



## Highlights

The European Insurance and Occupational Pensions Authority (EIOPA), the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA), jointly organised this high-level conference on financial education and literacy on the 1 and 2 February 2022.

The initiative of the three European Supervisory Authorities (ESAs) to organise the conference focused on bringing together experts from public authorities, academia, non-governmental organisations, consumer associations and the industry, with the aim of gathering ideas, stimulating the discussion on financial education, raising awareness, exchanging experiences, and identifying good practices.

The discussions centred around four themes, with introductory 'Insights' presentations provided by experts in the respective areas that were discussed by the subsequent panels:

### (1) Financial education and Capital Market Union

Panellists agreed that financial education is an important starting point that can encourage people to save and invest long-term as people who are financially literate are more likely to understand, ask the right questions and take advantage of possibilities provided by capital markets.

The importance of promoting financial education initiatives targeting both young and adults was discussed during the session, as well as the need of developing programs to be delivered at schools for the young, and the importance of promoting financial education at the workplace and at the point of sale for adults was noted. In this context, insights on the financial competence framework for adults and young developed jointly by the European Commission and the Organisation for Economic Co-operation and Development's International Network on Financial Education (OECD-INFE) were provided. Moreover, panellists agreed that financial education by itself is not enough and that strong investor protection requirements are also needed to ensure fair treatment and good support for all customers.

To conclude, the role of public and private actors was discussed; panel members exchanged views around the priorities and the key challenges in the promotion of effective financial education initiatives and provided concrete examples from direct experiences in developing educational programs.

Consumers in financial services: how to enhance their financial education?

Joint ESAs high-level conference on financial education and literacy 2022

1 & 2 February 2022

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## (2) Financial education and digitalization with a specific focus on cybersecurity, scams and fraud

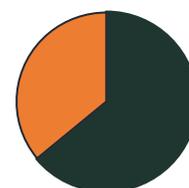
The session was opened with a brief summary of the Joint ESAs thematic repository on digitalisation with a specific focus on cybersecurity, scams and fraud, which was published ahead of the event on the respective websites of the three ESAs. The repository collects more than 120 financial education initiatives across the banking, insurance, pension and investment sectors launched by National Competent Authorities.

During the panel discussion, it was noted that online scams and frauds are becoming more sophisticated, and that online payments are particularly at risk. Therefore, educating consumers about cybersecurity, scams and frauds represents something that requires a continuous effort. In this regard, joint efforts between competent authorities and financial institutions can constitute an effective tool in order to make consumers more conscious and cautious in a digital environment.

The significant role played by a two-factor authentication in online payments to reduce fraud was also underlined, although a third of the audience indicated that they did not feel adequately informed beforehand why these security requirements were introduced, in response to the poll question.

Session 2 audience question\*: As a payment user, have you been sufficiently informed about why two-factor authentication for retail payments was introduced and how it would work?

No, 36%



Yes, 64%

\*The percentage is calculated on the total number of respondents to the audience poll.

## (3) Financial education and financial resilience of vulnerable groups

Panellists agreed that the pandemic has affected especially those groups that were already vulnerable before the pandemic, in particular (elderly) women, young households and micro-entrepreneurs. Some panellists highlighted that regulation needs to be adjusted so that new technologies can be used to provide consumers with information in an intuitive way while at the same time allowing the provision of information on paper to vulnerable populations which cannot easily access digital technologies or the internet.

The importance of financial information disclosure which enables consumers to compare different products, was also underlined. Based on an audience poll run, there was particular support for the ESAs to address the issue of financial education and financial resilience of vulnerable groups by developing best practices for national financial education initiatives targeting vulnerable groups.

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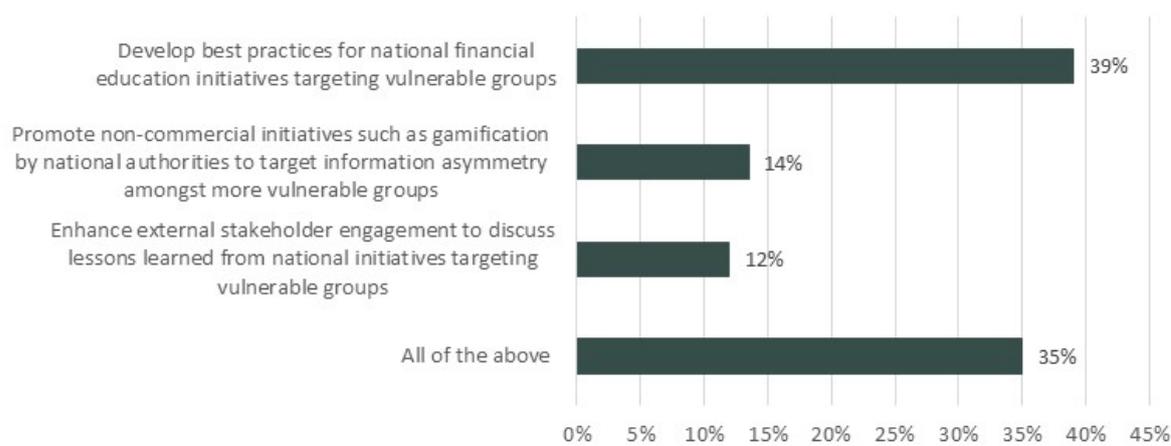
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It was concluded that financial literacy can be an effective shield for vulnerable groups to protect against financial shocks and that if we improve financial education, everyone will benefit, including regulators, banks, pensions, insurers and, in particular, vulnerable groups.

Session 3 audience question\*: How do you think the ESAs can best contribute to addressing the issue of financial education and financial resilience of vulnerable groups going forward?



\*The percentage is calculated on the total number of respondents to the audience poll.

### (4) Financial education and sustainable finance

With regard to sustainable finance and taxonomy, the panellists pointed out that, while financial education is important, it cannot be considered a panacea. Retail investors need to be adequately informed and capable of understanding a high amount of information provided, but such a burden cannot be placed solely on consumers and investors. In order to avoid consumer detriment, panellists agreed that financial advisors should be trained and certified. In this context, the important role of independent financial advisors was emphasized.

One panellist noted that the most suitable moment for financial literacy initiatives is the moment when a person is looking for, comparing, contracting, or using a financial product or service. The goal of such initiatives should be to help consumers understand the product, its features, and the associated risks. This becomes even more relevant in the context of sustainable finance, as sustainability aspects make products and services more complex. As a result, financial education should be introduced in schools for the purpose of educating children as early as possible.

Furthermore, panellists pointed out that not only should consumers and retail investors be financially educated, but also supervisors, regulators and financial institutions themselves should take into consideration various training and teaching opportunities. The 'Financial competence framework for

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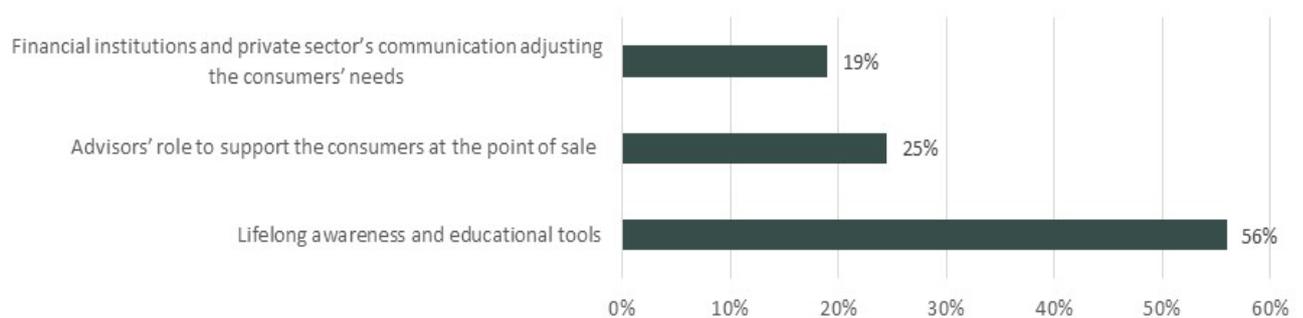
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adults in the European Union' recently published by the European Commission and the OECD's International Network on Financial Education were suggested as useful examples.

The panellists also discussed the importance of the suitability assessment of financial products and services. In this regard, there is a need of a stronger engagement by financial institutions to know their customers better in order to provide them with more appropriate advice to be able to purchase the most suitable financial products and services. Panellists emphasised that the point of sale should be a point of dialogue and that, in the context of sustainable finance, attention should also be paid to the good corporate governance of financial institutions and their sustainability purposes and/or duties.

Session 4 audience question\*: Would the primary focus of enhancing consumer's financial education on sustainable finance in your view be on:



\*The percentage is calculated on the total number of respondents to the audience poll.