



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

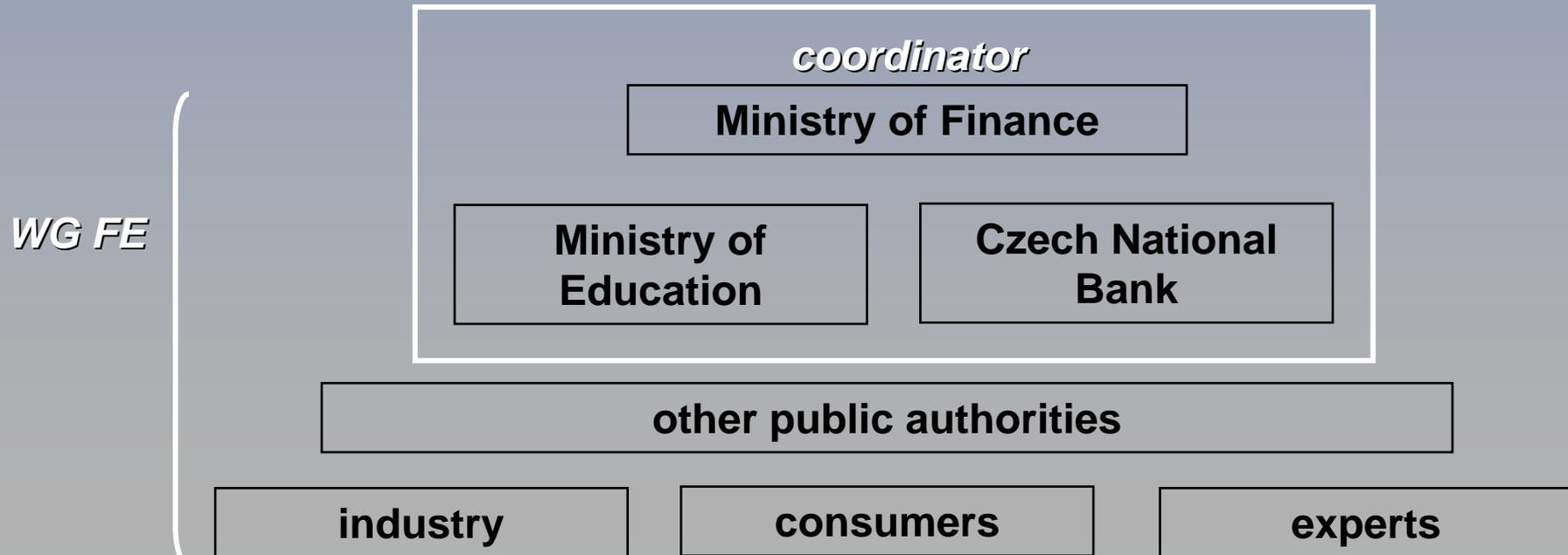
- start of works: 2006/2007
- coordination: MoF
- widely discussed and approved by: WG for FE



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





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

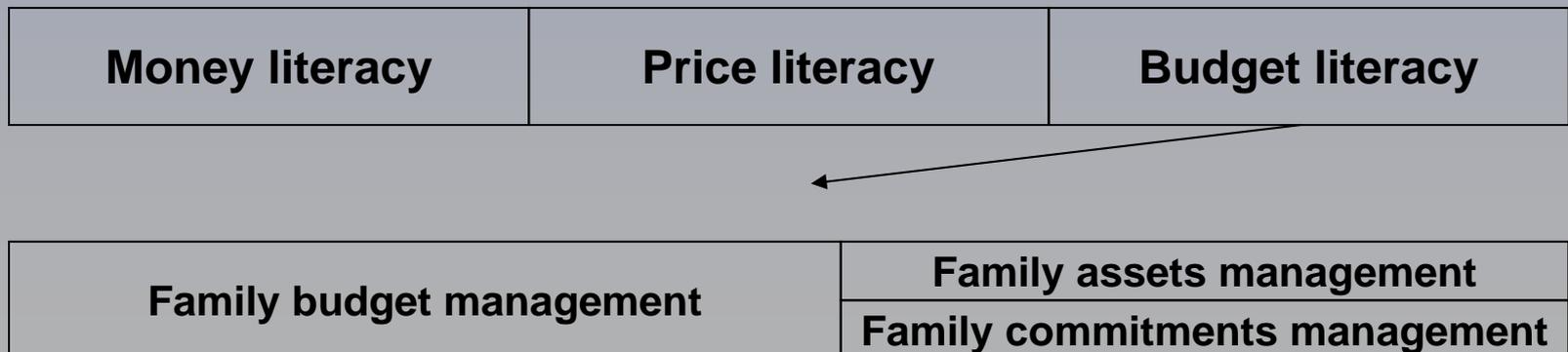
- **Active behaviour in the financial market**
 - planning
 - asking the right questions
 - shopping around
 - dealing with problems (instead of hiding)
- **Prevention of over-indebtedness**
 - increasing in the crisis times
 - low level of fin. literacy as one of the crisis triggers
- **Saving for retirement**
 - 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**

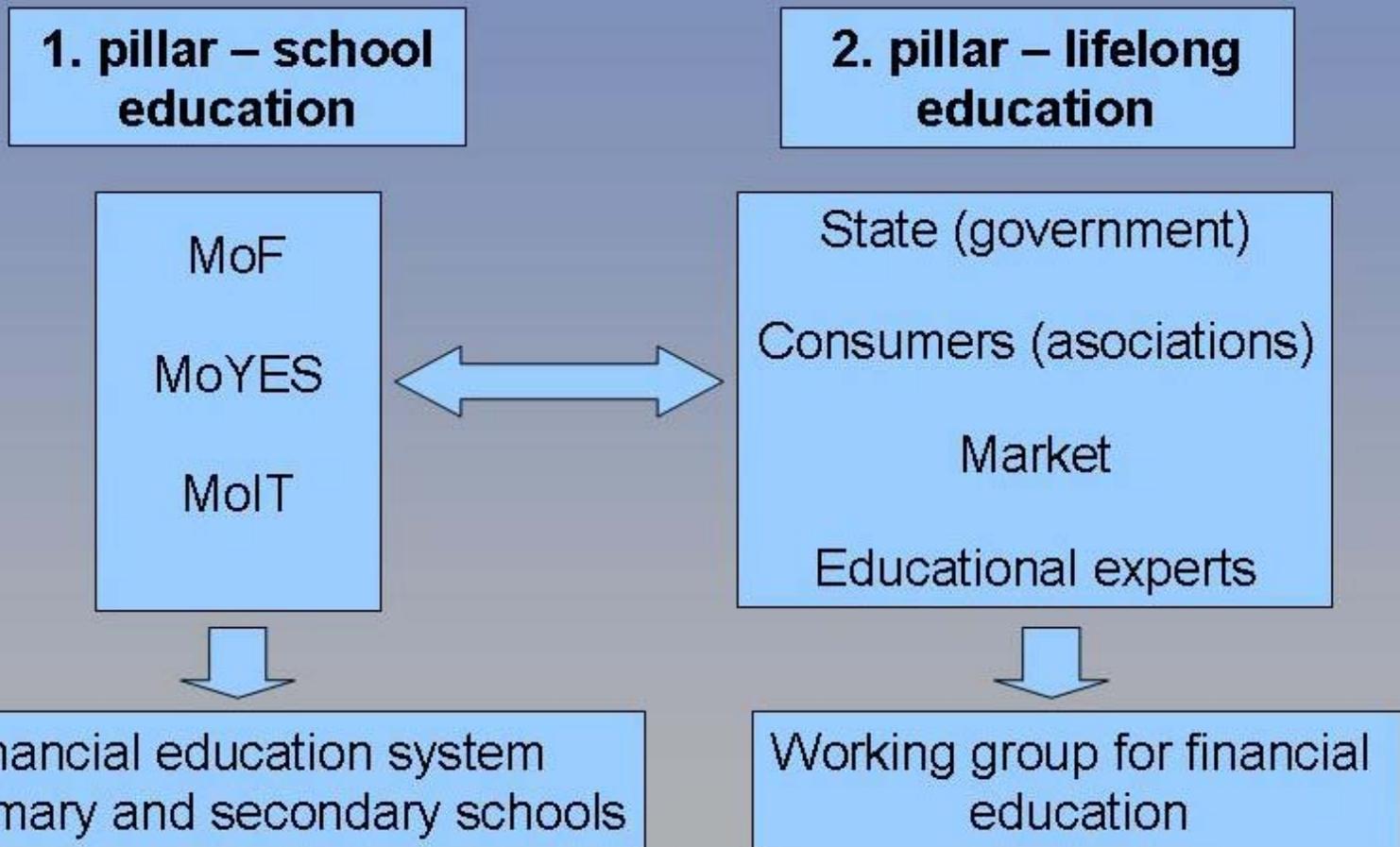
- **Original standards followed the definition – description of knowledge and skills to be achieved within the money/price/budget segment of FL**
- **Reformulated standards keep the content but use a different structure – Money, Budget, Financial products, Consumer rights**
! try to avoid this complication !

- **2 standards for elementary schools (1st-5th class; 6th-9th class)**

- **1 standard for high schools (used as the FL standard for adults)**

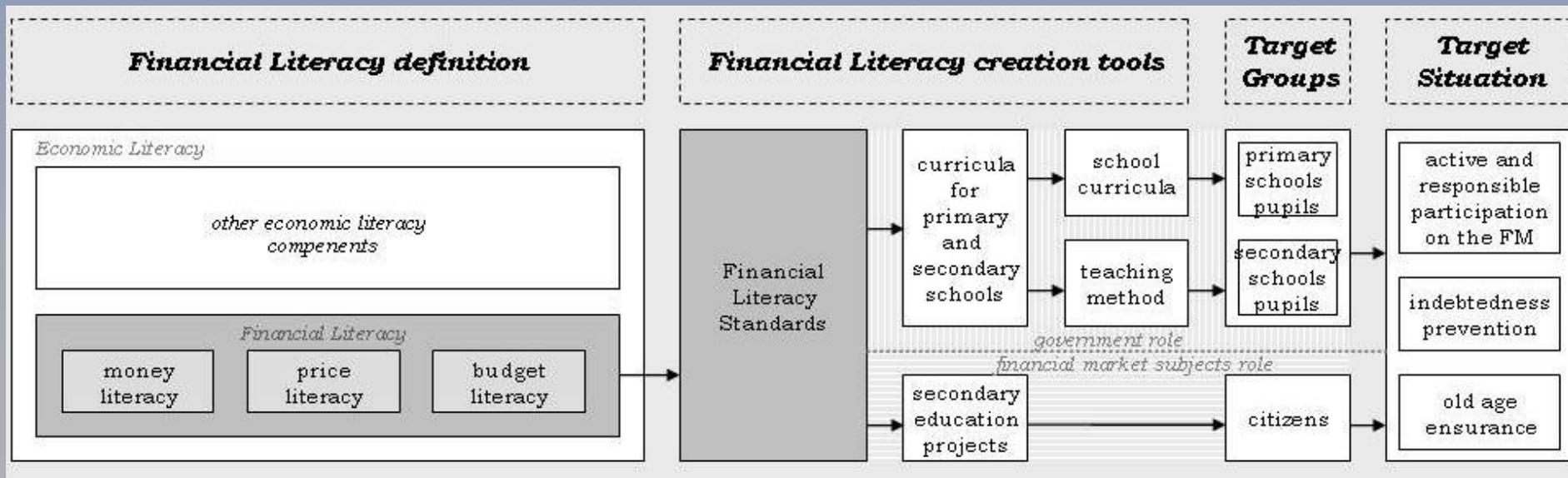


X. FE Strategy Pillars





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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