



# OECD/INFE GUIDELINES FOR PRIVATE AND NOT-FOR-PROFIT STAKEHOLDERS IN FINANCIAL EDUCATION FOR PUBLIC CONSULTATION

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This document has been developed and approved by the OECD/ International Network for Financial Education (INFE).

The OECD/INFE was created in 2008 and gathers more than 240 public institutions from 107 countries with the aim of facilitating information sharing, collecting evidence, and developing policy instruments and analytical tools.

This document is circulated to OECD/INFE affiliates and observers, as well as other interested stakeholders, for comments.

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## BACKGROUND

The growing relevance of financial education in recent years has been accompanied by an increasing involvement in financial education of a wide range of actors, including governments, regulators, financial institutions, not-for-profit organisations, and the civil society. The participation of diverse stakeholders with potentially diverging goals, interests, and approaches has highlighted the need to foster coordination in order to avoid duplication of efforts and resources while at the same time ensuring the relevance and consistency of financial education initiatives.

The OECD/INFE started addressing these issues in 2010 by developing policy analysis on national strategies for financial education, which led to the OECD/INFE High-level Principles on National Strategies for Financial Education, endorsed by the G20 in June 2012. The joint Russia's G20 Presidency-OECD publication on *Advancing National Strategies for Financial Education* provides further insights on recent developments in G20 economies and invited countries.

To deepen its work on national strategies, the OECD/INFE considered that further work was needed to address practical implementation issues through the development of a policy handbook on the implementation of national strategies for financial education and of guidelines on private and not-for-profit stakeholders in financial education. The latter are particularly relevant to ensure that efforts of private and not-for-profit entities are appropriately coordinated, monitored and evaluated, and that conflicts of interest are adequately addressed.

The OECD and its INFE have already addressed the issue of private sector involvement in various policy instruments, including:

- the OECD Recommendation of the Council on Principles and Good Practices for Financial Education and Awareness (OECD, 2005);
- the OECD/INFE High-Level Principles on National Strategies for Financial Education (OECD/INFE, 2012);
- the OECD/INFE Guidelines for Financial Education in Schools and the guidance on learning frameworks on financial education (OECD, forthcoming, Chapter 1).

Starting in 2012, the OECD/INFE pursued a specific stream of work on the involvement of private and not-for-profit entities in financial education by carrying out an international mapping of the involvement of private and not-for-profit stakeholders in financial education and of any related principles or codes of conduct.

Based on this mapping and on previous OECD/INFE policy instruments, the OECD/INFE developed the current Guidelines for Private Not-for-profit Stakeholders in Financial Education.

During the 12<sup>th</sup> INFE meeting held in Paris, France in October 2013, the Guidelines were approved for public consultation with OECD/INFE affiliates and observers, as well as other interested stakeholders. OECD/INFE affiliates and observers may also have an opportunity to discuss these guidelines during a dedicated workshop to be held back-to-back to the 1<sup>st</sup> INFE Technical Committee meeting in Istanbul on 27-28 May 2014.

The current Guidelines for Private Not-for-profit Stakeholders in Financial Education contain the following parts:

- the scope of the guidelines, including specifically a definition of the stakeholders addressed and of the modalities of their involvement (Section I);
- the key guidelines that relevant private and not-for-profit stakeholders should be encouraged to follow when involved in financial education activities (Section II);
- compliance issues (Section III).

**For action**

**OECD/INFE affiliates and observers, as well as other interested stakeholders, are invited to send comments by 10 January 2014 to Ms. Jennah Huxley [Tel: +33 1 45 24 85 55; Fax: +33 1 44 30 63 08; Email: [jannah.huxley@oecd.org](mailto:jannah.huxley@oecd.org)]**

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## OECD/INFE GUIDELINES FOR PRIVATE AND NOT-FOR-PROFIT STAKEHOLDERS IN FINANCIAL EDUCATION

### Introduction

The growing relevance of financial education in recent years has been accompanied by an increasing involvement in financial education of a wide range of actors, including financial institutions, not-for-profit organisations, and the civil society, alongside governments and regulators. This engagement is particularly important for the implementation of national strategies for financial education and for the sustainability of long-term financial education initiatives.

As a matter of fact, the involvement of private and not-for-profit stakeholders follows different modalities within and across countries, as highlighted in the “Revised Mapping on the Involvement of Private and Not-for-profit Stakeholders in Financial Education and Related Codes of Conduct”, including:

- involvement in the design of the national strategy;
- involvement in the implementation of the national strategy, including through *ad hoc* bodies, public-private partnerships, and/or certification and accreditation systems;
- provision of financial support, though mandatory levies and voluntary contributions to finance public financial education bodies, strategies, and/or initiatives;
- the implementation of financial education activities by financial institutions, financial industry associations, NGOs and other civil society associations with little co-ordination within a national framework.

The involvement of private and not-for-profit stakeholders in financial education is essential but poses a number of challenges:

- The involvement of the private sector in financial education can bring a number of **benefits** including the contribution of financial resources and expertise on financial issues and on efficient communication. Moreover, the financial sector is well positioned to reach a wide audience, to exploit teachable moments related to key financial decisions, and to combine financial education with financial inclusion efforts. Analogously, the participation of not-for-profit organisations allows financial education programmes to address hard-to-reach audiences and to benefit from stakeholders’ expertise in their specific fields.
- However, it is important to identify and address potential **shortcomings**, including un-coordinated initiatives, the duplication of efforts, lack of programme evaluation, and a potentially inefficient use of resources. Moreover, the delivery of financial education ‘for a business’ may lead to the use of financial education for commercial purposes, and to a preferential focus on short-term initiatives and/or on the most profitable clients.

It is therefore important to recognise the public good nature of financial education, as it benefits both consumers and financial institutions, and the need to develop financial education initiatives that are:

- *Coordinated/integrated* in the national framework. It should be preferably channelled through national strategies, partnerships and/or national/international quality standards, certification and accreditation systems, charters and/or codes of conduct (whose use should be monitored).
- *Fair, equitable, and of high-quality*, meaning that it should ensure that financial education is conducted in the interest of consumers; and that it addresses all relevant segments of the population, especially vulnerable groups.
- *Evaluated*, as a way to monitor whether resources are used efficiently and to ensure that feedback on programme effectiveness is circulated and shared among stakeholders.
- *Sustainable*, recognising that its results will be seen in the long term.

In this context, the following revised guidelines define the scope, modalities, and key guidelines for the involvement of private and not-for-profit stakeholders in financial education. As such they complement the OECD/INFE High-level Principles on National Strategies for Financial Education, which apply fully to areas of financial education not covered by these guidelines. They also complement the relevant parts of the G20 High-level Principles on Financial Consumer Protection focusing on financial education, but do not address financial consumer protection issues, which are dealt with by the OECD/G20 Task Force on Financial Consumer Protection.

## I – Scope and definitions

The range of private and not-for-profit stakeholders with an interest in financial education is potentially vast as well as the nature of their activities. This section defines the scope of the guidelines in terms of the stakeholders addressed and of their role in financial education.<sup>1</sup>

### *Definition of stakeholders*

The set of private and not-for-profit stakeholders with an interest in financial education is significant and encompasses a wide range of diverse actors, for-profit and not-for-profit stakeholders, from financial and non-financial sectors. These guidelines are applicable to all private and not-for-profit stakeholders with an interest in financial education, namely comprising:

1. **For-profit institutions providing financial services:** e.g., banks and financial institutions, including also microfinance institutions, insurance companies, pension funds, stock exchange, individual financial professionals/providers, and other corporations with a licence to provide financial services.
2. **For-profit institutions delivering financial education for a business:** e.g., private service providers that are contracted out to carry out financial education on behalf of other public, private and not-for-profit institutions. This group also includes consultancy agencies.
3. **Non-financial for-profit institutions:** e.g., non-financial industry (e.g. employers providing financial education in the workplace and/or financing financial education initiatives, media companies, etc.), as well as telecommunication companies involved in mobile banking (i.e. telecommunications companies whose network is used by financial institutions to provide financial services).
4. **Not-for-profit organisations with a relation to the financial sector but no immediate commercial interest:** e.g., industry associations of banks, investment funds, insurance companies, pension funds, etc. as well as financial institutions' foundations and financial ombudsmen.
5. **Not-for-profit organisations with an interest in financial education:** NGOs, consumers' associations, trade unions, research institutions, etc.

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<sup>1</sup> These guidelines do not specifically cover the activities of financial services providers, their intermediaries and authorised agents in relation to the provision of financial information and advice to consumers of financial products and services in the course of their commercial activities. These activities are covered by G20 High-level Principles on Financial Consumer Protection (<http://www.oecd.org/daf/fin/financial-markets/48892010.pdf>) and by the work of the OECD/G20 Task Force on Financial Consumer Protection on effective approaches to transparency and disclosure, responsible business conduct, and complaint handling and redress.



### ***Modalities of involvement of private and not-for-profit stakeholders***

The involvement and role of private and not-for-profit stakeholders can take various forms, and can include the following modalities and activities:<sup>2</sup>

- the preparation and/or development of the national strategy framework in co-operation with public authorities;
- the implementation of the national strategy framework or other financial education initiatives, alone or in co-operation with other stakeholders (e.g., from the public, private, and not-for-profit sectors);
- the participation in public-private partnerships (PPPs), also outside of the scope of / in the absence of a national strategy, (where private and not-for-profit stakeholders may have different roles and can be involved to varying degrees, including the definition of objectives, the implementation of initiatives, and the provision of funding);
- the support by the private sector to national and international public and not-for-profit bodies, initiatives, and research through mandatory or voluntary contributions, in the form of financial resources or in kind;
- the preparation of dedicated financial education material and resources; the delivery of training programmes, face-to-face or using a variety of media (television, radio, websites, etc.); as well as the organisation of awareness/sensitisation campaigns and related events, including contests and annual financial literacy days/weeks;
- the training of trainers, and the professional development of teachers delivering financial education in schools; and
- the monitoring and evaluation of financial education programmes.

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<sup>2</sup> The OECD/INFE High-Level Principles on National Strategies for Financial Education mention the role of various stakeholders in the design and implementation of national strategies for financial education, including that of the private sector and financial service providers, the civil society and other international stakeholders (OECD/INFE, 2012).

## **II – Key guidelines**

Private and not-for-profit stakeholders should be encouraged, in accordance with the national context, to reduce at a minimum the onset of potential shortcomings related to their participation in financial education activities. These include lack of coordination, duplication of efforts, inefficient use of resources, lack of fairness in the extent of outreach, as well as potential conflicts between commercial and educational activities. In order to ensure that their participation is appropriate, financial education initiatives involving private and not-for-profit stakeholders should adhere to a number of key guidelines in their design and implementation phase as follows.

### ***A) Framework for the involvement of private and not-for-profit stakeholders in financial education policies and initiatives***

#### **1. Co-ordination between public and private and not-for-profit stakeholders**

In order to avoid the duplication of efforts and to ensure fair and adequate outreach, financial education initiatives by private and not-for-profit stakeholders should be integrated in any existing national strategy for financial education or other coordinated policy frameworks at the national, state or regional level. If such a framework does not exist yet, private and not-for-profit stakeholders should be encouraged to participate in the design of the national strategy, and/or to coordinate among themselves if a national strategy is not planned.

Coordination among stakeholders through partnerships, working groups and other fora should preferably be carried out under the coordination of a leading public authority or body, which should also establish from the outset the roles and responsibilities of private and not-for-profit stakeholders.<sup>3</sup>

Whenever private and not-for-profit stakeholders are involved in the design and delivery of financial education in schools, co-ordination with the national school curriculum should also be ensured.

#### **2. Managing potential conflicts of interest and other shortcomings**

The involvement of private and not-for-profit stakeholders should be designed in such a way to enhance its efficiency and outreach, and to identify and address, to the extent possible, potential conflicts of interest that can arise when institutions with a commercial interest are involved in financial education.

In addressing potential shortcomings, it should be recognised that some population subgroups are particularly vulnerable and that they should thus be particularly protected, following the criteria set in Section II.B of these guidelines. Vulnerable population subgroups are typically low financial literacy groups. Depending on national circumstances these can include young people, women, and/or migrants.

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<sup>3</sup> The OECD/INFE High-level principles on National Strategies for Financial Education state that “the national strategy framework should involve cross-sectoral co-ordination at a national level of the various stakeholders known to be competent and interested in financial education”. They also recommend that “the national strategy should preferably be initiated, developed and monitored by a widely credible and unbiased leading authority or governing mechanism” (OECD INFE, 2012).

Potential shortcomings can be addressed through the following (non-mutually exclusive) channels:

1. **Support for public strategies and initiatives.** The involvement of private and not-for-profit stakeholders through the financial and in-kind support of national strategies and initiatives should be encouraged and disclosed.
2. **Indirect involvement of financial institutions.** Whenever possible, the involvement of financial for-profit institutions should be preferably carried out within the framework of the financial education activities of the relevant national industry association or self-regulatory body, which should also be the promoting entity.
3. **Monitoring through codes of conduct.** Private and not-for-profit stakeholders should be encouraged to participate in national strategies for financial education and/or other nationally coordinated financial education initiatives through specific codes of conduct detailing the scope, modalities, and criteria for the involvement of private and not-for-profit stakeholders. Such codes of conduct should be developed in coordination with the interested private and not-for-profit stakeholders following the key criteria detailed in Section II.B.
4. **Distinction between commercial and educational activities.** Direct involvement of private and not-for-profit stakeholders in financial education initiatives should be designed and developed so as to make sure that educational activities can be clearly distinguished from commercial/marketing activities.<sup>4</sup> Consumers' interests should be given priority, in particular ensuring that:
  - i. Financial providers refrain from using educational initiatives to promote their own products and services and/or to criticise the products of their competitors;
  - ii. Conflicts of interest of organisations and individuals in carrying out awareness, communication, and financial education activities are disclosed and managed; and,
  - iii. Educational resources are distinguished from commercial material.

#### ***B) Involvement of private and not-for-profit stakeholders in the implementation of financial education initiatives***

The implementation of financial education initiatives by private and not-for-profit stakeholders should follow a number of key criteria, whose application should be monitored and supervised appropriately (see Section III).

##### **1. Objectivity**

The content and format of any material and learning environments (e.g. separate centres to deliver financial education) used for financial education training and awareness initiatives that is developed, promoted or used by private and not-for-profit stakeholders should be balanced, impartial, unbiased, and not linked to their commercial priorities. In particular, such materials should not be specific to a given

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<sup>4</sup> The OECD/INFE High-level principles on National Strategies for Financial Education state that “the development of financial education programmes by the private sector should not involve the promotion and/or marketing of specific financial products or services” (OECD INFE, 2012).

product or provider. Any branding, logo, or reference to a financial institution should be kept within limits agreed in advance and in accordance with national circumstances.

Similarly, staff and representatives of private stakeholders participating in financial education delivery should be independent and should not carry out marketing activities on behalf of their organisation.

While these criteria are important for all financial education programmes developed by any stakeholder, it is particularly important that they are followed by financial sector stakeholders, as a means to ensure an appropriate distinction between educational and commercial activities, and to reinforce the credibility of the initiative.

## 2. Quality of resources and trainers

Financial education materials and programmes should be developed in the interest of consumers and learners and of addressing their needs. They should also make reference to financial consumers' rights and responsibilities whenever appropriate.

All information, awareness and education **resources**, including those developed, promoted or used by private and not-for-profit stakeholders should be:

1. **adapted** to national and local circumstances;
2. **appropriate** to the target audience's level of literacy, numeracy and financial knowledge, especially avoiding technical jargon if not appropriate to the audience;
3. **fair** in addressing all relevant population segments, depending on national/local circumstances and needs;
4. **accurate**, complete and of high quality; as well as
5. **easily accessible** by consumers.

When staff members of private and not-for-profit stakeholders act as financial literacy **trainers**, they should be trained and/or qualified to teach financial literacy topics and they should have adequate teaching skills to address the target audience, especially in the case of financial education in schools. In particular, direct intervention of staff members of private and not-for-profit stakeholders in the classroom should be conducted under the oversight of the school teaching/management staff.<sup>5</sup>

## 3. Monitoring and evaluation<sup>6</sup>

As for all other financial education programmes, the design of financial education initiatives involving private and not-for-profit stakeholders should preferably include:

- a pilot/trial phase of the financial education programmes and related resources, before they are scaled up to the full audience of interest; and

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<sup>5</sup> See also the OECD/INFE *Guidelines on Financial Education in Schools*, Box 2 (OECD INFE, forthcoming).

<sup>6</sup> See the OECD/INFE *High-level Principles for the Evaluation of Financial Education Programmes*.

- rigorous and independent monitoring (process evaluation) and impact evaluation. These should be included in the programme design from the beginning to assess to what extent the programme meets participants' needs and programme objectives.<sup>7</sup> Evaluation results should be shared publicly, or at least among the relevant stakeholders, to allow a wider audience to benefit from feedback on programme effectiveness.

In developing such impact assessments, stakeholders should refer for guidance to the OECD/INFE High-level Principles for the Evaluation of Financial Education Programmes and the related practical guides.<sup>8</sup>

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<sup>7</sup> The OECD Recommendation on Principles and Good Practices for Financial Education and Awareness states that "Financial education provided by financial institutions should be regularly assessed to ensure it meets consumer needs. This may be achieved through partnerships with independent, not for profit financial advisory bodies that may have better connection with consumers, particularly those facing disadvantage in their participation in financial markets (OECD, 2005, para 17)".

<sup>8</sup> <http://www.oecd.org/daf/fin/financial-education/evaluatingfinancialeducationprogrammes.htm>

### III – Compliance issues

Public authorities responsible for coordinating national financial education strategies and/or other nationally coordinated frameworks should consider, resources permitting and given countries' legal framework, the creation of awards, accreditation, certification, and licensing systems of programmes and providers. These should establish the criteria and the modalities under which private and not-for-profit stakeholders can deliver financial education, based on the key guidelines detailed in Section II.

More generally, public authorities responsible for coordinating national financial education policies should be encouraged to develop and implement monitoring and compliance mechanisms to ensure that private and not-for-profit stakeholders involved in financial education are accountable and comply with national codes of conduct and/or these international guidelines.

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