Recommendation of the Council on Financial Literacy

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Background Information

The Recommendation on Financial Literacy was adopted by the OECD Council at Ministerial Level on 29 October 2020 on the proposal of the Committee on Financial Markets (CMF) and the Insurance and Private Pensions Committee (IPPC). It presents a single, comprehensive, instrument on financial literacy to assist governments, other public authorities, and relevant stakeholders in their efforts to design, implement and evaluate financial literacy policies.

Financial literacy has become a long-term policy priority in many countries and economies and is recognised as an important complement to market conduct, prudential regulation, and financial inclusion. As of May 2020, more than 70 countries and economies worldwide were designing or implementing national strategies for financial literacy.

Rationale for developing the Recommendation

Over recent decades, the financial environment has evolved, giving greater opportunities to individuals to access finance as well as manage and plan their financial future. At the same time, the financial landscape has become more complex and digital financial services have introduced new challenges and risk factors. Demographic, socio-economic and financial developments, such as rapid population ageing and the consequences of the financial, social and economic crisis have put increasing strain on welfare systems. These developments have been further compounded by the socio-economic crisis resulting from the COVID-19 pandemic. As a result of the increased strain on public funding, households are increasingly being expected to take greater personal responsibility for their own financial welfare. This implies that they need significant financial skills, particularly given that ill-informed financial decision-making may have a lasting impact, both on consumers and society. Many consumers, especially those from vulnerable groups, also have to bear the financial risks of precarious careers and earnings paths, as well as environmental and climate-related risks. They therefore need to plan for – and mitigate – the impact of these risks through appropriate forward-looking personal finance management.

Despite the growing complexity of the financial and risk landscape, recent financial literacy surveys conducted by the OECD have highlighted that many people – especially vulnerable groups – lack even basic financial knowledge and are ill-prepared to make savvy financial decisions. Because of these challenges, policies aimed at enhancing the knowledge of financial products and their associated risks, as well as policies strengthening consumers' financial competences, their overall financial resilience and well-being are essential, within a robust financial consumer protection framework.

A comprehensive and iterative process for developing the Recommendation

The Recommendation was developed initially in the International Network on Financial Education (INFE), throughout 2017 and 2018. The INFE is a network of more than 280 public institutions with expertise in financial literacy from over 130 OECD Member and non-Member countries and economies, established in 2008 to benefit from and encompass the experience and expertise of developed and emerging economies on financial literacy. Since its formation, the INFE's work and expertise has played a crucial role in supporting and feeding into the CMF and IPPC's wider programme of work on financial literacy.

In 2018, the CMF and the IPPC discussed the draft Recommendationa and approved its declassification for public consultation. The draft was shared for public consultation and with the Committee on Consumer Policy (CCP) and the Education Policy Committee (EDPC) for consultation in 2019. A revised version, taking into account comments received from each of these OECD bodies as well as comments received through the public consultation, was approved by the CMF and IPPC on 25 September 2020.

The Recommendation updates and replaces the 2005 Recommendation of the Council on Principles and Good Practices for Financial Education and Awareness [OECD/LEGAL/0338], the 2008 Recommendation of the Council on Good Practices for Enhanced Risk Awareness and Education on Insurance Issues [OECD/LEGAL/0357], the 2008 Recommendation of the Council on Good Practices for Financial Education Relating to Private Pensions [OECD/LEGAL/0359], and the 2009 Recommendation of the Council on Good Practices on Financial Education and Awareness Relating to Credit [OECD/LEGAL/0370].

It also draws on further work on financial education developed in the INFE that has fed into the work programmes of the CMF and the IPPC, and that has been recognised in the G20 and Asia-Pacific Economic Co-operation (APEC). This work includes notably the following documents:

- OECD/INFE High-level Principles on National Strategies for Financial Education (endorsed by G20 Leaders and APEC ministers of finance in 2012 and approved by the IPPC and CMF);
- OECD/INFE Guidelines on Private and Not-for-profit Stakeholders in Financial Education;
- OECD/INFE Policy Guidance on Addressing Women's and Girls' Needs for Financial Awareness and Education;
- OECD/INFE High-level Principles on the Evaluation of Financial Education Programmes; and
- OECD/INFE Policy Guidance on Digitalisation and Financial Literacy.

The Recommendation also takes into account recent relevant evidence, research and emerging global and local trends, such as the implications of COVID-19, the digitalisation of finance (with reference to the G20 High-level principles on digital financial inclusion) as well as environmental, economic and social risks and opportunities which may require individuals and micro/small enterprises to make ever more complex decisions and develop specific financial skills.

Scope of the Recommendation

The Recommendation presents a single, comprehensive, instrument on financial literacy to assist governments, other public authorities, and relevant stakeholders in their efforts to design, implement and evaluate financial literacy policies. It covers the following 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

Next steps

Going forward, the CMF and the IPPC, in close consultation with the INFE, will review the implementation of the Recommendation and report thereon to the Council no later than five years following its adoption and regularly thereafter, with a view to ensure that it remains useful and relevant over time.

The INFE will serve as forum for exchanging information on financial literacy as well as for exchanging experiences in using the Recommendation. Further, under the aegis of and subject to the approval from the CMF and IPPC, it is envisaged that the INFE will develop further practical guidance to support Adherents in implementing the Recommendation and use the Recommendation as a benchmark for voluntary peer reviews.

G20 Finance Ministers and Central Bank Governors welcomed the Recommendation at their meeting on 9-10 July 2021 under the Italian G20 Presidency. In the communiqué, they recognised that financial literacy is an essential skill for the empowerment of people, especially the most vulnerable and underserved, including micro, small and medium enterprises, and for supporting individual and societies' well-being, financial inclusion, financial consumer protection and transformation in the post-pandemic era. They welcomed the OECD Recommendation on Financial Literacy, which assists governments, other public authorities and relevant stakeholders in their efforts to design, implement and evaluate financial literacy policies.

For further information please consult: https://www.oecd.org/financial/education/.

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Implementation

The Recommendation includes a provision instructing the CMF and the IPPC, in close consultation with the INFE, to report to the Council on the implementation, dissemination and continued relevance of the Recommendation no later than five years following its adoption and at least ten years thereafter. In addition, it is envisaged that the INFE, under the aegis of and subject to the approval of the CMF and IPPC, will develop further practical guidance to support Adherents in implementing the Recommendation. In the meantime, a number of existing tools can already support Adherents in the implementation of the Recommendation:

- OECD/INFE Toolkit to measure financial literacy and financial inclusion (2018 version) http://www.oecd.org/daf/fin/financial-education/2018-INFE-FinLit-Measurement-Toolkit.pdf
- OECD/INFE Core competencies framework on financial literacy for youth (2015) https://www.oecd.org/finance/Core-Competencies-Framework-Youth.pdf
- G20/OECD INFE Core competencies framework on financial literacy for adults (2016) http://www.oecd.org/finance/Core-Competencies-Framework-Adults.pdf
- OECD/INFE Core Competencies framework on Financial Literacy for MSMEs (2018) http://www.oecd.org/finance/financial-education/OECD-INFE-core-competencies-framework-on-financial-literacy-for-MSMEs.pdf
- IOSCO/OECD INFE Core Competencies framework on financial literacy for investors (2019) http://www.oecd.org/financial/education/IOSCO-OECD-Core-Competencies-Framework-on-Financial-Literacy-for-Investors.pdf

THE COUNCIL,

HAVING REGARD to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the Recommendation of the Council on Principles and Good Practices for Financial Education and Awareness [OECD/LEGAL/0338], the Recommendation of the Council on Good Practices for Enhanced Risk Awareness and Education on Insurance Issues [OECD/LEGAL/0357], the Recommendation of the Council on Good Practices for Financial Education Relating to Private Pensions [OECD/LEGAL/0359], and the Recommendation of the Council on Good Practices on Financial Education and Awareness Relating to Credit [OECD/LEGAL/0370], all of which this Recommendation replaces;

HAVING REGARD to the OECD/INFE High-level Principles on National Strategies for Financial Education; the OECD/INFE Guidelines on Private and Not-for-profit Stakeholders in Financial Education; the OECD/INFE Policy Guidance on Addressing Women's and Girls' Needs for Financial Awareness and Education; the OECD/INFE High-level Principles on the Evaluation of Financial Education Programmes; and the OECD/INFE Policy Guidance on Digitalisation and Financial Literacy;

HAVING REGARD to global recognition of financial education within G20 principles; specifically G20 Principles for Innovative Financial Inclusion, 2010 (Principle 5); G20 High-level Principles on Financial Consumer Protection, 2011 (Principle 5); G20 High-Level Principles on SME Financing, 2015 (Principle 7); G20 High-Level Principles for Digital Financial Inclusion, 2016 (Principle 6);

RECOGNISING that financial literacy policies are broadly aimed at promoting the development of healthy, open and competitive financial markets and supporting financial stability; and that financial literacy policies are a necessary complement to approaches aimed at reinforcing financial inclusion and consumer protection within appropriate regulatory and supervisory frameworks, with a view to enhancing financial resilience and well-being;

RECOGNISING that financial literacy policies can be used to improve the levels of financial knowledge and skills among all segments of the population, and support their financial well-being;

RECOGNISING that financial literacy policies are important in facilitating informed and responsible use of a broad variety of financial products and services including digital financial services; and that new financial products and services, including digital financial services, may change the way that consumers make financial decisions and product choices;

RECOGNISING that financial literacy policies are a complement to approaches such as choice architecture, information disclosure, and financial advice;

RECOGNISING that financial decisions and behaviour are influenced by behavioural biases and that financial literacy policies may need to complement other policies to support financial decision-making such as an improved choice structure, especially in countries and economies where the choice environment is very complex.

On the proposal of the Committee on Financial Markets and the Insurance and Private Pensions Committee:

I. **AGREES** that, for the purpose of the present Recommendation, the following definition is used:

- **Financial literacy**: a combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being.

National strategies for financial literacy

II. RECOMMENDS that Members and non-Members having adhered to this Recommendation (hereafter the "Adherents"), establish and implement national strategies that take a sustained, co-ordinated approach to financial literacy which:

1. recognises the importance of financial literacy - through legislation where appropriate - and agrees its scope at the national level, taking into account identified national needs and gaps;

2. is coherent with other strategies fostering economic and social prosperity such as those focusing on financial inclusion and financial consumer protection;

3. involves cooperation with relevant stakeholders as well as the identification of a national leader or co-ordinating body/council;

4. includes the establishment of a roadmap to support the achievement of specific and predetermined objectives within a set period of time;

5. provides guidance to be applied by individual programmes implemented under the national strategy in order to efficiently and appropriately contribute to the overall strategy; and

6. incorporates monitoring and evaluation to assess the progress of the strategy and propose improvements accordingly.

In establishing and implementing their national strategies, taking into account their differing national, regional and local circumstances, Adherents should:

1. Base their strategies for financial literacy on **relevant evidence and analysis** gathered and conducted prior to the adoption of the national strategy in order to determine its policy priorities and objectives, and on an a regular basis thereafter in order to inform the national strategy and ensure it remains relevant and up-to-date. Relevant evidence and analysis should include:

    a) Evidence of levels of financial literacy of the population. In this respect, Adherents should:

        i. Preferably use dedicated national surveys or co-ordinated international studies to collect high-quality, comparable data on levels of financial literacy. Where the OECD PISA assessment is undertaken, the PISA financial literacy assessment can also provide useful evidence; and

        ii. Consider complementing the collection of quantitative data with qualitative data and other sources of information such as consumer complaints, in order to obtain further evidence about consumers' attitudes and behaviour and possibly learn more about hard-to-reach or specific population sub-groups.

    b) Analysis of data to identify aspects of financial literacy that cause particularly significant issues as well as the groups in the population in most need of improving.

    c) Analysis of the financial behaviour of the population or specific subgroups in relevant areas, such as accessing and using financial products and services, saving, borrowing, over-indebtedness, investing and insurance behaviour.

    d) Analysis of market practices put in place by financial services providers, including those that play on the behavioural biases of consumers to assess how financial literacy can complement financial consumer protection measures.

    e) Evidence and analysis of access to financial literacy programmes across the whole population and specific subgroups, and of the most effective channels through which to reach different population segments;

    f) Regular mapping of existing financial literacy programmes, in order to identify relevant and trusted partners and/or gaps in provision.

2. Take other necessary and appropriate **preparatory steps** prior to the establishment of the national strategy, in addition to the collection of relevant evidence as mentioned at sub-paragraph 1. These may include:

   a) Scanning relevant national and international examples, good practice, research and literature to identify operational and replicable practices, as well as possible inefficiencies created by poorly directed resources;

   b) Creating mechanisms for consultation, coordination and information sharing between the various stakeholders in the development and implementation of the national strategy; and

   c) Actively reporting and publicising the results of this preparatory phase and announcing the ongoing or planned development of a national strategy roadmap (see below) for the national strategy to relevant stakeholders and the public.

3. Establish transparent **co-ordination and governance mechanisms** that:

   a) Identify a credible and unbiased leading authority or governing mechanism, recognised and promoted at the highest policy level, with responsibility for initiating, developing and monitoring the national strategy. In this regard, the leading authority or governing mechanism should be provided the necessary stability, credibility, independence, expertise, capacity, staff, resources and, ideally, enforcement powers to enable it to develop and oversee the implementation and sustainability of the national strategy;

   b) Identify shared but clearly defined roles and responsibilities for relevant stakeholders, assigning responsibilities and roles that are consistent with the stakeholders' expertise, strengths, interests and resources;

   c) Involve relevant public authorities to the extent possible, including ministries (and in particular the Ministries of Finance and Education), Central Banks, financial regulators and supervisors, as well as other public national, regional and local authorities. The involvement of public authorities should encompass, at least:

      i. the identification of overarching government-wide goals and national priorities for financial literacy;

      ii. the preparation, establishment and implementation of the national strategy, in consultation with other stakeholders; and

      iii. the design and promotion of effective and flexible principles or guidelines on the involvement of private and not-for-profit stakeholders in financial literacy;

   d) Involve relevant private and not-for-profit stakeholders to the extent possible, including, for example, financial services providers, institutions delivering financial literacy as a business activity, non-financial companies (e.g. employers or media companies), financial industry associations, non-governmental organisations (NGOs), consumers' associations, trade unions, research institutions, teachers' unions, and parents' associations;

   e) Support all stakeholders involved to take effective measures to facilitate coordination, and avoid duplication of efforts, inefficient use of resources, or conflicts of interest, and ensure that all relevant target audiences have access to financial literacy. Participation of private and not-for–profit stakeholders should:

      i. provide support to public strategies and programmes, particularly through national industry associations or self-regulatory bodies;

      ii. contribute to the development of, and comply with codes of conduct for their involvement in the national strategy for financial literacy;

      iii. clearly distinguish commercial and educational activities, ensuring that they do not promote their own products and services when implementing financial literacy activities; and

iv. apply criteria of impartiality, objectivity, quality and fairness in the design and implementation of their financial literacy programmes.

4. Taking into account the fact that the order in which each Adherent will put in place each element will vary, **develop and periodically revise a tailored roadmap for their national strategy** that:

a) Defines an overall and cross-sectoral vision, describes policy priorities, designates responsibility and identifies measurable objectives that are realistic in the timescale envisioned;

b) Defines an implementation plan, including delivery methods, and ensures that the national strategy is implemented with the involvement of relevant stakeholders;

c) Defines a plan to monitor and evaluate the national strategy against targets, and a consistent approach to the evaluation of financial literacy programmes within the strategy; and

d) Identifies appropriate and sustainable resources for the duration of the national strategy.

5. On the basis of evidence and information gathered pursuant to sub-paragraph 2, **identify relevant financial literacy issues and address them in order of priority**. Such issues may include access to, and use of, formal financial products and services, including digital ones; budgeting and managing finances in the short term; saving and investment; credit management; planning and saving for retirement and pensions; risk management; and insurance. In addressing these issues, Adherents should:

a) Promote awareness and understanding of the characteristics of traditional and innovative financial products and services, and of the financial risks associated with them;

b) Empower individuals to evaluate the products, services and providers available to them, and make a decision about whether or not to use them, taking into account their personal situation and the potential complexity of each product, as well as any fees, charges, penalties and interest, and effectively manage the potential risks involved;

c) Promote awareness and understanding of individuals' rights and responsibilities as financial product holders, including awareness of available and mandated disclosure and transparency tools (e.g., key facts statements, price comparison websites); of prohibited, unfair, or discriminatory practices (e.g., unfair terms and conditions, high-pressure sales tactics, illegal debt collection practices); as well as of ways to complain and seek redress.

d) Prompt individuals to act and stimulate behaviour change in ways that are most likely to be beneficial to individual outcomes, for example, by promoting informed and active choice in order to encourage greater saving or counter inappropriate risk-taking;

e) Provide unbiased generic advice in order to guide individuals through complex systems and decision processes, such as credit management and retirement planning, whenever basic consumer information and skills are insufficient, and prepare individuals to deal with the financial advice industry, including via robo-advice.

6. Identify **relevant target audiences** and address them through effective initiatives, taking into account the wide range of cultural, religious and socio-economic factors that may impact on such audiences' financial literacy and well-being, the potential benefit of providing them with financial literacy programmes that are tailored to their specific strengths and preferences, and the importance of starting as early as possible in a person's life and continuing throughout life. To this effect, Adherents should:

a) Coordinate policies, frameworks, and programmes for the specific target group (such as financial inclusion, entrepreneurship, and gender equality policies), even if not already included in their national strategy, and with the relevant stakeholders in these areas;

b) Design, implement and deliver financial literacy programmes in conjunction with trusted stakeholders with an expert understanding of the target group;

c) Take into account the specific needs of particular sub-segments of the target groups or overlapping target groups (such as lone parents, elderly women, or young entrepreneurs) and use a differentiated approach where relevant; and

d) Consider ways to combine financial literacy programmes for the specific target groups with other interventions for that group to improve reach and effectiveness.

7. Take into account the importance of financial literacy skills for **current and future generations of youth** to help them face contemporary financial challenges. In this respect, Adherents should:

a) Take measures to develop financial literacy from the earliest possible age;

b) Develop financial literacy content for youth based on existing evidence;

c) Provide guidance on the development of appropriate training on relevant topics and intended learning outcomes, based on the age of the learner;

d) Base measures to develop financial literacy for youth on well-defined core competencies. Such competencies should:

i. be regularly reviewed and revised as necessary;

ii. have their structure and content tailored to national, regional and possibly local circumstances, the delivery channels used, and relevant cultural or religious considerations;

iii. encompass knowledge and understanding, skills and behaviours, attitudes and values, and potentially also entrepreneurial skills; and

iv. be complemented with appropriate tools to support learning (including digital tools).

e) Provide ongoing approaches to develop the financial literacy of youth (as opposed to one-off interventions);

f) Provide adults in contact with youth with information on how to discuss financial matters with them, in order to shape positive behaviours and attitudes; and

g) Consider ways of delivering financial literacy through activities and special events.

8. Take into account **the needs of other specific target groups** including, as appropriate:

a) **Women**. Adherents should:

i. Incorporate financial literacy in policies designed to address gender gaps in financial outcomes;

ii. Ensure that women have access to appropriate, independent and adequate financial advice (within the limits of national regulations), to help address their difficulties in choosing financial products and their low confidence in dealing with financial issues; and

iii. Ensure that financial literacy programmes aimed at both men and women are checked for possible gender biases in the delivery format and content, including unconscious bias, as well as for differential impact by gender. Where such differences are identified, modifications should be made to the programme so that it is relevant to both men and women.

b) **Micro and small entrepreneurs**, by :

i. Using financial literacy to support access to finance, and business growth and sustainability;

ii. making financial literacy a core component of the support provided in "one-stop-shops" for micro and small businesses, where these exist;

iii. combining financial literacy with access to finance, such as considering making the attendance of financial education programmes by micro and small entrepreneurs a pre-requisite for their eligibility as receivers of public financing support schemes;

iv. leveraging the expertise and mentoring capabilities of financial services providers and their associations; and

v. supporting clusters and networks of micro and small businesses for knowledge transfer and diffusion, capacity building and mentoring.

c) **Migrants and refugees**, in order to support the financial decisions of immigrants in host countries, and the financial management of those who receive remittances in home countries. Financial literacy could be usefully coordinated at the international or regional level, between home and host countries or between several host countries.

d) **Older generations**, as they may be particularly vulnerable to certain types of fraud, be less likely to be able to lift themselves out of financial difficulty, tend to have a low take up of new and innovative products and services, including digital technologies, and may be particularly likely to face social and physical isolation and cognitive and physical degeneration. Financial literacy for the elderly, as with all vulnerable groups, should include a focus on education that supports effective consumer protection efforts, including training to increase their confidence to refuse services that are unclear or unsuitable, knowledge of their rights and responsibilities when signing contracts and using services, and awareness of the changing landscape of fraud and scams. Financial literacy programmes should also be used to raise awareness among family members and carers of the financial vulnerability of older people and the concrete steps that can be taken to reduce such vulnerability.

e) **Other vulnerable groups**, who, depending on national, regional or local circumstances, may include, among others, people with low levels of general literacy, people with low digital skills, people from lower socio-economic backgrounds, workers on a low or irregular income, the unemployed, indigenous populations, remote communities and those with physical or mental disabilities. All identified vulnerable groups should be provided with access to financial literacy that recognises their specific circumstances and provides tailored guidance that takes into account the potential lack of opportunities available to such groups to improve their financial well-being and the likelihood of financial difficulties.

<u>Financial literacy and the various sectors the financial landscape</u>

III. **RECOMMENDS** that Adherents, in their efforts to develop financial literacy programmes to support **decision-making about saving, investment, retirement and pensions**:

1. Take into account national circumstances and the different extent of saving, investment, long-term and retirement planning challenges depending on factors such as interest rates, the national pension systems, investment frameworks and of the financial environment more broadly;

2. Promote an understanding of the changes in the demographic, social, economic and financial landscape, as well as any changes in public policy, that may have implications on individual financial decisions and outcomes, such as ageing and pension reforms;

3. Provide individuals with clear, straightforward information and appropriate tools to understand how to best use saving, investment, retirement and pensions products or their personal or household situation;

4. Promote individual awareness of the financial risks related to saving and investment decisions and the importance of risk diversification, understanding the balance of risk and reward, understanding the potential implications of investment decisions, and estimating the amount of savings, investments and pension entitlements needed to meet personal and family financial needs;

5. Promote an understanding of the implications of saving and investment decisions on society and the environment, and of long-term economic and financial sustainability considerations in saving and investment decisions;

6. Provide or take measures to ensure the provision of access to information that specifically addresses the complexities of saving, investment and decision making on retirement, including reliable information on projected public and private pension payments, and information on the implications of income or expenditure shocks, of having multiple workplaces or of periods without work; and

7. Promote people's understanding of personal behavioural biases, such as limited attention, short-termism, inertia, and overconfidence, which may have consequences for their ability to save, invest or make retirement plans.

IV. **RECOMMENDS** that Adherents, in their efforts to develop financial literacy programmes to support healthy decisions around **credit** and avoidance of overindebtedness:

1. Promote budgeting and saving in order to reduce reliance on credit, so that in the event of needing credit, people only borrow what they can afford to repay;

2. Provide individuals with appropriate information and tools to compare the costs and characteristics of various credit options, and to shop around for the best credit product available to them when they need to borrow;

3. Alert individuals to the features and possible risks of short-term credit provided through traditional and digital platforms, including potentially very high interest rates, hidden fees and charges, and the risk of spiralling debt problems through repeated use;

4. Provide information and guidance on ways of managing existing credit commitments to minimise overall cost and risk of default, even if circumstances change; and

5. Make individuals aware of the information contained in their credit record, when relevant given national circumstances, and make them aware of how their personal data may be used in creditworthiness assessment by providers, what they can do to improve or correct their own record and the risks and implications of making poor credit decisions and having a bad credit record.

V. **RECOMMENDS** that Adherents, in their efforts to develop financial literacy programmes to support decisions about **insurance** issues:

1. Promote a culture of responsibility for personal protection and prevention, in particular by promoting an understanding of notions relating to risk, risk mitigation, and compensation, as well as possibilities offered by insurance tools and basic insurance mechanisms and products; and

2. Provide individuals with appropriate information and tools to best use insurance products for their personal situation;

3. Promote and develop prevention and information programmes and campaigns regarding the risk of seriously damaging outcomes, innovative or complex insurance products including those provided digitally (sometimes described as insurtech) and products implying a greater transfer of risks to individuals as well as the possibility of under, overlapping and/or over insurance.

Effective delivery of financial literacy programmes

VI. **RECOMMENDS** that Adherents take all necessary measures to ensure the effective delivery of financial literacy programmes, in particular by:

1. Using **a large variety of channels** and means to reach a wide audience, including vulnerable groups, appropriately and effectively, such as:

   a) Wide and targeted public awareness campaigns to inform the general public about important personal finance issues including risk, fraud, and financial resilience. The development of these campaigns should be planned on a regular basis, and consideration should be given to national, regional and local delivery mechanisms. Financial literacy champions and role models may be beneficial to raise the visibility of such campaigns, enhance the desirability of improving financial literacy and participating in financial literacy programmes among specific target groups;

b) Objective, impartial information, for example, through the most relevant channels for different audiences and the local context. Such means may include interactive tools and product comparison information for a range of financial products. These sources of information should be widely publicised and promoted. The provision of appropriate incentives to consumers may be used to encourage access and use, where necessary. These resources could be shared among trusted stakeholders to reach a larger audience;

c) Tailored training, guidance or generic advice, provided in person or through remote channels, to address specific challenges faced by consumers such as managing credit or saving for retirement. Games, gamification (adding elements of a game to other activities) and edutainment (education through entertainment, such as plays, radio dramas, soap operas and serious games) may also be instrumental in engaging more reluctant learners, building financial competencies in a safe environment, and promoting learning by doing; and

d) The development and careful monitoring of programmes to train financial literacy providers and those who communicate financial information (e.g. the media, civil servants) to enhance the effectiveness and reach of financial literacy programmes.

2. Designing and implementing programmes in ways that are most likely to **support effective delivery**, for example by:

a) Basing programme design on well-defined core competencies frameworks covering knowledge, attitudes, skills and behaviour, designed for specific target groups where appropriate;

b) Developing content that takes into account the current competencies, experience, literacy, and numeracy of the target group, and aims to develop further core competencies in relation to knowledge, attitudes and skills relevant to the objectives of the programme;

c) Piloting programmes, materials and delivery methods on a small scale before rolling out more widely in order to identify and address issues that may not be apparent in the design stage;

d) Taking into account key teachable moments related to important financial decisions, for example, weddings, pregnancies, new jobs, moving home, divorce, retirement, unemployment;

e) Combining financial literacy programmes with relevant initiatives in other fields, such as access to formal financial products, entrepreneurship or health, to make financial literacy messages more salient;

f) Designing interventions that aim not only at improving individuals' financial knowledge, but also at improving their attitudes and skills, ensuring sustained behaviour improvement, and effectively contributing to their financial well-being;

g) Taking into account people's psychological biases, preferences and actual behaviours in the design of financial literacy programmes, building on the relevant findings of behavioural sciences, psychological research, and social marketing;

h) Designing programmes that:

i. allow participants to experience what they are learning (experiential learning), that emphasise the relevance of financial literacy messages for people's lives, that are straightforward and engaging, and that take into account the needs and preferences of the intended target group, including differences in learning styles;

ii. are of sufficient length and quality to fully address the issues to be covered;

iii. take place in environments conducive to learning, such as schools, adult education colleges or the workplace; and

i) Making appropriate use of trained trainers and trusted delivery partners with specific knowledge of the content, context and specificities of the target group.

3. Assessing the **impact and effectiveness** of existing programmes and taking the results of such assessments into account in order to ensure that the programmes' content is tailored and adapted to the learners, up-to-date with respect to the evolution of the financial landscape, and that delivery methods are effective. In this respect, Adherents should:

a) Include a monitoring and evaluation plan – including a cost-benefit assessment where appropriate – in the design of financial literacy programmes, that applies a rigorous methodology for evaluation and includes quantitative and qualitative data analysis;

b) Design and implement appropriate evaluations, taking into account programmes' objectives and characteristics; using independent professional evaluators wherever resources permit;

c) Set aside a budget for the monitoring and evaluation of financial literacy programmes; and

d) Encourage and facilitate the dissemination of evaluation findings.

VII. **INVITES** the Secretary-General to disseminate this Recommendation.

VIII. **INVITES** Adherents to disseminate this Recommendation at all levels of government.

IX. **INVITES** non-Adherents to take due account of, and adhere to, this Recommendation.

X. **ENCOURAGES** stakeholders other than governments, for example, in civil society and the private sector, to disseminate and follow this Recommendation.

XI. **INSTRUCTS** the Committee on Financial Markets and the Insurance and Private Pensions Committee, in close consultation with the International Network on Financial Education, to report to the Council on the implementation, dissemination, and continued relevance of this Recommendation no later than five years following its adoption and at least every ten years thereafter.

About the OECD

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD Member countries are: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

OECD Legal Instruments

Since the creation of the OECD in 1961, more than 500 legal instruments have been developed within its framework. These include OECD Acts (i.e. the Decisions and Recommendations adopted by the OECD Council in accordance with the OECD Convention) and other legal instruments developed within the OECD framework (e.g. Declarations, international agreements).

All substantive OECD legal instruments, whether in force or abrogated, are listed in the online Compendium of OECD Legal Instruments. They are presented in five categories:

- **Decisions** are adopted by Council and are legally binding on all Members except those which abstain at the time of adoption. They set out specific rights and obligations and may contain monitoring mechanisms.

- **Recommendations** are adopted by Council and are not legally binding. They represent a political commitment to the principles they contain and entail an expectation that Adherents will do their best to implement them.

- **Substantive Outcome Documents** are adopted by the individual listed Adherents rather than by an OECD body, as the outcome of a ministerial, high-level or other meeting within the framework of the Organisation. They usually set general principles or long-term goals and have a solemn character.

- **International Agreements** are negotiated and concluded within the framework of the Organisation. They are legally binding on the Parties.

- **Arrangements, Understandings and Others**: several other types of substantive legal instruments have been developed within the OECD framework over time, such as the Arrangement on Officially Supported Export Credits, the International Understanding on Maritime Transport Principles and the Development Assistance Committee (DAC) Recommendations.