



Financial education of the consumer

■ Why does it matter to intermediaries?

In the framework of the 2020 CMU Action Plan, the European Commission stated that it would like to improve citizens' financial literacy by developing a European financial competence framework and incentives for Member States to promote financial education and responsible investing. The ESAs and the Council are also active on the topic of financial literacy.

■ State of play

As a result, the **Commission and the OECD** published a joint financial competence framework for **adults** in January 2021. This is a framework for voluntary uptake in the EU by public authorities, private bodies and civil society. The framework divides the competences into four content areas: money and transactions; planning and managing finances; risks and reward; and financial landscape. For each competence, three dimensions are considered: awareness/knowledge/understanding; skills/behaviour; and confidence/motivation/attitudes. The framework has a special focus on digital and sustainable finance skills.

On 2 October 2023, the **Commission and OECD** launched another financial competence framework for **children and youth** (the uptake and use of the framework are also **voluntary**). This framework aims to build a common understanding of financial literacy competences for children and youth at different ages (-18) and across different stages of their formal education. This is expected to facilitate the coordination, design and evaluation of policies and concrete actions taken by national policymakers and stakeholders, including education practitioners, which will facilitate the sharing of best practices and make financial literacy measures more effective across the EU. In line with the adults' framework, competences in this framework are divided into four content areas. These content areas are then further divided into topics (with one or more dedicated subtopics for each topic, including sustainable finance competences, digital finance competences, etc.).

In February 2024, BIPAR attended a high-level **conference** organised by the European Commission and the Belgian Financial Services and Markets Authority (FSMA) "**Money matters - Financial literacy, resilience and inclusion**". The conference aimed to address the different dimensions of financial literacy, resilience, and inclusion, how to build on existing work in this area and to discuss the opportunities, challenges and best practices.

The **RIS**, published on 24 May 2023, also contains provisions calling upon Member States to promote measures that support the education of retail clients/prospective retail clients/customers in relation to responsible investment/purchase of insurance products when accessing investment/insurance services or ancillary services.

The **Parliament's ECON Report on RIS** stresses the importance of financial literacy even further, amongst others stating that Member States shall consider the contribution of NCAs, universities and relevant stakeholders when designing the educational instruments to promote financial literacy. Member States shall consider introducing compulsory teaching content in their national school curricula. They shall also establish programmes to fund consumer organizations, independent investor or shareholder organisations that support the education of retail clients and potential retail clients in relation to responsible investment when accessing investment services or ancillary services.

The Commission with the ESAs, the European Investment Bank and the ECB shall facilitate cooperation and exchange of best practices; establish clear targets on financial literacy and establish a Platform on Financial education and literacy.

The **ESAs** have been active regarding financial literacy over the past years as well. Recently, in November 2023, they published, for instance, an **interactive factsheet on financial education and sustainable finance**.

At **Council** level, on 14 May 2024, the Eurogroup (the EU finance ministers) adopted the Council's conclusions (i.e. not binding legislation) related to financial literacy as well. These conclusions aim to give guidance to the Commission and the Member States on how to improve citizen's knowledge and understanding of finance, to help them make more informed financial choices and to encourage them to invest on European financial markets. In the conclusions, the Council refers to the OECD-Commission frameworks and also highlights that digitalisation of the financial landscape increases the need and the urgency to further enhance the level of financial literacy and digital skills in the EU, and notes that enhanced financial knowledge may help individuals to embrace new opportunities stemming from digital finance.

For **young people**, the Council encourages Member States or, where relevant, competent bodies, including but not limited to national authorities, to consider integrating financial education in school curricula. For **adults**, the Council suggests that Member States identify financial vulnerability in their context and encourages them to also address the needs of older people specifically. For **entrepreneurs and**



SMEs, the Council invites to assess their financial literacy levels and encourages the development and delivery of strategies and programmes, potentially in collaboration with financial institutions, providers of accounting services and academia, that will contribute to improving weak points identified in the assessments and general levels of SMEs and potential entrepreneurs.

The Council calls on the Commission, amongst others, to continue promoting the uptake of the financial competence frameworks and to facilitate the exchange of best practices by Member States and its stakeholders and to regularly monitor financial literacy levels in the EU, in coordination with OECD/INFE (International Network on Financial Education), including by conducting in-depth Eurobarometer surveys where possible, and to provide analyses of the developments in financial literacy, sharing available data with Member States.

■ BIPAR's position / key messages

Investment / financial education should be included in the curricula of secondary schools. This is something that BIPAR has been advocating for 20 years. The public should also be made better aware that most of the products and activities are regulated and supervised and that such a system should create the necessary trust in the financial products, manufacturers and distributors, intermediaries and advisors.

■ Links

- [2020 CMU Action Plan](#)
- [Commission's and OECD's joint financial competence framework for adults](#)
- [Commission and OECD joint EU/OECD-INFE financial competence framework for children and youth + Excel tool](#)
- [Belgian Presidency's/Commission's conference recording](#)
- [ESAs's interactive factsheet on financial education and sustainable finance](#)
- [Council's conclusions on financial literacy](#)