

Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



May 11, 2007

Mr. Andre Laboul
Head of Financial Affairs Division
Directorate for Financial and Enterprise Affairs
Organization for Economic Cooperation and Development
Paris, France

Dear Sir,

Romanian public-private initiative to improve consumer financial education

We are pleased to inform you about a Romanian initiative for improving consumer financial education undertaken under the auspices of the Special Projects Initiative (SPI) public-private partnership for the modernization of the financial sector composed of the National Bank of Romania, Romanian Banking Association, Ministry of Economy and Finance, and the National Authority for Consumer Protection. The attached one pager gives you the main elements of the project.

The project was initiated based on the recognition that education on financial services is important for all financial sector stakeholders (consumers and providers of financial services, competent authorities, etc.). The project has mobilized experts from the banking community, National Bank of Romania, National Authority for Consumer Protection and other specialized NGOs, who aim at preparing a nation-wide financial literacy strategy, including specific guidelines for relevant stakeholders to promote consumer financial education.

We understand that OECD has a particular project of financial education which, among others, should prepare a set of guidebooks designated for regulators and policy makers to assist with the effective implementation of financial education programs, based on a cross-country analysis of efficiency and effectiveness of financial education programs.

In this regard, we would very much appreciate if OECD could share with the Romanian public-private working group its findings on the international best practices with promoting consumer financial education so as to enable it to design an effective national strategy. We have prepared below a list of questions on which we would appreciate receiving a feedback.

Lastly, we would like to ask you whether it would be possible for an OECD representative to participate at a round table that we plan on organizing in mid June with financial sector stakeholders regarding the international policies and practices in promoting financial education.

Thank you for your contribution.

Ramona Vali Bratu
SPI Director for Bank Products and Services

Oana Maria Nedelescu
SPI Director for Analytics and Policy

cc: SPI Committee members (Messrs. Florin Georgescu, NBR First Deputy Governor; Radu Ghetea, President, Romanian Banking Association; Sebastian Vladescu, State Secretary, Ministry of Economy and Finance; George Ciuboratu, President, National Authority for Consumer Protection), SPI Project Owner (Mr. Petre Tulin, President, HVB Locuinte).

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SPI Project on Improving Consumer Financial Education

Questions for OECD Financial Education Project

- I. What are the most important issues in financial education in OECD countries?
- II. What are the main obstacles to financial education in OECD countries? How can they be overcome?
- III. What are the major national initiatives on financial education underway in OECD countries?
- IV. What are the main features of the financial education programs in OECD countries?
 - a) Who are the promoters of the financial education programs and what is the role that each of them plays?
 - b) How are the financial education programs financed?
 - c) How are the financial education programs managed?
 - d) Are governments involved and if so, how?
 - e) What are the objectives of the financial education programs and how can they be measured?
 - f) What is the time frame for financial education programs implementation?
 - g) What are the main targeted financial consumer categories (differentiated by age, background, banked / unbanked, clients of specific financial sector segments, etc.) and how the financial education programs differ to cover their specific needs?
 - h) What are the recommended concrete means for promoting financial education?
- V. What are their main strengths and weaknesses of the undergoing OECD countries financial education programs? What are the lessons learnt so far?
- VI. How important is considered to be the introduction of financial education in the school curriculums? How many OECD countries have financial education in school curriculums?
- VII. What are the main policy options for promoting consumer financial education?
- VIII. What are the recommendations for nation-wide literacy campaigns?

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SPI Romania Project on Consumer Education Project Background

Project Objective:

To prepare a strategy for a nation-wide financial literacy campaign, including specific guidelines for relevant stakeholders (authorities and financial institutions) to promote customers' financial education.

Given the utmost importance of consumer financial education, the SPI Committee decided at its second meeting held in December, 2006, to undertake a dedicated project on this matter. The project working group currently comprises representatives of banks, the National Bank of Romania (NBR), the National Authority for Consumer Protection (NACP), and the National Association for Consumer Protection.

To support the activities of the project working group, in March 2007, the SPI Secretariat prepared a background document on the international experience with consumer financial education.

The members of the working group agree that the education on financial issues is very important for all stakeholders:

- **consumers of financial services** as it helps them to budget and manage their income, save and invest efficiently, and avoid becoming victims of fraud;
- **providers of financial services** as it can constitute a marketing tool for financial institutions to build robust client relationships and promotes competition among financial intermediaries;
- **authorities** as it is a policy instrument for authorities to contribute to a sustainable growth in financial intermediation and ensures the smooth functioning of financial markets and the economy.

Likewise, the project working group believes that the efforts for promoting financial education should have a broad coverage and should be made jointly by the financial market players and authorities. The *strategy for promoting financial education* should spell out:

- the objectives to be achieved;
- a clear implementation calendar (i.e. three years);
- the legal and the institutional changes that could be promoted within the stated time span;
- the ways and the means (including financial resources) to achieve the objectives.

The following suggestions for promoting financial education have been made by the project working group members:

- the NBR and NACP should start by disseminating on their websites basic financial information for consumers;
- a financial lexicon / guide should be prepared by banks and the NBR and subsequently posted on the sites of banks and the NBR;
- start a TV / media campaign on the public television with advertising slots on specific basic financial sector issues (savings, credit, pensions, insurance, etc.);
- explore the possibility of having non governmental institutions engaged in the process of promoting financial education and players from other financial market segments (insurance, pensions, etc.).

The project working group will hold further discussions. Also, a roundtable with all relevant stakeholders and international participation will be held in mid June. The strategy for a nation-wide financial literacy campaign, including specific guidelines for relevant stakeholders (authorities and financial institutions) to promote customers' financial education will be finalized by **mid June, 2007**.