

POSITION PAPER



WSBI-ESBG feedback to the Draft Recommendation of the OECD Council on Financial Literacy and Education

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WSBI-ESBG welcomes the **DRAFT RECOMMENDATION OF THE OECD COUNCIL ON FINANCIAL LITERACY AND EDUCATION** and states that this guidance is of utmost relevance to ensure the adequate design and quality of national financial education strategies and programmes, as well as the appropriate involvement of all stakeholders. WSBI-ESBG welcomes that the recommendations manage to place financial education at the centre of the debate, adequately linking it to consumer protection, sustainability, the debate on education, the digital trend and skills needed for the future.

- WSBI-ESBG particularly welcomes that the **DRAFT RECOMMENDATION OF THE OECD COUNCIL ON FINANCIAL LITERACY AND EDUCATION** builds upon and replaces relevant existing texts, such as the **Recommendation of the Council on Good Practices for Enhanced Risk Awareness and Education on Insurance Issues**; the **Recommendation of the Council on Good Practices for Financial Education Relating to Private Pensions**; and the **Recommendation of the Council on Good Practices on Financial Education and Awareness Relating to Credit**. By following this approach, the OECD ensures that matters of utmost relevance such as risk awareness, pension-related matters and awareness related to credit can be easily identified as crucial areas where more financial literacy is needed, facilitating the design of education programmes in this respect.
- WSBI-ESBG welcomes that the OECD has regard to all relevant texts and guidance previously produced, and particularly the **OECD/INFE High-level Principles on National Strategies for Financial Education**; the **OECD/INFE Guidelines on Private and Not-for-profit Stakeholders in Financial Education**; the **OECD/INFE Policy Guidance on Addressing Women's and Girls' Needs for Financial Awareness and Education**; the **OECD/INFE Guidelines on Financial Education in Schools**; the **OECD/INFE High-level Principles on the Evaluation of Financial Education Programmes**; and the **OECD/INFE Policy Guidance on Digitalisation and Financial Literacy**. Doing this ensures that the Recommendations are taking into account all the existing guidance and are thus rich and coherent to constitute future guidance.
- WSBI-ESBG welcomes the reference to **the recognition of the need for financial education by bodies such as the G20**, as it can be implied from the different texts issued, and namely the **G20 Principles for Innovative Financial Inclusion, 2010** (Principle 5); **G20 High-level Principles on Financial Consumer Protection, 2011** (Principle 5); **G20 High-Level Principles on SME Financing, 2015** (Principle 7); **G20 High-Level Principles for Digital Financial Inclusion, 2016** (Principle 6).
- WSBI-ESBG welcomes all the explicit recognitions regarding financial education and its policies, especially when it comes to:
 - Its role in promoting the development of **healthy, open and competitive financial markets and support of financial stability**;
 - that financial education policies are a **necessary complement to approaches aimed at reinforcing financial inclusion and consumer protection within appropriate regulatory and supervisory frameworks**;
 - Its utility in **improving the levels of financial literacy** among all segments of the population, and supporting their financial well-being;



- The importance of its policies in **facilitating informed and responsible use of a broad variety of financial products and services including digital financial services**;
- Its **complementarity to** directive approaches such as **choice architecture and financial advice**, by ensuring that consumers are aware of the potential consequences of default options and guided decisions;
- Its **complementarity to other policies to support financial decision-making**, given the existence of **behavioural biases** in individual financial decisions and behaviour;
- WSBI-ESBG welcomes that the recommendations on implementing and designing financial national strategies, suggest: 1) the appropriateness of recognising the importance of financial education through legislation, where relevant; 2) The involvement and cooperation with relevant stakeholders as well as the identification of a national leader or co-ordinating body/council; 3) The conduction of a mapping of existing national and local financial education programmes promoted by public, private and civil society stakeholders, in order to identify relevant and trusted partners and/or gaps in provision. The latter is of utmost relevance, as there are already relevant initiatives in place, promoted by different kinds of actors. A regular mapping of the existing financial education programmes, as suggested, is also most welcome.
- WSBI-ESBG welcomes the guidance provided on the desirability for **transparent co-ordination and governance mechanisms** within the design of national strategies for financial education, enabling: 1) the identification of a credible and unbiased leading authority or governing mechanism at the highest policy level; 2) the definition of roles and responsibilities for relevant stakeholders; 3) the involvement and coordination of all relevant actors, including public authorities, financial services providers, institutions delivering financial education as a business activity, non-financial companies (e.g. employers or media companies), **financial industry associations**, non-governmental organisations (NGOs), consumer associations, trade unions, research institutions, teacher unions, and parent associations.
- WSBI-ESBG welcomes the **forward looking approach** of the Recommendations, when it comes to the importance of developing **financial literacy skills among current and future generations of youth**, bearing in mind the challenges that they will face in the short and medium term, such as: access to a range of traditional and digital financial services from a young age; responsibility for taking financial decisions regarding the possible continuation of their studies and the transition to work; exposure to financial risks related to increased life expectancy, a decrease in welfare and occupational benefits, more ‘individualised’ pensions, and potentially uncertain job prospects. In this respect, WSBI-ESBG is currently working with the organisation **Parents International** to develop a set of financial literacy skills that will be part of a broader set of skills for life for Parents International.
- WSBI-ESBG supports the consideration that financial education should be included in school curriculum in compulsory education, recognising that students may miss out on learning opportunities if they only learn about financial issues via their parents, families, peers or direct experience.
- WSBI-ESBG welcomes the reference to specific target groups, such as women, micro-entrepreneurs, migrants, refugees and older generations, as financial education is a powerful tool



for empowerment. However, in the programmes aimed at both men and women, gender biases in the delivery should be avoided, ensuring appropriate gender balance.

- WSBI-ESBG welcomes the approach adopted by the Recommendations when it comes to the development of financial education programmes to support **saving, investment, and decision-making about retirement and pensions**. The approach is balanced and places the financial landscape in an evolving context. Financial decisions cannot be understood without taking into account changes in the demography, society, economy. In addition, the recommendations emphasise the importance of the impact on society and the environment of financial decisions. This is relevant to understand that financial education can help to increase the understanding of the role of finance in society.
- WSBI-ESBG welcomes that the recommendations encourage adherents to develop financial education programmes to support healthy decisions around **credit**. We deem this of utmost relevance as financial education should be regarded as a complementary tool to effective consumer protection legislation.
- WSBI-ESBG welcomes that a culture of responsibility for personal protection and prevention is promoted in the development of programmes, particularly on insurance.
- WSBI-ESBG welcomes the acknowledgement of targeted **public awareness campaigns** informing the general public about important personal finance issues including savings, risk, fraud, and financial resilience, delivered through social media, websites, print (leaflets, posters and booklets), or traditional media. **Since 1924, WSBI has been organising the World Savings Day, an event created to increase the public's awareness of the importance of savings both for modern economies and for individuals alike.**
- WSBI-ESBG also welcomes that the recommendation, within the delivery of programmes, suggest combining financial education with relevant initiatives in other fields, such as access to formal financial products, entrepreneurship or health, in order to make financial education messages more salient.
- WSBI-ESBG welcomes the recommendation to assess the **impact and effectiveness** of existing programmes and taking the results into account in order to ensure that the programmes' content is tailored and adapted to the learners, up-to-date with the evolution of the financial landscape, and that delivery methods are effective. Monitoring and evaluation plans seem most appropriate here.

WSBI-ESBG takes due account of these Recommendations and commits to disseminating them amongst its membership, encouraging members to adhere to their content. WSBI-ESBG is pleased to state that, as a **global and European financial industry association**, we already have initiatives in place that are fully in line with the recommendations. In addition, WSBI-ESBG will continue to support the development of its members' financial education initiatives¹, using the Recommendations as a reference. WSBI-ESBG believes that Financial education is instrumental in ensuring inclusive and equitable quality education, promoting lifelong learning opportunities for all, objectives encompassed in SDG 4, and therefore in contributing to reduce inequalities².

¹ More information on WSBI-ESBG work to promote financial education can be found [here](#) and [here](#).

² More information on WSBI-ESBG [paper](#) « WSBI-ESBG contribution to the Sustainable Development Goals ».



About WSBI (World Savings and Retail Banking Institute)

WSBI represents the interests of 6,000 savings and retail banks around the world. WSBI focuses on international regulatory issues that affect the savings and retail banking industry. It supports the aims of the G20 in achieving sustainable, inclusive, and balanced growth, and job creation, whether in industrialised or less developed countries. Supporting a diversified range of financial services to meet customer need, WSBI favours an inclusive form of globalization that is just and fair. It supports International efforts to advance financial access and financial usage for everyone. WSBI members have total assets of \$15 trillion and serving some 1.3 billion customers in nearly 80 countries who seek retail banking services. WSBI members are committed to further unleash the promise of sustainable, responsible 21st century banking.



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About ESBG (European Savings and Retail Banking Group)

ESBG represents the locally focused European banking sector, helping savings and retail banks in 20 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. An advocate for a proportionate approach to banking rules, ESBG unites at EU level some 1,000 banks, which together employ 780,000 people driven to innovate at 56,000 outlets. ESBG members have total assets of €6.2 trillion, provide €500 billion in SME loans, and serve 150 million Europeans seeking retail banking services. ESBG members are committed to further unleash the promise of sustainable, responsible 21st century banking.



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