all potential partners in developing and delivering financial education programmes.*
8. *This guidance note provides examples of the wide range of financial education programmes which are being undertaken across the world. These include: financial education in schools; financial education for young people; financial education through the workplace; the use of various media; websites; publications; outreach programmes; taking advantage of teachable moments; financial education delivered by trusted intermediaries; and campaigns.*
9. *Financial institutions can play a valuable role in developing and delivering financial education programmes. But it is vital that any programmes or resources are genuine financial education and do not, for example, promote a financial institution or its products and services.*
10. *When determining priorities between different potential financial education programmes, and when deciding how best to deliver programmes and which groups in the population to target, it is important to take account of cost-effectiveness. Factors to take into account when assessing cost-effectiveness include: the relative needs of different groups in the population; the number of people which an initiative is likely to reach; the impact which the initiative is likely to have on the people it reaches; the cost of the initiative; the sustainability of the initiative; and whether the initiative, if successful, is likely to be replicated more widely.*

11. *A successful national strategy on financial education is likely to have the following characteristics: priorities have been set; the strategy builds on successful financial education programmes already being undertaken in the country; lessons have been learned from other types of public education programmes; a variety of channels and methods are used; lifelong learning is encouraged; communications are clear, simple, relevant and engaging; proposed programmes are tested before they are rolled out; and a communication strategy is developed and implemented.*

12. *A nationwide financial literacy survey can provide a useful basis for identifying groups within the population with the greatest need for financial education, together with information about strengths and weaknesses in people's knowledge, understanding, skills and confidence regarding personal financial management.*

13. *Each financial education programme should be monitored and evaluated, using both quantitative and qualitative measures, in order to help determine whether it is cost-effective and should therefore be continued (possibly with changes) or whether it should be stopped; and to establish what lessons there may be for other financial education programmes. While many programmes have been evaluated, there is, as yet, a lack of robust, published evidence about the sorts of approaches to strengthening financial literacy which are most likely to be successful.*

14. *The costs involved in delivering financial education vary enormously, even between countries which are undertaking a broad range of programmes. Potential funders of financial education initiatives include the Government, financial services regulators, financial services institutions, foundations, donors and implementing organisations' own resources. The development of a national strategy on financial education can encourage donors to help fund financial education initiatives.*

Purpose of this guidance note

15. **This guidance note provides advice on the development and implementation both of national strategies on financial education and of individual financial education programmes.** It draws on experience from a number of countries, particularly the four countries which are the subject of case studies at Annexes A-D: Brazil, Malaysia, Poland and the UK. It is hoped that the guidance note will be of interest both to policy-makers and to others who are currently involved in providing financial education or who might be interested in doing so in the future.

What is meant by financial education, financial literacy and financial capability

16. **The terms "financial education", "financial literacy" and "financial capability" each has a different emphasis although, in practice, the terms tend to be used interchangeably**:

- "financial education" refers to the provision of training, information and advice to help people to manage their personal finances;
- "financial literacy" refers to a person's knowledge, understanding, skills and (sometimes) confidence to manage their personal finances; and
- "financial capability" includes an emphasis on the way in which a person manages their personal finances. So, a person could be financially literate (in that they have the knowledge, understanding, skills and confidence to manage their personal finances well); but they would not be regarded as financially capable if, in practice, they manage their finances poorly.

17. **The terms "financial education" and "financial literacy" are used in this Guidance Note (except when citing references by others to "financial capability")**. This is because these terms tend to be more readily understood.

18. **The most commonly cited definition of the term "financial education" is the one developed by the Organisation for Economic Cooperation and Development (OECD)**[1]:

    "Financial education is the process by which financial consumers/investors improve their understanding of financial products and concepts 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.

Where:

- information involves providing consumers with facts, data and specific knowledge to make them aware of financial opportunities, choices and consequences;
- instruction involves ensuring that individuals acquire the skills and ability to understand financial terms and concepts, through the provision of training and guidance; and
- advice involves providing consumers with counsel about generic financial issues and products so that they can make the best use of the financial information and instruction they have received.

  Specifically excluded from this definition are:

  a) marketing initiatives which promote a particular brand or specific products or services;

1 *Improving Financial Literacy: Analysis of Issues and Policies*, OECD, 2006

and

b) financial advice which may lead to the recommendation of a specific product or service.

19. **A shorter definition has been developed for this Guidance Note.** This is:

"Financial education provides people with knowledge, understanding, skills and confidence which leads them to make financial decisions and take actions which are appropriate to their circumstances. It excludes:

- marketing initiatives;
- advice or encouragement to use a particular financial institution; and
- entrepreneurship."[2]

The term "financial decisions" refers not only to decisions related to formal financial products and services but also to informal financial products and services and to relevant non-monetary behaviours (for example, a farmer retaining more seed in order to be able to increase future crop yields).

20. **The reason for the first two exclusions in the above definition is that, in order for financial education to be credible, it needs to be genuinely objective – and it therefore does not to encompass initiatives which are in reality, or which have the appearance of being, marketing initiatives.** While entrepreneurship is sometimes combined with financial education, entrepreneurship and financial education have different objectives. Moreover, while not everyone will become an entrepreneur, everyone needs to be able to manage their personal finances effectively. Financial education is therefore defined so as to exclude entrepreneurship.

21. **The UK's Financial Services Authority (FSA), in the course of the nationwide financial capability survey which it undertook in 2005-06, identified five components of financial capability**:

- making ends meet (i.e. ensuring that spending does not consistently exceed income)
- keeping track of one's finances (i.e. knowing the details of one's personal finances)
- planning ahead (i.e. making financial provision for the future which is appropriate to one's circumstances);
- choosing and using financial products (i.e. making sound and informed choices about financial products); and
- accessing and using information (i.e. having knowledge and understanding of financial matters and keeping informed about financial developments).

22. **What financially literate behaviour means in practice depends, to some extent, on the circumstances of the person in question.** For example, someone who has very little money needs to know how much they have available at any given time, because the consequences could be very severe if they were to run out. However, they are unlikely to need to understand (for example) stock market instruments. A wealthy person may not need to have more than a broad idea of how much money they have immediately available to them; but they are likely to benefit from understanding how to invest wisely and to protect themselves against risks (e.g. through insurance).

23. **It is unrealistic to expect that financial education will be able to turn people into financial experts.** But it can instead give people the tools and the confidence to achieve a

2 Drawing on this, a person who is "financially literate" is someone who not only has the necessary knowledge, understanding, skills and confidence, but who, in practice, makes financial decisions and takes actions which are appropriate to their circumstances.

good outcome for themselves and their families (even if it is not the best possible outcome) and to help them to understand when and where to turn to for professional advice, where this is needed.

Why it is important to strengthen financial literacy

24. **There is wide recognition, among both national and international policy-makers, that in every country – whether it is developed, middle-income or developing – it is important to strengthen financial literacy.** Among the reasons are that:

- managing one's personal finances is an essential life skill. Everyone needs to be able to do this, regardless of whether they are wealthy or poor. However, financial capability surveys undertaken in a range of countries have shown that many people fail to manage their personal finances well;
- in virtually every country, there is an increasing – and quickly evolving – range of financial products and services available to consumers. While this has created more opportunities for consumers, the financial decisions which consumers need to make – often at a young age – are often complex and demanding and the consequences of getting those decisions wrong (or of failing to take decisions) can be severe;
- credit (in the form, for example, of credit cards and personal loans) is much more readily available than in the past. While this provides benefits, it has led to an increase in the number of people who have accumulated unmanageable debts or are at risk of doing so;
- individuals are increasingly expected to take greater responsibility for their long-term personal finances, rather than being able to rely on (for example) the state or their employer;
- average life expectancy is increasing, which means that people need to be able to finance themselves for longer than before during their retirement;
- many people who could afford to save are not doing so, or are saving too little. So, they do not have a financial cushion to help them to deal with expected future events (such as retirement) or with unpredictable financial challenges (resulting from, for example, illness or unemployment);
- people who are not financially literate are less likely to make use of financial products and services – that is they are more likely to be financially excluded. People who are financially excluded can face a number of disadvantages;
- the causes of, together with the fall-out from, the global financial crisis have highlighted the need for people to be financially literate and have weakened people's trust and confidence in financial institutions;
- people who are financially literate are less likely to be caught out by financial frauds or to be victims of mis-selling or other abuse at the hands of financial institutions or advisers;
- people who are financially literate are better placed to achieve their personal goals. A study commissioned by the UK's Financial Services Authority found that "There is a strong association between financial capability and psychological wellbeing"[3];
- in any given country, millions of financial decisions are taken each year. Improving the quality of these decisions will strengthen the economy of the country concerned; and
- financially literate consumers can, collectively, help to ensure that financial institutions offer good value, and suitable, products.

3 *Financial capability and wellbeing: Evidence from the BHPS*, FSA, 2010. Available at www.fsa.gov.uk/pubs/occpapers/op34.pdf

25. **In short, financially literate consumers are empowered consumers, who are able to make informed financial decisions and who understand their rights and responsibilities.**

Who stands to benefit from strengthening a population's financial literacy

26. **Strengthening a population's financial literacy is in the interests of many different stakeholders, including consumers, the financial services industry, the government, the central bank, any other financial services regulators, educationalists, employers and employee representatives, and voluntary sector organisations:**

- **consumers** – they can make their money go further (for example by earning more interest on their savings and by paying less interest on their borrowing); protect themselves against financial risks, for example by taking out insurance; reach retirement with financial provision to enable them to enjoy a reasonable standard of living; and are less vulnerable to mis-selling and to financial frauds or scams;
- **the financial services industry** – it makes good business sense for financial institutions to have consumers, and potential future consumers, who have an understanding of financial issues and who are engaged, rather than being disengaged or suspicious. Consumers who have confidence in their ability to manage their personal finances are more likely to approach financial institutions in order to acquire a product or service – and this can help both to reduce marketing costs and to increase business. Financial institutions have to spend less time explaining the basics to people who are financially literate. Moreover, financially literate consumers are less likely to acquire unsuitable products or services, or products or services which they do not understand, and this reduces the likelihood of dissatisfaction and of complaints;
- **the government, the central bank and any other financial services regulators** – improving the population's financial literacy can help to stimulate savings, to promote financial inclusion, to reduce the amount of over-indebtedness and to take some of the poor out of poverty;
- **educationalists** – personal financial management is an important life skill: as with other life skills, it can be taught by educational establishments;
- **employers and employee representatives** – employees who are in financial difficulties may well be distracted by these worries and therefore be less productive at work and some may be absent from work as a result of stress-related illnesses;
- **voluntary sector organisations** – many of the people which voluntary sector organisations typically support face financial stresses and strains. Improving people's financial literacy can help them to tackle those challenges, as well as to avoid getting into financial difficulties in the first place.

International organisations' support for strengthening financial literacy

27. **Many international bodies have undertaken financial education initiatives or have made statements promoting the case for financial education.** These include the following:

- since 2005, the World Bank has undertaken a number of country-level diagnostic reviews of consumer protection and financial literacy. In November 2010, the World Bank launched a Global Program on Consumer Protection and Financial Literacy, building on the country-level reviews. The objective is to help countries to achieve concrete measurable

improvements.[4] The World Bank's *Good Practices for Financial Consumer Protection* includes recommendations on financial literacy[5];

- the World Bank/Russia Trust Fund on financial literacy and education is developing methods for measuring financial capability in developing country settings and on developing methodological guidance for impact evaluation and on adding to the evidence base;
- the OECD has said:

  "For emerging economies, financially educated consumers can help ensure that the financial sector makes an effective contribution to real economic growth and poverty reduction. But financial literacy is also crucial for more developed economies, to help ensure consumers save enough to provide an adequate income in retirement while avoiding high levels of debt that might result in bankruptcy and foreclosures.

  The information available on consumer financial literacy is worrying for two reasons – not only do individuals generally lack an adequate financial background or understanding to navigate today's complex market, but unfortunately they also generally believe that they are far more financially literate than is really the case"[6];
- in 2008, the OECD created the International Network for Financial Education (INFE) and, as part of the OECD Project on Financial Education, created the International Gateway on Financial Education (IGFE)[7];
- the European Commission has said:

  "Numerous international surveys have demonstrated consumers' generally low level of understanding of financial matters and of basic economics. At the same time, the education of citizens in financial matters is becoming increasingly important as innovation and globalisation are increasing the range and complexity of financial services on offer. The current difficulties in the US sub-prime mortgage market, where many consumers have taken on mortgages beyond their means owing, in part, to a lack of understanding of product features, serve as a reminder of the magnitude of the problem"[8];

  a statement by G8 Finance Ministers in 2006 included the following:

  "We acknowledge the importance of better financial education and literacy for improving the ability of people to use financial services and to make effective decisions with respect to their present and future welfare. We welcome the ongoing work in the OECD on the Financial Education Project and call for further development of financial literacy guidelines based on best practices"[9];
- the United Nations Secretary-General, in a message to the first Child and Youth Finance International (CYFI) international summit held in 2012, said:

  "I strongly support helping young people gain greater financial literacy as well as better access to services that will lead the way to employment, entrepreneurship and investing opportunities.

  At the same time, we must protect young people from exploitation by those who might prey

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4 See go.worldbank.org/X11B8AFTK0

5 Available at siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/Good-Practices-for-Financial-Consumer-Protection-Draft.pdf

6 *The Importance of Financial Education*, OECD Policy Brief, 2006. Available at www.oecd.org/dataoecd/8/32/37087833.pdf

7 See www.financial-education.org

8 *Communication on Financial Education*, European Commission, 2007. Available at eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52007DC0808:EN:HTML

9 *Pre-Summit Statement by G8 Finance Ministers*, 2006. Available at en.g8russia.ru/page_work/11_1.html

on their lack of knowledge and savvy"[10];

- the Alliance for Financial Inclusion (AFI) established a Consumer Empowerment and Market Conduct Working Group in 2011, the scope of which encompasses financial education; and
- the UK's Department for International Development (DFID), the German Development Cooperation (GIZ), the Commonwealth Secretariat, the Microfinance Centre (MFC) and Microfinance Opportunities have each taken initiatives in a number of countries to strengthen the financial literacy of the population as a whole or of sections of the population.

Financial education is necessary, but not sufficient on its own

28. **Prudential regulation, market conduct regulation[11], financial inclusion initiatives and financial education all have a vital role to play in the development and maintenance of a stable and vibrant financial sector.** None is sufficient on its own: they are complementary, rather than alternatives.

29. **A financially literate person would be unwilling to risk putting their money with a financial institution if they were concerned about losing their money (for example, as a result of the collapse of the financial institution, with no compensation being payable) or if they were concerned that the financial institution would not treat them fairly.** Even a financial expert is unlikely to understand marketing literature which is long and complex – or is designed to hide important information. So, financial education needs to be complemented by robust prudential regulation and market conduct regulation. Moreover, people are not able to put into practice the financial education they have received if they do not have access to financial services. So, in circumstances where access is limited, financial education needs to be complemented by financial inclusion initiatives.

30. **Similarly, market conduct regulation and financial inclusion initiatives may have only limited effect if consumers are not financially literate.** For example, regulations designed to ensure that financial institutions' disclose, clearly and fairly, the key features of their products and services may have little impact on consumers' behaviour if consumers do not understand why it is important to read disclosure documents or are not able to understand, and to put into context, information contained in these documents. Similarly, a financial inclusion initiative is unlikely to be successful if the people who are intended to benefit from the initiative do not understand the potential benefits to them or do not understand how to make sensible use of the products or services in question. For example, even if people are persuaded, as a result of a campaign – or financial incentives – to open a bank account, unless they have the knowledge, skills and confidence to operate an account, they are unlikely to make much (if any) use of it.

Benefits of developing a national strategy on financial education

31. **In almost every country, some initiatives are taking place to deliver financial education; but in the absence of a national strategy on financial education, such initiatives tend to be patchy and uncoordinated and to lack strategic focus.** The development of a national strategy on financial education helps to provide focus and momentum and to avoid unplanned gaps and unnecessary duplication. It helps to galvanise those bodies which are already delivering financial education, to encourage others to get involved and to foster strategic and sustainable partnerships. It enables a roadmap to be developed, tailored to the circumstances of the country in question, setting out the steps

10 Available at childfinanceinternational.org/images/CYFI_Summit_Summary_Report.pdf
11 Sometimes referred to as financial consumer protection or as conduct of business regulation.

which will be taken to strengthen financial literacy. The development of a national strategy on financial education can encourage donors and others to provide funds and other resources for financial education initiatives; and can help to secure a broader and deeper impact from resources which are made available for financial education. Using consistent terminology prompts recognition, and reduces the risk of confusion, among both partners and target audiences.

32. **A national strategy on financial education should ideally build on the most successful and most promising of the initiatives which are already in place to deliver financial education.** This helps to ensure that account is taken of the experience, skills and partnerships which have already been developed.

33. **It is important to be proportionate in the time and resources which are allocated to the preparation of a national strategy and, in particular, to avoid devoting so much effort to its development that there is little or no resource left over for the delivery of financial education to target audiences.** A national strategy should be kept under review and updated, as appropriate, to take account of developments.

34. **In some countries, the development and implementation of a national strategy on financial education is part of a broader initiative.** For example, it can be part of the country's economic development programme; or part of a programme intended to strengthen financial consumer protection or to promote financial inclusion. In a number of countries, the financial crisis has been one of the drivers behind the development of a national strategy on financial education.

Countries which have developed, or which are developing, national strategies, or national programmes, on financial education

35. **An increasing number of countries have developed, or are developing, a national strategy or programme[12] on financial education.** In some cases, the national strategy is set out in a document which is publicly accessible – in which case, stakeholders are generally invited to endorse it or otherwise to associate themselves with it. It is likely to take several years for a national strategy on financial education to have a significant impact across the population: consistently with this, national strategies tend to have a duration of five years or longer.

36. **A recent OECD report[13] listed 15 countries which have designed and implemented a national strategy (or broad equivalent), as follows**:

    Australia, Brazil, Czech Republic, Ghana, India, Ireland, Japan, Malaysia, Netherlands, New Zealand, Portugal, Slovenia, Spain, UK and US.

    The OECD report listed 21 further countries which have started considering or designing a national strategy, but have not yet implemented it:

    Canada, Colombia, Estonia, Indonesia, Kenya, Latvia, Lebanon, Malawi, Mexico, Peru, Poland, Romania, Serbia, South Africa, Sweden, Tanzania, Turkey, Uganda, Russian Federation, Thailand and Zambia.

37. In Brazil, for example, the national strategy on financial education includes: targets, priority goals, priority areas, educational tools, funding, roles of the participants, governance, an explanation of how the National Strategy is integrated into federal planning, and monitoring

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12 In some cases, there is no self-contained document setting out a strategy: so, even though the country concerned might say that it has a national strategy, it might be considered instead to be a national programme.

13 *Current Status of National Strategies for Financial Education: A Comparative Analysis and Relevant Practices*, A. Grifoni and F. Messy, OECD Working Papers on Finance, Insurance and Private Pensions, No. 16, OECD Publishing. Available as a download from dx.doi.org/10.1787/5k9bcwct7xmn-en

and evaluation. The goals of the Brazil national strategy are to develop personal finance skills, to help citizens to make informed choices, and to improve their financial well-being.

Case studies

38. **Annexes A-D to this report contain case studies on (respectively) Brazil, Malaysia, Poland and the UK.** These countries have been chosen because they illustrate a number of different approaches to strengthening a population's financial literacy and because a broad range of different financial education programmes have been initiated in each of these countries. While this Guidance Note draws on experience in these four countries, it also takes account of experience in other countries.

Leadership and coordination

39. **The development and implementation of a national strategy on financial education is most likely to be effective if there is strong leadership – and well-resourced executive support – to drive forward work.** The lead organisation needs to have credibility and influence with key stakeholders and to be willing to devote sufficient resources to the role of leadership and coordination. Effective leadership and executive support are particularly important in the field of financial education because there is likely to be a wide range of, often unconnected, organisations which can potentially be involved in developing and delivering programmes. Priorities need to be set, and the activities of organisations involved in the development or implementation of financial education programmes need to be coordinated, in order for the best use to be made of resources.

40. **Leadership is concerned with spearheading the development and implementation of a national strategy, championing, building partnerships and coordinating.** It does not require the leader to seek to do everything itself: on the contrary, any attempt to do so is likely to be counterproductive. Among the roles which the leader can usefully play are:

- providing focus, momentum and effective coordination;
- ensuring that priorities are set and that unnecessary duplication and unplanned gaps are avoided;
- consulting and communicating with stakeholders; and
- persuading potential partners to participate.

41. **In almost all countries which have developed and implemented a national strategy on financial education, there is an organisation which is leading this work.** Examples include the central bank (e.g. Bank Negara Malaysia, the Monetary Authority of Singapore, Bangko Sentral ng Pilipinas in the Philippines and the Bank of Uganda), another financial services regulator (e.g. the UK Financial Services Authority[14], the Securities and Exchange Commission (CVM) in Brazil, the South Africa Financial Services Board and the Australian Securities and Investments Commission), a government department or agency (e.g. the US Department of the Treasury, the Commission for Financial Literacy and Retirement Income (formerly the Retirement Commission)[15] in New Zealand and the National Consumer Agency in Ireland). The World Bank's *Good Practices for Financial Consumer Protection*[16] recommends that the Government should appoint a ministry (e.g. the Ministry of Finance),

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14 Responsibility passed in 2011 to a newly created body – the Money Advice Service (which was originally known as the Consumer Financial Education Body).

15 Although the Retirement Commission's initial responsibilities were focussed on planning for retirement, it came to recognise that, in order for people to be able to do this, they need to be financially well-educated and able to make informed financial decisions throughout their lives.

16 Ibid, paragraph 33 on page 8.

the central bank or a financial regulator to lead and coordinate the development and implementation of a national financial capability programme.

42. **Strong government backing is likely to be necessary in order for a national strategy on financial education to be successful.** This applies whether or not the development and implementation of a national strategy on financial education is led by a government body or agency.

43. **In some countries, the organisation which is leading work on developing and implementing a national strategy on financial education is supported by an oversight or advisory body.** Examples include the UK's Financial Capability Steering Group[17], Brazil's Financial Education Working Group[18], the US President's Advisory Council on Financial Capability[19], Canada's Task Force on Financial Literacy[20], Singapore's Financial Education Steering Committee[21], the National Strategy Advisory Group in New Zealand[22] and the Financial Education Partnership Taskforce in Kenya[23]. In Singapore, there is also an Industry Working Group; and the UK's Money Advice Service has established Industry and Consumer Forums.

44. **In addition to leadership, it can be helpful for there to be one or more senior level champions (for example, the Governor or a Deputy Governor of the central bank; or the Permanent Secretary of a relevant Government Department).** A champion needs to have an interest in financial education and to be willing to devote some time to the issue – for example, through delivering key-note speeches at conferences, providing forewords to strategy documents, securing the involvement of senior representatives of other organisations and being interviewed by the media.

Stakeholder involvement

45. **A broad range of partners from the public, private and non-profit sectors should collaborate to strengthen a population's financial literacy.** No single organisation, if it acts on its own, is likely to be able to bring about a significant improvement in a population's financial literacy. As Canada's Task Force on Financial Literacy put it "The mission of strengthening the financial literacy of Canadians is a shared responsibility among

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17 The Steering Group's role was to advise the FSA on the development and implementation of the UK's National Strategy on Financial Capability. Its membership changed from time to time: typically there were 10-12 members, comprising the FSA Chief Executive (as Chair) and senior (generally, Government Minister, Chairman or Chief Executive) representatives of the Government, financial services institutions and representative bodies, employers, voluntary sector organisations, consumer representatives and the media.

18 The Working Group's role was to was to develop a National Strategy for Financial Education. Its membership included representatives from financial services regulators; the Government; national, state and municipal education bodies; the financial services industry (including banks and the Stock Exchange); and civil society.

19 The Council's role is to suggest ways to coordinate and maximize the effectiveness of existing private and public sector efforts and identify new approaches to increase financial capability through financial education and financial access. As at April 2012, the Council had 15 members, including one or more senior representatives (generally, the President, Chairman or CEO) of financial services institutions and representative bodies, educational bodies, NGOs and foundations, and financial services regulators; a journalist; and an academic.

20 The Government of Canada established a Task Force on Financial Literacy, comprising 13 members drawn from the business and education sectors, community organisations and academia. The Task Force was mandated to make recommendations to the Minister of Finance on a national strategy to improve financial literacy. One of the Task Force's recommendations was that the Government should establish an advisory council on financial literacy,

21 The Steering Committee comprises representatives of the Government, financial services regulators and consumer bodies.

22 The National Strategy Advisory Group issues six-monthly update reports, which are publicly available – see www.financialliteracy.org.nz/national-strategy – to the Minister of Finance and the Minister of Commerce.

23 The Taskforce meets monthly to monitor project progress and to develop strategies to take the project forward. It comprises senior representatives from the Government, the financial services sector (including informal financial services), educationalists and the media.

many stakeholders. This mission will not be realized without the combined efforts of individuals, families, governments, educators, financial services providers, employers, labour organizations, businesses and voluntary organizations."[24]

46. **Stakeholders which stand to benefit from improvements in the financial literacy of a population (or sections of a population) include: consumers, the financial services industry, the government, the central bank, any other financial services regulators, educationalists, employers, employee representatives and voluntary sector organisations.** These types of stakeholders (or their representatives) are all potential partners for the development and delivery of financial education initiatives. Other potential partners include the media.

47. **Stakeholders are likely to be more willing to become – and remain – engaged if they are consulted, and communicated with, during the development and implementation both of a national strategy on financial education and of individual programmes.** Between them, stakeholders have a broad range of skills and experience which can be drawn on during this process. They are also likely to have views on priorities. There is likely to be greater buy-in from stakeholders who have developed a sense of ownership, as a result of having had the opportunity to help to shape priorities, policies and programmes, rather than merely being presented with an already agreed blueprint. Involving stakeholders also helps to confer legitimacy on a national strategy and on individual programmes. It is important to ensure that stakeholders are kept informed of developments – for example, through further workshops or newsletters – so that they remain engaged and committed. Genuine consultation takes time: it is likely to be counter-productive to rush this or to do it superficially.

48. **In many countries, the development of a national strategy on financial education was preceded by one or more stakeholder workshops.** The aim has generally been a combination of the following: to help to secure support for the initiative; to explain the process to be followed; to provide comparative information about initiatives which have been undertaken in other countries; to seek information about financial education programmes already being undertaken, or planned, in the country; to seek attendees' commitment to participate in the future; and to discuss the roles which particular stakeholders can play.

49. **A number of countries have established working groups, comprising technical experts drawn from a number of relevant sectors, to help develop, and oversee the delivery of, financial education programmes.** The UK's FSA established five working groups to help with the development and delivery of some of its priority programmes. For example, the FSA Reaching People Through the Workplace Working Group included representatives from the financial services industry, the Government, employer and business organisations and trades unions. In Brazil, financial services industry associations have established a National Association for Financial Education, which has taken on the nationwide coordination and implementation of school programmes.

Financial education programmes

50. **A wide range of financial education programmes is being undertaken across the world.** This section of the Guidance Note comments on some of the main types of programme. There is overlap between some of the categories which follow; and some of the examples referred to could have been cited in more than one category.

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24 *Canadians and Their Money: Building a brighter financial future*, page 5, 2010, Report of the Task Force on Financial Literacy. Available at www.financialliteracyincanada.com/canadians-and-their-money.html

Financial education in schools

51. **Many countries are providing, or are planning to provide, financial education to schoolchildren.** Among the reasons for this are:

- providing financial education to schoolchildren helps to equip the next generation to manage their finances well;
- people tend to learn best when they are young;
- people's attitudes to personal finances are often formed at an early age. The provision of financial education to schoolchildren helps to instil responsible attitudes, as well as to provide knowledge and skills; and
- schoolchildren are a captive audience and it is possible to reach all (or virtually all) sections of society.

52. **It is essential to work closely with relevant education authorities.** In Brazil, for example, a Pedagogical Support Group (GAP) was set up. GAP is coordinated by the Securities and Exchange Commission (CVM – which is the organisation which leads financial education work in Brazil) and involves also the financial sector, the Ministry of Education and Municipal and State Departments of Education.

53. **It is likely to be more practicable to incorporate financial education into one or more existing subjects, rather than to try to persuade the education authorities to add a new subject (financial education) into the curriculum.** This because, in almost every country, existing curricula are crowded. Subjects into which financial education can be incorporated include citizenship, social studies, mathematics, economics, business and enterprise studies, home economics and work-related learning.

54. **Financial education is more likely to be successful if it is seen by students as relevant to their lives, either currently or in the near future, and if it is interactive.** For example, students could be asked to research and present to the class an issue which is relevant to their fellow students.[25].

55. **Teachers need to be trained so that they have the knowledge, skills and confidence to provide effective financial education.** In many countries, teachers (in common with many others in the population) are not able to manage their own personal finances well: it can be helpful to provide them with training on how to manage their own personal finances, as well as on how to provide financial education to students.

56. **Ideally, financial education should begin from a young age and it should be incorporated into a number of different subjects.** However, where (as is often the case) resources to train teachers, and to develop and provide teaching and learning resources, are limited, it may be best to focus, at least initially, on incorporating financial education into one or two subjects (if possible, these should be compulsory subjects, so that all students will receive financial education) and one or two years (preferably, close to the time when students tend to leave school).

57. **There are a number of websites containing links to teaching resources.** These include the Australian Securities and Investments Commission (ASIC) MoneySmart Teaching website[26] (which lists a range of educational materials, each of which has been been vetted

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25 For a fuller discussion on this and other issues relevant to the provision of financial education in schools, see *Financial Education Programmes in Schools: Analysis of Selected Current Programmes and Literature – Draft Recommendations for Best Practices*, Shaun Mundy, OECD, 2008, available at www.financial-education.org/dataoecd/38/43/44509425.pdf

26 teaching.moneysmart.gov.au/

by a quality assurance process); the US Jump$tart Coalition Clearinghouse[27] and the UK Personal Finance Education Group (pfeg) website[28]. Some resources are available free of charge and others are available for purchase. The Citigroup Financial Education Curriculum[29] contains interactive lessons, facilitator tips and printable lesson plans (which are available in several languages) for use from kindergarten level upwards.

58. **pfeg awards a quality mark to resources for schools – many of which have been produced by financial services institutions – which meet its criteria.** The criteria are that the resources:

- are accurate and up to date;
- match curriculum requirements;
- are easily available and adaptable;
- cover an appropriate range of financial topics;
- do not promote branded products and services; and
- have been developed in partnership with teachers and tested in schools.

Teachers, who are unlikely to have the time or expertise to assess for themselves whether or not a financial education resource is a good one, can have confidence in resources which have been awarded the pfeg quality mark.

59. **Financial education can also be provided to children through extra-curricula activities, such as savings clubs, after-school financial education clubs, debates, schools challenges, drama, children's television programmes and games.** In Malaysia, financial institutions adopt schools that participate in the School Adoption Programme (SAP) and undertake activities including games and quizzes concerning banking, insurance and basic financial knowledge. They also provide opportunities for schoolchildren to experience having a bank account. Also in Malaysia, many schools have established Student Financial Clubs, which run money- and finance-related activities, through workshops, quizzes, contests, visits to financial institutions, knowledge-sharing sessions and games. Bank Negara Malaysia, in collaboration with the MOE, developed an interactive financial education website, duitsaku[30] (pocket money) to help children understand financial planning and its importance for their future welfare. The website enables students to take part in contests, games, quizzes, financial calculations and other activities related to personal financial management[31]. In Singapore, the Association of Banks and MoneySENSE developed skits for primary school pupils, performed by a theatre group, together with a quiz. Teachers are encouraged to run through a cartoon guide with their pupils after the performance in order to reinforce the key learning points. The Polish Financial Supervision Authority has a miniportal, *Money trip*[32], aimed at primary school students and their teachers, which features an animated character who visits various types of financial institutions and has a short conversation with a person working in that institution. Also in Poland, the Leopold Kronenberg Foundation, in cooperation with the Think! Institute Foundation, runs two contests for students at school: in one, *FinEd Fotostories*, participants prepare a slide show, poster or film about a financial topic; and in the other, *FinEd E-*

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27 See www.jumpstart.org/jump$tart-clearinghouse.html The Jump$tart Coalition for Personal Financial Literacy was established in 1995 with the aim of promoting personal finance education in schools and improving the financial knowledge and abilities of children and young adults, as well as coordinating the financial literacy activities of a range of organisations and agencies.

28 www.pfeg.org/teaching_resources/index.html pfeg

29 Available at www.citigroup.com/citi/citizen/community/curriculum/faq.htm

30 www.duitsaku.com.my/

31 For further information about financial education for schoolchildren in Malaysia, see Annex B.

32 www.wedrowkizlotowki.pl

learning, participants design an e-learning presentation on an aspect of financial literacy.

Financial education for young adults

60. **Even if young adults have received financial education while at school, they may well benefit from further financial education at a time when they are likely to be taking increasing responsibility for managing their own personal finances.** Financial education can potentially be provided as part of courses (e.g.as part of foundation courses), via extra-curricular activities such as clubs and societies and through welfare and counselling initiatives. A number of programmes have been developed for universities and colleges, including:

- in Malaysia, financial planning workshops are offered to university undergraduates; and the "Fundamentals of Financial Planning" is offered as an elective subject by many institutes of higher learning. The Credit Counselling and Debt Management Agency (AKPK) has developed a training programme for trainers who will impart its personal finance management module to students. The module is based on real life cases and is written in a simple, 'street-wise' and practical manner. AKPK has also participated in career fairs, briefings and talks at universities nationwide[33];
- in the US, the National Endowment for Financial Education (NEFE) has developed a website, CashCourse[34], for colleges and universities to brand and to make available to their students. The website was created with substantial input from students and universities.
- in the UK, the FSA developed a Money Doctors toolkit for use by universities and colleges, from freshers' week through to graduation. A key element of the programme was the training of, and mentor support for, selected students who acted as money advisers for other students, as well as for educational welfare staff[35];
- in Singapore, all publicly-funded institutions of higher learning, including universities and polytechnics, have general/cross-disciplinary financial literacy modules, or modules that incorporate financial literacy content. These are open to all students. In addition, students are able to access games (including online games) that incorporate financial education messages and educational talks by financial industry practitioners.

61. **Other possible channels for the provision of financial education for the youth and young people include youth development associations; and television programmes, radio programmes, magazines, mobile phone messages, social media and websites which are popular with the youth.** For example:

- in Malaysia, AKPK undertakes an initiative known as 'POWER!', which is targeted at young adults and first-time borrowers and which aims to equip them with practical money and debt management skills, which will help them to become financially responsible adults. AKPK also provides briefings, docu-dramas, e-newsletters, a handbook, classroom exercises and a website[36] and has created a social media website[37];
- in the UK,, the FSA has funded the development of training programmes for young adults who are not in education, employment or training; and
- the Young Scot website, which provides information for those aged 11-26 years old,

33 For further information about financial education for young adults in Malaysia, see Annex B.
34 See www.cashcourse.org/home/
35 For further information about this programme, see Annex D.
36 www.akpk.org.my/services/financial-education/power
37 www.speaksen.com.my

includes a section on managing money[38].

Financial education through the workplace

62. **In larger workplaces, there is the potential to deliver financial education to large numbers of people.** Marketing campaigns by financial institutions – and financial frauds – are often targeted mainly at salaried employees. From the employer's perspective, employees who have money worries are liable to be less productive – and they may even be absent from work as a result of stress-related illnesses. If the employer facilitates the delivery of financial education to employees, this can reduce the risk of employees suffering from money worries; and it will provide a workplace benefit which many employees will value. So this can make good business sense for the employer.

63. **Workplace financial education programmes include the following**:

- in Malaysia, the Credit Counselling and Debt Management Agency (AKPK) provides briefings, talks, workshops, seminars and financial clinics; corporate training sessions; lunch-and-learn series on money management; and financial tips for incorporation in internal newsletters;
- in the UK, trained presenters visit workplaces to deliver seminars to employees. The presenters are mainly volunteers from financial services institutions, who are not permitted to discuss their institution's products or services. Attendance tends to be higher when the presentations are delivered in the employer's time (i.e. during the normal working day), rather than the employees' time (e.g. at lunchtimes). The FSA developed a set of slides for use by presenters and trained the presenters to speak to the slides. National organisations, such as the Confederation of British Industry[39], the Chartered Institute of Personnel and Development and the Trades Union Congress[40], helped to encourage employers to participate in the programme; and
- in South Africa, mining companies have arranged for the provision of financial education to their workers (who typically have had little formal education, are new to receiving a salary – which is relatively high, compared with other occupations – and do not have a bank account. Employers believe that financial education will reduce the risk that money worries will contribute to poor performance at work and will help them to retain and motivate their staff.

Use of various media

64. **Financial education can be delivered through both traditional and new media, including television, radio, newspapers, magazines, websites and social media – and is more likely to be effective if it is engaging and entertaining.** Each of these media has the potential to reach large numbers of people. Whichever media are used, people are more likely to access and remember messages if they are delivered through popular channels and in an engaging and entertaining manner. Few people – other than those who already have an interest in personal finance – will be willing to watch, or to listen to, “talking heads” or to read articles contained in specialist finance sections of newspapers or magazines.

65. **Financial education programmes delivered in a fun, engaging and entertaining manner include the following**:

- in Poland, extensive use has been made of edutainment[41]. In particular, financial education has been delivered through a number of popular and entertaining television programmes,

38 www.youngscot.org/info/money
39 A national employer-based business lobbying organisation.
40 A national trades union representative body.
41 The term “edutainment” refers to the use of entertainment to provide education.

including quizzes, interviews with popular celebrities and short films[42];

- in Kenya, a popular television soap opera, *Makutano Junction*, includes financial education messages in some of its stories. These messages have included encouraging people to open a bank account, rather than to keep money under a mattress; saving money; how to apply for a loans; drawing up and tracking a budget; and avoiding pyramid schemes. Viewers are able to send text messages to obtain a leaflet related to these topics. As with other soap operas, people watch Makutano Junction because they identify with the characters and enjoy the stories; but in the course of watching the programmes, they benefit from the financial education messages; and
- Singapore's MoneySense portal[43] includes links to a sound and video gallery;
- the Polish Financial Supervision Authority has developed a personal budget application (Mobile Financial Assistant – maFin) which is designed to help monitor and analyse personal spending and to facilitate budget planning and which is available free of charge to the users of mobile phones.

Websites

66. **Many financial education websites have been developed.** In some countries, there is a single main website, while in other countries there are several financial education websites – some developed by financial services regulators and some by others (such as financial services institutions). Possible drawbacks of having a large number of financial education websites in a country is that information may be scattered, obliging users to search a number of websites; and users may not know which websites are genuinely impartial (rather than, for example, steering users to a financial institution's products and services) and can be trusted. There can be advantage, therefore, in focussing on the development of a single website.

67. **Typically, financial education websites include a range of guides, budget planners, calculators, tools, planners, tips, warnings[44] and games.** Sections can be provided for particular components of the population, such as children, university and college students, young people, parents, teachers, employers, voluntary organisations, the retired and researchers. Examples of websites include the New Zealand Sorted website[45], the Australia MoneySmart website[46], the Brazil Life and Money website[47], four Bank Negara Malaysia websites[48], the Malaysia Credit Counselling and Debt Management Agency portal[49], the National Bank of Poland portal[50] and the UK Money Advice Service website[51].

68. **Financial education websites are more likely to be accessed if they are visually attractive, interactive and well-publicised.** Links from various popular websites can be effective in driving traffic to a financial education website.

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42 For further information on these programmes, see Annex C.
43 www.moneysense.gov.sg/news_events/Consumer_Portal_Latest_News.html
44 For example, about scams and other financial frauds.
45 www.sorted.org.nz/
46 www.moneysmart.gov.au/
47 www.vidaedinheiro.gov.br
48 www.bankinginfo.com.my www.insuranceinfo.com.my www.duitsaku.com.my/ and http://www.islamicfinanceinfo.com.my/
49 www.akpk.org.my/
50 www.nbportal.pl/pl/np
51 www.moneyadviceservice.org.uk/

Publications

69. **Publications can be a useful means of conveying financial education, since each copy can be read by several people and can be retained for future reference.** A range of types of publications can be used, including leaflets, booklets, newspaper and magazine articles (preferably in sections of the newspaper or magazine which readers generally are likely to look at, rather than in specialist finance sections), fliers and posters. Comic books have been found to be effective in some countries (e.g. India[52] and South Africa), including in countries where literacy levels are low: experience indicates that they can become a focus for discussion within the family.

Outreach programmes

70. **Financial education can be delivered through workshops, roadshows, exhibitions, drama, games and via mobile phones.** For example:

- the Microfinance Centre has delivered *Plan Your Future* workshops in 12 countries[53];
- drama has been used to deliver financial education messages in a number of African countries (including Uganda, where drama tends to be the most appreciated form of communication);
- the National Bank of Poland has developed a board game, Pret-a-porter, to teach families about investment, planning and savings; and
- the Poland Financial Supervision Authority introduced a personal budget application (Mobile Financial Assistant – maFin) which is designed to help monitor and analyse personal spending and to facilitate budget planning and which is available free of charge to the users of mobile phones.

Taking advantage of teachable moments

71. **Financial education can be particularly effective when advantage is taken of "teachable moments", that is times in people's lives when they are more likely to be receptive to financial education.** These include: going to university or college; getting married; divorcing; losing your partner; getting a new job (particularly if it is the person's first job); losing a job; starting a business; buying a home or a car; receiving a windfall; joining a pension plan; preparing for retirement; living in retirement; dealing with illness or disability; and caring for a relative.

72. **Examples of financial education programmes which aim to take advantage of "teachable moments" are**:

- in the UK, the birth of a child was identified (following consultations and focus group discussions) as a time when people are more likely to be receptive to, and have a particular need for, well-targeted financial education. A Parent's Guide to Money was developed, for distribution to expectant parents. Midwives – who tend to get asked for advice on a broad range of issues, including on the financial implications of the birth of a child; and whose efforts to get across messages about child care are likely to be less successful if the expectant mother is distracted by money worries – agreed to distribute, free of charge, the Parent's Guide to Money to expectant mothers. Everyone involved benefited from this initiative: expectant mothers received useful and impartial material at a time when it was particularly relevant to them; the FSA had its guide distributed by people (i.e. midwives) whom expectant mothers trusted; and midwives were able to address one of the needs of

52 For example, the Reserve Bank of India produced a comic book *Raju and the Money Tree* to explain basic banking.
53 For further information, see Annex C.

their clients;

- the Australia MoneySmart website has guides[54] covering: buying a mobile; starting work; buying a car; buying a home; having a baby; getting a windfall; losing your job and choosing an accountant; and
- in Malaysia, AKPK publishes, in mainstream newspapers and magazines, financial education articles relating to the challenges faced in making critical financial decisions at specific life events, e.g. getting married and having a baby.

Financial education delivered by trusted intermediaries

73. **Financial education can be delivered by organisations and individuals that people trust and that they deal with in the normal course of their lives.** Managing one's personal finances is an important aspect of everyday living. So, many organisations have an interest in helping people to become financially literate. Many of these organisations need to be supported – with resources, training or funding – in order to be able to provide effective financial education.

74. **Examples of financial education programmes delivered by trusted intermediaries are**:

- in the UK, the FSA partnered with a range of organisations – including housing associations; organisations supporting one-parent families; organisations supporting prisoners and ex-offenders; organisations supporting cancer patients and their families; organisations supporting people on low incomes; and organisations supporting people with autism – which were supported (for example, through the funding of programmes designed to develop and test resources and training-of-trainer programmes) in the delivery of financial education to their clients; and
- in Malaysia, the Credit Counselling and Debt Management Agency (AKPK) is partnering with a broad range of community-based organisations and associations[55]. Some of these initiatives make use of community leaders to help to disseminate financial education information and messages. For example, AKPK is working with Jabatan Kemajuan Islam Malaysia (JAKIM) to incorporate a personal financial education module into pre-marriage courses and to include personal financial education topics, and their relationship to Islamic teachings, in sermons before Friday prayers.

Campaigns

75. **Campaigns can be undertaken to deliver financial education messages and to direct people to resources and programmes, but they are liable to be expensive.** For example, Canada's Task Force on Financial Literacy recommended[56] that a dedicated national campaign should be mounted to increase awareness and inform the public about financial literacy issues. “The campaign should catch the attention of Canadians of all ages, social groups, economic situations and locations. To reach a diverse population, the campaign should use an extensive range of communications media and technologies, including the Internet, social media (e.g., Facebook, Twitter, YouTube), television, radio and print (e.g., brochures, ads and outdoor banners).” The Task Force envisaged that the campaign would publicise the proposed new single source website on financial literacy; key messages and “calls to action” concerning better money management; and financial literacy programmes and resources in the government, private and community sectors. “To produce lasting

54 The guides can be downloaded from www.moneysmart.gov.au/tools-and-resources/life-events
55 For further information about these programmes, see Annex B.
56 *Canadians and Their Money: Building a brighter financial future*, page 63, 2010, Report of the Task Force on Financial Literacy. Available at www.financialliteracyincanada.com/canadians-and-their-money.html

results, the public awareness campaign would need to be a multiyear effort and should be tracked, monitored and evaluated on an ongoing basis. It should evolve to reflect social trends and the specific needs of different groups." In the UK, the Money Advice Service has run a number of campaigns, including "Helping you feel good about money" a multi-media campaign[57] to publicise the services it offers and its website.

Other types of financial education programmes

76. **Other types of financial education programmes include: financial education programmes targeted at women[58], at specific ethnic groups, at the elderly or at those with low levels of literacy or numeracy; financial education weeks; and personalised financial advice.** A number of financial education programmes are complemented by "training-of-trainer" programmes. These are designed to ensure that trainers who provide financial education to others have the knowledge and skills to be able to do so effectively.

Role of financial services institutions

77. **Financial services institutions, and their representative bodies or trade associations, can play an important role in funding, developing and implementing financial education programmes.** Many financial institutions provide elements of financial education via their websites or publications (such as leaflets and brochures). A number have produced resources (or advised on the contents of resources), or funded programmes, for schools, young people or adults or have funded other financial education initiatives[59]. Some encourage members of staff to support financial education programmes, for example by giving talks in schools or by delivering presentations in workplaces.

78. **A number of financial services institutions see financial education as a natural focus for their corporate social responsibility activities.** Some see it as a means of acquiring and retaining customers. In countries where there is widespread distrust of financial institutions such as banks, a judgement may need to be made as to whether it would be counter-productive for them to be associated with financial education programmes.

79. **In order for a programme to be regarded as genuine financial education, rather than as a marketing activity, it is essential that the programme is objective and does not, for example, promote a financial institution or its products and services.** Consumers will quickly lose trust in so-called financial education if it lacks objectivity. Moreover, teachers and other trainers are unlikely to be willing to use resources which appear to promote a financial institution or its products and services.

Cost-effectiveness

80. **In determining priorities between the different types of financial education programmes which could be delivered, and in deciding how best to deliver programmes and which groups in the population to target, it is important to take account of cost-effectiveness.** This helps to ensure that the greatest possible impact is secured for the resources which are invested in financial education. Factors to take into account in assessing cost-effectiveness include:

- **need** – some groups in the population will have a greater need for financial education

57 See www.moneyadviceservice.org.uk/news/campaigns/article.aspx?a=20110609_tvad

58 In some communities, women tend to manage the family budget; and, in some cultures, women tend to learn better when men are not present. For exampole, in Poland, research by the Academy of Family Finance found that women were the main controllers of household finances, so it arranged money management workshops for women.

59 For example, ANZ Bank has sponsored the New Zealand Financial Knowledge Survey.

compared with other groups;

- **reach** – the number of people which an initiative is likely to reach;
- **impact** – the effect which the initiative is likely to have on the people it reaches;
- **cost** – the cost of the initiative;
- **sustainability** – whether the initiative is likely to be sustained after any initial funding (e.g. to run focus group, develop materials, train the trainers and undertake pilot projects) has been used up; and
- **replicability** – whether the initiative, if successful, is likely to be replicated more widely.

81. **Each of of the above factors requires judgements to be made: it is not possible to devise a formula to enable the relative cost-effectiveness of different possible options to be assessed.** One implication is that it may be less cost-effective to undertake a programme aimed at a group of people with the greatest needs if the likely reach is low and the likely impact is negligible as compared with undertaking a programme aimed at those with a lower need, where the reach and likely impact are high – especially if the latter programme is expected to be sustainable and to be replicated by others.

Developing successful financial education strategies and programmes

82. **Experience suggests that there are a number of common features of successful financial education strategies and programmes.** These include: prioritisation; building on successful financial education programmes already being undertaken; learning lessons from other types of public education programmes; using a variety of channels and methods; life-long learning; clear, simple, relevant and engaging communications; testing proposed programmes before they are rolled out; and developing and implementing a communication strategy.

Prioritisation

83. **It is important to prioritise those financial education programmes which are likely to be most cost-effective.** In any country at any time, there is a large range of programmes which could potentially be undertaken. Unless priorities are determined – which is likely to imply taking difficult decisions not to undertake certain programmes which could offer some success – it is likely that the available resources will be spread too thinly, with the result that little or nothing will get achieved. The relative cost-effectiveness of different potential programmes should be taken into account in determining priorities. It can be useful to include among the priorities some quick wins, in order to help build momentum and support for the national strategy on financial education. If, instead, the programmes selected as priorities are all very challenging, with the impact (if any) likely to be achieved only in the long-term, the lack of short-term results may well result in disillusionment and a weakening of support for financial education initiatives.

Building on successful financial education programmes already being undertaken

84. **There may be scope to build on, and to learn lessons from, successful financial education programmes which are already being undertaken in the country in question.** It may not be practicable to identify every financial education programme which is being undertaken, especially where there are many small-scale initiatives, including those which

form part of broader programmes. But steps[60] should be taken to identify the most significant programmes and to discuss with those running them (or who are otherwise knowledgeable about these programmes) the scope for scaling up, broadening or replicating them and the lessons which have been learned in developing and implementing these programmes. The identification of the most significant existing financial education programmes also helps to avoid unnecessary duplication of effort.

Learning lessons from other types of public education programmes

85. **In developing financial education programmes and communications, it is helpful to take account of lessons which can be learned from other types of public education programmes (e.g. public health campaigns) which have been undertaken in that country.** Lessons can be learned about, for example, the communication channels and methods which have been successful with different target groups. It may be possible to graft elements of financial education on to successful public education campaigns which currently focus on other issues.

Using a variety of channels and methods

86. **People learn in different ways, so it is important to provide financial education via a range of methods and channels.** One method may be more successful with some people, while other methods may be more successful with others. Moreover, people often need to hear information several times before they remember it and are willing to act on it (especially if the information is outside their everyday experience), so messages should be repeated. If people hear similar information via different channels, this can help to reinforce what they have already heard.

Life-long learning

87. **Financial education should, so far as possible, continue throughout a person's life.** This is not only because of the importance of reinforcing messages, but also because people's needs – and the external environment – change over time.

Clear, simple, relevant and engaging communications

88. **People are more likely to read or listen to information if it is clear, simple and attractively presented.** Too often, however, financial information is presented in a dull and complex manner. If people are given to too much information or are given a large number of options, they tend to put off a decision or do nothing. So, it is important to keep things simple, to focus on the key messages and to avoid presenting a large number of choices. A “less is more” approach reduces the risk of information overload. Financial education should use terminology which the target audience can understand and should use contexts which are relevant to them.

Testing proposed programmes before they are rolled out

89. **Proposed financial education programmes should be tested with members of the target audience before they are finalised and rolled out.** Possible methods include focus groups[61] and pilot projects. Testing in these sorts of ways can help to establish whether the

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60 These steps could include one or more of the following: desk-based research, meetings with stakeholders, stakeholder surveys and stakeholder workshops or conferences.

61 Focus groups are small groups of people who participate in a facilitated discussion about, for example, their

programme is likely to be successful and whether changes need to be made before the programme is rolled out. For example, even though a communication has been designed to be clear and simple, feedback from members of the target audience may well be that the communication needs to be made even more clear and simple. As regards focus groups, it can be useful, in terms of continuity, to reconvene the same group on future occasions to review and comment on proposals which have been drawn up in the light of that focus group's previous discussions. On the other hand, it can sometimes be better to seek the views of groups of people who have not previously been involved and who are therefore coming to the issues fresh.

Developing and implementing a communication strategy

90. **It can be helpful to develop a strategy for communicating with stakeholders, potential partners and the wider public about the development and (in due course) implementation of a national strategy on financial education.** Among other things, this can help to generate political and stakeholder support for the initiative.

National surveys on financial literacy

91. **A nationwide financial literacy survey provides a basis for identifying groups within the population with the greatest need for financial education, together with information about strengths and weaknesses in people's knowledge, understanding, skills and confidence.** The survey can cover individuals or households. Some countries have included financial literacy questions within a survey with a broader purpose (for example, a survey focussing mainly on financial access): this reduces costs, but there is likely to be scope for only a limited number of questions relating to financial literacy. The results of national survey – assuming that, as in other countries, these point to low levels of financial literacy among the population, or substantial sections of the population – can provide a basis for building support among stakeholders for the development of a national strategy on financial education. Financial education is intended to influence how people behave. So, in developing a survey for measuring people's financial literacy, it is important to measure attitudes behaviours, as well as knowledge and understanding. In deciding on the sample size, thought needs to be given to how many responses are needed – not just from the population as a whole, but also from particular sections of society (eg young people), in order to generate statistically significant results both for the population as a whole and for relevant sections of the population. Repeating surveys periodically (say, every five years) will enable changes in the financial literacy of the population as a whole, and specific sections of the population, to be tracked.

92. **Sufficient resources need to be made available to analyse and interpret the data and to decide on the key conclusions.** Financial literacy surveys generate large amounts of data and the most significant results for policy-makers may not be immediately obvious.

93. **Initiatives by international organisations include**:

- the OECD has developed a core questionnaire that can be used to survey levels of financial literacy, together with detailed guidance on how to implement it and a set of supplementary questions which can be incorporated[62];
- the World Bank/Russia Trust Fund on financial literacy and education is developing a survey instrument for potential use in a range of countries. This took as its starting point the approach that was adopted by the UK's FSA in developing its national survey on financial

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attitudes to particular personal finance issues and the best ways of providing financial education.

62 See www.oecd.org/document/2/0,3746,en_2649_15251491_49320002_1_1_1_1,00.html

capability (which is an approach has since informed the approaches taken by Ireland, the Netherlands, Australia and the United States in developing their national surveys); and

- the OECD is testing 15 year-olds, as part of its 2012 Program for International Student Assessment (PISA)[63] exercise, on their knowledge of personal finances and their ability to apply it to financial problems[64].

94. **The UK's FSA used the results of its nationwide financial capability survey[65] to decide on priorities between possible financial education programmes and to help to ensure that each of those programmes focussed on the most important issues.** Among the main conclusions which the FSA drew from its survey were that:

- many people fail to plan for their financial futures;
- many people could face problems in the future as a result of risks which they are not protected against;
- many fail to shop around for good deals in financial products and services and therefore incur unnecessary extra costs;
- young people tend to be less financially capable than their elders, even adjusting for income levels; and
- other categories of people who tend to have lower levels of financial capability are:
  - the financially excluded;
  - those who do not own their own home;
  - one-parent families; and
  - the unemployed.

Monitoring and evaluation

95. **It is important to monitor and evaluate each financial education programme in order to be able to determine whether it is cost-effective and should therefore be continued (possibly with changes) or whether it should be stopped; and to establish what lessons there may be for other financial education programmes.** National surveys do not measure the effectiveness of individual programmes. So, financial education programmes need to be monitored and evaluated whether or not a national survey is undertaken. In Poland, for example, there is a dedicated team and budget for evaluations.

96. **Qualitative as well as quantitative assessments should be made.** Information about (for example) the number of people who have attended training sessions, the number of leaflets which have been issued or the number of hits a website has achieved tends to be relatively easy to measure. However, assessments based on outcomes (eg behavioural changes in the target population) tend to give a better indication of the extent to which the initiative in question has achieved its intended purposes. Some financial education programmes have relatively narrow and immediate objectives – such as to prompt people to open a bank account. It is relatively straightforward to measure the impact of these types of programme – though it is important not merely to measure the number of accounts which have been opened, but also to assess whether new account holders go on to make use of their account.

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63 See www.pisa.oecd.org

64 The draft *PISA 2012 financial literacy framework* is available from the OECD website at www.pisa.oecd.org/dataoecd/8/43/46962580.pdf

65 See *Financial Capability in the UK: Establishing a Baseline*, FSA, 2006 Available at www.fsa.gov.uk/pubs/other/fincap_baseline.pdf http://www.fsa.gov.uk/pubs/other/fincap_baseline.pdf

However, many financial capability programmes are much broader in scope and are intended to assist people to manage their personal finances well for many years to come.

97. **Monitoring and evaluation should be built into a financial education programme from the outset, wherever possible: otherwise, it may prove impossible to collect some of the relevant data.** Ideally, an evaluation should not only focus on the target audience, but should also include the views of trainers and others with an interest (such as employers, in the case of workplace financial education programmes). Where possible, there should be a control group. Evaluations should, so far as practicable, assess changes in behaviours, as well as changes in knowledge, understanding, skills and attitudes. To ensure objectivity and credibility, it is good practice for an evaluation of a financial education programme to be undertaken by evaluators which are independent of those who have developed or implemented the programme.

98. A number of initiatives are taking place to improve understanding of the approaches which are likely to be most successful in improving financial literacy:

- the World Bank/Russia Trust Fund on financial literacy and education is developing a toolkit for impact evaluation. The aim is to motivate and empower financial education providers to include rigorous impact evaluation in the design of their programmes. It is also sponsoring programmes to add to the evidence base;
- the UK Department for International Development established a Financial Education Fund to support innovative financial education projects in sub-Saharan Africa. A key element of each project is an assessment of its impact and of the lessons learnt. As part of this initiative, it has published a monitoring and evaluation toolkit[66]; and
- the OECD has published high-level principles[67], a guide[68] and more detailed guidance[69] for the evaluation of financial education programmes.

Impact assessment

99. There is, as yet, a lack of robust, published evidence about the sorts of approaches to strengthening financial literacy which are most likely to be successful. Many financial education programmes have been evaluated[70]. However, in the main, evaluations have been undertaken in order to provide information for the organisation which is running the programme in question, or which is funding it, and relatively few evaluations have been published. An overview of financial education evaluations prepared for the UK's FSA found that "rigorous, credible policy evaluation showing the incremental impact of financial capability work is difficult to find"[71].

Costs and potential funding sources

100. **The costs involved in delivering financial education vary enormously, even**

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66 *Monitoring and Evaluation Toolkit for Financial Education Initiatives*, Financial Education Fund, 2010, available at www.financialeducationfund.org/storage/files/FEF_M&E_Toolkit__Dec_31_2010.pdf

67 *INFE High-Level Principles for the Evaluation of Financial Education Programmes*, OECD, 2012, available at www.oecd.org/dataoecd/38/63/49373959.pdf

68 *Guide to Evaluating Financial Education Programmes*, OECD, 2010, available at www.financial-education.org/dataoecd/3/47/47220527.pdf

69 *Detailed Guide to Evaluating Financial Education Programmes*, OECD, 2010 available at www.oecd.org/dataoecd/45/18/49994090.pdf

70 For example: many of the edutainment programmes undertaken in Poland have been evaluated – some of the results are summarised in Annex C; and in Brazil, a pilot project for students at high school has been evaluated through a randomised controlled trial – further information is in Annex A.

71 *Evidence of impact: An overview of financial education evaluations*, FSA, 2008.

between countries which are undertaking a broad range of programmes. For example, the UK Money Advice Service's budget for 2011/12 was the equivalent of around USD 70 million; and the Malaysia Credit Counselling and Debt Management Agency's annual budget is the equivalent of around USD 1.5 million. There is no reliable information available for any country on the total resources devoted to financial education (including the total amounts spent by each of the organisations involved in providing financial education and any "in-kind" resources[72] which are used for this purpose).

101. **There is likely to be a lower level of funding available in the early years of developing a national strategy on financial education, with more funding being allocated if and when the national strategy can be shown to be operating successfully.** For example, the UK FSA (which led work on financial education prior to the establishment of the Money Advice Service) allocated a budget of the equivalent of around USD 3 million in 2003/04: this increased to the equivalent of around USD 30 million in 2007/08.

102. **Potential funders of financial education initiatives include the Government, financial services regulators, public-private partnerships, financial services institutions (including as part of their corporate social responsibility programmes), foundations, donors and implementing organisations' own resources.** The development of a national strategy or programme on financial education demonstrates that the country is committed to strengthening financial literacy and has a plan to do so and this can encourage donors to help fund financial education initiatives. Partners may be willing to provide in-kind support, such as to make available staff to participate in the development or implementation of financial education programmes; or allow their premises to be used, free of charge, for the delivery of financial education programmes.

Getting started on the development and implementation of a national strategy on financial education

103. **Where it is decided to develop a national strategy on financial education, the following key steps should be considered in order to get started**:

- appoint a credible leader;
- establish an advisory or oversight body;
- secure Government support;
- identify key stakeholders and secure their commitment;
- hold discussions with key potential partners (e.g. the Ministry of Education) and secure their commitment; .
- hold discussions with potential donors;
- identify the main current initiatives to improve financial education; and discuss with those responsible for them the scope for scaling up, broadening or replicating these initiatives and the lessons which have been learned in developing and implementing them;
- develop a strategy document;
- where it is decided to undertake a financial capability survey, plan and carry out the survey;
- decide on some initial priorities – taking into account needs, opportunities, the resources which are expected to be available and relative cost-effectiveness – building in evaluation from the outset; and
- consider developing resources which can be used in a number of different contexts.

72 For example, staff and premises which are made available free of charge for financial education programmes.