STRENGTHENING FINANCIAL LITERACY

Santiago
November 2017

Shaun Mundy

shaunmundy@hotmail.com

International Consultant

Agenda

a. Who benefits from improving a population's financial literacy?

b. Advantages of developing a National Financial Literacy Strategy

c. Some key principles

d. Possible types of financial education programmes

e. Role of financial institutions

f. Common mistakes

Who benefits from improving a population's financial literacy?

The main beneficiaries of a more financially literate population come from the following sectors:

- Consumers
- Financial services industry
- Government/ Central Bank
- MSMEs
- Employers
- Non-profit sector – e.g. NGOs – and donors

Improving a population's financial literacy is a win-win

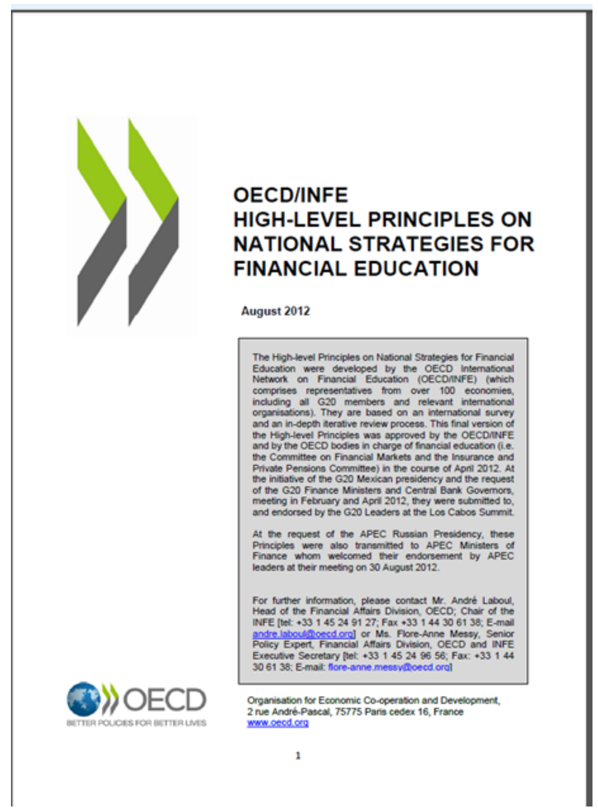
Organisations which stand to benefit from a more financially capable population may not realise this!

How a National Financial Literacy Strategy can help

- In the absence of a nationally co-ordinated approach, financial literacy initiatives tend to be patchy and uncoordinated and to lack strategic focus
- The development and implementation of a national strategy on financial education can potentially help to:
  - Engage a broad range of stakeholders
  - Promote co-ordination, through having a single strategy "umbrella" and leadership structure – and thus reduce unnecessary duplication and gaps
  - Provide focus and momentum
  - Set clear priorities
  - Attract funding

International organisations' support for financial education

- The OECD International Network on Financial Education (OECD/INFE) has issued **High-level Principles** on National Strategies for Financial Education
- The World Bank and other international organisations (e.g. GIZ, SBFIC, UNCDF) have supported the development of national strategies on financial literacy in particular countries



OECD/INFE
HIGH-LEVEL PRINCIPLES ON NATIONAL STRATEGIES FOR FINANCIAL EDUCATION

August 2012

The High-level Principles on National Strategies for Financial Education were developed by the OECD International Network on Financial Education (OECD/INFE) (which comprises representatives from over 100 economies, including all G20 members and relevant international organisations). They are based on an international survey and an in-depth iterative review process. This final version of the High-level Principles was approved by the OECD/INFE and by the OECD bodies in charge of financial education (i.e. the Committee on Financial Markets and the Insurance and Private Pensions Committee) in the course of April 2012. At the initiative of the G20 Mexican presidency and the request of the G20 Finance Ministers and Central Bank Governors, meeting in February and April 2012, they were submitted to, and endorsed by the G20 Leaders at the Los Cabos Summit.

At the request of the APEC Russian Presidency, these Principles were also transmitted to APEC Ministers of Finance whom welcomed their endorsement by APEC leaders at their meeting on 30 August 2012.

For further information, please contact Mr. André Laboul, Head of the Financial Affairs Division, OECD; Chair of the INFE [tel: +33 1 45 24 91 27; Fax +33 1 44 30 61 38; E-mail andre.laboul@oecd.org] or Ms. Flore-Anne Messy, Senior Policy Expert, Financial Affairs Division, OECD and INFE Executive Secretary [tel: +33 1 45 24 96 56; Fax: +33 1 44 30 61 38; E-mail: flore-anne.messy@oecd.org]

OECD
BETTER POLICIES FOR BETTER LIVES

Organisation for Economic Co-operation and Development,
2 rue André-Pascal, 75775 Paris cedex 16, France
www.oecd.org

1

Some key principles

- Well-resourced and effective leadership
- Work in partnership
- Focus on consumers and their needs
- Use a variety of approaches and channels (no silver bullet) – but prioritise!
- Build on experience … but only effective initiatives + Consider whether methods and channels put in place by (for example) public health campaigns can be used
- Start with the basics – can build on these for those consumers who need to have more sophisticated knowledge and skills
- Use clear, simple and lively communications (less is more!) – it is useful to develop some simple messages and to keep repeating them
- Focus on attitudes and changing behaviours, not just knowledge and skills – make use of effective marketing techniques
- Programmes & communications should be tested in advance + monitored & evaluated + reflect results in improvements to programmes/communications

Maximise cost-effectiveness

To maximise impact from available resources – and to encourage funders to provide additional resources. Take account of:

- Impact – on target audiences
- Reach – the number of people in target audiences who will be impacted by the programme
- Costs
- Sustainability (likelihood of continuing after initial investment)
- Scalability (potential to be scaled up, if successful)
- Potential to leverage other resources (e.g. financial education in schools)
- Replicability – extent to which the programme, if successful, is likely to be copied

Possible types of financial education programmes

- Financial education in schools
- Financial education for the youth and for students
- Financial education via trusted partners (e.g. women's groups, other community-based organisations and associations, community leaders, religious institutions, rural outreach workers)
- Financial education in workplaces
- Financial education for customers, and potential customers, of financial institutions
- Written information (e.g. newspapers, leaflets)
- Audio-visual information – e.g. TV and radio broadcasts; financial education DVD (could be shown in workplaces, etc)
- New technologies (e.g. website, social media, text messages)
- Drama, road shows, competitions, games, etc

Role of financial institutions

- Financial institutions can play an important role ... so long as “financial education” programmes are not, in reality, marketing
- People need to be able to trust a financial education initiative as providing objective advice. They will not do so if it is – or seems to be – an advertisement or other marketing

Common mistakes (1)

- Financial literacy strategy is too detailed – no recognition that it needs to be a dynamic document
- Lack of effective leadership - “if everyone is leading, no-one is leading”
- Prioritising programmes which are unlikely to be cost-effective (in terms of impact, reach, sustainability, etc – given their costs)
- Failure to include financial education within compulsory school curricula
- Failure to arrange for teachers to receive adequate training and resources
- Unnecessary duplication – e.g. more than one financial literacy website

Common mistakes (2)

- Over-complicating messages
- Programmes / messages are in reality marketing on behalf of financial institutions
- Providing what it is thought that people need – rather than what, in practice, they are willing to use (often caused by a failure to test, with members of the target audiences, resources and programmes before rolling them out)

Thank you!

Shaun Mundy

shaunmundy@hotmail.com