



**USAID**  
FROM THE AMERICAN PEOPLE



# **Global Governance models National Financial Literacy Strategy Presented by Sheena Thomson**

May 2013



**USAID**  
FROM THE AMERICAN PEOPLE

# Contents

- Overview of research conducted
- Four benchmarked countries selected for Governance:
  - Canada
  - UK
  - Australia
  - Singapore
- Summary of findings:
  - Common best practice
  - The process
    - Developing the strategy
    - Implementing the strategy
- Recommendations



**USAID**  
FROM THE AMERICAN PEOPLE

## Overview of research conducted



**USAID**  
FROM THE AMERICAN PEOPLE

# Governance and Financial Literacy

- Following Global Desk top research benchmarking financial literacy in 10 identified countries, further research was conducted to look more closely at:
  - Timeline
  - Leadership and developing strategic direction
  - Tactical implementation
  - Reporting and measurement



**USAID**  
FROM THE AMERICAN PEOPLE

# Reminder: Snapshot of previous research findings

Country	Year FL identified	Why	Current FL Strategy/Tactics	FL survey /index	Currently FL index
Canada	★ 2008	High household debt ratio	Task Force with new Act for FL Leader recommendations Financial Consumer Agency of Canada	2009 FL capability survey	Recommended ongoing
UK	★ 2003	Consumer confidence post industry scandals	Money Advice Service	2004 FL financial capability survey	Recommended every 4 – 5 years
Netherlands	2007	Economic and social development	Wijzer in geldzaken "MoneyWise platform"	2007 survey conducted	N/K
South Africa	2012	Eradication of "debt traps"	In development	No	In development
Australia	★ 1992/94	Introduction of compulsory superannuation savings	Financial Literacy Strategy with dedicated board MoneySmart	2003, 2005, 2008, 20011	Yes, with ANZ Bank
South Korea	2005	Economic growth	KCIE	2006 national Financial Literacy survey	N/K
Singapore	★ 2003	Economic and social development	Financial Literacy institute MoneySENSE	2005	N/K
Malaysia	1997	Economic and social health	FL part of 10 year plan "Strengthening our Future" MoneyTreeAsia	2011	N/K
Taiwan	2007	N/K	Financial Literacy and Education Association	2007/8 pilot in Taipei University	N/K
Philippines	2012	Growing economy and population	N/K	N/K	N/K



Further research revealed most mature governance structures



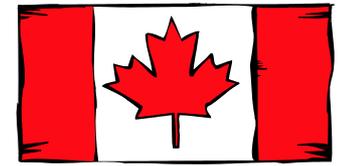
**USAID**  
FROM THE AMERICAN PEOPLE

## Four Benchmarked Countries



**USAID**  
FROM THE AMERICAN PEOPLE

# Canada timeline

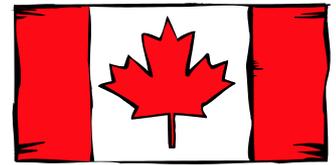


2001	2007	2008	2009	2011	2012	2013
Financial Consumer Agency of Canada (FCAC) established	Federal Government approved \$3m to FCAC to improve financial literacy	Federal Government allocated \$2m per year to develop financial literacy on ongoing basis  Canadian Conference on Financial Literacy	Appointment of Financial Literacy Task Force  Baseline financial Literacy Survey conducted	Publication of Task Force Report <b>Canadians and Their Money: Building a brighter financial future</b>	Financial Literacy Leaders Act (FLLA) submitted to parliament for approval	March: FLLA receives Royal assent. FLLA now being recruited



**USAID**  
FROM THE AMERICAN PEOPLE

## Canada – Strategic leadership

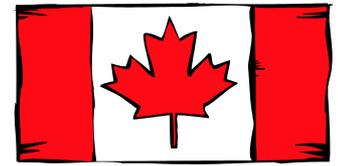


- The mandate of the Financial Literacy Task Force:  
*“Provide advice and recommendations to the Minister of Finance on a national strategy to strengthen the financial literacy of Canadians. This strategy will outline the following:*
  - *The overall objectives, as well as a focused, concrete plan of action for strengthening the financial literacy of various segments of the population;*
  - *Ways to leverage existing resources to enhance financial literacy in Canada;*
  - *The best means of promoting financial literacy in Canada;*
  - *A framework for collaboration among all stakeholders, including government organizations at all levels, which would maximize financial literacy efforts in Canada and reduce duplication;*
  - *Ways in which the different stakeholders should collaborate to advance the state of financial literacy research in Canada*
  - *Methods of assessing the progress made in implementing a national strategy, including identifying appropriate timelines and milestones for achievement.”*
- The Task Force reported directly to the Ministry of Finance



**USAID**  
FROM THE AMERICAN PEOPLE

# Canada – Leadership composition



## The Financial Literacy Task Force:

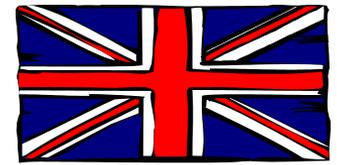
Donald Stewart	Chief Executive Officer, Sun Life Financial Inc.
L. Jacques Menard	O.C. Vice Chair and Chairman of BMO Nesbitt Burns
Laurie Campbell	Executive Director of Credit Canada/the Credit Counselling Service of Toronto
Marcel Côté	Founding partner of SECOR Consulting
Pat Foran	Award-winning journalist, author and former CTV News reporter
Edward (Ted) Gordon	Financial Security Advisor with Freedom 55 Financial
Evelyn Jacks	Founder and president of Knowledge Bureau
Ruth Kelly	CEO of Venture Publishing Inc
Janice MacKinnon	Professor of Fiscal Policy at the University of Saskatchewan
P. Mitchell Murphy	Career education consultant, Western School Board in Prince Edward Island.
Greg Pollock	President and CEO of Advocis, The Financial Advisors Association of Canada
Bill Schwartz	Principal of Polestar Communications Inc
Jean Vincent	President and General Manager of the Native Commercial Credit Corporation (NACCC)

Source: <http://www.financialliteracyincanada.com/members.html>



**USAID**  
FROM THE AMERICAN PEOPLE

# UK Timeline

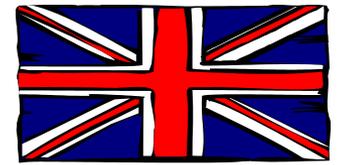


1998	2003	2005	2006	2008	2010	2011	2013
FSA announce consumer education proposals	FSA announce launch of Financial Capability Steering Group	Baseline Survey commissioned	Publication of Delivering Financial Capability in the UK; Delivering Change. Financial National Strategy for Financial Capability (5 year plan) £10m allocated	Joint Action Plan for Financial Capability – Helping you make the most of your money (issued jointly with HM Treasury).	Consumer Financial Education Body (CFEB) established.	CFEB rebranded with the launch of the Money Advice Service	FSA split: FCA and Prudential



**USAID**  
FROM THE AMERICAN PEOPLE

## UK - Strategic leadership

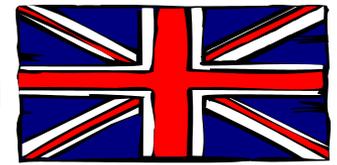


- The Financial Capability Steering Group comprised senior people from government, firms, employers and trade associations, not-for-profit organisations, consumers and the media.
- The main role and objective was to develop and implement a national strategy for financial capability that provides consumers with the education, information and generic advice needed to make their financial decisions with confidence
- The Financial Capability Steering Group reported directly to Treasury via the FSA



**USAID**  
FROM THE AMERICAN PEOPLE

## UK – Leadership composition



### The First Financial Capability Steering Group members:

John Tiner	Chief executive, FSA (chairman)
Luqman Arnold	Chief executive, abbey
David Clementi	Chairman, Prudential
John Gummer	Chairman, Association of Independent Financial Advisers
David Harker	Chief Executive, Citizen's Advice
Deirdre Hutton	Chair, National Consumer Council
Digby Jones	Director-general, Confederation of British Industry
Ruth Kelly	Financial Secretary to the Treasury
Ron Sandler	Chairman, Personal Finance Education Group
	Plus a media figure



**USAID**  
FROM THE AMERICAN PEOPLE

# Australia - timeline



2004	2005	2007	2008	2011	2013
National Financial Literacy Task Force appointed	Australian Financial Literacy Foundation established	Financial Literacy; Australians understanding money published	Third FL survey conducted	National Financial Literacy Strategy published	National Financial Literacy strategy – undergoing first review
Discussion paper and preliminary recommendations published	Second FL survey conducted		Financial Literacy Board established and appointed (estimated)	Money Smart launched	
First baseline FL survey conducted					



**USAID**  
FROM THE AMERICAN PEOPLE

# Australia – Strategic leadership



## National Financial Literacy Task Force Terms of Reference:

15 members, with Chairman, to include leaders in their field while balancing the interests of industry, government, consumer and community groups..

### Primary tasks:

- Delivery of a public consultation and discussion paper that maps and evaluates existing consumer and financial literacy information and programs in Australia and the services provided by the public, private and community sector.
- Consultation with relevant stakeholders relevant to consumer and financial information provision, policy papers, research reports, investigative articles and public statements.
- Recommendations for a National Strategy for Consumer and Financial Literacy.

### Considerations:

- The current availability and adequacy of financial education and information in schools;
  - The availability of financial information in the broader community, especially the capacity of Australians to understand and manage credit risk;
  - The availability of financial information and education to maximise superannuation and retirement savings;
  - The extent to which the foundation skills of current low-skilled adults and the mature-aged can be improved;
  - Enhancing awareness of the importance of saving and better communicating the need for a focus on retirement savings;
  - Any gaps or overlap in the current provision of financial literacy and consumer education programs by public, private and community sector organisations;
  - The linkages between public, private and community sector organisations in providing financial information and products and the contribution of key financial stakeholders;
  - The variety of multi-media and traditional communication tools used to disseminate messages and information about consumer and financial literacy;
  - The level of interest and motivation from consumers to seek out information about consumer and financial literacy.
- In addition to these responsibilities, the Taskforce may consider any immediate actions to streamline, improve, or augment current consumer and financial education initiatives where these actions have received widespread support from key stakeholders and where these actions can be fully met within existing organisational funds.



**USAID**  
FROM THE AMERICAN PEOPLE

# Australia - Strategic objectives



## National Financial Literacy Strategic Objectives:

- **To clarify the roles and responsibilities of the various public, private and community sector organisations delivering consumer and financial information and education.** The National Strategy should provide an assessment of the current availability and effectiveness of suitable programs.
- **To facilitate a national approach to the provision of consumer and financial literacy programs and information.** The National Strategy should establish the means for organisations involved in consumer and financial information provision to work together on joint or individual initiatives in nationally consistent ways.
- **Foster best practice.** The National Strategy should identify best practice principles for consumer and financial information and education provision based on successful domestic and international approaches.
- **Identify areas of priority.** The National Strategy should provide focus for organisations involved in consumer and financial literacy and dissemination of consumer and financial information by identifying areas of priority.
- **Ensure effective implementation.** The National Strategy should ensure any recommendations have ongoing support (both in a policy and financial sense) from key stakeholders. The National Strategy should engender ownership by appropriate stakeholders and ensure appropriate targets are met.



**USAID**  
FROM THE AMERICAN PEOPLE

# Australia – Leadership composition



## Financial Literacy Board:

- The original Task Force appears to have been made permanent in Australia, as there is now a Financial Literacy Board
- The Board comprises of individuals of significant stature in their fields, which meets as needed but at least three times a year to provide expert advice and guidance on financial literacy issues and solutions to the Government and ASIC
- The Board is reports to the Assistant Treasurer and Minister of Financial Services



**USAID**  
FROM THE AMERICAN PEOPLE

# Australia – Leadership composition



## Current Board

Chairman - Mr Paul Clitheroe	Executive Director, ipac securities (original Task Force Chairman)
Air Commodore Robert Brown	Chairman, Australian Defence Force Financial Services Consumer Council
Mr Hamish Douglass	Chief Executive Officer, Magellan Financial Group Limited
Mr Craig Dunn	Chief Executive Officer, AMP
Ms Linda Elkins	Executive General Manager, Colonial First State
Ms Fiona Guthrie	Executive Director, Financial Counselling Australia
Ms Elaine Henry,	OAM, Company Director
Mr Peter Kell	Commissioner, Australian Securities and Investments Commission
Mr Anthony Mackay	Executive Director of the Centre for Strategic Education
Mr Greg Medcraft	Chairman, Australian Securities and Investments Commission
Mr Ian Silk	Chief Executive Officer of Australian Super
Mr Michael Smith OBE	Chief Executive Officer of the ANZ Banking Group
Mr Robert Thomas	Director, Bank of China, Australia



## Financial Literacy Community of Practice:

- A cross-sectoral Financial Literacy Community of Practice has been established and sponsored by ASIC.
- Each month national video conferencing facilities to bring together key stakeholders around Australia for regular discussion and sharing of information, exploration of topical issues and showcasing of financial literacy initiatives.
- The initiative is designed to promote networking, best practice and the efficient use of financial literacy resources.
- As at March 2011 there were over 220 external participants that have asked to be on the invitation list
- Each monthly session attracts between 60 and 100 attendees across
- Australia and New Zealand;

**Source: Australian National Financial Literacy Strategy 2011**

[http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/rep229-national-financial-literacy-strategy.pdf/\\$file/rep229-national-financial-literacy-strategy.pdf](http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/rep229-national-financial-literacy-strategy.pdf/$file/rep229-national-financial-literacy-strategy.pdf)

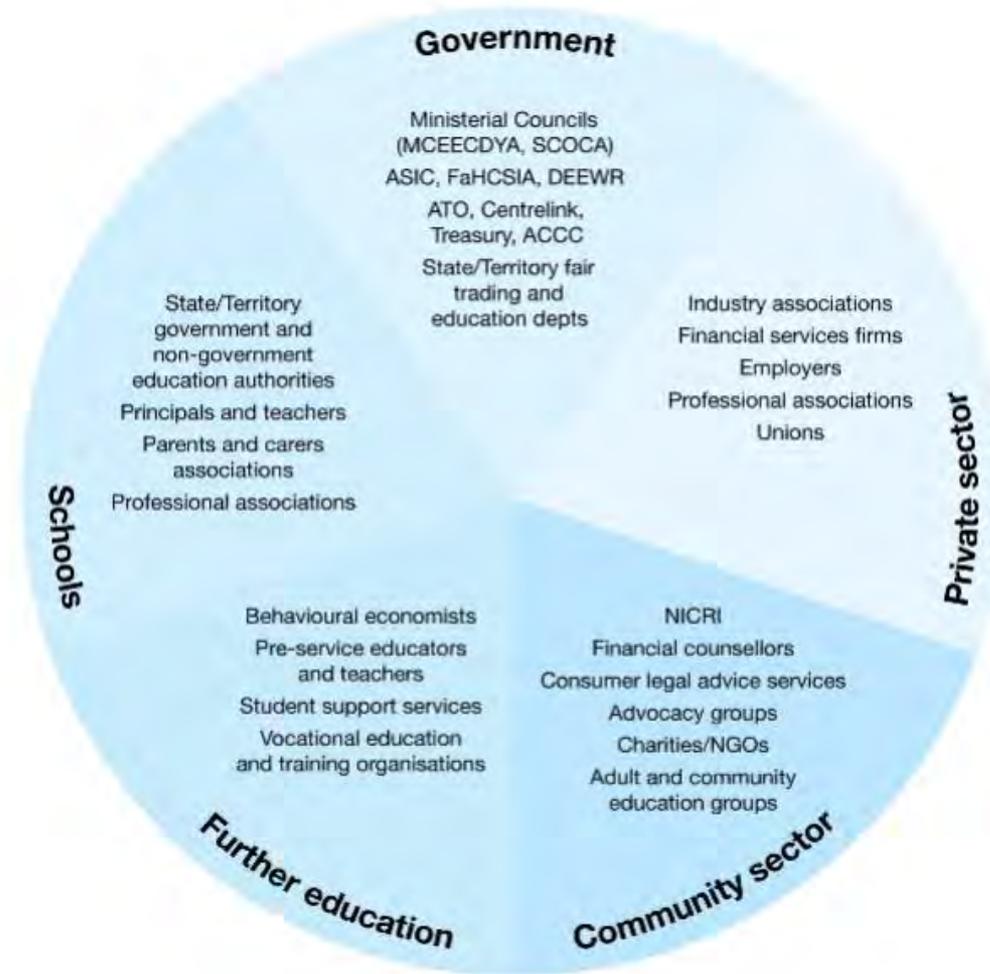


**USAID**  
FROM THE AMERICAN PEOPLE

**Australia**



# Financial Literacy Stakeholders:



Source: Australian National Financial Literacy Strategy 2011 [http://www ASIC.gov.au/ASIC/pdflib.nsf/LookupByFileName/rep229-national-financial-literacy-strategy.pdf/\\$file/rep229-national-financial-literacy-strategy.pdf](http://www ASIC.gov.au/ASIC/pdflib.nsf/LookupByFileName/rep229-national-financial-literacy-strategy.pdf/$file/rep229-national-financial-literacy-strategy.pdf)

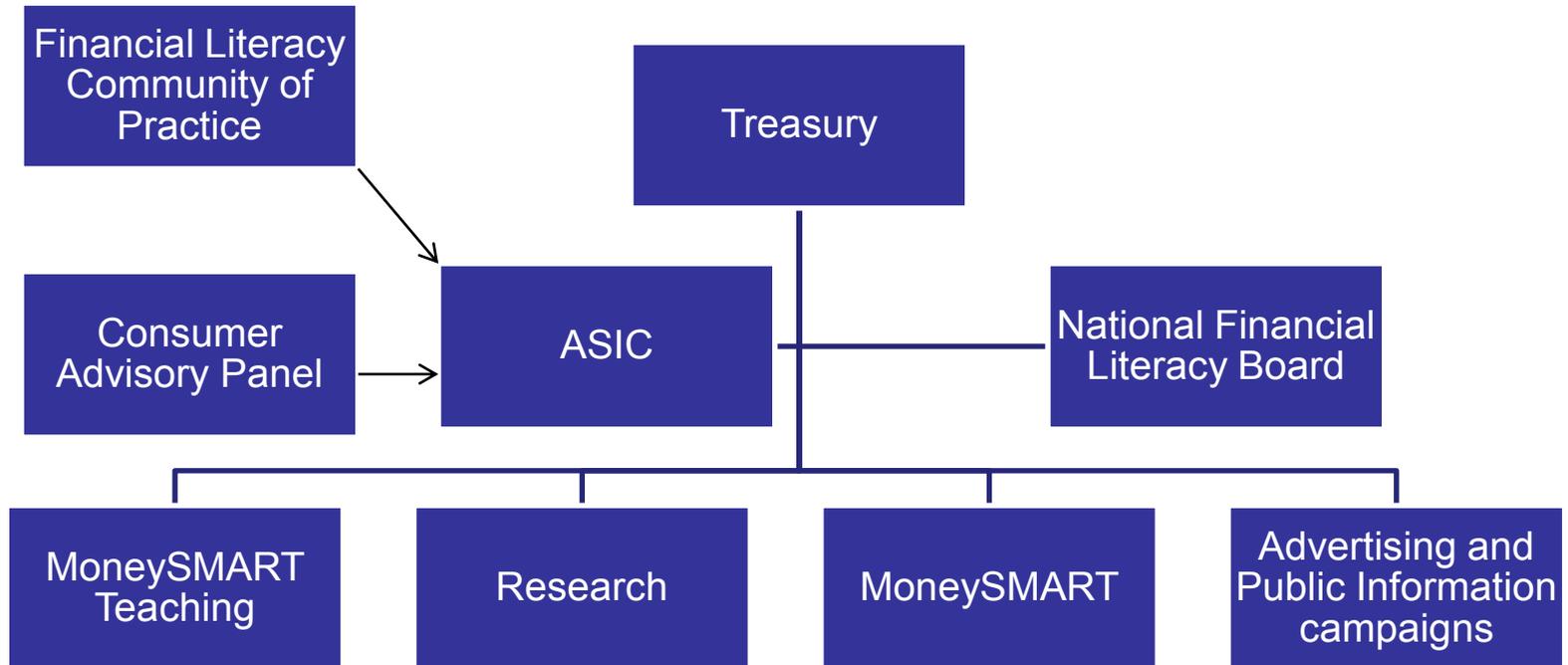


**USAID**  
FROM THE AMERICAN PEOPLE

**Australia**



# Overview of Governance





**USAID**  
FROM THE AMERICAN PEOPLE

# Singapore

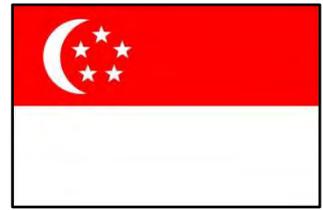


2003	2005	2012
Money SENSE announced \$1m a year for three years on financial education	First financial literacy survey conducted	Launch of Institute for Financial Literacy



**USAID**  
FROM THE AMERICAN PEOPLE

## Singapore – Strategic leadership



- A Financial Education Steering Committee, chaired by MAS was established in 2003
- The Steering committee comprises representatives from the Monetary Authority of Singapore, Ministry of Community Development, Youth and Sports, Ministry of Education, Ministry of Manpower, Central Provident Fund Board, and People's Association
- The Committee terms of Reference:
  1. To provide strategic direction and oversight of financial education efforts in Singapore.
  2. To review the current level of financial education efforts in Singapore and identify areas of overlap and gaps in financial education programmes.
  3. To identify and oversee the implementation of nation-wide financial education programmes.



**USAID**  
FROM THE AMERICAN PEOPLE

# Singapore - Leadership composition



## Original Financial Education Steering Committee:

Chairperson - Mr Shane Tregillis	Assistant Managing Director (Market Conduct Group), Monetary Authority of Singapore
Mrs Tan-Huang Shuo Mei	Director, Family Education Department, Ministry of Community Development and Sports
Mr Lee Kah Chuen	Deputy Director, Humanities and Aesthetics, Curriculum Planning and Development Division, Ministry of Education
Ms Ng Hwei Min	Deputy Director, Labour Relations and Welfare Policy Division, Ministry of Manpower
Mr Ng Hock Keong	Director, Customer Relations Division, Central Provident Fund Board
Mr Roger Low	Director of South West Community Development Division, People's Association

Source: [http://www.mas.gov.sg/~media/resource/news\\_room/press\\_releases/2003/Fact%20Sheet%204.ashx](http://www.mas.gov.sg/~media/resource/news_room/press_releases/2003/Fact%20Sheet%204.ashx)



**USAID**  
FROM THE AMERICAN PEOPLE

## Summary of Best Practice



**USAID**  
FROM THE AMERICAN PEOPLE

# Summary of common best practice

Common Practice		Benchmarked Countries
1.	Initial Baseline Survey	Australia UK Canada Singapore
2.	High level multi stakeholder task group/steering committee appointed to examine, recommend and be accountable for national financial literacy strategy (from baseline survey) Body has a clear and publicly accountable mandate	Australia UK Canada Singapore (only government officials are members)
3.	Task group/steering committee accountable to national government/leadership	Australia - Treasury UK - FSA Canada - Min. of Finance Singapore – Monetary Affairs Authority
4	National engagement through stakeholder conference and wider consultation	Australia (ongoing) Canada UK
4.	Strategy foundation has 3 core elements: 1. Education 2. Public awareness 3. Measurement/impact	Australia + conducts regular measurement UK – measurement not followed up Canada – in process Singapore – measurement not followed up or not public
5.	Financial Literacy education incorporated into schools/college curriculum	Australia – pilot study ongoing UK - incorporated Canada – planned Singapore - Institute for Financial Literacy

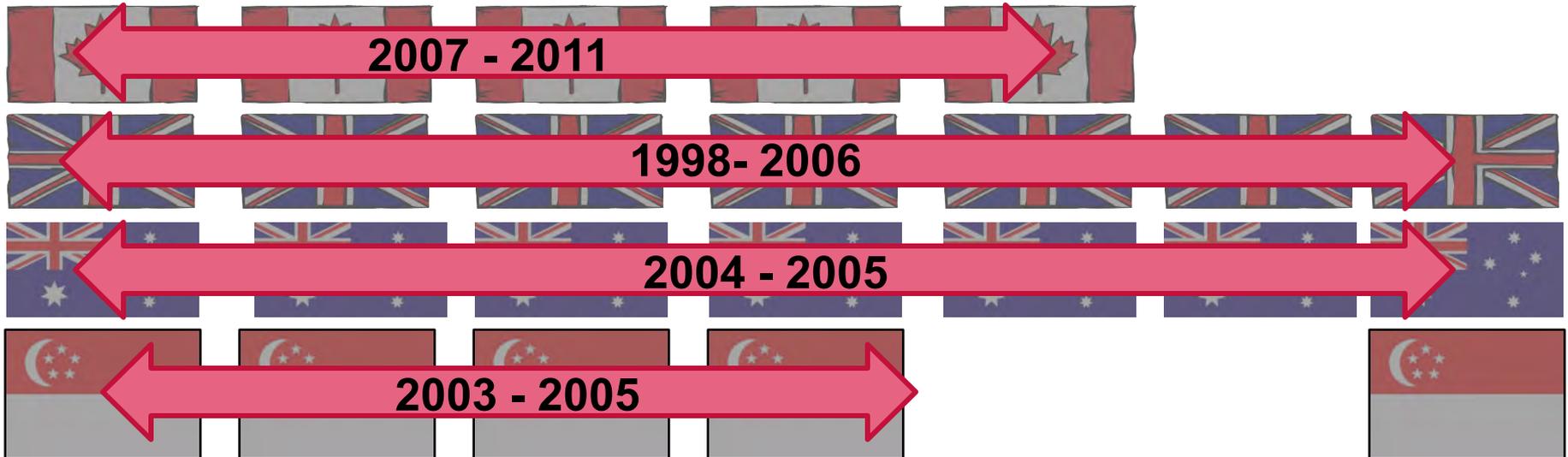


# USAID The Process – Developing the Strategy

FROM THE AMERICAN PEOPLE

## Current Indonesian progress:

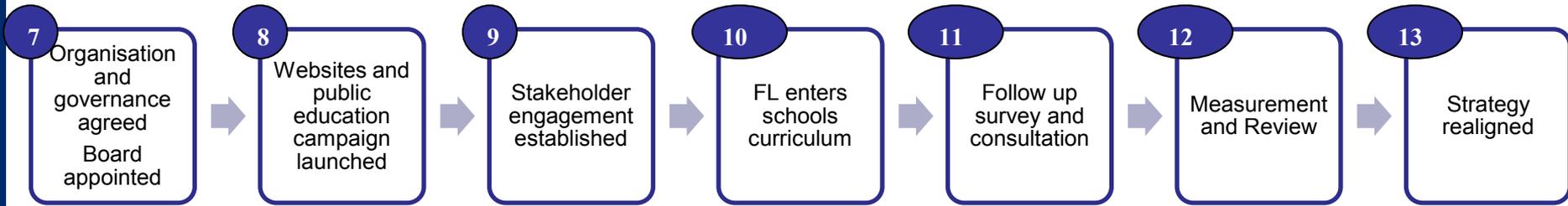
## Future?





# USAID The process – Implementing the strategy

FROM THE AMERICAN PEOPLE



Currently recruiting FL Leader



2006 - 2009

FSA currently undergoing transition



2005 - 2013



2003



2012

Activity resumed last year after 6 year "lull"



**USAID**  
FROM THE AMERICAN PEOPLE

## Recommendations



### **Establish and mandate a high level Financial Literacy Task Force** 4

1. A High level multi stakeholder Task Force/steering committee needs to be established to examine, recommend and be accountable for support and delivery of the national financial literacy strategy, drawing from the baseline survey.
2. A high level approved mandate is needed to clearly define the purpose of the Task Force, as well as give top leadership endorsement of financial literacy as a national priority.
3. The Task Force should be accountable to national leadership.



### **4 Task Force representation drawn from government, industry and relevant organisations**

1. In line with international best practice, the Task Force should be chaired by the Indonesian financial regulator – the OKJ.
2. In line with international best practice, Task Force members should be drawn from the following sectors:
  - I. Presidency
  - II. Ministry of Education
  - III. Ministry of Social Welfare
  - IV. Islamic community/Sharia representative
  - V. Leading bank or lending institution
  - VI. Leading investment house/savings/pension fund provider
  - VII. Professional association representative e.g. financial advisors, bankers
  - VIII. Consumer advocacy group
  - IX. Community/poverty reduction organisation
  - X. Media figure/commentator



## USAID Recommendation 3

### Full development of national financial literacy strategy should follow the Baseline Survey 6

1. Publication of the national financial literacy strategy should be announced with the findings of the baseline survey, not before.
2. This is in line with the approach adopted by all benchmarked countries.
3. The Baseline Study will reveal the vital data that is essential in developing an effective national financial literacy strategy, thus adding to its credibility and impact .



**USAID**

FROM THE AMERICAN PEOPLE

## Recommendation 4

### Identify and consult with key stakeholders and engage with them through a national financial literacy conference with workshops <sup>3</sup>

1. In line with international best practice, engaging with wider stakeholders will facilitate greater inclusion and support to effectively improve Indonesian financial literacy.
2. A national conference is important for national engagement due to Indonesia's geographical challenges.
3. The conference could potentially be used to announce and introduce **Financial Literacy Task Force members**.
4. Task Force members would be key note speakers, and would lead in the discussions on topics included in the agenda.



**USAID**  
FROM THE AMERICAN PEOPLE

## Recommendation 4 - continued

Benchmarked countries – past conference agenda's:

- Australia - National Financial Literacy Forum April 2013
  - <http://www.financialliteracy.gov.au/about-the-strategy/national-financial-literacy-forum#Details>
- Canada - Moving forward with Financial Literacy Sept 2008
  - <http://www.fcac-acfc.gc.ca/eng/resources/surveystudies/ReachHigherConf/PDF/reachhigher-eng.pdf>



**USAID**  
FROM THE AMERICAN PEOPLE

**Thank you**

**Terima kasih**