

Minutes

SPI Project on Consumer Financial Education Project Working Group Meeting

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 consumers' financial education.

Second Meeting

October 18th, 2007, 11:00 – 12:30
SPI Secretariat Office

Participants:

Project Working Group

Mihail Meiu, Director, National Authority for Consumer Protection, Deputy Project Manager

Paula Moranciu, Expert, National Bank of Romania, project working group member

Sorin Mierlea, Director, ANPCPPS, project working group member

Florentina Ștefănescu, Director, National Commission for Supervision of the Private Pension System, project working group member

SPI Secretariat

Oana Nedelescu, SPI Director for Analytics and Policy

Ramona Bratu, SPI Director for Bank Products and Services

Marina Neagu, Executive Assistant, SPI Secretariat.

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The participants agreed unanimously on the importance of starting implementing the national strategic plan for promoting consumer financial education in order to increase the low financial literacy levels among Romanian consumers.

I. Contributions to the SPI project proposal

- ***Include the national strategic plan on consumer financial education under the already existing governmental national strategy for consumer protection.***

ANPC suggested that the proposed strategic plan is in line with and can be implemented as an objective of the national strategy for consumer protection on 2005-2008, enacted through Government Decision no 364/2005 published in the Official Monitor no 392 of 10 May 2005.

The strategic plan on consumer financial education could therefore benefit from being part of a national level strategy which is already being implemented by the government and whose importance is already recognized by the central authorities. Also, the strategic plan will be dealt as a part of a national strategy in line with the European Commission policies for 2007-2013 in the field of consumer protection.

It was underlined that the subordination to the national strategy, as a set of general guidelines on consumer protection, will have no implications or restrictions on the present form of the strategic plan on financial education. The financing and other operational issues will be dealt separately.

- ***Needs assessment should be conducted, before, during and after the implementation of the strategic plan.***

NCSPPS proposed that education needs assessments should be conducted before the start of the campaign, considering the fact that such a survey has never been conducted in Romania by now. This would help determine the current level of financial education overall and by categories of consumers, prioritize target groups to be reached and topics to be dealt with. A nation-wide survey could also contribute to the calibration of the implementation measures to the needs and characteristics of each group of beneficiaries.

Surveys during and after the implementation of the strategic plan could also help calibrate new activities and measures to reach the proposed objectives and also identify any improvements achieved in the financial literacy levels.



- *Financing issues*

Private funding

It was suggested that RBA officials could mobilize the banks to financially support the strategic plan. Funds can be used not as an increase in the contribution to the RBA but from the sponsorship/marketing budgets of each bank. In this respect, lobby should be started as soon as possible, since in this period the banks are drafting their budgets for 2008. A more practical and feasible approach would be to have banks finance this initiative by redirecting part of their taxable profit, as permitted by the Fiscal Code. Awareness should be raised through RBA in respect to this funding possibility.

Moreover, it was suggested that financing from banks could be accessed on specific objectives of the strategic plan.

EU funding

EU funds could be also a potential source of funds for this strategic plan. This option looks feasible as a public-private partnership will implement the national strategy and its actions. World Bank could finance this initiative as well, after an endorsement by the MEF, although no-interest EU funds might be preferable.

Public funding

The NACP representative outlined that given current budgetary constraints, it is highly unlikely that public funds could be mobilized. However, it was suggested that public funds could be sought for particular implementing actions.

- *Implementing mechanism*

Special attention should be paid when choosing the implementing mechanism for this strategic plan. If a public institution would be chosen then state co-financing would be compulsory which might lead to bureaucratic delays and difficulties.

Alternatives could be RBA, RBI or a specially created NGO in the field of consumer protection. In all cases, special attention should be chosen to eligibility criteria of applying for EU funding which requires that: the mission of the implementing authority should be closely related to the aim of the initiative proposed, the designated project manager should have a reliable background and management experience, and the project should imply a broad participation of stakeholders. From this point of view, RBI could be the most feasible option.

Also, the implementation of the national strategy should be delegated to a dedicated project team, appointed by the Steering Committee on Promoting Consumer Education.

- *Mediatiation*

In order to be successful, the national strategy should be well mediated. Press should be periodically informed on the meetings and progress of the strategic plan implementation.



NAPC is willing to help promoting this initiative and facilitate access to media representatives.

Press releases should be issued on each milestone of the strategic plan and the minutes of the working group meetings should be transparently disseminated.

- *Partnerships*

Apart for the institutions already represented in the Project Working Group, other potential partners have been suggested as follows:

- CNVM;
- SIFs;
- The Stock and Commodities Exchanges, other financial institutions that could get involved in this initiative through their professional associations (as for ex. the two associations of leasing companies);
- The Police with its Anti-Fraud Department;
- The National Council of Audiovisual – its endorsement could facilitate the access to TV channel promotion;
- The Ministry of Education – its support is necessary for inserting financial literacy issues in the school curricula;
- The European Commission should also participate with a representative in the Steering Committee;
- Committee for Budget, Finance and Banks of the Chamber of Deputies;
- Committee for Education, Science, Youth and Sport/ Committee for Culture, Arts, Mass Information Means of the Chamber of Deputies;
- Committee for Budget, Finance and Banks of the Senate;
- Committee for Education, Science, Youth and Sport/ Committee for Culture, Arts, Mass Information Means of the Senate.

All potential partners should be sent in advance official notification letters, the proposed strategic plan of consumer financial education and a partnership protocol.

Then, high level representatives of all stakeholders could be invited at a round table for signing the protocol (date proposed November, 22nd). The officials could, afterwards, delegate representatives of each institutions involved to be part of the Steering Committee. The round table should be a highly mediatised event, and the participation of officials such as ministries and state secretaries is a must.

An opportunity that the SPI Secretariat should take advantage of is the visit of Mrs. Meglena Kuneva, the European Commissioner for Consumer Protection in Romania. Mrs. Kuneva will arrive on November 26th, 2007 in Bucharest. This would be a good opportunity to draw her attention on the strategic plan for promoting financial consumer protection so that this initiative receives an official support from the European Commission as well. The project materials should be sent in advance to her team of consultants.

- *Promised support*

NACP is willing to contribute with logistic support (conference room with a capacity of 20 persons), facilitate the access to press, help at disseminating the information through its 42 regional offices, and use its expertise in ensuring the accessibility and adequacy of the information disseminated.

SPI Secretariat should send a letter to NACP so that the NACP management could formulate, as reply, an official support and an official confirmation that the strategic plan on consumer financial education will be considered as a part of the already in place national strategy on consumer protection.

II. Answers to open questions included in the strategic plan:

Q - Ch. IV

No further comments on the principles of the strategic plan.

Q - Ch. V

The timeframe proposed for the strategic plan should be extended to the period 2008 – 2012.

Q - Ch. VI

No further comments on the roles of stakeholders.

Q - Ch. VII

As an implementation authority, a public-private partnership would be preferable.

Q - Ch. VII

No further comments on the coordination, governance and monitoring.

Q - Ch. VIII

The survey is very useful, both before and at a certain point of implementation.

Q - Ch. VIII

Self-regulations measures should be preferred. Just in case self-regulation is not making any progress, co-regulation could be tested. State regulation should be considered as a final solution.

III. Next steps to be done by the SPI Secretariat

- To translate all materials in Romanian – by 23rd October;
- To receive NACP recognition of the alignment with the consumer protection strategy – by 26th October.
- To obtain the endorsement of the SPI Committee – by 1st November.



- To send all potential partners official notifications, presentation materials of the strategic plan and a partnership protocol; to receive their feedback and comments on the materials– by 2nd November.
- To organize a meeting with representatives of all stakeholders and to have the protocol signed – on 22nd November.