**EPFSF Briefing on financial literacy in Europe**

**“Financial Education: Making financial education tangible, touchable and visible!”**

21 June, 12:30 to 14:30

Stanhope hotel, Brussels

**Introduction**

Financial literacy lies at the heart of a resilient and inclusive society, yet only about half of Europeans have the right skills to make sound decisions about money, according to the [OECD/INFE 2020 international survey](https://www.oecd.org/financial/education/oecd-infe-2020-international-survey-of-adult-financial-literacy.pdf). While the overall figures are low, the problem is more acute in some parts of society than others, with the most vulnerable disproportionally affected. Low-income groups, for instance, as well as women, young people and the elderly, tend to score lower than the rest of the population when it comes to financial knowledge.

The OECD study also revealed that 40% of people are concerned about their financial situation, but only one third of the population understands basic concepts such as simple and compound interest. 28% of people say that their financial cushion would allow them to cover expenses for a week if they lost their main source of income. This financial literacy gap has been further brought to light during the Covid-19 pandemic, demonstrating the importance of financial education in building resilience, by increasing capacity to face financial crises, helping to meet objectives and generating confidence.

The financial literacy movement has reached a turning point in the past years. Cutting-edge academic research, increased of participation from various stakeholders, leadership from the European Commission with Commissioner Mairead McGuinness at the helm has all contributed to reinvigorated effort to improve Europeans’ financial skills. Now is the right moment to turn awareness into action, by promoting real-life best practices that can make a difference in increasing the levels of financial education in Europe and around the world.

**Financial literacy landscape in Europe**

Europe’s financial literacy landscape is very mixed and clearly developing. Some countries are only beginning to implement a national strategy, while others have been doing this for a long time already. Some are exclusively focusing on young people, while others increasingly pay attention to elderly and other audiences. Some countries see the private sector on a parallel track with the public sector initiatives. Some see close cooperation between the private and public sector. Countries whose programmes seem to have the biggest impact are those that work through dedicated national platforms, often run by a finance ministry or central bank and including representatives of the financial sector. The Dutch [Wijzer in Geldzaken](https://www.wijzeringeldzaken.nl/platform-wijzeringeldzaken/) (‘Money Wise’) platform, which involves ministries, the central bank as well as trade associations representing pension funds, insurance companies and banks, is recognized as a benchmark for national platforms across Europe.

In its September 2020 [capital markets union action plan](https://ec.europa.eu/info/business-economy-euro/growth-and-investment/capital-markets-union/capital-markets-union-2020-action-plan_en), the European Commission reaffirmed that sound financial literacy is at the heart of people’s financial well-being. The Commission and the OECD jointly developed a [financial competence framework for adults i](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/220111-financial-competence-framework-adults_en.pdf)n January 2022. The objective of the EU/OECD-INFE financial competence framework for adults is to promote a shared understanding of financial competences for adults amongst Member States and national authorities, educational institutions, industry and individuals. In addition, it provides a basis for a more coordinated approach among EU and national policymakers. By supporting efforts to improve financial literacy, the framework aims at contributing to the overall goal of improving individual financial well-being.

In addition, the Commission and the OECD develop a financial competence framework for children and teenagers. These frameworks will set out the knowledge, skills and behaviour that someone needs to develop to ensure their financial well-being throughout their life.

**Key considerations in promoting financial education**

1. **Tailored and targeted approach:** Financial education programmes should be tailored to the specific needs of communities and around important life milestones. Studies have shown that young people, women, low-income groups, the elderly are more likely to struggle with financial skills. These societal groups require different approaches to improve their financial knowledge. Financial education should also be provided for people on the verge of major financial decisions, such as the first mortgage, student loan, or retirement investment.
2. **Behavioral aspects of financial decision making**: Developing financial literacy is not just about understanding financial concepts but also developing good money habits from an early age in life. According to a [recent report by Danske Bank](https://danskebank.com/-/media/danske-bank-com/pdf/news-insights/helping-the-next-generation-build-good-money-habits.pdf?rev=9e5f4afaa4f940b8ac69f070d9feea83), programmes must not only train their abilities but also give them real-life money management experience and help them connect with money so they can develop a mindset for the future.
3. **Gamification:** Games-based learning solutions are interactive ways of solving problems, teaching, and satisfying the fundamental requirements of learning by providing enjoyment and motivation. One such example is the [Wikifin Lab](https://www.wikifin.be/en/wikifin-lab) in Belgium, an interactive and digital centre for financial education where secondary school students can experience a variety of financial situations from everyday life.
4. **Promoting collaboration:** Cooperation from all stakeholders isneeded in order to promote financial education. The OECD runs the International Network for Financial Education, known as OECD/INFE, which includes representatives of 110 economies. Since 2019 OECD/INFE also leads the work on the [Global Money Week](https://globalmoneyweek.org/), an annual global awareness-raising campaign on the importance of ensuring that young people, from an early age, are financially aware, and are gradually acquiring the knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve financial well-being and financial resilience. The [European Money Week](https://www.europeanmoneyweek.eu/) is an annual initiative to promote financial literacy, aligned with the OECD’s Global Money Week.

**Conclusion**

Research shows that financial literacy levels across Europe vary greatly, with some groups more likely to suffer from a lack of financial literacy skills. To improve financial skills of all Europeans, financial literacy programmes should be based on academic research, tailored to the communities they are targeting, take into consideration behavioral aspects of financial decision making and employ game-based learning solutions where possible. Finally, collaboration and cooperation of all stakeholders is essential to successful development and promotion of financial education programmes.

**Proposed questions for members**

1. What are the key challenges in achieving financial literacy across Europe?
2. What, from your experience, are the best practices in promoting financial education?
3. Research shows that different people and societal groups require different strategies to promote financial education. Can you share some examples of success stories or learning experiences when it comes to implementing a tailored approach?
4. What role does partnership and collaboration play in promotion of financial education?
5. What’s the one key thing we can do to turn theory into practice when it comes to financial literacy?