

European Stock Market Learning (ESML) Award Ceremony - 12 April 2019

Jean-Paul Servais – Chairman FSMA - Belgium

Dear Mr De Noose, dear teachers, representatives of savings banks, and students,

Dear all,

I would like to thank the European Savings and Retail Banking Group (ESBG) for this great initiative. If I understand correctly, this is the 36th edition of this simulation game!

It is a great honour for me and for my organisation – the Belgian Financial Services and Market Authority, the FSMA - to be the Patron of the 2018 edition of the European Stock Market Learning, which concentrates in one game the best recipes for financial and investor education.

I would like first of all to warmly congratulate the winning teams AND their teachers for their excellent performance: you have won, CON-GRA-TU-LATIONS!

You have won... but there is certainly some unpredictability when it comes to the stock market. Market conditions change at a fast pace and stocks are influenced by a multitude of variables.

But as you have certainly learnt, a shareholder is a part owner of a company. A share gives you the right to receive a fraction of the profits generated by the company and the right to vote on company matters. The price of stocks can fluctuate, depending on how well investors think the company is performing. But in the end, the value of a company's stocks is usually defined by its economic value and by its future earnings.

Assessing this real value is a rather complex job. It is hard work!

You have to gather information, assess your sources and question them. Check that they are trustworthy. A supervisory authority such as the FSMA sees to it that companies that raise capital on the financial markets provide correct and complete information, and that operations are managed in a correct and transparent way. But this is only the beginning of the story: you have to analyse the company data, dig into various information sources... which don't exactly read like a Harry Potter series or The Hunger games trilogy, right?

And there is even more: you also need to make a real effort to understand information about the sector, the political and economical context the company operates in, and the international markets.

Not only do you assess the important risks of the company you're investing in, but you also need to ask yourself if your mix of shares is balanced and if your shares meet your personal goals. With your teacher, I presume you've already worked on this essential notion of diversification.

You also need to examine your own values and those of the companies in which you invest. Are all the investments justified by an attractive potential return? Investing is not just a financial decision, but can also be your choice as a citizen.

So the investment process definitely involves a good deal of homework. Understand what you do and keep asking questions. Don't be afraid to ask so called "stupid questions", they are easier to handle than stupid mistakes!

Yes, there is certainly some unpredictability in the stock market. Limiting the risk of unpredictability requires the right skills and efforts: to put your knowledge in practice, to challenge the information you receive, to develop your critical thinking, your sense of social and environmental responsibility...

Today, the internet has dramatically changed the face of the world and has made financial markets much more accessible to everyone. Anybody with a small amount of savings can invest some money in stocks or other risky products. When you will start for real.... start with small amounts and use money that you don't need tomorrow!

Thanks to this great initiative by the ESBG and the commitment of your teachers, you received world-class training, one where you learn by doing. It was a game ... and in real life you might be more cautious. When you invest, don't forget two golden rules:

- rule number 1, diversification: "don't put all your eggs in the same basket".
- rule number 2, miracles don't exist: more return means more risk.

The European Stock Market Learning is more than just a game. As a team you've shared a life experience. And this experience is only the beginning. Now you have the opportunity, if you keep up the good work, if you make the effort to stay informed and developing your understanding of the financial markets, to further improve your skills.

In addition, financial education is about more than the stock market. It includes budget education, knowing how to use new means of payment, make consumption choices, and manage credit. The topics relating to financial education are varied and are changing by the day.

The FSMA has developed in Belgium an ambitious financial education programme known as Wikifin, to help people manage their day-to-day money matters. Our Wikifin programme is specially aimed at giving young people like you the desire to learn, because what was true yesterday is not necessarily true today.

Thanks to the European Stock Market Learning, you have received your first boost in finance. In turn, give back a little of what you have received by spreading the word, explaining to those who cross your path and who are less financially literate – there are still too many - the importance of getting information, drawing on reliable sources, and comparing. Explain to them the crucial relationship between risk and return and the importance of diversification. Tell them that the stock market is not a casino, as thinking so may cost them a lot! Spread the word... but for now, celebrate your victory: congrats to all and keep up the good work!