



INSIGHTS ON THE JOINT EU/OECD-INFE FINANCIAL COMPETENCE FRAMEWORK FOR ADULTS IN THE EU

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Outline

Context

- A limited financial literacy for adults
- The Covid-19 crisis and financial resilience

OECD-INFE work to address these challenges

- OECD International Network on Financial Education (OECD/INFE)
- OECD Recommendation on Financial Literacy
- Existing OECD-INFE Core Competencies frameworks

Financial competence framework for adults in the EU

- Context and objectives
- Overall architecture
- Cross-cutting dimensions

Next steps



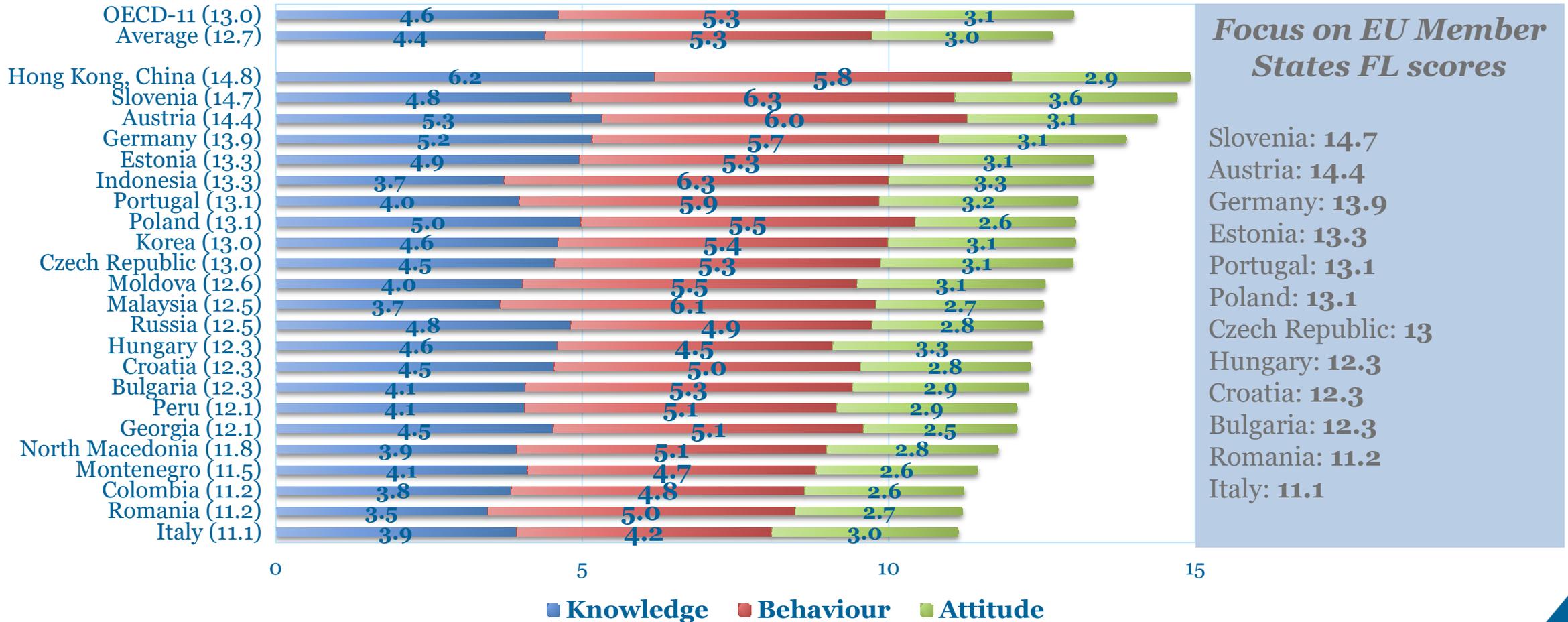
FINANCIAL LITERACY AND FINANCIAL RESILIENCE



1.CONTEXT

A limited financial literacy among adults at a global level...

Financial literacy score (out of 21)



Source: OECD (2020), OECD/INFE 2020 International Survey of Adult Financial Literacy



1.CONTEXT

The COVID-19 crisis brought the issue of financial resilience to the front

G20/OECD-INFE Report on supporting financial resilience and transformation through digital financial literacy



Global Partnership for Financial Inclusion

G20/OECD-INFE report developed for the G20 GPFI in 2021

Financial resilience as the *ability of individuals or households to resist, cope and recover from negative financial shocks*”

How did the COVID-19 pandemic affect the resilience of households?

- Income decline or loss, drawing down savings (but also more precautionary saving for some), reducing consumption, deferring payments and debt repayments, and seeking government support
- Some groups who were already in a fragile position have been again heavily affected (low income, women, youth, precarious jobs)
- But also differential impact across economic sectors, with new categories strongly affected



OECD/INFE WORK TO ADDRESS THESE CHALLENGES



2.OECD-INFE WORK

OECD International Network on Financial Education (OECD/INFE)

Global network

- Established in 2008. It comprises **270 public institutions (including most ministries of finance, central banks and financial regulators)** in more than **130 countries** and economies

OECD / INFE work

- Needs assessment: **Collection and analysis of data** on the financial literacy of adults, students, MSMEs
- Encouraging a strategic approach: **national strategies for financial literacy**
- Supporting recent trends: digitalization of finance, financial resilience, sustainable finance...
- Support **key target groups**: youth, women, MSMEs, seniors...
- **Global Money Week**

Contribution to global fora

- G20 implementing partner / **Global Partnership for Financial Inclusion (GPII)** and regularly contributing to **APEC** deliverables

Regional platforms and technical assistance projects

- To develop national financial literacy strategies in the EU, Asia, Latin America, Eurasia (CIS), South East Europe



Single, comprehensive, instrument on financial literacy

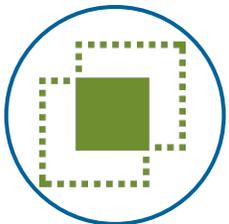
To design, implement and evaluate financial literacy policies

Building on 4 previous Recommendations, and work for the G20 and APEC



Holistic approach to financial-consumer issues

Where financial literacy, together with improved financial access, adequate consumer protection, and regulatory frameworks, are expected to support financial resilience and well-being



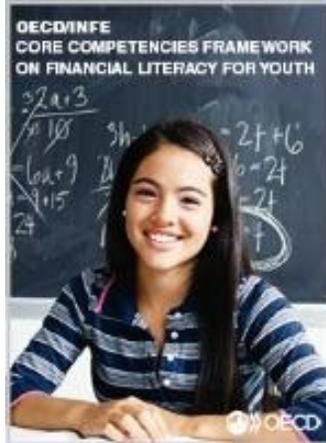
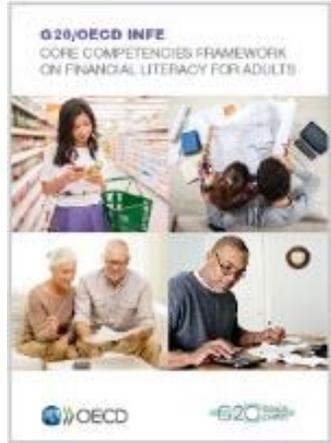
Key areas

1. National strategies for financial literacy
2. Financial literacy and the various sectors of the financial landscape
3. Effective delivery of financial literacy programmes



2.OECD-INFE WORK

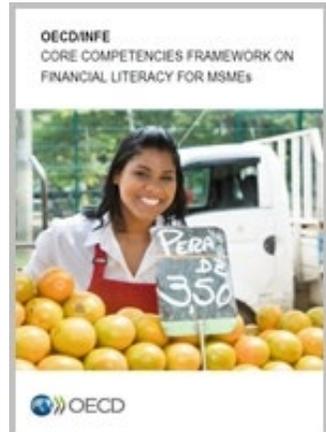
Existing OECD-INFE Core competencies frameworks



Core competencies refer to the aspects of **knowledge, behaviours and attitudes** that form the basis of sound financial decisions.

➔ **Dynamic process** that occurs **throughout life**

Four existing OECD-INFE Core Competencies frameworks:



- OECD/INFE Core Competencies Framework on financial literacy for **Youth (aged 15 to 18)** in **2015**
- G20/OECD INFE Core Competencies Framework on financial literacy for **Adults (aged 18+)** in **2016**
- OECD/INFE Core Competencies Framework on financial literacy for **MSMEs** in **2018**
- IOSCO-OECD Core Competencies Framework on financial education **for investors** in **2019**



In response to a call from G20 Leaders in 2013

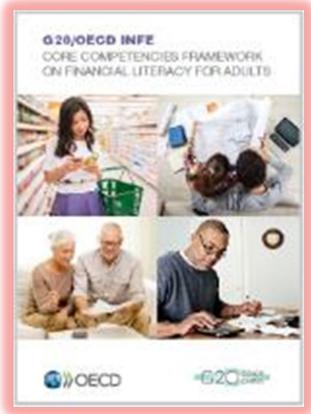


THE JOINT OECD-INFE FINANCIAL COMPETENCE FRAMEWORK FOR ADULTS IN THE EU



3. JOINT OECD-INFE/EC FINANCIAL COMPETENCE FRAMEWORK

Joint OECD-INFE/EC Financial competence framework for adults in the EU

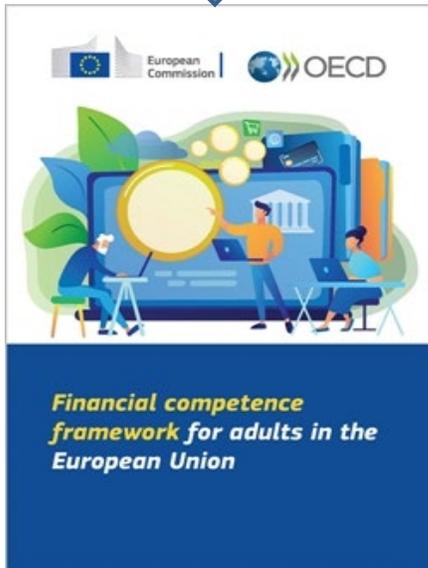


Context

- G20/OECD-INFE Core competencies framework on financial literacy for adults (2016) used as a **starting point**
- Follows on from measures announced in the **2020 Capital Markets Union Action Plan**
- Joint work between OCDE-INFE, European Commission, EU Member States with input from practitioners
- Published on 11/01/22 and officially launched on **25 January 2022**

Objectives

1. Provide a **common EU-level terminology** and shared understanding of financial competences for adults
2. Support the **development, implementation and update** of national financial literacy strategies
3. Support the **design and development** of financial education programmes and their **evaluation**
4. Contributing to the overall goal of improving individual **financial well-being**





3. JOINT OECD-INFE/EC FINANCIAL COMPETENCE FRAMEWORK

Overall architecture of the framework



MONEY AND TRANSACTIONS

- Money and currencies
- Income
- Prices, Purchases and Payment
- Financial Records and Contracts



PLANNING AND MANAGING FINANCES

- Budgeting
- Managing Income and Expenditure
- Saving
- Investing
- Longer-Term Planning and Asset Building
- Retirement
- Credit
- Debt and Debt Management



RISK AND REWARD

- Identifying Risks
- Financial safety nets and insurance
- Balancing Risk and Reward



FINANCIAL LANDSCAPE

- Regulation and Consumer Protection
- Rights and Responsibilities
- Financial Education, Information and Advice
- Financial Products and Services
- Scams and Fraud
- Tax and public spending
- External Influences



3. JOINT OECD-INFE/EC FINANCIAL COMPETENCE FRAMEWORK

Cross-cutting dimensions of the framework

Digital financial competences

- Reflect digital developments accelerated further by the pandemic
- *Digital currencies, digital tools, crypto-assets, personal data and personal data protection, digital financial products and services, online scams and fraud, cyber risks etc.*

Sustainable finance competences

- Competences necessary to make sound financial decisions that account for their sustainability (ESG) preferences
- *Environmental impact of purchases, sustainability characteristics of investment products, greenwashing, climate-related risks, sustainability labels etc.*

Financial resilience

- COVID-19 pandemic further increased the need for improving households' financial resilience and tackling financial vulnerability
- Competences relevant to financial resilience tagged in Excel version

Essential competences

- Competences that are particularly relevant to:
 - daily life and/or to current or future financial well-being
 - a majority of the adult population



NEXT STEPS



4. NEXT STEPS

Way forward

**2022 :
support to
implementation**

Support the use of the framework in **concrete policies, tools and educational materials**, and to offer a **platform** for policy makers and stakeholders to **exchange good practices** and lessons learnt when taking up the framework

**2022/23:
New EC/OECD
framework**

developing a financial competence framework for children and youth in the EU (under 18 years old)

**2022/23 :
Updated OECD
survey**

new OECD/INFE survey on Financial Literacy of adults /Covering also **digital financial literacy, financial inclusion, financial resilience, financial well-being**



THANK YOU!

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