

Proposed National Strategy for Promoting Consumer Financial Education

Presentation for Working Group Discussion
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Oana Nedelescu & Marina Neagu
SPI Secretariat

Outline

1. The need for a national strategy
2. The objectives and timeframe of the national strategy
3. Principles of the national strategy
4. Roles of the stakeholders
5. Coordination, governance and monitoring
6. Implementation: channels, regulations, funding
7. Pre-launch activities
8. Implementation plan

1. The Need for a National Strategy

Present context of the financial services:

- Modest level of penetration;
- Important growth rates of financial services.

Threats for the consumers:

- Over-indebtedness;
- Irresponsible use of credit;
- Lack of knowledge and experience in financial planning.

2. The Objectives and Timeframe of the National Strategy

GENERAL OBJECTIVE:

To increase levels of financial education and awareness among the general public and certain sensitive categories, with the lowest levels of financial literacy.

Strategy time frame: *3 years*

Beneficiaries:

- *Consumers of financial services;*
- *Providers of financial services;*
- *Authorities.*

3. Principles of the National Strategy

1. *The main components of the national financial education programs and measures should be: **instruction, information** and **advice**.*
2. *Financial education should be **adequately calibrated**: fair and unbiased information efficiently communicated, focus on high priority issues, suitability to the target audience.*
3. ***Broad participation of stakeholders** in designing and implementing the strategy: public authorities, financial institutions, Romanian Banking Association and other NPOs, international organizations.*

4. Roles of the Stakeholders

- **Public authorities:** *promotion, legislation, financing, calibration and monitoring, logistic suport;*
- **RBA:** *industry self regulatory measures, industry programs, dispute resolution schemes;*
- **Financial institutions:** *information, education, training staff;*
- **Non-profit organizations:** *focus and coordination, promotion, financing;*
- **International oranizations:** *awareness raising, guidance, research, networking.*

5. Coordination, Governance and Monitoring

Coordination

- Option 1: public –private partnership
→ stakeholders could be involved more actively.
- Option 2: dedicated non-profit organization
→ dedicated structure in charge with coordination.

Governance and monitoring

- Endorsement of the national strategy by the SPI public-private project working group and the SPI Committee;
- Creation of a Public-Private Steering Committee for Promoting Consumer Financial Education composed of relevant public and private representatives;
- Initiation of a public debate (round table) aiming at building consensus among all stakeholders;
- Endorsement of the implementation plan to be executed by a PPP/dedicated NGO.

6. Implementation: Channels, Regulations, Funding

Channels

- Training courses, publications, advisory services, internet websites/services, public-awareness raising campaigns, events etc;
- ! Targeting actions to groups that are most in need.

Regulations

- Regulatory-based approach: consumer codes and other consumer protection;
- Industry self – regulation;

Funding

- National level programs: public authorities, foundations;
- Local level actions: banks, credit unions, community foundations.

7. Pre-launch Activities


Strategy proposal to be discussed and endorsed by the SPI public-private project working group: NACP, NBR, NCSPPS, banks, consumer protection associations. (mid October 2007)

Strategy proposal prepared by SPI to be submitted for endorsement to the SPI Committee (late October 2007).

Public – Private Steering Committee for Promoting Consumer Financial Education to be set up (late October 2007).

Round table for a broad endorsement of the strategy (early November 2007)


7. Pre-launch Activities



Designation of experts to prepare a Memorandum of Understanding (MoU) between the Steering Committee institutions (mid November 2007).



Preparation and signature of the MoU, including governance and monitoring implementation procedures (end December 2007 – early January 2008).



Operational meetings with stakeholders to outline concrete implementation steps (January – February 2008)



Launch of the financial education actions and measures (March 2008).

8. Implementation Plan

Information

- Conduct a public awareness raising campaign;
- Enhance online information availability
 - Set up new dedicated financial information website;
 - Modify individual websites;
- Create guides on specific financial sector issues;
- Impose regulatory or industry self regulatory actions;
- Organize public workshops and other events.

8. Implementation Plan

Instruction

- Organize courses, seminars, workshops, etc. at community/socio-professional group level;
- Introduce financial literacy in school curricula;
- Design and implement targeted educational programs for adults;
- Organize seminars, student projects and conferences which promote financial education.

8. Implementation Plan

Advice

- Develop product comparison softwares;
- Set up toll free telephone numbers;
- Encourage banks to train staff on financial education;
- Ensure suitability for the consumers;
- Develop warning systems for consumers;
- Develop 1-to-1 counselling.



ROMANIA

CONVERGENCE FINANCIAL SECTOR MODERNIZATION

Public-Private Special Projects Initiative



Implementation timeline for the first six months of activities

