



# Designing a National Strategy on Financial Education

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Challenges, Opportunities and Strategies**

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## Agenda

**Initial situation and the need for a financial education strategy**

**National Strategy for Financial Education (elements)**

**Challenges and lessons learned**



## I. Initial situation (2005) - basic questions

- no consumer protection policy
- almost no awareness of the financial literacy issue
- low level of enthusiasm among politicians, officials, counterparties
- no idea whether the public would welcome financial education
- information asymmetry in the financial market resulting in complaints from retail consumers

**Challenges:**      where to start → FE as a part of a broader policy  
                         why to start → a policy reason and evidence-based demand  
                         who should pull the trigger → MoF or MoE?

**Solutions:**      1. Government document with a commitment for MoE to  
                         cooperate with MoF on school FE development  
                         2. Consumer protection policy  
                         3. Opinion poll to confirm the existence of a demand



## II. Demand for fin. education?

### Public opinion poll 2007 - main outcomes

- 32 % evaluated their level of fin. literacy as below-averaged
- 20 % stated that their knowledge is a barrier in (better) using financial products
- 80 % did not get basic fin. education at school
- 67 % would appreciate basic fin. terminology being implemented in the curricula
- education on budget, investment and credit is broadly supported, 2/5 respondents would appreciate specialized courses
- only 25 % of the public do regular budgeting
- only 19 % compare consumer credits using APRC, 34% look only at the interest rate

→ insufficient financial literacy → need + demand for fin. education



### III. (Improved) initial situation (2006-2007)

- FE formally recognized as a consumer protection component
- existing and confirmed demand for FE among the public
- MoF responsible for the consumer protection
- several private fin. education projects already in force
  - no co-ordination → different content, terminology
  - too small to cover all target groups
  - grey areas / overlapping
- still not enough enthusiasm on the public sector side

**Challenges:**      co-ordination → a system/strategy + WG  
                                 motivation → awareness among the public sector  
                                 resources needed → PR and/or mandate

**Solution:**            (National) strategy for financial education



## IV. Financial education strategy

- start of works: 2006/2007
- coordination: MoF
- widely discussed and approved by: WG for FE



## V. Czech FE coordination framework

- **WG for FE set up in 2006**
- **initial mission: to discuss the first release of conceptual documents**
- **current mission: exchange of information, experience, expertise on an ongoing basis**
- **status defined in the National Strategy (approved → binding & respected)**

### *Steering committee*

*coordinator*

**Ministry of Finance**

**Ministry of  
Education**

**Czech National  
Bank**

**other public authorities**

**industry**

**consumers**

**experts**

**WG FE**



## VI. Financial education strategy

- start of works: 2006
- coordination: MoF
- widely discussed and approved by: WG for FE
- objective: coordinated approach, all target groups ...  
... to answer basic questions (→ elements)
  - Why? → Links to the consumer protection policy  
→ Explanation of the FE documents structure  
→ Priorities
  - What? → Definition
  - Goal? → Standards
  - How → Principles (objectivity, expertness, targeting)
  - For whom? → Target groups, Pillars
  - Who? → Key players, roles, coordination
  - When? → implementation action plan (5 Y)





## VII. Financial education priorities

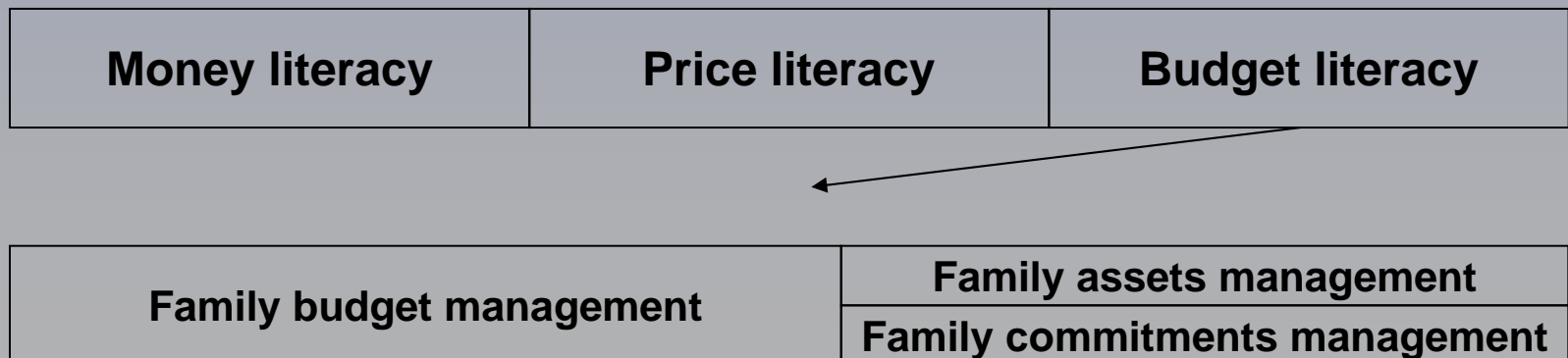
- **Active behaviour in the financial market**
  - planning
  - asking the right questions
  - shopping around
  - dealing with problems (instead of hiding)
  
- **Prevention of over-indebtedness**
  - increasing in the crisis times
  - low level of fin. literacy as one of the crisis triggers
  
- **Saving for retirement**
  - a common issue for all countries
  - pension schemes tend to take advantage of risky portfolios



## VIII. Financial literacy – the definition

- = **set of knowledge, skills and attitudes of citizens necessary to care for themselves and their families financially and to act proactively in the financial market**
- = **as a specialized component of a wider economic literacy (ability to ensure income, orientation on the labour market...) represents one of the key competencies**
- **prerequisites: numeric, information and law literacy**

### Financial literacy



**incl. macroeconomics (inflation) and taxation issues**

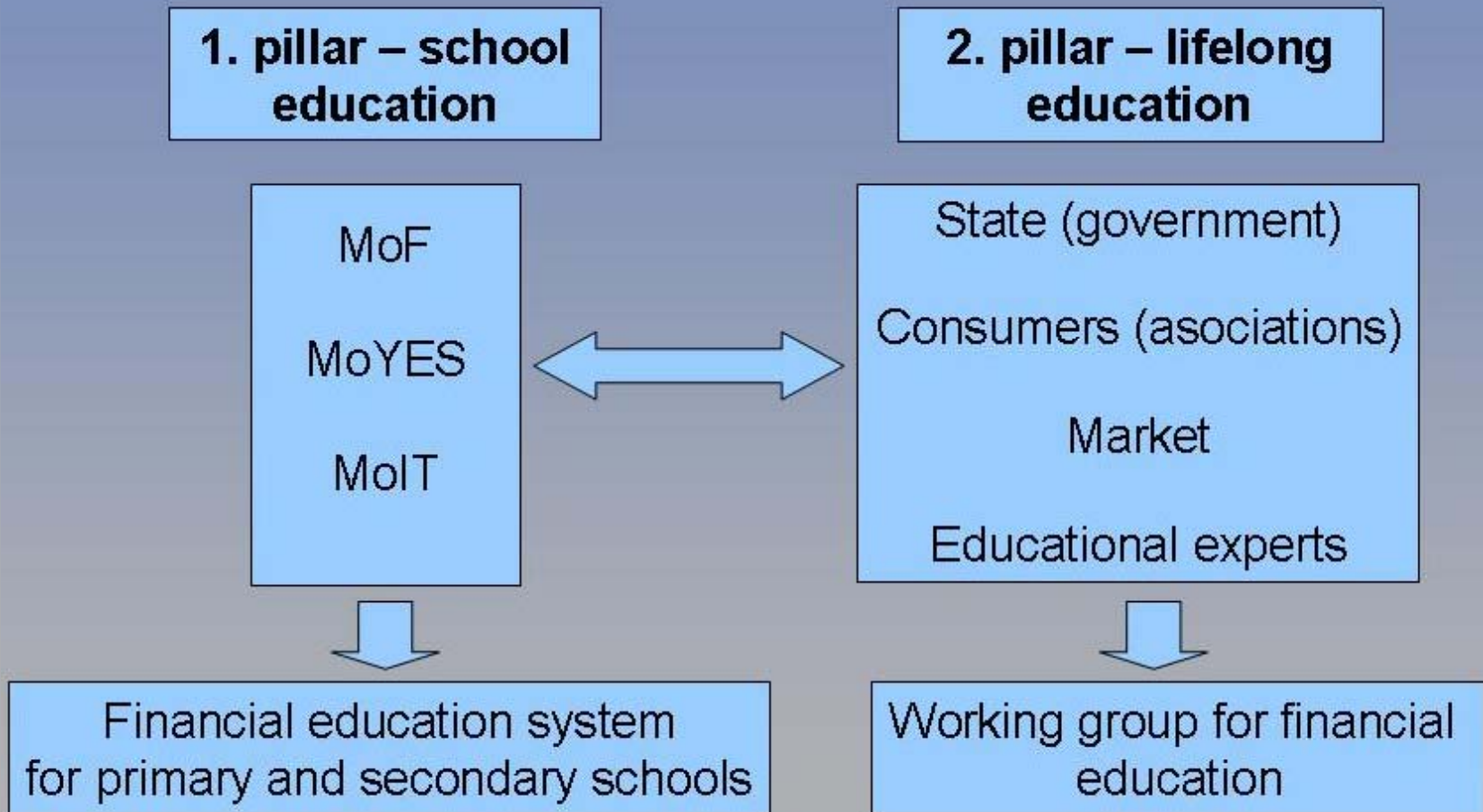


## **IX. Financial literacy standards**

- = optimal level of financial literacy for various target groups**
- = target situation of financial education at various education levels**
- = benchmark for FL measurement**
  
- **Original standards followed the definition – description of knowledge and skills to be achieved within the money/price/budget segment of FL**
- **Reformulated standards keep the content but use a different structure – Money, Budget, Financial products, Consumer rights**  
**! try to avoid this complication !**
  
- **2 standards for elementary schools (1st-5th class; 6th-9th class)**
  
- **1 standard for high schools (used as the FL standard for adults)**

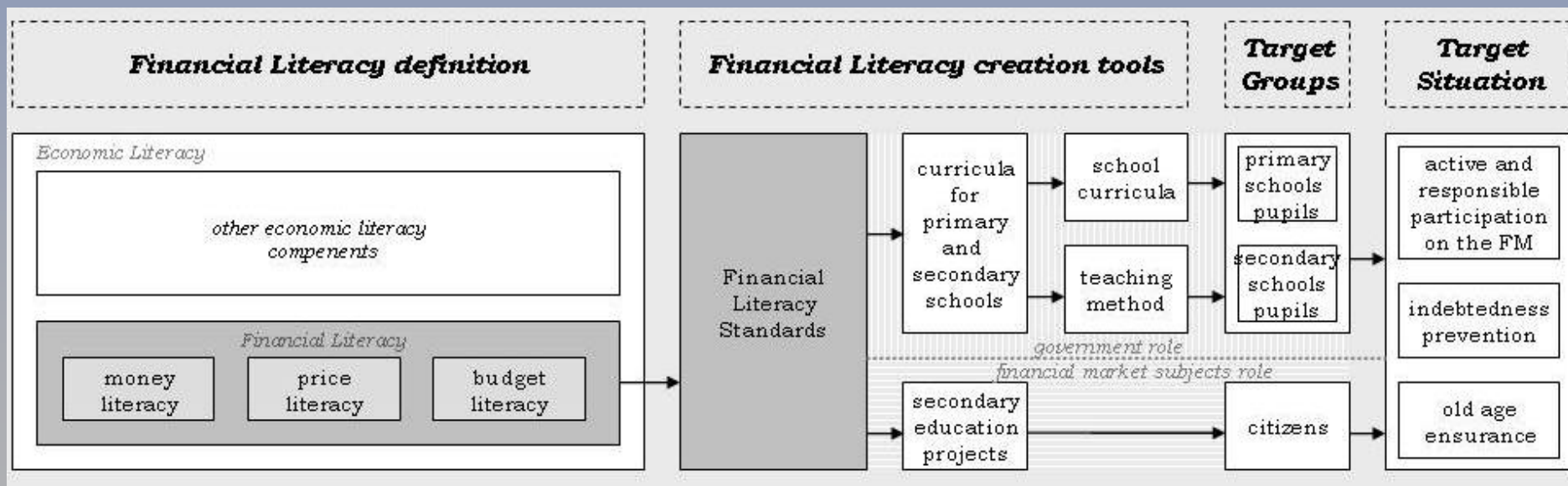


## X. FE Strategy Pillars





## XI. FE implementation





## XII. Lessons learned

- **a coordinator is always needed – choose only one**
- **acting is better than waiting**
  - ➔ a counterparty does not play? Play for them!
- **links between the policy documents needed**
  - ➔ FE strategy linked with consumer protection strategy (policy)
- **experience from abroad as evidence of importance or supporting argument but not always necessary to be fully followed**
- **a Strategy should**
  - be flexible
  - be approved by the Government
  - include an action plan – tasks, responsibilities, deadlines (➔ budgets)
  - be widely acceptable (approved by all key players)
- **a national-wide WG is a good tool for**
  - information and experience exchange
  - approval of strategic documents (➔ wide acceptance)



**Thank you for your attention**

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