

OECD

Draft Recommendation of the OECD Council on Financial Literacy and Education

FFI supports the draft Recommendation on Financial Literacy and Education

Finance Finland (FFI) welcomes the OECD Council's draft Recommendation on Financial Literacy and Education. The draft recommendation is a thorough and well-balanced weighing of the actions proposed to OECD Members and non-OECD Members for the improvement of financial literacy and education at the national level. It provides good guidelines for the creation and effective implementation of a national strategy.

As a country that lacks a national strategy and a transparent co-ordination and governance mechanism in financial literacy and education, we see the value of this recommendation. We will be urging the Finnish authorities to implement it at the national level.

FFI would like to see the following two topics in the draft recommendation taken into consideration when the draft is further improved:

- ❖ The importance of fraud awareness in the recommendation
- ❖ The elderly and their special needs in financial education

1 Fraud awareness should have higher priority in the recommendation

We propose that the actions for improving fraud awareness should be one of the top recommendations alongside the recommendations to support *saving, investments, and decision-making about retirement and pensions* (recommendation III), *healthy decisions around credit* (recommendation IV) and *decisions about insurance issues* (recommendation V).

As financial services transform into digital services and the pace of technological development gets faster in payment technology and fintech in general, the ability to recognise fraud, especially in the digital world, is a vital part of financial literacy. Fraud is not tech driven, but fraud experts do take advantage of the possibilities that the online services create for it.

FFI regards the fight against fraud as one of the key points when it comes to financial literacy.

2 Special focus on the elderly population

The draft recommendation mentions taking into account the needs of other specific groups in financial education, one of them being the older generation.

It is natural to stress the importance of younger generations in financial literacy actions. However, the aging Europe has a growing population of senior citizens that do need improvement in their financial skills. They are more well off than ever and also live longer than ever.

The draft recommendation pointed out that the elderly tend to have a low take up of new and innovative products and services, including digital technologies, and that they are vulnerable to certain types of fraud. We see a clear connection between these two: when adopting new technologies, the older generation is vulnerable to fraud that takes advantage of the new digital services. They might lack the skills to recognise fraud when they are faced with it.

Among the elderly population, financial literacy is strongly linked with digital skills. The lack of digital skills excludes people in the fast transforming world of financial services. The elderly therefore need different kind of advice and support in their financial skills than the younger generation does.

We would like to see, in the final recommendation, greater focus given to the specific needs and characteristics of the financial literacy skills of the elderly.

FINANCE FINLAND

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