

Improving Consumer Financial Education

<http://www.spi-romania.eu/program-2007/consumer-education/>

**SPI Committee Meeting
 November 13, 2007**

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.

Project Working Group Activities

PWG members: 4	PWG meetings: 1
<p align="center">Public stakeholders</p> <ul style="list-style-type: none"> • National Authority for Consumer Protection; • National Bank of Romania; • Private Pension Systems Supervision Commission. 	<p align="center">Private stakeholders</p> <ul style="list-style-type: none"> • Banking sector (1 bank); • National Association for Consumer Protection.

Project Main Steps

Dec. 20, 2006: SPI Committee decides to separate the consumer education component from the Bank Ombudsman project, given that the former deserves a separate attention;

Mar. 1, 2007: SPI Secretariat submits to the project management team a background study on the international experience with consumer education;

Apr. 5, 2007: Project strategy meeting outlining a feasible strategy for promoting financial education in Romania;

May 2007: National Association for Consumer Protection and Promoting the Programs and Strategies from Romania accepts to participate in the PGW;

May 2007: SPI Secretariat informs OECD about the Romanian public-private initiative for improving consumer financial education and requests information on international best practices in the area of consumer financial education;

June-October 2007: SPI Secretariat drafts the national strategy for consumer financial education;

October 18, 2007: PWG approves and NAPC endorses the national strategy for promoting consumer financial education and proposes a concrete action plan.

<p align="center">Summary of Impact Assessment:</p> <p align="center">Under preparation</p>	<p align="center">For more information, please contact:</p> <p>1. SPI Secretariat: Ms. Oana Nedelescu and Ms. Ramona Bratu, tel: +40 21 323 66 10; Project Management Group: Mr. Petre Tulin, HVB Locuinte, tel: +40 30 00 11 11.</p>
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SPI Project on Improving Consumer Financial Education

Project Team

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Summary of the SPI Secretariat Contribution

Prepared the meetings of the project working group.
Prepared a document on the international experience with promoting consumer financial education.
Prepared the draft of the national strategy for promoting consumer financial education.
Prepared the draft of a simplified set of measures for promoting consumer financial education to be undertaken in 2008 by SPI key stakeholders.



Document prepared by SPI Secretariat
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SPI Project on Improving Consumer Financial Education

Project Status Report

I. Actions undertaken in July – October 2007

In July-October 2006, the SPI Secretariat drafted the national strategy for promoting consumer financial education to provide the basis for an efficient coordination of financial education programs and measures, mainly by establishing a set of principles and good practices for promoting financial education.

The proposed strategy outlined:

- the need for a national strategy;
- the objectives, the principles and the timeframe of the national strategy;
- the roles of the stakeholders;
- the coordination, governance and monitoring of the strategy;
- the implementation aspects related to channels, regulations and funding;
- the implementation plan and the pre-launch activities.

The project working group finalized and ANPC endorsed the proposed strategy for promoting consumer financial education with the following main characteristics:

- The underlying objective of the national strategy is to increase levels of financial education and awareness among the general public and certain sensitive categories, with the lowest levels of financial literacy;
- The consumer financial education programs and measures should be designed along the following dimensions: instruction, information and advice and will be adequately calibrated to ensure that financial education is provided in a fair and unbiased manner;
- The financial education programs will be focused on high priority issues and will be designed to meet the needs and the financial literacy level of their target audience;
- The implementation of the national strategy will be based on a broad participation of public and private stakeholders through a public-private partnership;
- The timeframe of the national strategy is 2008-2012;
- The funding of the national strategy will be ensured through public, private and possibly EU funds.

II. Feedback received from SPI Committee members during November 1, 2007 discussion with project manager

Given time and resources constraints, SPI Committee members suggested that the consumer financial education measures are to be promoted initially by the SPI institutions and will comprise a limited set of concrete and feasible measures to be implemented during 2008. Also, it was proposed that an outreach event could be organized in January 2008, in order to ensure a broad participation of stakeholders.

The SPI Secretariat has prepared, based on the national strategic plan initially proposed by the project working group, a simplified set of measures (attached), which are submitted to the SPI Committee for its consideration and endorsement.

III. Proposed next steps

The project working group proposes the following pre-launch plan for the national strategy for promoting consumer financial education:

	Action	Timeframe
1	Endorsement of proposed measures by SPI Committee (SPI Committee meeting)	Early November 2007
2	Gathering of more experience from European countries (e.g., Germany, Greece, Italy, UK and Serbia)	November - December 2007
3	SPI Secretariat attends World Summit on Financial Education	December 2007
4	Prepare a round table to be organized in January 2008 with the participation of relevant stakeholders (SPI Secretariat)	November - December 2007
5	Round table to raise awareness on the importance of promoting consumer financial education (event organized by SPI Secretariat)	January 2008
6	Start implementation of measures proposed (SPI institutions with support of SPI Secretariat and other relevant stakeholders)	January 2008

IV. Proposed SPI Committee decision

It is proposed that the SPI Committee endorses the proposed measures for promoting consumer financial education aimed at enhancing the Romanian consumer's financial planning, by better understanding the opportunities and risks implied by financial services and products. The SPI Committee will support the implementation of the proposed measures and will invite other relevant authorities to get involved.



PROMOTING CONSUMER FINANCIAL EDUCATION

Measures and Action Plan Proposed by the SPI Secretariat based on the National Strategic Plan for Promoting Consumer Education endorsed by the

SPI Project Working Group

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**Prepared by the SPI Secretariat
November 2007**

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I. Background

In October 2007 the project working group has prepared a comprehensive national strategic plan for promoting consumer education.

To provide focus, consumer financial education measures are to be promoted initially by the SPI institutions and will comprise a limited set of concrete and feasible measures to be implemented during 2008.

The following measures, which draw from the national strategic plan, are submitted to the SPI Committee for its consideration and endorsement before starting consultations with SPI institutions.

II. The Need for Promoting Consumer Financial Education

At present, the penetration of financial services in Romania shows modest levels compared to other European countries, but the retail financial services continue to grow at a fast pace. This effervescence of the Romanian financial market offers increased opportunities for both consumers and providers of financial services.

At the same time, **fast growth of lending can lead to over-indebtedness and/or irresponsible use of credit,** as the years of hardship during the transition to a market economy have left clients with a spending appetite which leaves little room for sound financial planning. Individuals are increasingly dependent on the financial services industry for purchasing and furnishing their homes, financing their day-to-day needs, starting a business, or financing their retirement.

Low financial literacy levels of the population lead to a weak and inefficient utilization of financial services. Because of lack of financial sector knowledge, consumers are unable to make adequate financial planning decisions, which result in a poor administration of their wealth.

The benefits of increasing consumer financial education are spread among financial sector stakeholders:

- **for authorities:** 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;
- **for consumers of financial services:** it helps them budget and manage their income, save and invest efficiently, and avoid becoming victims of fraud;
- **for providers of financial services:** can constitute a marketing tool for financial institutions to build robust client relationships and promotes competition among financial intermediaries.

Therefore, **there is a need for a coherent set of measures** promoted by key financial sector stakeholders for improving consumer financial education in Romania with the objective of enhancing the consumer financial knowledge to enable it to improve its financial decisions for life-planning. Ultimately, **an increased level of financial literacy of consumers will help increase the stability and the confidence in the financial sector** and promote economic growth.

Box 1. International experience with promoting consumer financial education

The international experience shows a wide variety of initiatives to promote consumer financial education, that are promoted by both public and private stakeholders.

In some cases, there are public authorities that have, among their statutory objectives, the financial consumer education, as it is the case of the [UK Financial Services Authority](#) and the Irish Financial Services Authority that develop both nation-wide and local activities for improving financial literacy. These authorities are at the forefront of promoting consumer financial education in the respective countries.

In other countries, consumer education information is disseminated by the central banks. For instance both [Bank of Spain](#) and [National Bank of Poland](#) developed dedicated portals with useful information for consumers of financial services and products.

In the case of US, the authorities have set up a dedicated [Financial Literacy and Education Commission](#), with the purpose of improving financial literacy levels, that reaches a wide target through its website, toll-free telephone and numerous activities and grants.

Bank associations also develop dedicated portals to provide consumers with informative guidelines and other useful information about their rights and responsibilities as it is the case of the [British Bankers' Association](#), [French Banking Association](#), [Association of German Banks](#) and so on.

Other financial education programs and actions have been conducted by non-profit organizations (for instance, in USA there are around thirty consumer financial education NPOs), international organizations (ex: the OECD Financial Education Program), or financial institutions themselves (ex: [Citigroup Financial Education Program](#)).

The National Authority for Consumer Protection confirmed that the proposed measures for promoting consumer financial education are in line with the national strategy for consumer protection is already in place (enacted through Government Decision no. 364/2005).

At the same time, Romania's efforts in the area of promoting consumer financial education would be also in line with the most recent EU developments (see EU Commission Green Paper on Retail Financial Services). The European Commission is going to issue in November 2007 a communication on the best practices in financial education in the European member states.

III. The Objectives of the Proposed Measures

The proposed measures will provide the basis for the start of coordinated financial education actions by key financial sector stakeholders. The underlying objective of the proposed measures is to *increase levels of financial education and awareness among certain sensitive categories, with the lowest levels of financial literacy.*

A practical focus

While the activities of information and instruction should in principle target all categories of consumers, in practice, specific immediate actions could be envisaged for categories such as: debtors in financial difficulty, first-time homebuyers, young people, credit card users. Other

target categories could be women, the unbanked¹, the underserved², low-income consumers, retirees, etc. Among these categories, the most vulnerable are the young people and the elderly. Also the implementation of actions should consider the target clients groups which are the most dynamic in terms of demanding financial services.

IV. The Specific Objectives for 2008

The proposals for 2008 refer to a set of actions that would imply only a limited effort from the key financial sector stakeholders, with the purpose of ensuring that:

1. a public-private consensus on the importance of promoting consumer financial education is reached;
2. other stakeholders (public, private and not-for-profit entities) become interested to join the efforts of the core group in promoting financial education, as this will imply a long term commitment and effort.

The following table describes the set of specific actions for 2008 and the resources that would need to be mobilized (more details are to be found in Annex 2, Table 3):

Table 1. Specific objectives for 2008

Domain	Actions	Stakeholder(s)	Necessary resources
Information	Enhance information available to consumers on the participating institutions' websites	RBA, individual financial institutions, NBR, Credit Bureau, NACP	SPI project to improve content of information available to consumers (EU Retail Financial Policy Priority)
	Elaborate guides on financial matters (lending, savings for retirement)	RBA, individual financial institutions	SPI project to draft the guides (EU Retail Financial Policy Priority)
	Self-regulatory actions	RBA, individual financial institutions	SPI project based on Italian <i>Patti Chiari</i> experience (EU Retail Financial Policy Priority)
Instruction	Organize events to raise awareness and gain support from other stakeholders	RBA, financial institutions, NACP, NBR	SPI could support organization of two events during 2008 (one in January and the other in June)

¹ Consumers affected by financial exclusion and marginalization are called the unbanked: without a bank account at a deposit institution.

² The underserved are people who rarely use their account or do not know how to use it.

Advice	Develop product comparison applications	Individual financial institutions, RBA	SPI project based on Italian <i>Patti Chiari</i> experience (EU Retail Financial Policy Priority)
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* More activities could be envisaged if deemed feasible by the relevant stakeholders.

V. Roles of Key Stakeholders

The main roles of the stakeholders are:

Financial institutions

- **Information:** Individual financial institutions bear mainly the responsibility to provide clear and accurate information to clients in regard to the terms and conditions of banking products and services. A miss calibration the information disclosed (too little versus too much) is often a cause of why people see financial information as difficult to understand;
- **Education:** Financial institutions could also disclose education material on their website or at their territorial premises;
- **Advice:** Financial institutions could be also encouraged to provide on-line simulators and/or any other integrated IT modules that could help the potential clients to better understand the characteristics of the financial services offered to them.

Romanian Banking Association

- **Industry Self Regulatory Measures:** Given its role of forum of financial institutions, the RBA could enhance the protection of customers by initiating the development of industry codes or standards which push for more transparency from banks;
- **Industry Programs:** The RBA could also promote industry-led financial literacy programs which could help customers to better understand the bank products and services (i.e. by asking banks to disseminate more information on their websites or at their territorial outlets or setting up a dedicated industry website including financial education information, etc.);
- **Dispute Resolution Schemes:** The RBA could also enhance customer protection by encouraging the quick setting up of the bank ombudsman as an alternative dispute resolution scheme.

Public authorities

- **Promotion:** Given their broad territorial coverage capabilities, public authorities (in particular NACP) should be the main promoters of financial education programs and also the main channel for disseminating information within the financial education programs and campaigns, but also on an ongoing basis (the websites of these institutions may host educational material such as brochures, guides, leaflets, etc.);
- **Expertise:** Public authorities could support the calibration and the implementation of the programs for promoting consumer education through their comprehensive knowledge and expertise;
- **Logistic Support:** The often vast territorial network of public authorities (in particular NACP) can be put to use in programs at a community level, offering logistic support to study groups.

VI. Coordination and Monitoring of Proposed Measures

The coordination and monitoring of the proposed measures could be performed by the SPI Committee. The SPI Secretariat will report periodically to the SPI Committee (e.g., on a quarterly basis) on the progress with the implementation of the proposed measures.

VII. Conclusion

Improving financial education is a long-term process, but its start cannot be deferred. While the pilot SPI financial education projects are being designed and start being implemented, NACP's contribution in the SPI Committee and in the various project working groups will be essential to ensure coordination of the various actions and consistency with the national strategy for consumer protection is already in place (Government Decision no. 364/2005).

VIII. Recommendation

It is recommended that the SPI Committee contributes to the national strategy for consumer protection through the undertaking of several focused SPI projects as indicated in this note.

Financial Consumer Education

Guiding Principles

The measures for promoting consumer financial education are based on the following three pillars:

Pillar 1: The proposed national financial education programs and measures should have three main components:

- **Instruction**: ensuring that individuals acquire the skills and ability to understand financial terms and concepts, through the provision of training and guidance;
- **Information**: providing consumers with facts, data, and specific knowledge to make them aware of financial opportunities, choices, and consequences;
- **Advice**: providing consumers with counsel about generic financial issues and products so that they can make the best use of the financial information and instruction they have received.

Pillar 2: The proposed measures should be adequately calibrated to ensure that financial education is provided in a fair and unbiased manner and that they are coordinated and developed with efficiency. Also, financial education measures should focus on high priority issues and meet the needs and the financial literacy level of their target audience.

Pillar 3: Financial education measures should be developed and implemented with the broad support of the key financial sector stakeholders (supervisory and regulatory authorities, financial market players and consumer protection bodies).

Implementation

As mentioned above, the measures for promoting consumer financial education will encompass a mix of actions targeting customer information, instruction, and advice (see Table 1). This mix of measures is the best implementation solution for promoting financial education, as it opens the possibility to use a variety of channels to reach as many consumers as possible as well as to ensure that this information is easy to understand by consumers.

In other countries' experience, the solution of a national campaign is often used, as it is most effective in raising awareness about the importance of understanding financial issues.

OECD has identified the following delivery channels for financial education programs (in order of frequency of use):

- training courses;
- printed or online publications (brochures, magazines, booklets, guidance papers, newsletters, annual reports, direct mail documents, letters and disclosure documents);
- advisory services (including telephone help lines and 1-to-1 counseling);
- internet web sites/online services;
- public awareness-raising campaigns;
- events (including lectures, national workshop/forum, symposia, presentations);
- other methods (including resource packs, videos, computer programs).

In Romania, it would be feasible to start the promotion of consumer education by using the following channels:

- drafting a set of specific guides on very important financial sector issues (responsible borrowing, retirement savings) to be disseminated on-line and in a printed form by relevant stakeholders;
- improving the availability of information for consumers of financial services and products;
- organizing awareness raising events;
- promoting industry self-regulatory measures;
- introducing financial education in the school curricula as a component of consumer protection classes, etc.

The following implementation plan and timeline have been designed in accordance with the above mentioned considerations, so as to ensure that the national program will achieve its objectives.

Table 2: Implementation Plan

	Proposed actions	Stakeholders	Responsible	Comments
I. Information	I.1. Enhance information availability offered by the financial market stakeholders.	<p>National Authority for Consumer Protection (NACP)</p> <p>Romanian Banking Association (RBA)</p> <p>Financial institutions</p> <p>National Bank of Romania (NBR)</p> <p>Others: Credit Bureau (CB)</p>	Each institution	<p>Improve the availability of information useful for consumers of financial services and products, on the individual websites of the financial market stakeholders:</p> <ul style="list-style-type: none"> - Open or improve dedicated sections on consumer financial education /protection; - Upload information materials related to consumer financial education /protection. <ul style="list-style-type: none"> • <u>NACP</u>: open a section dedicated to the financial consumer education that would contain: information about financial consumers rights and obligations; information about and links to the Bank Ombudsman (when established) and other dispute resolution bodies; basic information about the bank products and services and their risks; financial education documentation elaborated through the present project or other future initiatives. • <u>RBA</u>: open a section dedicated to consumers of financial services and products that would contain: the rights and the obligations of borrowers, information about and links to the Bank Ombudsman (when established), the Credit Bureau and to individual financial institutions, financial education documentation elaborated through the present and other initiatives of the stakeholders. • <u>Financial institutions</u>: improve information available for consumers, to stress risks pertaining to various financial products and services. The SPI Project “Bank Code of Conduct” and “Enhancing Financial Consumer Protection”, scheduled for 2008, will encourage banks to improve the availability of information so as to ensure transparency regarding the costs and risks of financial products and services.

	Proposed actions	Stakeholders	Responsible	Comments
				<ul style="list-style-type: none"> • <u>NBR</u>: improve the NBR website by posting information about and links to the Bank Ombudsman (when established), the Deposit Guarantee Fund, NACP and RBA, information regarding financial consumer rights and protection, financial education documentation elaborated through the present and other initiatives of the stakeholders. • <u>Credit Bureau</u>: open a section dedicated to the consumers of financial services that would contain: explanations about the importance of maintaining a good credit history, the rights and the obligations of borrowers, links to the websites of financial institutions, information about and links to the Bank Ombudsman (when established), financial education documentation elaborated through the present or other future initiatives.
	I.2. Elaborate a set of guides on specific financial sector issues	RBA, Financial Institutions with support from NACP, NBR, and Credit Bureau	RBA	Publications to be made available online, as well as distributed in hard copies, on demand, to the financial institutions so as to be distributed to their clients.
	I.2.1. Guide to borrowing and its risks	RBA, Financial Institutions, Credit Bureau	RBA	Publication to be elaborated within the SPI Project “Responsible borrowing” (scheduled for 2008) and to be made available through websites of specialized institutions, consumer protection organizations, RBA and CB; the guide could be distributed also in hard copies.
	I.2.2. Guide to retirement savings	National Commission for Supervision of Private Pension System (NCSPPS),	NCSPPS	Publication to be made available through websites of specialized consumer protection organizations, RBA and individual financial institutions; the guide could be distributed also in hard copies.

	Proposed actions	Stakeholders	Responsible	Comments
		Pension Funds, Financial institutions		
	I.3. Take up industry self-regulatory actions (codes of conduct) that require financial institutions to provide consumers with a specific minimal set of information, which should be clearly distinguished from commercial advice	RBA, Financial Institutions	RBA	This action will be implemented through the SPI Projects “Bank Code of Conduct” and “Standardizing the minimal information for basic bank products and services” scheduled for 2008, which will aim at increasing the transparency of the information made available by the financial institutions to the benefit of consumers.
II. Instruction	II.1. Organize round tables with bank representatives and other stakeholders	RBA, Financial Institutions, NACP, NBR	RBA	The round tables should stress on the needs and benefits of conducting consumer financial education programs, will highlight main priority issues, will help create synergies among the various initiatives and raise awareness and involvement of financial market stakeholders. It is envisaged to organize at least 2 round tables, the first in January 2008 and the second in June 2008. The first roundtable will have a broad participation of all relevant stakeholders and will aim at raising awareness on the present initiative. The second round table will bring an insight of the project’s progress and will formulate recommendations for the stakeholders in order to speed the progress and ensure that the objectives are reached.

	Proposed actions	Stakeholders	Responsible	Comments
III. Advice	Encourage the development and use of product comparison software/table application	Financial Institutions, RBA	Individual institutions	To be included on the financial education sections of the financial institution's websites and/or in the specialized financial education websites.

Table 3: 2008 Implementation Timeline

Activity \ Time frame		Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Information	I.1. Enhance information availability												
	• Contact and get agreements of stakeholders												
	• Propose new content to be added												
	• Draft information to be posted												
	• Post new content on the website												
	I.2. Elaborate information guidelines												
	• Set up working group in charge of drafting the materials												
	• Decide on contents and main messages												
	• Draft materials												
	• Post on the websites												
	• Print (on demand)												
	I.3. Take up self-regulatory actions (see SPI Project “Bank Codes of Conduct”)												
	• Set up working groups												
• Draft and endorse the codes of conduct													
• Post codes of conduct													
Instruction	II.1. Organize round tables												
	• Contact and receive confirmation from stakeholders												
	• Organize event												
	• Publish conclusions												
	II.2. Introduce financial education in schools												
	• Set up working group in charge of drafting the teachers’ package												
• Draft the course design and the support materials													
• Propose it to teachers (send package to school inspectorates, publish article in teachers’ magazine, post it on website of interest for teachers)													
Advice	III. Encourage the development and use of product comparison applications												
	• Discussions with financial institutions and specialized websites owners												
	• Start developing comparison applications												
	• Make applications available												



NATIONAL STRATEGIC PLAN FOR PROMOTING CONSUMER FINANCIAL EDUCATION

Document endorsed by the Project Working Group

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October 2007

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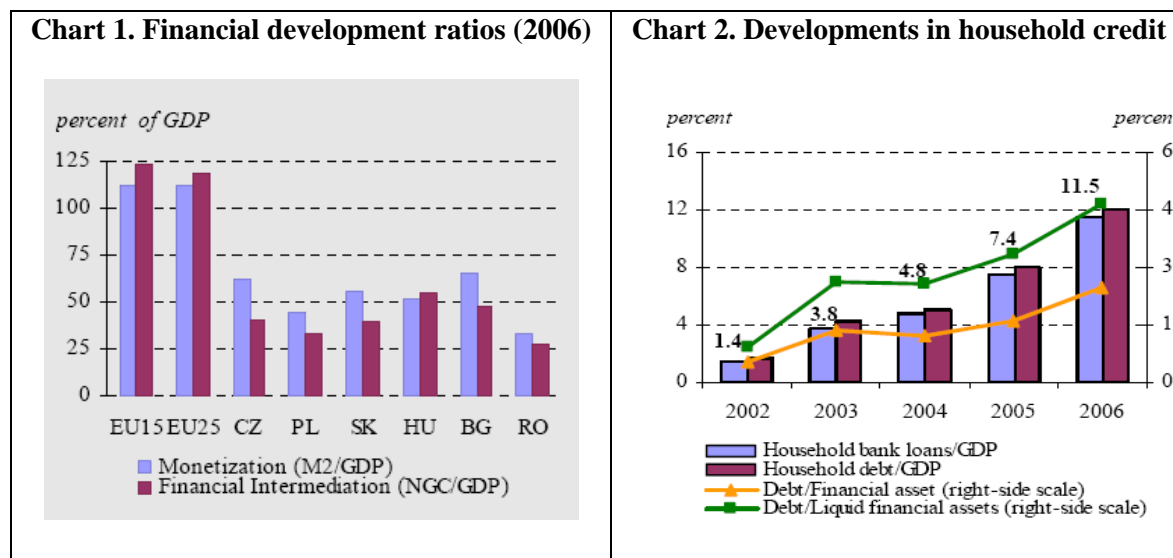
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I. Background

At present, the penetration of financial services in Romania shows modest levels compared to other European countries (Chart 1), but the retail financial services continue to grow at a fast pace (Chart 2), in a favorable context provided by sustained growth and declining inflation and interest rates, keener competition among credit institutions and an increase in disposable incomes and optimistic expectations of population. This effervescence of the Romanian financial market offers increased opportunities for both consumers and providers of financial services.



Source: National Bank of Romania, Financial Stability Report, 2007.

At the same time, such fast growth of lending can lead to over-indebtedness and/or irresponsible use of credit, as the years of hardship during the transition to a market economy have left clients with a spending appetite which leaves little room for sound financial planning. Individuals are increasingly dependent on the financial services industry for purchasing and furnishing their homes, financing their day-to-day needs, starting a business, or financing their retirement.

Also, as international financial institutions increased their presence in Romania, they offer a variety of financial products and services, with a growing level of sophistication, of which Romanian clients know little about. The risks afferent to these products should be explained to the consumer (for example those of foreign currency or of variable interest rate loans). Consumers should also be instructed to keep up with the technological innovations of the industry (internet banking, self-banking, etc.).

In addition, individuals are becoming more involved as investors in the financial market. These individuals have limited experience with capital markets and therefore a weak understanding of implied risks due to insufficient knowledge on the matter. Moreover, given the transformation of the pension system, citizens need to be aware of the importance of maintaining adequate levels of investment and saving for retirement.

The low financial literacy levels of the population lead to a weak and inefficient utilization of financial services. Because of lack of financial sector knowledge, consumers are unable to make adequate financial planning decisions, which result in a poor administration of their wealth.

II. The Need for a National Strategic Plan

In order to choose wisely from the variety of products and providers available on the financial services market and to make efficient use of them, individuals must possess proper financial knowledge. With the necessary skills to make informed financial decisions about purchasing a home, financing their retirement, taking a loan, or financing a business individuals (or financial services consumers) will almost certainly be economically better off than those lacking this knowledge.

The level of credit in the economy and its quality are aspects of national concern, especially in matters of over-indebtedness. Also, changing the pension systems with defined contribution systems can be difficult to understand for the public. Individuals usually do not understand their rights and responsibilities in the new pension regime so there is a need for adequate information and instruction.

The benefits of increasing consumer financial education are spread among financial sector stakeholders:

- **for consumers of financial services:** it helps them budget and manage their income, save and invest efficiently, and avoid becoming victims of fraud;
- **for providers of financial services:** can constitute a marketing tool for financial institutions to build robust client relationships and promotes competition among financial intermediaries;
- **for authorities:** 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.

Therefore, a national strategic plan for promoting consumer financial education is needed in Romania to coordinate and direct national financial education measures and programs with the objective of enhancing the consumer financial knowledge to enable it to improve its financial decisions for life-planning. Ultimately, an increased level of financial literacy of consumers will help increase the stability and the confidence in the financial sector and promote economic growth.

Taking into consideration the fact that a national strategy for consumer protection is already in place (enacted through Government Decision no. 364/2005), the national strategic plan for promoting consumer financial education should become integrant part of the former. The National Authority for Consumer Protection confirmed that the national strategic plan for promoting consumer financial education is in line with the objectives of the national strategy for consumer protection.

At the same time, Romania's efforts in the area of promoting consumer financial education would be also in line with the most recent EU developments (see EU Commission Green Paper on Retail Financial Services). The European Commission is going to issue in November 2007 a communication on the best practices in financial education in the European member states. The national strategic plan is going to be closely aligned with the EU guidance once issued.

III. The Objectives of the National Strategic Plan

First, the national strategic plan will provide the basis for an efficient coordination of financial education programs and measures, mainly by establishing a set of principles and good practices for financial education. The underlying objective of the national strategic plan is to *increase levels of financial education and awareness among the general public and certain sensitive categories, with the lowest levels of financial literacy.*

The long-term objectives of a national strategic plan for promoting consumer financial education include reducing levels of over-indebtedness and improving the quality of credit, better handling of credit and debt by consumers, promoting investment and saving for retirement, bringing the unbanked into the financial system, mitigating the risks of identity theft or other risks related to financial services and products and improving the consumers' capacity to take financial decisions for a better management of its wealth.

While the activities of information and instruction should initially target all the categories of consumers, including existing and prospective borrowers, specific programs could be envisaged for categories such as: debtors in financial difficulty, first-time homebuyers, young people, credit card users, women, the unbanked¹, the underserved², low-income consumers, ethnic minorities, retirees, etc. Among these categories, the most vulnerable are the young people and the elderly. Also the implementation of actions should consider the target clients groups which are the most dynamic in terms of demanding financial services.

IV. The Pillars of the National Strategic Plan

The national strategic plan for promoting consumer financial education should be based on the following pillars³:

Pillar 1: The main components of the national financial education programs and measures proposed should be:

- **Instruction**: ensuring that individuals acquire the skills and ability to understand financial terms and concepts, through the provision of training and guidance;
- **Information**: providing consumers with facts, data, and specific knowledge to make them aware of financial opportunities, choices, and consequences;
- **Advice**: providing consumers with counsel about generic financial issues and products so that they can make the best use of the financial information and instruction they have received.

Pillar 2: The national strategic plan should be adequately calibrated to ensure that:

¹ Consumers affected by financial exclusion and marginalization are called the unbanked: without a bank account at a deposit institution.

² The underserved are people who rarely use their account or do not know how to use it.

³ The principles draw from the OECD guidance on financial education.

2.1. – Financial education is provided in a fair and unbiased manner and that programs are coordinated and developed with efficiency;

2.2. – Financial education programs focus on high priority issues, which, may include important aspects of financial life planning such as basic savings, private debt management or insurance as well as pre-requisites for financial awareness as elementary financial mathematics and economics⁴.

2.3. - Financial education programs meet the needs and the financial literacy level of their target audience, as well as reflect how their target audience prefers to receive financial information. Financial education should be regarded as a life-time, on-going and continuous process, in particular in order to take account of the increased complexity of markets, varying needs at different life stages, and increasingly complex information.

Pillar 3: Broad participation of stakeholders and their role in implementing the national strategic plan

3.1 – Financial education should be as much as possible taken into account in the regulatory and administrative framework and considered as a tool to promote economic growth, confidence and stability, together with regulation of financial institutions and consumer protection.

3.2. – The role of financial institutions in financial education should be promoted and become part of their good governance with respect to their financial clients. Financial institutions' accountability and responsibility should be encouraged not only in providing information and advice on financial issues, but also in promoting financial awareness, especially for long-term commitments and commitments which represent a substantial proportion of current and future income of clients.

3.3. – Non-profit organizations can have improving financial education as their main objective or develop programs that indirectly contribute to raising awareness about financial risks or provide information about sound financial planning. Also, non-profit organizations for consumer protection could be involved in undertaking surveys for assessing the present level of financial knowledge among Romanian consumers, and which should be the target categories of consumers of the financial education actions. Surveys could also be undertaken during the implementation of national strategic plan for a fine tuning of the process and a better monitoring of results.

V. Timeframe of the National Strategic Plan

The proposed national strategic plan timeframe for implementation is of four years (2008-2012), which is a period that is at the same time sufficient for results to materialize and allows for an appropriate monitoring.

⁴ Financial education needs to be distinguished from consumer protection. The provision of information on financial issues is common to both. However, financial education supplements this information with the provision of instruction and advice while consumer protection emphasizes legislation and regulation designed to enforce minimum standards and require financial institutions to provide clients with appropriate information.

VI. Roles of the Stakeholders

The main roles of the stakeholders are:

Public authorities

- Promotion: Given their broad territorial coverage capabilities, public authorities (in particular NACP) should be the main promoters of financial education programs and also the main channel for disseminating information within the financial education programs and campaigns, but also on an ongoing basis (the websites of these institutions may host educational material such as brochures, guides, leaflets, etc.);
- Legislation: Given their legislative capacity, authorities (i.e. Ministry of Education, NACP) may pass legislation that promotes financial literacy in schools and protects the rights of the financial consumers;
- Financing: Given the public good component of financial education programs, the authorities should make contributions in the financing of financial education programs. Also, if deemed feasible, public authorities could access EU funds for promoting financial education, either alone or in cooperation with private sector stakeholders;
- Expertise: Public authorities could support the calibration and the implementation of the programs for promoting consumer education through their comprehensive knowledge and expertise;
- Calibration and Monitoring: Given their national coverage, the authorities could support the undertaking of country-wide surveys to determine the level of financial literacy and the specific needs of citizens in order to better calibrate the financial education programs. The surveys could be conducted by non-profit organizations for consumer protection. Also, public authorities should ensure subsequent monitoring of the financial education programs;
- Logistic Support: The often vast territorial network of public authorities can be put to use in programs at a community level, offering logistic support to study groups. In addition to website assistance, the public institutions may set up toll-free telephone numbers for consumers.

Romanian Banking Association

- Industry Self Regulatory Measures: Given its role of forum of financial institutions, the RBA could enhance the protection of customers by initiating the development of industry codes or standards which push for more transparency from banks;
- Industry Programs: The RBA could also promote industry-led financial literacy programs which could help customers to better understand the bank products and services (i.e. by asking banks to disseminate more information on their websites or at their territorial outlets or setting up a dedicated industry website including financial education information, etc.);
- Dispute Resolution Schemes: The RBA could also enhance customer protection by encouraging the quick setting up of the bank ombudsman as an alternative dispute resolution scheme.

Financial institutions

- Information: Individual financial institutions bear mainly the responsibility to provide clear and accurate information to clients in regard to the terms and conditions of banking

products and services. A miss calibration the information disclosed (too little versus too much) is often a cause of why people see financial information as difficult to understand;

- Education: Financial institutions could also disclose education material on their website or at their territorial premises;
- Advice: Financial institutions could be also encouraged to provide on-line simulators and/or any other integrated IT modules that could help the potential clients to better understand the characteristics of the financial services offered to them;
- Training of Staff: Financial institutions should be encouraged to their staff on financial education and develop codes of conduct for the provision of general advice about investment and borrowing, not linked to the supply of a specific product.

Non-profit organizations

- Focus and Coordination: Non-profit organizations should have the role to provide focus and coordination to the financial education programs as they can dedicate undivided special attention to this issue; also the non-profit organizations should complement effectively the public and private stakeholders' actions;
- Promotion: The non-profit organizations can also be involved in disseminating information and providing instruction and advice by publishing educational materials, organizing courses, seminars, workshops, discussion meetings or mentoring activities (at a community/ socio-professional group level);
- Financing: The non-profit organizations could be used as recipients and managers of financial resources necessary for undertaking targeted financial education campaigns and programs;
- Calibration and Monitoring: Non-profit organizations could undertake country-wide surveys to determine the level of financial literacy and the specific needs of citizens in order to better calibrate and monitor implementation of the financial education programs. The surveys could be conducted with the support of public authorities (by using their territorial networks);
- Awareness raising: Trade unions and large professional associations could be also involved in the awareness raising among consumers as well as increasing the synergies in the process of implementation of the strategic plan.

International organizations

- Awareness Raising: The role of international organization would be to raise awareness of the authorities to bring financial literacy on the public agenda, thus raising the level of political support for financial education programs and the interest and knowledge on the matter;
- Guidance: Offer guidance on principles and good practices to national and local authorities and any other parties involved in the process of financial education
- Research: Conduct surveys and write studies on financial education;
- Financing: International organizations (EU bodies, World Bank, etc.) could be also involved in financing the implementation of the national strategic plan;
- Networking: May be involved in organizing seminars and conferences on financial education.

VII. Coordination, Governance, and Monitoring

Coordination

The international experience shows that there is no obvious government authority which should manage the government's financial education programs. The most active stakeholders of financial education programs are:

1. non-profit / community / educational organizations;
2. partnerships between two or more provider types (often consumer / community organizations and financial institutions);
3. national government agencies / departments or government-sponsored enterprises;
4. credit unions or credit union associations;
5. financial regulatory and supervisory authorities;
6. banks or financial institutions;
7. private sector companies.

Also, some countries encourage the development of appropriate specialized structures (possibly embedded within existing authorities) in charge of promoting and coordinating financial education at the national level. There are examples of countries which promote regional and local public and private initiatives as close to the population as possible.

In Romania, it is proposed that the financial education program is coordinated by a public-private partnership since it is envisaged that this option will secure a more active involvement of the stakeholders in the running of the financial education campaigns and programs. Also, it is considered that a public-private partnership would ensure a better management of the strategic plan and would ensure its sustainability on the long term. A feasible option would be the use of the already created SPI public-private platform.

Governance and monitoring

The enclosed national strategic plan will be discussed and endorsed by the SPI public-private project working group composed of representatives of the National Authority for Consumer Protection, National Bank of Romania, National Commission for Supervision of Private Pension Systems, banks, and consumer protection associations.

The national strategic plan prepared by the SPI project working group will be submitted to the SPI Committee for endorsement in November 2007.

The consumer education activities will start in 2008 with a first set of measures to be implemented by the SPI key stakeholders (NACP, RBA, NBR, MEF).

Also, in January 2008, a public round table will be organized with the objective to raise awareness and build consensus among a broader group of financial sector stakeholders.

VIII. Implementation: Channels, Regulations, Funding

Channels

As mentioned above, the national strategic plan for promoting consumer financial education will encompass a mix of measures consisting of customer information, instruction, and advice (see Table 1). This mix of measures is the best implementation solution for financial education programs, as it opens the possibility to use a variety of channels to reach as many consumers as possible as well as to ensure that this information is easy to understand by consumers.

In other countries' experience, the solution of a national campaign is often used, as it is most effective in raising awareness about the importance of understanding financial issues.

OECD has identified the following delivery channels for financial education programs (in order of frequency of use):

- training courses;
- printed or online publications (brochures, magazines, booklets, guidance papers, newsletters, annual reports, direct mail documents, letters and disclosure documents);
- advisory services (including telephone help lines and 1-to-1 counseling);
- internet web sites/online services;
- public awareness-raising campaigns;
- events (including lectures, national workshop/forum, symposia, presentations);
- school programs and curriculum;
- other methods (including resource packs, videos, computer programs).

While financial literacy levels are low in general for consumers, they are especially low for certain groups of consumers, such as the less-educated, those at the lower end of the income distribution, and minorities. Therefore, it would be advisable to consider targeting financial education programs to those groups of consumers who are most in need of it. The Romanian stakeholders will need to decide the best way to convey this information to the target audience.

Consumers receive financial information through a variety of sources and these sources tend to differ according to demographic characteristics. Many consumers, notably those with lower incomes, receive financial information through television programs. A large number of consumers prefer to receive financial information through personal contact, such as consumer help lines or personal advisors. The Romanian stakeholders will need to think about the most effective delivery channel for the consumers they are targeting, based on the local conditions.

Regulations

While many countries offer financial education programs, some countries have opted for a regulatory-based approach (issuing consumer codes and other consumer protection legislation). These countries see the role of government as ensuring that financial advisors have a certain minimum level of competence and that consumers are provided with accurate and unbiased financial information. However, there is a case for industry-self regulation, which could be a faster and more efficient solution to addressing the problem of enhancing the transparency of the financial industry providers.

In Romania, the stakeholders could embrace a gradual approach. Therefore, it is suggested that first, private sector self-regulation should be encouraged as this is a more efficient and faster option. However, in cases where this option would fail to bear fruits, co-regulation or even prescriptive regulations could be enacted. The intervention through regulation could be justified only for those aspects where there is a need for a uniform set of rules, whose application would allow avoidance of negative consequence for the consumers of financial services.

A distinct regulatory issue that should be dealt with would be the integration of the financial education into the school curricula. This action should be promoted by the Ministry of Education in close cooperation with NACP.

Funding

The public-private working group considers that funding of the national actions and programs for promoting consumer financial education could encompass three levels:

Private funding

The private funding could be ensured through financial industry associations which could mobilize financial institutions to financially support the strategic plan. A more practical and feasible approach would be to have financial institutions fund the initiative by redirecting part of their taxable profit, as permitted by the Fiscal Code. Awareness should be raised through industry associations in respect to this option. Moreover, financing from individual financial institutions could be accessed for achieving specific actions of the strategic plan.

Private financial support can also come from foundations.

EU funding

EU funds could be also a potential source of funds for this strategic plan. This option is particularly relevant as a public-private partnership will implement the national strategic plan and its actions.

Public funding

Authorities should have a significant contribution to the financing of financial education programs. Authorities can provide support to non-governmental organizations conducting financial education programs through grants, thus creating a marketplace for such programs and increasing the quality of the selected programs.

However, given current budgetary constraints, it is more likely that public funds could be sought for particular implementing actions.

IX. Implementation Plan

The following implementation plan has been designed in accordance with the above mentioned considerations, so as to ensure that the national strategic plan will achieve its objectives.

For illustrative purposes, a project timeline with a first set of measures to be implemented in 2008 by the SPI key stakeholders is enclosed below.

Table 1: Implementation Plan

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
I. Information	I.1. Public awareness-raising campaign	<p><u>Main:</u> National Authority for Consumer Protection (NACP), Consumer Associations</p> <p><u>Secondary:</u> NBR, Ministry of Economy and Finance (MEF), Romanian Banking Association (RBA), Financial Industry, National Fiscal Administration Agency (NFAA), Credit Bureau, Romanian Banking Institute (RBI), SPI Romania</p>	RBA	1 year	<p>National campaign, conducted in Romanian and in the languages of minorities, using a variety of media resources to reach all citizens, stressing the importance of being adequately informed about financial issues important for life-planning. Particular emphasis should be placed on:</p> <ol style="list-style-type: none"> 1. The importance of having a bank account; 2. The role and the risks of borrowing; 3. Other risks for consumers (identity theft, predatory lending, check fraud, skimming and scamming); 4. The importance of saving for retirement and of the pensions system; 5. The role of insurance services (life and non-life products); 6. The role and use of debit/credit cards; 7. The rights of consumers (the Bank Ombudsman); 8. Use of online banking. <p>Campaign directed at an emotional response, not building technical knowledge but motivating people to gather more information and making it easy for them to find out more. (international relevant experience: Slovakia, Australia, Ireland, United States).</p> <p>To be delivered nationally using a wide range of media including newspapers, radio, television, internet, train and bus advertisements, conferences, etc.</p>

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
I. Information	I.2. Website information A. Individual websites	NBR, RBA, NFAA, MoJ, NACP, MEF, Financial Institutions, Credit Bureau, Ministry of Education (MoE)	Individual institutions	6 months	<p>Publishing general, non-commercial information on financial industry products and services, the risks, benefits and uses of the respective products. Also, publishing basic financial mathematics explanations, e.g. the calculation of interest, commission, installments, etc.</p> <p>The following represent indicative information that could be disseminated by each institutions:</p> <ul style="list-style-type: none"> • <u>NBR</u>: Information about customer rights, glossary of economic terms; links to websites of financial institutions; information about and links to the Bank Ombudsman; news section presenting current economic and business issues in an accesible way; provide information on specific risks associated with banking products like overindebtedness, market risk, FX risk, etc; • <u>RBA</u>: Links to websites of member financial institutions; information about the fees and commissions of bank products; basic financial mathematics explanations; information about and links to the Bank Ombudsman; news section presenting current economic and business issues in an intelligible way; virtual library; distance learning such as comprehensive multimedia e-learning courses, including basic banking courses, accompanied by illustrations, animation clips and films; games, educational software; • <u>Credit Bureau</u>: Links to websites of financial institutions; explanations about the importance

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
					<p>of maintaining a good credit history; information about the risks of over indebtedness and other risks of borrowing; information about and links to the Bank Ombudsman;</p> <ul style="list-style-type: none"> • <u>NACP</u>: Information about the rights of consumers; information about and links to the Bank Ombudsman and other dispute resolution bodies; basic information about the bank products and services and their risks; • <u>Financial institutions</u>: Explanations about banking products, services and the associated risks; interest calculators; games; educational software; • <u>MEF</u>: Information about taxes and financial reporting; educational software; information on financial advice services; • <u>MoE</u>: “Teacher's Centre” - a service designed for teachers of economics or economics - related subjects containing teaching aids in the form of ready-to-use lesson plans; • <u>NFAA</u>: Sep-by-step animated guide to filling fiscal forms and income statements (audio version should also be available); Explanations about taxation, consequences of tax evasion; Games, Educational software; • <u>MoJ</u>: Explanations and guide to writing and legalizing a will; Explanations about bankruptcy procedures, contracts, legal responsibilities of debtors, creditors and guarantors; provide information on regimes of mortgages and pledges.

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
I. Information	I.2. Website Information B. New dedicated financial education website	NBR, RBA , NACP, Financial Institutions, Credit Bureau, MEF NFAA, MoJ	Public – Private Partnership	1 year	<p>Comprehensive website, designed with the support of the indicated shareholders, with sections for different categories of users, comprising general information as well as product comparison software applications or tables and the following:</p> <ul style="list-style-type: none"> • Information about banks products and services and their risks, such as bank accounts, credit cards, insurance, investment, loans, mortgages, pensions, retirement options; • Information about customer rights; • Complaints and claims: Bank Ombudsman and other dispute resolution bodies; • Information about the fees and commissions of bank products; • Links to websites of financial institutions; • Distance learning - comprehensive multimedia e-learning courses, including basic banking courses, accompanied by illustrations, animation clips, and films; • Games, educational software, decision-making quizzes, skill-enhancing and strategic games, crossword puzzles, etc. • Virtual library; • Glossary of economic terms; • News section presenting current economic and business issues in an intelligible way; • “Teacher's Centre” - a service designed for teachers of economics or economics-related subjects containing teaching aids in the form of

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
					<p>ready-to-use lesson plans.</p> <p>The website should be easily accessible and contain information that is easy to understand for consumers. Materials should be available in audio and video format, with subtitles.</p> <p>International examples:</p> <p>www.itsyourmoney.ie, http://www.federalreserveeducation.org/fred/, http://www.yourmoney.cba.ca/, http://www.lafinancepourtous.com/</p>
I. Information	I.3 Guides on specific financial sector issues	NBR, RBA, Financial Institutions, RBI, Credit Bureau	RBA	1 year	Publication to be made available through websites of specialized institutions as well as distributed in hard copies.
	I.3.1 Guide to borrowing and its risks	RBA, Financial Institutions, Credit Bureau	1. RBA 2. NACP	1 year	Publication to be made available through websites of specialized institutions as well as distributed in hard copies.
	I.3.2 Guide to mortgage loans	RBA, Financial Institutions, Credit Bureau	RBA	1 year	Publication to be made available through websites of specialized institutions as well as distributed in hard copies.

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
	I.3.3. Guide to retirement saving	National Pensions and Social Security Commission (CNPAS), Ministry of Labor, Pension Funds, Financial Institutions	CNPAS	1 year	Publication to be made available through websites of specialized institutions as well as distributed in hard copies.
I. Information	I.4. Regulatory or industry self-regulatory actions (codes of conduct) that require financial institutions to provide consumers with a specific minimal set of information, which should be clearly distinguished from commercial advice	NACP, RBA, Financial Institutions, Professional associations of credit institutions	RBA	1 year	<p>The consumer codes should aim at increasing the transparency of the financial institutions to the benefit of consumers. As an alternative to regulatory actions, industry-self regulatory measures can be envisaged. The latter can represent a faster and more efficient solution.</p> <p>Examples: Ireland Consumer Protection Code issued by the Financial Regulator (Rialtoir Airgeadais), article 12: “A regulated entity must ensure that all information it provides to a consumer is clear and comprehensible, and that key items are brought to the attention of the consumer. The method of presentation must not disguise, diminish or obscure important information. “, article 21 “A regulated entity must provide each consumer with the terms and conditions attaching to a product or service, before the consumer enters into a contract for that product or service, or before the cooling-off period (if any) expires”.</p> <p>Title II of the Italian Consumer Code called "Information to customers" states the minimal set of information that has to be indicated to the consumer.</p>
	I.5. Public workshops and	NGOs, RBA, NBR, RBI, NACP,	PP Partnership	Ongoing	A public-private partnership could be established to ensure the overall coordination of the financial

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
I. Information	other events aimed at helping customers better understand financial services and pushing for more transparency from financial institutions	Consumer protection associations, SPI Romania			education strategic plan or to conduct specific actions part of the
	I.6. Ensuring the quality of disclosed financial information	National Audio-Visual Council, NACP, Financial Institutions	NACP	6 months	<p>Financial institutions must ensure that all their advertisements are fair and not misleading.</p> <p>An advertisement must not influence a consumer's attitude to the advertised product or service or the regulated entity either by inaccuracy, ambiguity, exaggeration or omission.</p> <p>The design and presentation of an advertisement must allow it to be clearly understood. Where small print or footnotes are used, they should be of sufficient size and prominence to be clearly legible. Where appropriate they should be linked to the relevant part of the main copy.</p>
II. Instruction	II.1. Organizing courses, seminars, workshops, discussion meetings or	<p>A. Financial Education Foundation/ NGO</p> <p>B. Financial</p>	Dedicated Financial Education Foundation	Ongoing	U.K: The Financial Services Authority (FSA) Local Committees designate "Study Group on Financial and Economic Matters" as grassroots organizations comprising 50-100 persons and provide guidance through discussion meetings and the distribution of

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
	mentoring activities, often at a community/ socio-professional group level	Institutions, NBR, NACP, RBA			financial services information materials. U.S: Most Reserve Banks offer Teacher Workshops on a wide variety of economic and Fed-related topics. The workshops are designed to help teachers gain a deeper understanding of the role of the Fed and monetary policy in the U.S. economy, to explore economic issues and to examine principles of personal financial education.
II. Instruction	II.2 School classes	MERY, RBI, MEF, NACP	MERY	2 years	Developing a systematic approach to teaching financial literacy. Embedding financial literacy in school curricula. Students should have financial literacy elements included in Economics, Mathematics and other courses. For those programs which favor use of classrooms, proper education and competence of the educators should be promoted. In this respect, the development of programs to “train the trainers” and the provision of specific information material and tools for these trainers should be encouraged. Providing practical support to educators and trainers and improving the availability of quality of educational resources.

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
	II.3 Adult education	MERY; Trade Unions	MERY	2 years	Targeting specific categories (pensioners, first time home buyers, racial and ethnic minorities), most often held at the workplace or at community centers. Examples: US: Program intended for parents of adolescents likely to be susceptible to misuse of credit. Federal Deposit Insurance Corporation (FDIC) Money Smart, a training program to help adults outside the financial mainstream enhances their money skills and creates positive banking relationships. The Money Smart program is available in two versions: an instructor-led version and a computer-based instruction (CBI) version
	II.4 Seminars, student projects and conferences which promote financial education	Academy of Economic Studies, RBI, other higher education institutions	Individual institutions	2 years	Financial institutions can be the main sponsors and trainers for such events. Universities can provide the venues.
III Advice	III.1 Product comparison software/table application	Financial Institutions, RBA	Individual institutions	2 years	To be included on the financial education sections of the financial institution's websites and/or in the specialized financial education website.
	III.2 Toll-free telephone numbers	Authorities (NACP, NBR etc.)	Individual institutions	3 years	
	III.3 Encourage banks to train	Financial institutions, RBA, RBI	Individual institutions	Ongoing	

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
	staff on financial education				
	III.4 Suitability for the consumer (written statement)	Financial Institutions	Individual institutions	Ongoing	<p>Before providing a product or service to a consumer, a financial institution must prepare a written statement setting out the reasons why a product or service offered to a consumer is considered to be suitable to that consumer. The financial institution must give a copy of this written statement to the consumer and retain a copy.</p> <p>This requirement should not apply where the consumer has specified both the product and the provider and has not received any advice.</p> <p>An example of institutionalizing this sort of requirements is provided by MiFID, which requires the advice to individual investors to be calibrated on their knowledge and sophistication.</p>
	III.5 Developing warning systems for consumers	Financial Institutions	Individual institutions	Ongoing	<p>Customers should be instructed which are the financial high-risk areas and how to recognize fraud.</p> <p>In addition, financial institutions may include visible and distinct warnings regarding their obligations, published on contracts next to the signature mark.</p> <p>The Irish Consumer Protection Code specifies such warnings: “As a guarantor of this loan, you will have to pay off the loan, the interest and all associated charges if the borrower does not. Before you sign this guarantee you should get independent legal advice.” Or “Purchasing this product may negatively impact on your ability to fund future needs”.</p>

	Proposed actions	Stakeholders	Responsible	Timeline	Comments
	III.6 Developing 1-to-1 counseling	NACP, NGO, Consumer protection associations	Individual institutions	Ongoing	Targeting debtors in financial difficulty, first-time homebuyers, the unbanked, low-income consumers, ethnic minorities, immigrants, refugees.

Table 2: 2008 Implementation Timeline

Activity \ Time frame		Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Information	I.1. Enhance information availability												
	• Contact and get agreements of stakeholders	■											
	• Propose new content to be added		■	■									
	• Draft information to be posted				■	■	■	■					
	• Post new content on the website								■	■	■		
	I.2. Elaborate information guidelines												
	• Set up working group in charge of drafting the materials	■	■										
	• Decide on contents and main messages			■	■								
	• Draft materials					■	■	■	■	■			
	• Post on the websites										■	■	
	• Print (on demand)												■
	I.3. Take up self-regulatory actions (see SPI Project “Bank Codes of Conduct”)												
	• Set up working groups	■											
• Draft and endorse the codes of conduct		■	■	■	■	■	■	■					
• Post codes of conduct									■				
Instruction	II.1. Organize round tables												
	• Contact and receive confirmation from stakeholders	■											
	• Organize event	■					■						
	• Publish conclusions		■					■					
	II.2. Introduce financial education in schools												
	• Set up working group in charge of drafting the teachers’ package		■	■									
• Draft the course design and the support materials				■	■	■	■	■					
• Propose it to teachers (send package to school inspectorates, publish article in teachers’ magazine, post it on website of interest for teachers)										■	■	■	
Advice	III. Encourage the development and use of product comparison applications												
	• Discussions with financial institutions and specialized websites owners	■	■										
	• Start developing comparison applications			■	■	■	■	■	■				
	• Make applications available									■			

