



Financial Education in Europe : Trends and Recent Developments

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Experience and Russian Practice of Financial
Literacy Enhancement: Cooperation between the
State and Business Community"
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OUTLINE

Rationale

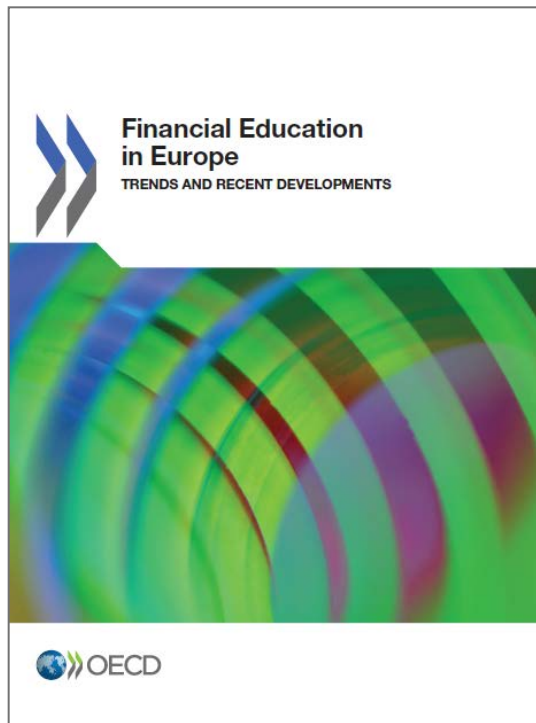
Policy
intervention

Challenges
and future
directions



BACKGROUND AND SCOPE

The report :



- Has a wide geographical scope :
UN definition and membership in the Council of Europe.
It includes all European Union countries and [Russia](#).
- Covers financial education and relevant financial consumer protection and financial inclusion aspects
- Is based on contributions from OECD/INFE European countries, other OECD/INFE resources and desk research
- Uses the first results of the 2015 OECD/INFE survey on financial literacy and inclusion for European Countries
- Benefited from the financial support of VISA Turkey and its member banks



Outline

1. Rationale
2. Policy intervention
3. Challenges and future directions



Rationale

A variety of circumstances, but common trends :

- Shifting responsibility for key risks
- Households' (over-) reliance on credit
- Low levels of financial literacy
- Diverse level of financial inclusion
- Uneven financial consumer protection framework



Increasing longevity and pension reforms

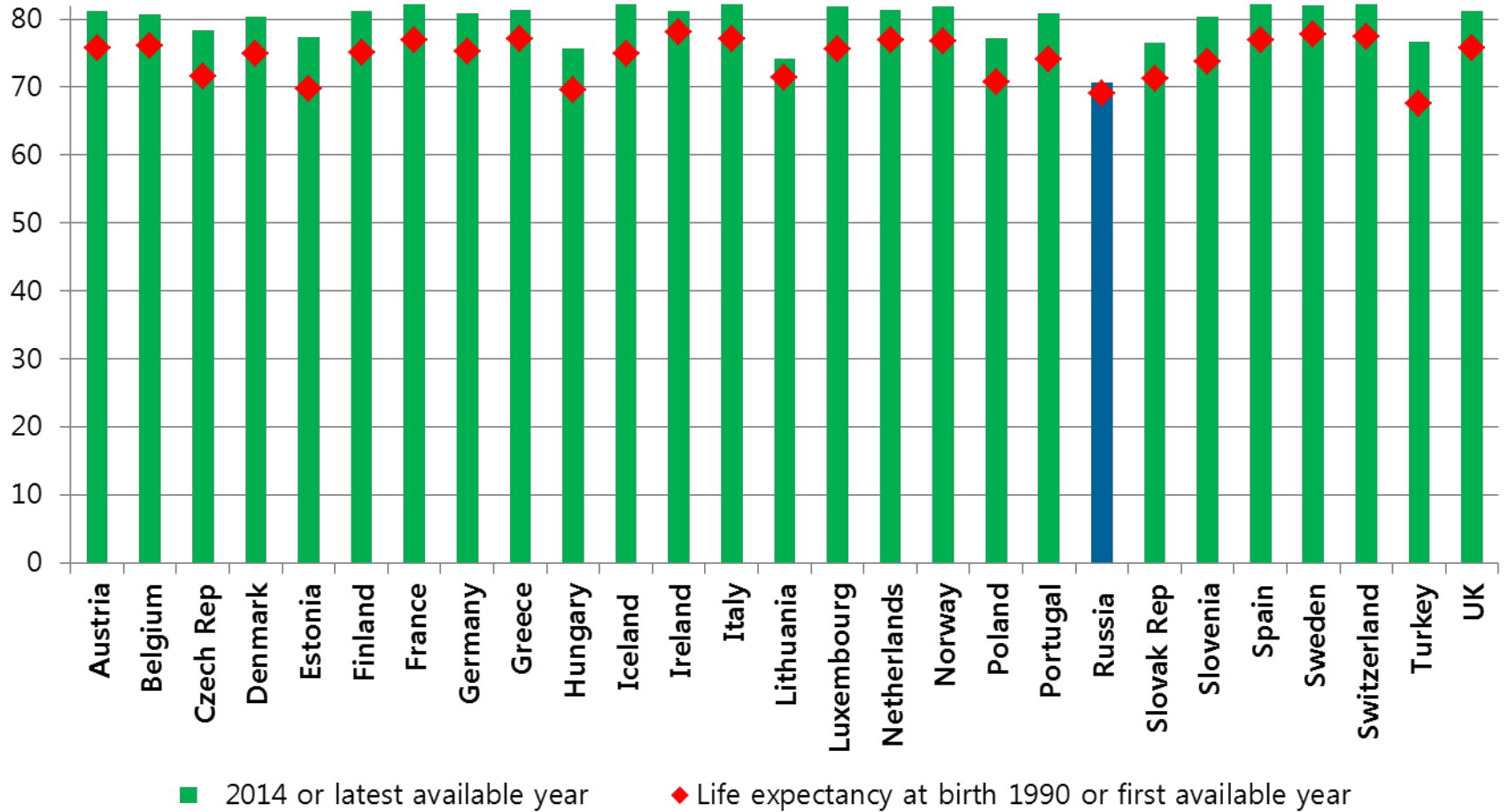
Notably as a result of increasing longevity, most European countries underwent pension reforms to improve financial sustainability of welfare systems:

- Lower replacement rates for future generations
- Greater reliance on private pension provision to improve adequacy
- Shift from Defined Benefit to Defined Contribution in some countries

→ **More consumers' responsibility for their future retirement income (and pay-out phase in some countries)**



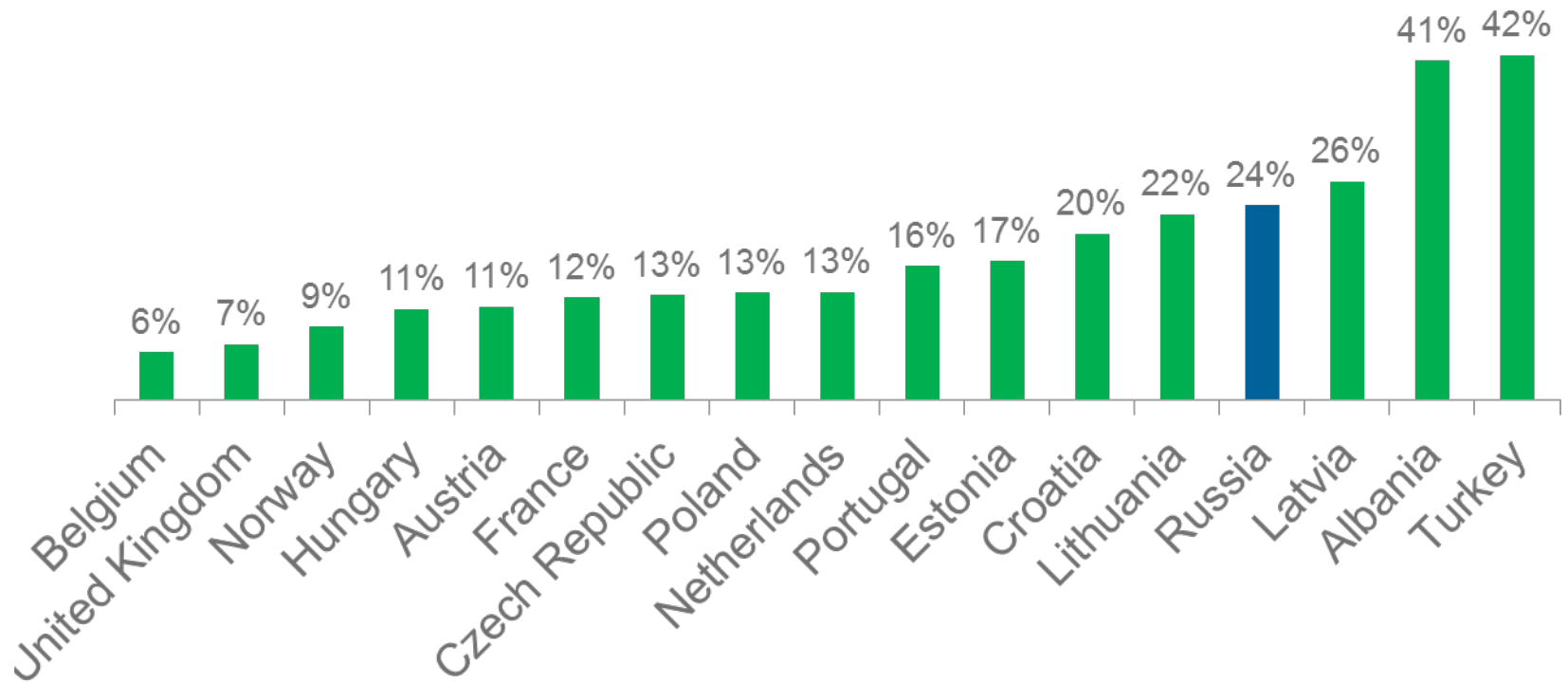
Increasing life expectancy in Europe 1990-2014





A sizeable proportion of the population borrow to make ends meet in some countries

% of respondents who borrowed to make ends meet

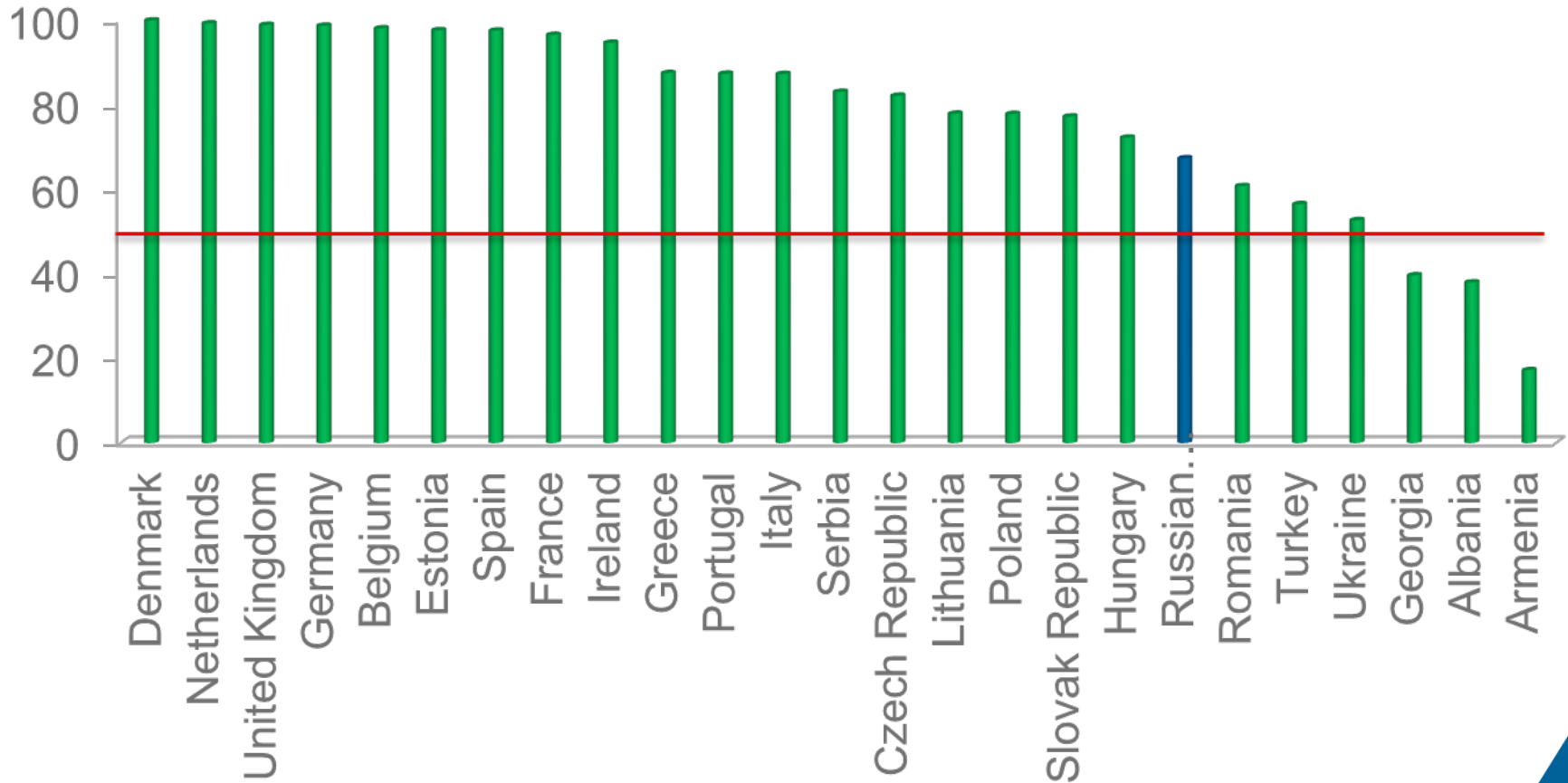


Source : OECD/INFE survey on financial literacy and inclusion, 2016, forthcoming



Financial exclusion : Generally low except in Eastern Europe

% of individuals holding a bank account in 2014



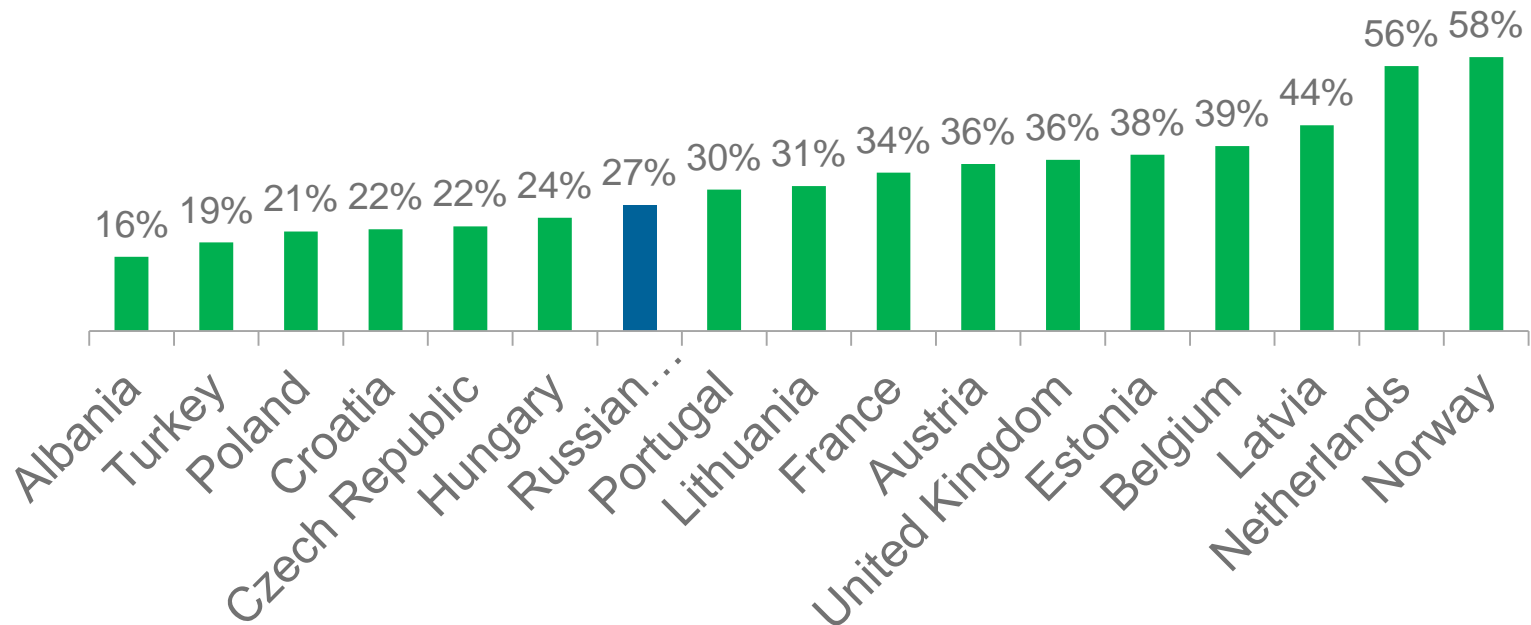
Source: Findex, 2015



Low level of financial literacy: Knowledge

Few understand the concept of compound interest

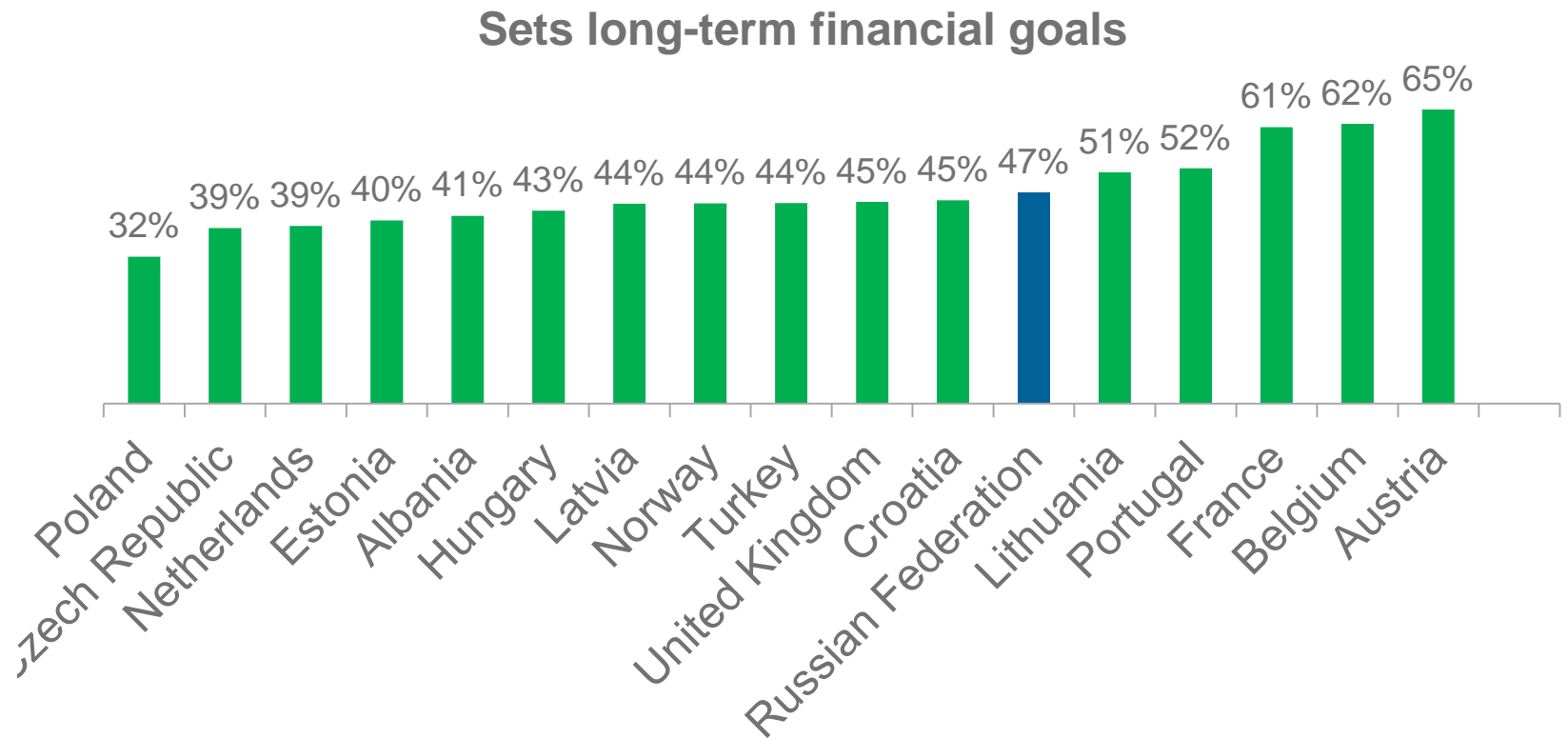
Calculated 2% interest and correctly identified the impact of compounding over 5 years



Source : OECD/INFE survey on financial literacy and inclusion, 2016, forthcoming



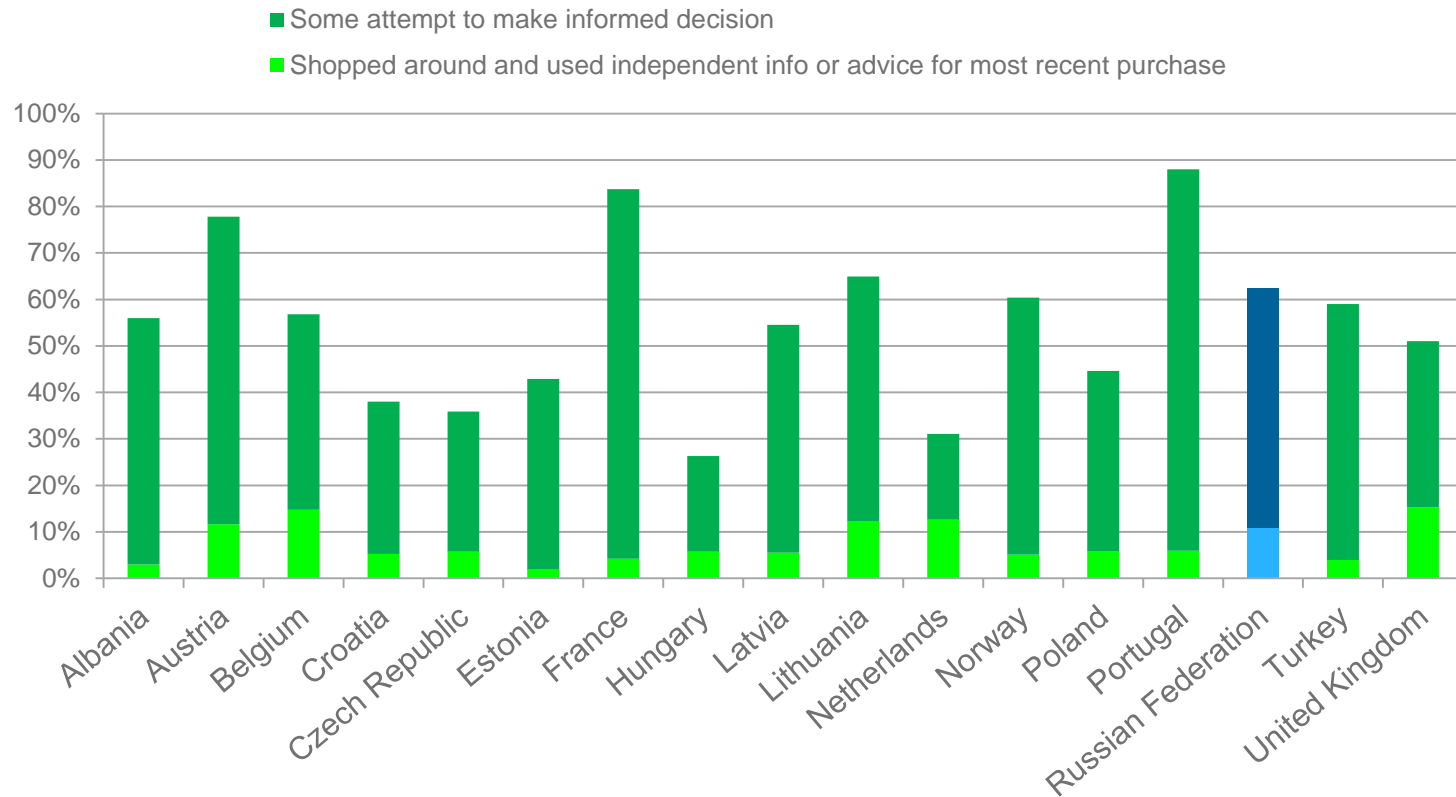
Low level of Financial Literacy: Few individuals set long term goals



Source : OECD/INFE survey on financial literacy and inclusion, 2016, forthcoming



Low level of financial literacy: Minimal effort when choosing products



Source : OECD/INFE survey on financial literacy and inclusion, 2016, forthcoming



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National Strategies for Financial Education (NS)

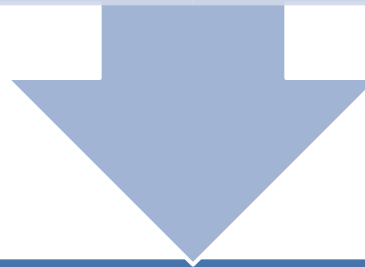
A NS is a nationally coordinated approach to financial education which

Recognises the importance of financial education and **defines its meaning and scope at the national level** in relation to identified national needs and gaps

Involves the co-operation of different stakeholders as well as the identification of a national leader or coordinating body/council

Establishes a roadmap to achieve specific and predetermined objectives within a set period of time

Provides guidance to be applied by individual programmes in order to efficiently and appropriately contribute to the NS.

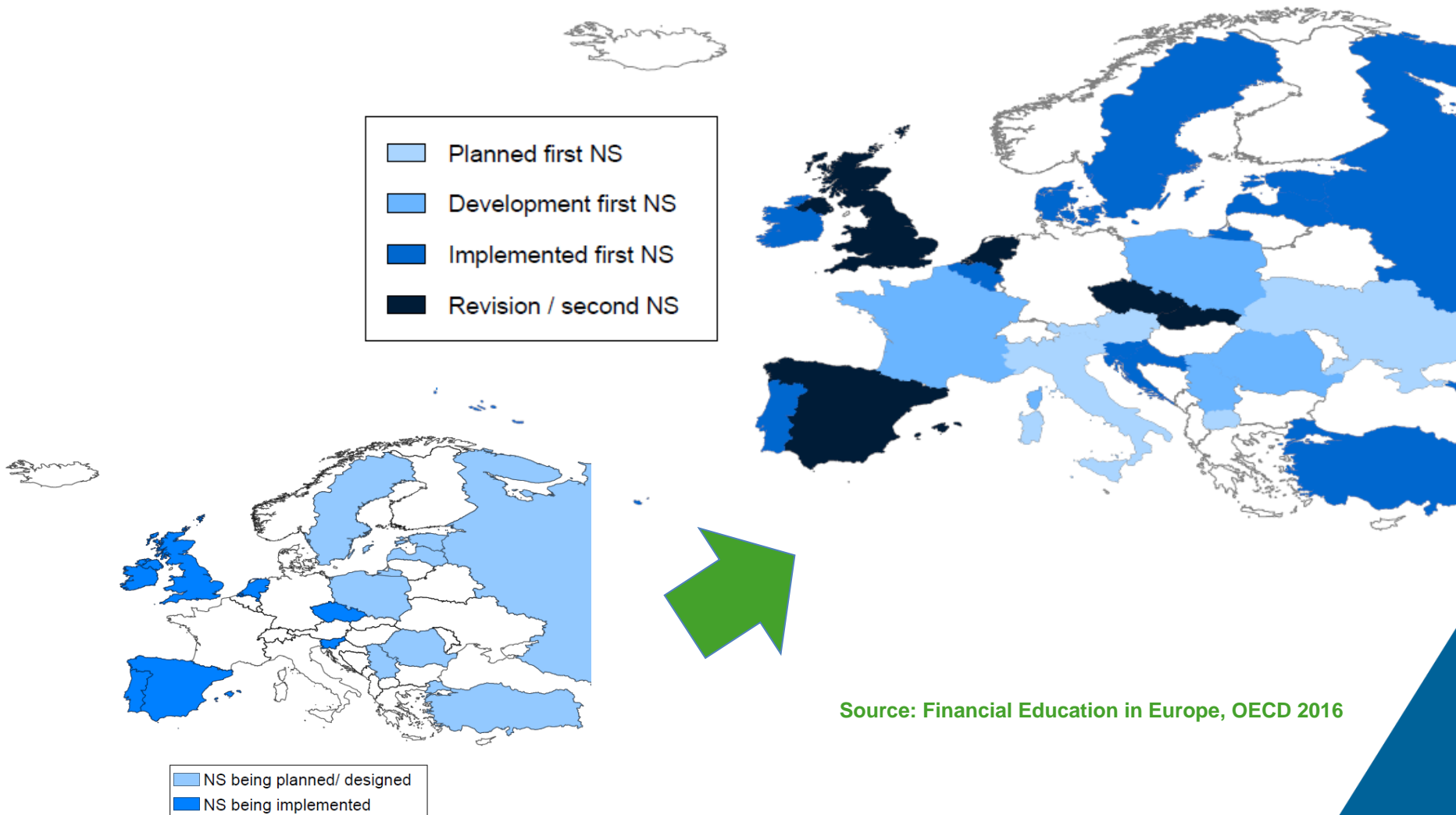


Around the world, over 60 Countries have a NS :
26 countries are designing/ developing their NS
23 are implementing it – including Russia

11 are revising their first NS or implementing a second revised one
Of these countries, one third is in Europe



Steady development of National Strategies in Europe (2012 – 2016)



Source: Financial Education in Europe, OECD 2016



NS main objectives

The overarching purpose of these NSs is to strengthen financial literacy, promote positive financial behaviours and improve financial wellbeing

Reducing over-indebtedness

Improving long-term saving

Supporting pension reforms and retirement planning

Improving financial inclusion

Complementing financial consumer protection

e.g., Croatia, Estonia, Latvia, Netherlands, Portugal, Serbia, Turkey, United Kingdom

e.g., Croatia, Netherlands, Portugal, Serbia, Spain, Turkey

e.g., Latvia, Netherlands, UK

e.g., Croatia, Estonia, Latvia, Portugal, Romania, Turkey

e.g., Estonia, Denmark, Latvia, Portugal, Spain, Poland, Turkey



Governance structure and stakeholders' role : Different approaches with similarities in practice...

NS Governance varies across Europe
but coordination mechanisms between finance/education public authorities, private sector and non-profits are generally in place

Private sector's involvement and its monitoring is also a key feature

Multistakeholders approach
Establishment of platforms/networks or coordinating bodies to design and implement the strategy

Leadership approach

Certification systems or codes of conduct often voluntary but linked to an official recognition of programmes within the NS

With a leader
Denmark, Estonia, Netherlands

With shared responsibilities
Czech Republic, Spain and Portugal

Armenia, Latvia, Slovenia, Sweden, Turkey and the UK

Czech Republic, Netherlands, Portugal, Slovenia, Spain



Main Target Audiences

Young people

e.g. Czech Republic, Estonia, Latvia, Netherlands, Poland, Portugal, Romania, Russian Federation, Serbia, Slovenia, Spain, Sweden, Turkey, United Kingdom

Elderly people

e.g. Portugal, Romania, Slovenia, Spain, Turkey, United Kingdom

SMEs

e.g. Portugal, Romania, Serbia, Turkey

Low-income groups

e.g. Latvia, Portugal, Romania, Russian Federation, Turkey

Migrants

Portugal, Spain, Sweden

Women

e.g. Turkey



Financial Education in Schools

Provision of financial education in schools is uneven and limited (up to schools/teachers, little professional development, no examinations), but growing

National standards / Learning frameworks (e.g. the Czech Republic, the Netherlands, the Slovak Republic)

Integrated in school curriculum in another subject (e.g., England and Spain)

Pilot projects in limited number of schools before scaling up (e.g., Italy, Russia and Spain)

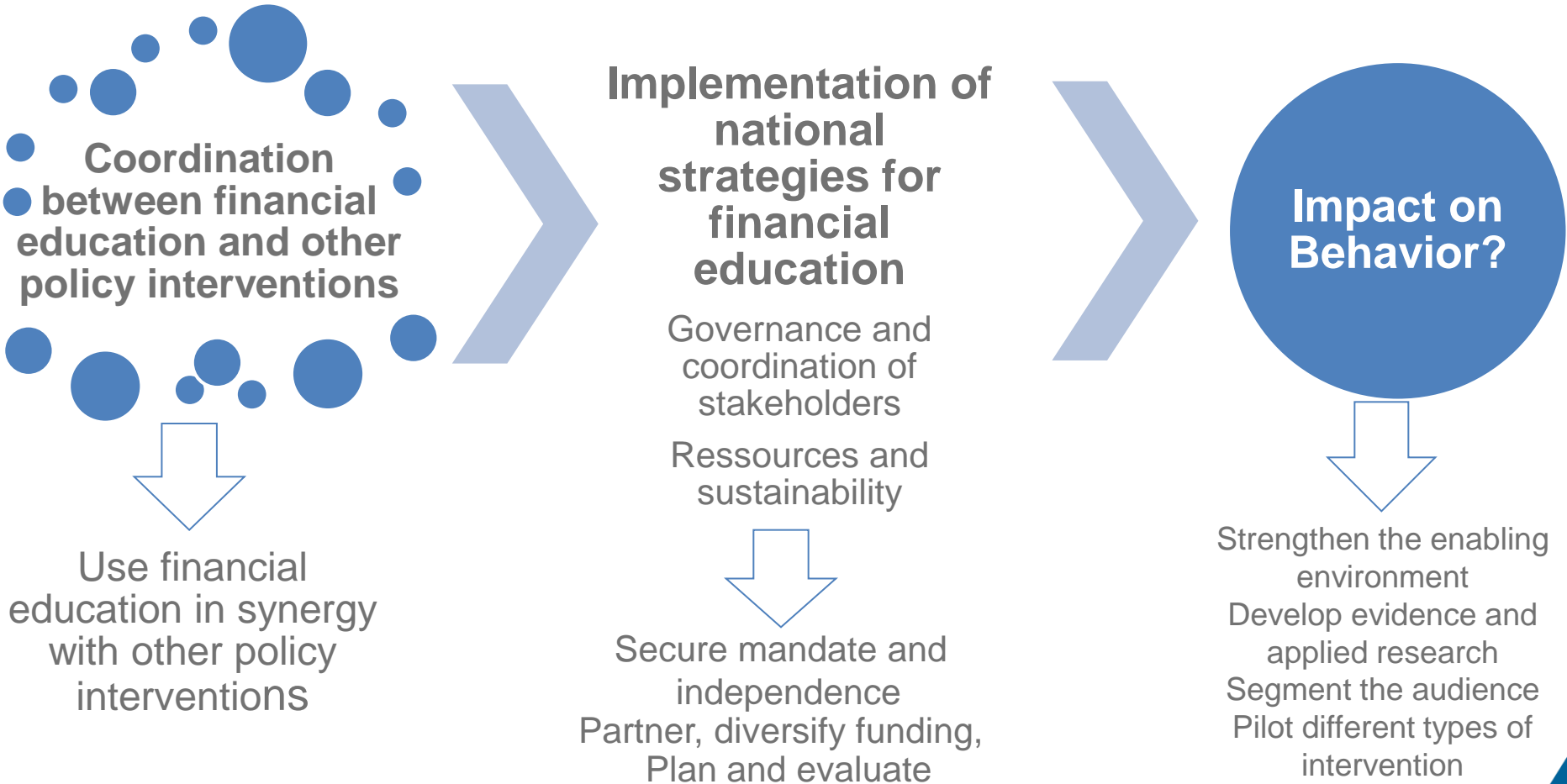


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Challenges and Policy Directions



→ **Adopt a flexible and innovative approach and avoid silos :**

Evaluate innovative (digital) means to deliver tailored and in time information and education

Use a combination of regulation, information and education to support consumers



Thank you
СПАСИБО

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