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A glance at Global Financial Literacy Presented by Sheena Thomson

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Contents

- Overview of research conducted
- Snapshot of findings
- Observations:
 - Measurement and improvement
 - Areas of common best practice
 - Initiatives of note
 - Other useful resources identified
- Recommendations



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Overview of research conducted



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Global Financial Literacy

- Global Desk top research was commissioned April 2013 to examine the following:
 - When financial literacy was identified as policy issue?
 - Why?
 - The approach and strategy adopted?
 - How financial literacy efforts are currently conducted; means used measurement?
 - Current levels of financial literacy reported in public domain?
 - Use of a national financial literacy index



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Organisations and Countries identified:

- International
 - Canada
 - UK
 - The Netherlands
 - South Africa
 - Australia
- Regional:
 - South Korea
 - Singapore
 - Malaysia
 - Taiwan
 - Philippines
- Intergovernmental
 - OEDC
 - World Bank
 - IMF
 - Financial Literacy and Education Trust



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Snapshot of findings



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Snapshot of findings - Countries

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



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Other useful findings – FS providers

- CitiBank
 - conducts regular financial literacy survey in 7 Asian countries
 - Individual country findings of interest published in the media
 - Full data not in public domain
 - First survey conducted in 2007
- MasterCard
 - Conducts the MasterCard Worldwide Index of Financial Literacy
 - 14 countries participate regionally
 - Full data not in public domain
 - Launched in 2010



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Other useful findings - OECD

- OECD is the most active intergovernmental organisation in promoting financial literacy policy, measurement and education efforts
- This extends beyond its membership
- Currently the OECD is conducting the PISA 2012 Financial Literacy Assessment in 65 countries
- The PISA findings will be the largest and most extensive global financial literacy index.
- The OECD has a global database of what financial education programs are being conducted by those that participate



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Contents

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Measurement and Improvement - Australia

- Australia is the only country that has conducted **regular** financial literacy surveys
- These have been conducted in partnership with the Australian government and ANZ Bank
- The first was conducted in 2003.
- Surveys have since taken place in 2005, 2008 and 2011
- The surveys are conducted by specialist providers; ACNielsen 2005, The Social Research Centre 2008 and 2011
- In 2011 between July 5 and August 18, data was captured through a telephone survey of 3,502 randomly selected Australian adults



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Australian Financial Literacy Survey

- Behaviours:
 - Keeping track of finances
 - Planning ahead
 - Choosing financial products
 - Staying informed
 - Financial control
- Knowledge
 - Use and Understanding of Payment and Transacting Methods
 - Money Management, Budgeting and Planning Behaviour
 - Transaction Products
 - Borrowing and Debt
 - Savings, Investment and Superannuation
 - Insurance
 - Consumer Rights and Responsibilities
 - On-line money and financial management
 - Financial Attitudes and Numeracy



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Measureable changes reported - Australia

- From the 2011 Survey, these are some of the measureable behavioural changes noted as highlights in their published report:

Behaviour	% 2011	% 2008
Save on regular basis	77	72
Borrowing/personal loans	12	17
In control of their financial situation	81	77
Greater awareness of investment volatility	74	67
Greater uncertainty about how to assess the performance of a superannuation fund	19	13 (8 in 2005)
Confidence to make an effective complaint	68	58 (63 in 2005)
Awareness of the cooling off period	74	68



- Although there is limited information in the English public domain, a pilot study was conducted with undergraduates at Taipei University.
- The findings clearly correlates financial education with literacy improvement:

	Before (2007)	After (2008)
Average Financial Literacy Score of students who completed the program	62	71.5
Average Financial Literacy Score of students who didn't attend the program	59.3	60.0



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Areas of common best practice

- The following were identified as generally areas of common practice across the globe:
 - Appointment of a Financial Literacy Task Force or Board drawn from a variety of backgrounds e.g. Regulation, education, social development, providers, industry pundits, NGO's
 - Declared intent or delivery of regular financial literacy surveys and measurement indexes
 - Detailed survey data captured is not in public domain
 - Partnership with significant financial services providers under their Corporate Special Responsibility umbrella
 - Separate dedicated websites targeting adults and children
 - Financial literacy inclusion in school syllabus - pilots in schools
 - Leveraging and collaboration of resources with OECD
 - Regular conferences and summits with relevant parties to execute effective improvement in financial literacy



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Initiatives of note:

- Child and Youth Finance International
 - They carry out regular campaigns across all countries that are members. The Global Money Week is an initiative that runs in schools for one week in March, with competitions and fun financial learning experiences.
 - They have an extensive database of activities and resources which is a rich source of information, creative thinking and ideas
- The OECD has a dedicated educational resource portal, which offers a consistent and standard approach to financial education materials and approach
- Most providers have CSR initiatives that support financial education. CitiBank and MasterCard have a financial literacy surveys give a good indication of where resources may best be deployed e.g. increasing female financial literacy



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Contents

- Recommendations



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Recommendations

1. Appointment of a:
 - A National Financial Literacy Board (for strategic direction, policy and legislative requirements)
 - A National Literacy Steering Committee, to execute the strategy, public education programs, consumer protection etc
2. Further study of the Australian model, as the most advanced and committed country in the area of financial literacy. This research should include study tour and meetings with members of ANZ and the National Financial Literacy Board
3. Development and ongoing commitment of regular financial literacy surveys to facilitate the creation of an Indonesian financial literacy index. The OECD is potentially a useful partner and source of international benchmarks to consider
4. Single Campaign theme conference to launch of national financial literacy strategy – a “call to arms” for all stakeholders executing behaviour change
5. MOU or partnership with the Ministry of Education for the development and commitment to include financial literacy in the school syllabus
6. Further research with Financial Services providers in Indonesia (national and multi-national) to identify CSR initiatives that can be leveraged to assist in the delivery of the National financial Literacy Strategy



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Thank you