



Financial literacy and Financial Inclusion



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2. Analysis of existing financial education programs and initiatives
3. Financial Education in school curricula and entrepreneurship programs
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Financial literacy and financial inclusion

An imbalance between the access to financial products and the level of financial literacy of Chileans still persists.

- The country has experienced a great development of its financial system, with greater access to products available in the market along with an increasing offer of new products.
- Few statistics:
 - 98% of the population older than 15 years old possesses a financial product (SBIF, 2016).
 - 2,273 commercial bank branches, 7,994 ATM, 38,406 correspondent banking offices (Cajas Vecina, Multicajas, ServiEstado y Servipag) and 227,678 POS (SBIF, 2016).
 - State-owned bank (BancoEstado) current figures: 401 branches, 2,405 ATM and 21,325 correspondent banking offices.
 - 9,369,185 *Cuentas RUT* (BancoEstado cash management accounts).
 - 34% of adults have at least one credit card issued by a bank and 31% of adults have at least one credit card issued by a retail firm (SBIF, 2016).
 - 73% of the country's households declare to have some debt (HFS, Chilean Central Bank 2014).



Financial literacy and financial inclusion

An imbalance between the access to financial products and the level of financial literacy of Chileans still persists.

- Financial literacy
 - Chile's financial literacy score is 432 points (below 486 OECD average) (PISA, 2017).
 - 38% of students don't reach minimum competencies in financial literacy (PISA, 2017).
 - Higher socioeconomic groups show a better performance (PISA, 2017).
 - Adults seem to know a wide range of the available financial products (cash advances, bank accounts and credit cards) (SBIF-CAF 2016).
 - One-fifth of adults say that they do not have financial products, the lowest percentage among Andean region (SBIF-CAF 2016).
 - Figures from administrative data suggest unawareness of what they really own.
 - Demand for digital financial services is still low (SBIF-CAF 2016).
 - Less than one-third of adults recognizes that money loses value over time due to inflation and less than one-fifth is able to calculate simple interest rates correctly (SBIF-CAF 2016).



Analysis of existing financial education programs and initiatives

The Financial Inclusion Commission conducted a survey that shows a significant growth in the number of financial education **initiatives and programs** since 2012.

According to the analysis, 44 institutions are developing financial education programs, initiatives or both; 14 of them are public and the rest are private.

- Objectives of programs or initiatives:
 - “To increase knowledge about financial contents” (79%).
 - “To raise awareness for informed decision-making” (79%).
 - “To modify behaviours for financial decision-making” (67%) .
- Targeted population:
 - Adults in general (65%).
 - Students (46%).
 - Women in particular (44%).
- Topics covered:
 - “Budget and planning” (73%).
 - “Savings” (69%).
 - “Debt” (67%).



Analysis of existing financial education programs and initiatives

Some challenges that emerge from the analysis:

- 75% of the financial educational programs or initiatives surveyed do not have a curriculum framework (definition of contents and expected learning outcomes).
- In the case of programs or initiatives aimed at school students, only 20% took into account the curricula designed by the Ministry of Education.
- Only 31% of programs and initiatives count with some exit criteria.
- Only 48% of the programs have been evaluated.
 - Satisfaction (70%).
 - Knowledge (48%).

There is room for improvement.



Financial Education in school curricula and entrepreneurship programs

Financial education has been incorporated in the social sciences high-school curriculum (14-year-old students).

The Ministry of Education is delivering books to Students from public and publicly-subsidized high-schools.

- Those texts cover definitions and activities about savings, debts and responsible consumption, among other subjects.
- They also explain how financial markets work and the role of its main institutions (superintendencies, the Central Bank, the consumer protection agency).
- Professors are receiving additional material to teach these contents.

Various entrepreneurship programs aim to improve women' capacities to prepare budgets, to separate household from businesses finances, to evaluate the advantages of digital transactions, to understand basic concepts such as inflation and to inform themselves of alternatives for their future retirement.

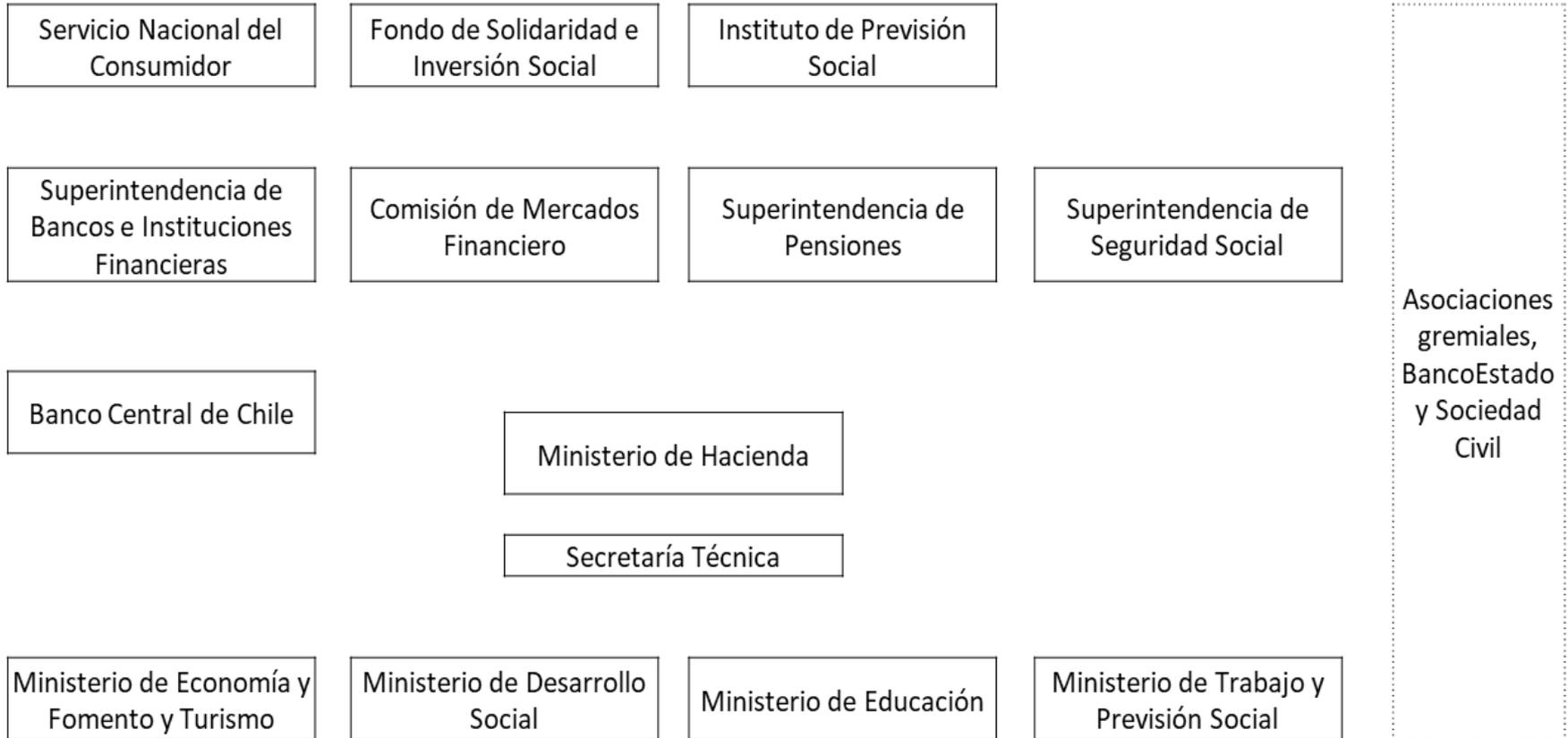


Financial Inclusion Commission

- 2012 - Public and non-public stakeholders launch the Financial Education Table and start a process of discussion and analysis of the importance of financial education.
- 2014 - A Presidential Decree establishing the Financial Inclusion Commission is issued.
 - Its mission is to promote a better comprehension of the concepts and financial products, as well as the rights of consumers on the part of citizens.
 - It coordinates the numerous efforts that both public and private entities are developing in the field of financial education.
 - It must seek to improve the conditions of access and use to enhance the development of financial products and services that may adapt to different sectors of the population, and promote regulatory updates, to elevate the standards of financial consumer protection.



Financial Inclusion Commission





Financial Inclusion Commission

- In its first meeting, the commission decided that non-public stakeholders should be invited to joint the effort of developing a national strategy from its earliest stage.
- Since then different associations of financial agents (banks, saving cooperatives, pension funds administrators, insurance companies, institutional investors, microfinance institutions), the state-owned bank and the most important NGOs on financial education have been collaborating.
- In its first meeting the commission also suggested that technical teams should begin considering **students** and **women** as **priority groups**. Such recommendation was based on the current Government objectives, international recommendations (OECD, WB, G20) and academic studies.
- After an intense collective work, the Chilean Strategy of Financial Education will be delivered soon.



Chilean Strategy for Financial Education

Financial education collectively adapted definition:

*“Process by which people, **throughout their life cycle**, improve their understanding of the financial world, concepts and risks, and, through objective information, education and advice, develop the skills, **attitudes and confidence** to become more aware of financial risks and opportunities, make informed decisions, know where to go for help and take any effective action to improve their well-being **and that of society.**”*

The Commission has been following OECD guidelines, international recommendations, local evidence and research to elaborate documents on **good practices, contents, competencies and learning moments** that will be publically available to institutions that aim to strengthen Chileans' levels of financial literacy.



Chilean Strategy for Financial Education

The roadmap is organized in three levels:

- General
- Students
- Women

These levels has between four and ten lines of action, that contain actions to be carried out by institutions over the next years.

28 public and private institutions are committed with the strategy.

72 actions constitute the Chilean Strategy of Financial Education roadmap.

The Secretariat is in charge of coordinating the Commission's activities as well as the following-up actions.



Challenges

Some specific challenges were already mentioned.

There is a consensus regarding the importance of having a national strategy on the subject, but...

There are fiscal constraints.

Basic math skills and reading comprehension skills (PISAs, PIACC).

- Students
- Adults

In following updates (2019), the Strategy should include new groups. There is a knowledge gap that has to be filled before that:

- Migrants
- Seniors
- Children who are currently outside the educational system



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