How can financial education contribute to sustainable recovery and inclusive growth?

September 2021
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COVID-19, an unprecedented health, social and economic crisis, has unveiled the devastating consequences of inequality and revealed the financial fragility of the most vulnerable sectors of society.

This pandemic has exposed the value of having strong financial knowledge and capabilities and has consequently increased the importance and relevance of financial education and its effectiveness to face unexpected shocks.

For the financial industry, this crisis has also been an opportunity to bring forward our purpose, reorganize our priorities and renew focus. Financial inclusion and well-being is indeed a sector’s priority, as millions of people are experiencing financial stress, not feeling in control of their finances and expecting their financial services providers to respond with adequate solutions and tools.

At BBVA we believe that financial education is a powerful tool to secure financial inclusion, improve financial health and contribute to the transition to a more sustainable economy. In summary, financial education is a lever to promote sustainable and inclusive growth.

Since 2008, through its Global Financial Education Plan, BBVA has been providing training on financial knowledge and skills in all countries where the Group is present. So far, 15.8 million people have participated in BBVA’s workshops and 13.3 million have accessed financial education content in its corporate channels. In this period, the group has invested €91.4 million in financial education programs worldwide.

Building on this experience, in 2017, BBVA launched the Center for Financial Education and Capability to promote awareness on financial education and its role to improve people’s well-being and provide access to new opportunities.

In the past four years, the Center, in cooperation with leading financial education international organizations, has showcased relevant materials, created spaces for discussion and supported research on the topic.

The publication of this EduFin Position Paper, a new milestone for our Center, seeks to emphasize the important role of financial education in building financial resilience, improving people’s well-being, and helping the transition towards an inclusive, resilient and greener society.

It includes BBVA’s position in a series of financial education related issues and some basic recommendations to stakeholders.

We are confident that this publication will help strengthen the Center’s mission of promoting financial education and capability worldwide.

Antoni Ballabriga
Global Head of Responsible Business, BBVA
Acknowledgements

This publication represents the BBVA’s Center for Financial Education and Capability position on the current status of Financial Education in the post-COVID era and its role in the recovery phase, as a tool that can contribute to the construction of a more inclusive, sustainable and environmentally friendly society.

The publication has been prepared under the diligent coordination of Diana Repiso, Responsible for BBVA’s Global Financial Education Plan, and supervised by Antoni Ballabriga, Global Head of Responsible Business and Lidia del Pozo, Director of Community Investment Programs at BBVA.

BBVA’s Center for Financial Education and Capability wishes to acknowledge the valuable contribution of the committed members of the Center’s Advisory Council:

- Rolando Arellano, Chairman, Arellano Consultoria para Crecer
- Tom Davidson, Co-founder and Chief Executive Officer, EverFi
- Helen Gibbons, Center’s Observer Member, Better Finance
- José Manuel González-Páramo, Chairman of the Advisory Council of the Center for Financial Education and Capability
- Claudio González-Vega, Trustee, BBVA Microfinance Foundation
- Rebeca Grynspan, Secretary General of the Ibero American, SEGIB
- José Antonio Herce, Chairman of the Experts Board, BBVA Pensions Institute
- Juan Antonio Ketterer, Division Chief Capital Markets & Financial Institutions, IDB
- Leora Klapper, Lead Economist, Development Research Group World Bank
- Diana Mejía, Senior Specialist, Public Policy and Competitiveness, CAF
- Flore-Anne Messy, Head of the Financial Affairs Division, OECD
- Wim Mijs, Chief Executive Officer, European Banking Federation
- Andrés Portilla, Managing Director, Regulatory Affairs IIF
- Liliana Pozzo, Advisory Services Manager (LATAM), IFC
- Silvia Singer, CEO, Interactive Museum of Economics Mexico (MIDE)
- Wang Wei, Chairman of the Chinese Museum of Finance
- Mayada El-Zoghbi, Managing Director, Center for Financial Inclusion at Accion

We would like to thank Alfonso Arellano, Senior Economist, BBVA Research and Noelia Cámara, Principal Economist, BBVA Research who have selflessly devoted their time to review the paper and convey substantial recommendations. We wish to acknowledge the contributions of members of the Center’s research working group, the speakers at the 2021 EduFin Summit and other global financial education experts, who engage in the discussions over the topics.
Executive Summary

BACKGROUND

Taking the COVID-19 outbreak and its economic effects as a starting point, the Center for Financial Education and Capability initiated a reflection on the state and future challenges of financial education, and opened the consultation process to capture the views of relevant financial education stakeholders on the subject.

Following this consultation process, several areas of action were identified, narrowed down and validated through an iterative process with experts from the Center’s Advisory Council and other stakeholders.

A first document was drafted and discussed during the sessions of the 2021 EduFin Summit, where experts publicly debated the proposed action areas and shared their opinion, which helped provide new perspectives on such areas.

The result of this process is the final version of the 2021 Edufin Position Paper.

THE EDUFIN POSITION PAPER

The objective of this document is to establish the BBVA Center for Financial Education and Capability’s position on the current status of financial education and its restored role after the COVID-19 pandemic.

The document is not intended to provide conclusive solutions to future challenges, but rather to formulate a series of financial education related issues and propose basic recommendations to be considered by those stakeholders willing to engage in the financial education field, regardless of their public or private nature.

ISSUES DISCUSSED

The five topics or areas of action identified and discussed in the paper are:

01 How to reduce financial vulnerability
02 Access to financial services and the digital gap
03 Financial health, resilience and well-being
04 Financial education for sustainable growth
05 Collaboration in the field of financial education
CONCLUSIONS

Social and economic vulnerability have increased greatly after the COVID-19 pandemic. **Vulnerability** can arise from different factors and, in situations of systemic crisis, Government support is the most critical factor to reduce it. Financial education can also play a role in reducing the effects of the COVID-19 outbreak, especially those coming from financial exclusion or the advance of the digital gap.

Financial education can be a very useful tool in building a more resilient society as it helps people to acquire the capacity to use and enjoy quality financial services, meet their financial obligations or build resilience to financial shocks. In the new pandemic era, financial inclusion and financial education are positioned prominently as key elements for sustainable recovery.

**Digitalization** is also a key element of recovery. The pandemic has accelerated the acquisition of technology, as well as the digitization of everyday finance. While digital technology can democratize finance, it also has its shortcomings and some issues need to be addressed. In this regard, it is important to improve the level of digital financial education to enhance access to digital products and services, in particular for some population groups.

The Pandemic has not only generated greater financial vulnerability, it has made people worried about their financial situation. **Financial health** impacts more than our wallets, it also affects our physical health and social well-being. Prior to the COVID-19 outbreak, numerous studies warned of relatively low levels of financial education that could exacerbate financial fragility of individuals and the stability of the financial market.

The level and quality of people’s financial education is a factor that can emerge stronger from crises, be better prepared to face economic crises and successfully plan for their future and can foster inclusive economic progress and growth. By strengthening consumers’ resilience to major financial shocks and economic instability, financial education can support the creation of broader economic and social outcomes. On the contrary, its absence can exacerbate social problems, such as poverty, inequality, a lack of job opportunities and access to financial services and products.

Another consequence of the COVID-19 pandemic is its important impact in sustainable development agendas. It not only has pushed millions of people into poverty but it has also reduced government resources; however it is also an opportunity to look at **sustainable development** from a different perspective.

In addition to sustainable development policies and investment, providing individuals with knowledge and skills to better cope with future health, social or economic shocks and to understand the urgency of action towards sustainable growth is key. In this regard, financial education can be an important tool.

Financial inclusion, digitalization and financial education are key enablers for inclusive growth and sustainable recovery. However, cooperation from **all stakeholders** is needed in order to achieve these major challenges. These issues must be addressed urgently and in a coordinated manner through the development of policies that increase financial resilience in a structural way.
Foreword

THE EFFECTS OF COVID-19

The challenges that we face today as a global community – a worrying rise in poverty, vulnerability and inequality – were just unconceivable a few months ago. Without a doubt, the crisis has laid bare the devastating consequences of economic and social inequality, increasing the financial fragility of many households.

In June 2020, United Nations Secretary General António Guterres warned the General Assembly that the impacts of the COVID-19 pandemic were falling “disproportionately on the most vulnerable: people living in poverty, the working poor, women and children, persons with disabilities, and other marginalized groups.”

In this new context, financial inclusion is positioned prominently as a key element of the 2030 Agenda, where it is featured as a target in eight of the seventeen Sustainable Development Goals.

While financial inclusion depends on a variety of factors such as financial inclusion policies, adequate products and services or effective and digital access, financial and digital education are key enablers to achieve it. Financial education and digital skills education give access to financial opportunities and contribute to provide equitable access to financial products and services, thus driving a positive impact to foster more inclusive growth and greater equality.

Some would argue that financial education cannot erase deep socioeconomic inequalities overnight, however we firmly believe that it can equip people with the necessary knowledge and skills that will help them to better deal with future economic shocks and to adequately plan for their future.

According to OECD (2018). “Improving financial literacy levels around the world can also help bridge remaining socio-economic gaps and inequalities across and within countries, thus leading to more inclusive societies for all.”

These reasons have brought us to specifically address the importance of financial education in the recovery of our society in this paper.

Objectives, purpose and methodology of this paper

OBJECTIVES

The objective of this document is to establish the Center for Financial Education and Capability’s position on the current status of financial education and its renewed role after the COVID-19 pandemic. It is not intended to provide conclusive solutions to future challenges, but rather to present a series of issues and propose basic recommendations to be considered by those stakeholders willing to engage in the field of financial education, regardless of their public or private nature.

PURPOSE

Our purpose is to provide a document that fosters debate around the challenges of financial education and about its potential to contribute to a more inclusive, resilient and environmentally responsible society.

This document is intended to serve all actors interested in the fields of financial education, financial inclusion or financial well-being: experts from public and private organizations, academics and researchers, non-profit organizations, and other entities wishing or needing to dwell deeper into financial education and stay up to date with the emerging trends in this field.

We hope that the information included in this document:

- Provides a reference point for experts responsible for defining and developing public, private and collaborative programs and initiatives on financial education,
- Promotes interactions with policymakers,
- Raises topics for research and implementation, and
- Inspires topics for debate and discussion
METHODOLOGY

This document has counted on the participation of a wide array of stakeholders, whose views have been considered.

We have followed a comprehensive iterative process in the preparation of the document, which is described below:

1. INITIAL APPROACH
   The process began with a baseline question: What are the major future challenges that financial education is facing?

2. EXPERT INTERVIEWS
   A series of interviews with experts of the BBVA Center for Financial Education and Capability were conducted to ascertain the adequacy of the baseline question and, if needed, to broaden its focus.

3. LITERATURE REVIEW
   Although this document is not intended to contribute technical content to the subject, it relies on a thorough review of the most relevant literature, which has been used from a methodological standpoint to underpin the paper’s statements.

   Most of the publications that have been consulted to support these statements and that are mentioned in the document, are available on the website of the Center for Financial Education and Capability, www.bbvaedufin.com.

4. USER SURVEYS
   The issues raised by the experts have been cross-checked with a large number of stakeholders, which has allowed us to achieve a broader and more inclusive approach. This verification has been made via a public consultation procedure that has been delivered through an open online survey.

   During the design survey process, various experts, from BBVA and elsewhere, contributed their specialist knowledge and experience in the design of, and participation in, similar surveys. All of them are experts whose experience and trajectory in the field of financial education is widely recognized.

   The November 2020 Edufin Survey was created in Google Forms, a tool that allows easy access without the need for prior registration or specific downloads. In order to cover a greater geographic scope, and therefore a greater number of participants, two surveys were designed in Spanish and English with exactly the same content. Approximately 10-15 minutes were needed to complete the survey.

   It contained 34 questions, distributed in seven sections:

   - A. Socio demographic data
   - B. Let’s talk about financial education
   - C. Financial digitization
   - D. Financial health
   - E. Intervention models
   - F. Inequality
   - G. COVID-19 effects

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6. Since its inception in 2017, one of the objectives of the Center has been to screen and select leading publications and good practices that could be regarded as cornerstones in the field of financial education and skills, and can serve to expand knowledge in this field and foster research and debate.

The Survey ended with an open question, which inquired about the topics that should be present on the financial education agenda in the next 5 years:

The following actions stand out in the dissemination process:

- Free access to the website [www.bbvaedufin.com](http://www.bbvaedufin.com)
- Announcement of the survey at the EduFin Talks event, celebrated virtually on November 17, and open to the public.
- Communication in BBVA’s own media channels:
  - BBVA’s Corporate website: [www.bbva.com](http://www.bbva.com)
  - EduFin twitter account: [@bbvaedufin](https://twitter.com/bbvaedufin)
  - EduFin Newsletter

Specific communication aimed at people interested in the field of financial education and who have participated in some form in events at the Center for Financial Education and Capability in the past two years. This communication was sent by email to a base of about 900 people and follow-up reminders were sent each week for a total of 4 communications.

Only questionnaires with all 35 questions answered were accepted into the assessment process. Although users were identified by their email, the data was processed anonymously and an aggregated analysis of the recorded data was made in all cases.

The analysis process consisted of analyzing each of the responses obtained in each of the questions, divided into the seven content blocks. A demographic analysis of the results was also conducted.

The steps followed in the analysis of results are:

1. Analysis of the main questions and objectives pursued
2. Cross tabulation and filtering of the results obtained
3. Analysis of numbers, determination of benchmarks and comparative data

The findings of the results analysis incorporated into this document were based on 129 fully completed surveys submitted during the period between November 17, 2020 and December 17th, 2020.
5. REVIEW BY EXPERT PANEL AND PUBLIC DEBATE

The results of the assessment of the available information were reviewed by an expert panel, including several members of the Advisory Council of the BBVA Center for Financial Education and Capability. The panel also verified the veracity and timeliness of the information presented and helped identify several areas where action was required.

A first document was drafted and discussed during the sessions of the 2021 EduFin Summit, where experts publicly debated the proposed action areas and shared their opinions. These have served to provide new perspectives on such areas.

6. ELABORATION OF RECOMMENDATIONS AND CONCLUSIONS

The result of this process is the final version of the EduFin Position Paper that readers are about to address.

The document presents a series of recommendations aimed at policymakers, regulators, institutions responsible for coordinating national strategies, and at a variety of players involved in implementation processes related to financial education such as fintechs, financial services providers, NGOs and academia, among others.
Status and future challenges of financial education

As described in the previous section, the reflection on the status and future challenges of financial education opened the consultation process designed to capture the opinions of relevant financial education stakeholders on the topic. Following such a consultation process, several areas of action were identified, narrowed down and validated through an iterative process with experts from the Center’s Advisory Council and other stakeholders. As a result of the process, five areas of action were highlighted:

1. Financial vulnerability
2. The impact of digitization
3. Financial health and well-being
4. Financial education for sustainable growth
5. Collaboration in the field of financial education

The COVID-19 outbreak has worsened existing situations of financial vulnerability. Experts have suggested two instruments that could contribute to reverse this situation: financial education and digitization. These two key elements also play an important role in improving people’s financial health and thus fostering their financial well-being and resilience. In addition, they can contribute to the quest for sustainable growth. However, cooperation from all stakeholders is needed in order to achieve these major challenges.

These five areas of action are addressed in the five chapters below, which present the same structure: an introduction to the challenge, the Center’s approach and suggested recommendations.
Financial vulnerability and how to reduce it

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01 INTRODUCTION

The COVID-19 pandemic has increased the social and economic vulnerability of our society. It has also shown that the economic consequences of a crisis have an impact on people’s financial well-being, which greatly depend on each person or household’s ability to absorb the shock and maintain their main source of income.

While, in situations of systemic crisis, Government support is the most critical factor to reduce vulnerability, financial education can be a very useful tool in building a more financially resilient society.\(^9\)

This chapter includes the concept of financial vulnerability used by the Center for Financial Education and Capability, describes the factors that can determine financial vulnerability in certain groups and analyzes the impact of COVID-19 in this type of vulnerability. It also covers the role of financial education in reducing or preventing financial vulnerability.

The chapter ends with recommendations to stakeholders.

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1.1. The concept of financial vulnerability

The objective of this document is to establish the Reaching a consensus on what constitutes financial vulnerability is essential to identify the most vulnerable groups and to adopt measures that help alleviate the decline in their well-being or in the growing inequality gap.

According to Arellano A., Cámara N. (2020, p.4), financial vulnerability “is based on households’ ability to cope with financial shocks, depending solely on their own resources. Financial resilience is understood as the opposite to financial vulnerability. One way to measure it is the lapse of time in which households are able to cover their costs of living if they stop receiving their main source of income, without turning to credit or changing homes.”

Furthermore, in the opinion of González-Vega (2021) (financial) vulnerability “reveals a threat of some atypical event, an unexpected shock at a particular moment, that may result in the loss of the main source of income for a household, maybe wages from formal employment, and that will make the household unable to sustain his living expenses unless sufficient unemployment compensation is given.”

In this regard, for this paper’s purpose, financial vulnerability refers to the inability of individuals or households to cope with the consequences of an unexpected shock that involves the loss of their main source of income.

1.2. Factors that determine financial vulnerability

To find out what factors determine financial vulnerability, the aforementioned Arellano A., Cámar N. (2020, p.1)\(^{12}\) compared the degree of vulnerability prior to the COVID-19 pandemic and its characteristics among households in different countries.

It was concluded that there is a relationship between households’ average level of financial vulnerability and the economic development of the country - measured by the level of per capita income. Thus, greater economic development implies lower household vulnerability.

However experts agree that there are other factors that determine the level of financial vulnerability, such as gender,\(^{13}\) age, level of education, geographical location or work status.\(^{14}\)

Regarding gender, in that same research Arellano and Cámar, pointed out that in most countries, women-led households are more likely to be financially vulnerable, meaning that they can survive less than three months on their own resources.

El-Zoghbi, M. (2021)\(^{15}\) further points out that it is important to understand all the obstacles that keep women from entering the financial system. For example, for many women, owning a phone is not always an advantage: the phone may be shared by several members of the household, they may not have the right to use it, the data plan may not allow them to do the things that need to be done. In her opinion “it is key to think about how those kinds of hurdles can be reduced.”

In order to reduce these barriers, the Women’s World Banking research (2021)\(^{16}\) suggests involving policy makers and financial services providers. As financial inclusion is becoming increasingly more digital, it points out, “to accelerate this journey to digitization, and not let women customers be left even further behind, we need to ensure that policymakers and financial services providers focus on effectively supporting women customers to build their digital financial capabilities, so they can use digital financial services with ease and confidence.”

Another research study\(^{17}\) analyzes the relationship between general education level and the likelihood of high financial vulnerability in the household, and shows a clear negative relationship - those individuals with higher levels of general education tend to have better financial health.

Mejía, D. (2020)\(^{18}\) mentions that “another group especially impacted by financial vulnerability is formed by those in the informal labor market, in particular immigrants and refugees.” As pointed out by Arellano R. (2020),\(^{19}\) their status entails greater vulnerability since these groups are normally excluded from any state support (subsidies), and lack any type of relationship with the financial sector, which limits their access to formal credit and other financial products.

Finally, regarding age, Arellano A., Cámar N. (2020, p.1)\(^{20}\) conclude that households where the highest levels of financial vulnerability are observed, are those where the head is either very young or over the age of 64.


1.3. The impact of COVID-19 in financial vulnerability

One of the main effects of the pandemic has been the increase in the number of people affected by financial vulnerability.

The impact of the COVID-19 crisis on people’s health (with effects ranging from sudden disability or the acquisition of a health-related debt) and on their ability to earn an income (due to the informal nature of their job or to a temporary or permanent job loss) has made inequality grow.

According to Dalal, P. (2021), "inequality has been exacerbated due to COVID-19 and all three dimensions: income inequality, information inequality and digital inequality, heighten financial vulnerability."

In the post-COVID-19 era, vulnerable groups such as migrants, women, the elderly or the unemployed have become even more vulnerable and segments who were at risk prior to the pandemic, are now joining the growing layers of social vulnerability. Financial vulnerability has also increased and people are now not only further away from being included in the financial system, but in some cases also face exclusion from it.

In this regard, it is important to note that financial inclusion goes far beyond the capacity to access financial products and services – what is known as access to the formal banking system. Financial inclusion refers not only to access, it also includes the capacity to use and enjoy quality financial services that allow individuals and families to meet their financial obligations, build resilience to financial shocks, make decisions that allow them to enjoy life and take advantage of any opportunities that may arise.

As explained by Ketterer, J.A. (2021), there is a difference between giving access to financial services and products and providing the adequate knowledge for people to know how to use their money and “the latter is a bigger challenge than the former.” As he concluded, opening a bank account does not immediately entail financial inclusion: “in Latin America, after the pandemic, there is what we call the curse of the empty bank account: many of those accounts opened to receive public subsidies, had a positive balance the first day but the holder withdrew the money and continued operating with cash.” He suggested an active role of financial institutions to offer solutions to responsibly bring these people into the system.

It is also remarkable how the pandemic has accelerated the adoption of technology. This has an important effect in financial inclusion, as nowadays, the increase of digital financial products create a link between financial and digital inclusion, especially for some groups for whom the design and provision of financial services can be exclusionary.

Due to the risks posed by digitization, digital financial inclusion must secure equitable treatment to all individuals.

1.4. The role of financial education in reducing financial vulnerability

Reducing financial vulnerability or, in other words, creating financial resilience, is not just a question of higher income. Financial resilience is also related to the knowledge, capacity and skills to manage personal finances throughout life.

Financial literacy programs have proved to be very useful in providing these elements and in helping people overcome many of the barriers that limit their participation in the formal financial sector, as well as in increasing consumer protection.

As stated by González-Vega, C. (2021)24 “Financial Education is critical, because it transfers knowledge and promotes incentives that change attitudes and choices. In the absence of financial literacy, the supply of products, no matter how appropriate the products are, might be useless.”

Also Dalal, P. (2021)25 concludes that “digitization done in the right way with wraparound services, including training, can really improve financial vulnerability.”

While financial education26 cannot help predict when threats to people’s financial health will occur, it does prepare people for unexpected situations,27 both at a personal level, such as in the case of losing a job, and at a more aggregated level, as in a crisis like the COVID-19 pandemic, and it plays an important role in the recovery process.

Financial education is considered an essential component in developing the knowledge, skills and ability to overcome financial vulnerability, however, it is one tool among many others to build resilience. Other measures are equally important, for example the design of products and services adapted to the needs of the most vulnerable consumers, or the formulation of structural policies that promote conscious future planning, as well as other behaviours.

For example, learning how to save can be a good way to build resilience. As stated by Herce, J.A. (2021)28 “Saving is actually the best way to prevent financial vulnerability” and he suggests saving more, saving better, and saving enough as “saving is traveling through time preparing yourself for the future.”

Finally, it is important to strengthen collaboration between those focusing on financial inclusion and those working on financial education.

“It is indeed essential that public authorities and private partners work on this because it is something that the private parties cannot do alone” (Mijis, W. 2021).29 El-Zoghbi, M. (2021)30 agrees “We have to think about societal change, where the financial system can work closely with the government to make sure that protections are put in place for people.”

The cost of not having financial education programs and initiatives at public and private levels, can be higher than the cost of implementing such programs.

For example, low-income people are at greater risk because they do not have the margin to make financial mistakes. Their lack of financial or digital education and the complexity of financial products and services at their disposal, increase their risk of making mistakes, falling for fraud or choosing a product that is not for them. In these cases, improving customer capability so they can understand the products they are using is increasingly important. Failure in providing financial education programs to these segments can lead them towards irreparable financial exclusion.

“We have a great opportunity to exploit digital services as instruments for greater inclusion and for greater resilience. Increasing more effective digital financial literacy is really one of the prerequisites for this to happen. We need to find effective and specific ways to reach all digital tools that may help but we must consider the varying needs of different groups to really leave nobody behind” (Bianco, M. 2021).

For Dalal, P. (2021) training on both financial and digital literacy not only “helps people to build digital and financial skills, but also gives them the confidence and the motivation to take further steps towards their financial resilience.”

An adequate level of financial knowledge and skills is another necessary prerequisite for mitigating the risk of financial exclusion of many people. In this sense, financial education provides people with the knowledge and skills to navigate through financial products.

Moreover, financial education and financial inclusion must go hand in hand, since the former accompanies and reinforces the latter. Teaching people how to use products and doing so at the ideal teachable moment: when searching, contracting or using a product, it is essential as the impact of financial education can be greater when it is offered at the right time. “We need the development of products and delivery of education as parallel processes that must go hand in hand. In addition, development of products and financial education should become a joint learning by doing” (González-Vega, C. 2021).

Of particular interest are the examples in which financial education supports the participation of people in the financial system. Certain population groups such as women, low-income segments, the unemployed or disabled, young people and those with less general education are at greater risk of becoming financially vulnerable, since they are precisely the groups most affected by crises and have lower levels of financial education on average. Even before the onset of the COVID-19 crisis, women were found to be more financially fragile than men and to lack buffer stocks of savings (Hasler and Lusardi 2019).

One third of the financial literacy gender gap can be explained by women’s lower confidence levels. In addition, financial education has proved to be a crucial determinant of financial decision making, including stock market participation, portfolio choice, retirement planning, wealth accumulation, and debt management. Both financial knowledge and confidence explain stock market participation. These factors can exacerbate the impacts of vulnerability and lead to exclusion.
Financial education is also crucial for micro, small and mid-sized enterprises and for entrepreneurs, since the survival and growth of a business largely depends on the financial skills and knowledge of its managers. These groups must be an urgent priority if we hope to mitigate the effect of this crisis.

Finally, **financial inclusion and financial stability can go hand in hand**. Not only do they help boost economic growth, but we find they also reduce inequality in quite a big way. (Sahay, R 2015).\(^{(37)}\) For this reason, the implementation of educational and financial literacy initiatives could help to greatly reduce the levels of inequality and social exclusion, especially for groups with greater socioeconomic difficulties.

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Access to financial services and the digital gap

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INTRODUCTION

The exponential growth of financial technology has disrupted the way people relate to their finances. Payments are made, investment decisions are taken, financial products are acquired and even financial advice is sought through digital solutions.

While digitization has made financial operations easier, more accessible and faster, it can sometimes lead to counterproductive financial results.

In this chapter, we analyze the risks and opportunities of digitizing finance and its gaps. It also includes the concept of digital financial education used by the Center for Financial Education and Capability as well as a description of the skills needed to use digital financial products and services. It further provides a description of the role of digital financial education and the role of financial service providers in making financial digitization more inclusive and secure.

The chapter ends with recommendations to stakeholders.
2.1. The opportunities and risks of digitizing finance

Digital technology can democratize finance by making financial services borderless, allowing people in remote areas to have easy access to financial products and services or by reducing their cost.

Globally, more and more financial products and services are being offered digitally. According to data from the Global Findex Database, approximately one in 10 adults worldwide opens their first account in the developing world specifically to collect government payments or to make other types of digital payments.

The experts who participated in the 2021 Edufin Summit agreed that the pandemic has accelerated financial digitization in everyday life. As financial digitization also carries some risks of behavior biases that need to be addressed, they also stressed the need to improve the level of financial education to enhance access to digital products and services, support inclusion and improve financial health.

As mentioned by Portilla, A. (2021), “Financial education has an extremely important role in addressing the new challenges and opportunities of financial digitization, particularly in some population groups to try to change, shape and modify behaviors.”

Klapper, L. (2021) explained that “during COVID-19, governments needed to get relief payments to as many people as possible as quickly as possible (...) including transfers of social subsidies, pension payments and wage payments and these payments have helped expand financial inclusion.”

El-Zoghbi, M. (2021) adds that “offering digitized salaries in some countries is an incredible way to provide financial education.”

As a result of COVID-19, the development and use of digital banking is accelerating, and fintech companies, and even the tech giants – big tech – are expanding. It is important to foster global coordination, not only to regulate fintech companies, but also to improve society’s digital financial education and to encourage people to have adequate digital financial capabilities.

A joint effort must be made because as mentioned by Dalal, P. (2021) “financial education is really built with trust, time and transparency.” Sahay, R. (2021) agrees that global cooperation is much needed: “we feel strongly that the supervision and regulation needs to be kept updated with new entities, new activities, and also to cope with emerging risks such as cybersecurity and potential biases in the data.”

According to the November 2020 Edufin Survey, when it comes to the risks of financial digitization, the misuse of data is valued as a high risk, followed by the risk of digital exclusion and the lack of security. For the respondents of this survey the lack of digital skills to manage digital tools presents a moderate risk.

For the respondents of this survey the lack of digital skills to manage digital tools also presents a moderate risk.

Another risk of financial digitization are the behavioral biases that lead individuals to make less convenient decisions. For example, millennials who use mobile payments are at greater risk of financial distress and financial mismanagement.45

In addition, digital financial services often require agility when making a decision and this can lead to inappropriate decisions.

2.2. 
Factors that determine the gaps in terms of access to and use of digital financial products and services

Digital technologies play a key role in financial inclusion, as evidenced for example by the meteoric rise of mobile money in emerging markets in recent years, however, we continue to see a significant gap between access and use.

There are three main factors that fuel the existence and increment the above-mentioned digital gap in finance: lack of connectivity, lack of digital devices, and the absence of digital skills, either in general terms or related to finance.

Regarding lack of connectivity, according to a warning issued in 2019 by the International Telecommunications Union (ITU), a specialized agency of the United Nations (UN), nearly half of the world’s population – around 3.6 billion people – does not even have access to an Internet connection. This figure tends to be higher among women, low-income segments or the less educated groups.

Unequal access to the Internet and Information and Communication Technologies (ICT) is known as the digital divide. It affects 52 percent of women and 42 percent of men in the world. This inequality is more evident by region, as, according to data extracted from the Internet World Stats portal as of May 2020, only 39.3 percent of Africans are connected to the Internet, compared to 87.2 percent of Europeans and 94.6 percent of North Americans.

As noted by Ketterer, J.A. (2021) “The digital gap has an exponential impact: if societies diverge on their digital infrastructure, the impact of inequality is exponential.”

The lack of digital devices is another barrier for the access to and use of digital financial products and services, however there is also room for opportunity. While 1.7 billion adults remain unbanked, considering both the lack of an account at a financial institution and through a digital services provider, two-thirds of these unbanked adults (approximately 1.1 billion), have a mobile phone. This can certainly present an opportunity to facilitate the access to mobile money accounts and other financial services and help those adults who already have an account to use it more often.

In this area, it is important to consider the gap caused by the commercialization of electronic devices with Internet access, due to the high cost and increasing complexity and sophistication of such devices, as it leaves out vulnerable groups.

The third factor that nourishes the digital gap in finance is the lack of digital skills. While internet connection and owning a mobile phone, or having access to another device, offer great opportunities, they are not enough to increase financial inclusion. Among other factors, adequate digital financial skills are key to favoring the use of technology.

49. Such as regulation, consumer protection practices, good payment systems or adequate financial solutions for vulnerable groups.
The digital divide significantly affects the conditions of access to and use of financial digitization. Experts agree that financial digitization should be accompanied by proper financial and digital education to avoid new types of exclusion.\(^{50}\)

In addition, the challenges of digitization are exacerbated due to the current level of informality in the economy. According to Ketterer, J.A. (2021)\(^{51}\) in Latin America, “the level of informality is very high, and is concentrated among marginalized sectors. As we go down to the base of the pyramid, the problem gets worse. It is a barrier to offering financial services.”

One area requiring critical attention is the worrying situation of women, always behind in terms of access and use of technology, due to their position within a household, their low self-confidence and their lower wages that make it difficult to cover the costs of connectivity and devices. All these factors play a role in perpetuating the gender gap in digital financial services, which makes it understandable to conclude that digitization can be a barrier for the financial inclusion of women.

As explained by Klapper, L. (2021),\(^{52}\) “women face greater challenges in accessing their money.” She details how in some countries, social norms prevent women from having a phone, while in other cases the household has limited income and can only afford to purchase a phone and data plan for the male household head. “This puts women at a disadvantage at the starting gate in terms of benefiting from digital financial services.” She also stated that, on the other hand “digital payments can give women greater security and privacy control over their money and help them get the digital skills and the confidence they need to engage with the technology and avoid financial fraud.” All in all, this can give women greater economic empowerment in the household.

\(^{50}\) According to the November 2020 Edufin Survey, 85.27 percent of respondents fully agree that financial education and financial digitization must go hand in hand.


2.3. What is meant by digital financial education?

Digital financial education is an increasingly important tool nowadays due to the rapid spread of technology, the sophistication of financial products and the rise of alternative and unregulated financial services and the risks that come with them.

Digital financial education can be seen as a learning process that allows a person to acquire the skills needed to understand and harness the potential of digital financial products and services and to make better financial decisions overall, including short-term and long-term financial planning issues.

This process is a concept that goes far beyond digitizing the financial education content with which people acquire financial knowledge and skills. Financial digitization includes how to approach new digital products and services, the management of which requires new and specific knowledge, skills capabilities and attitudes, and therefore new digital financial behaviors.

Technology can provide low-cost, ongoing nudges for savings and other beneficial financial behaviors and deliver positive results that improve financial health.

Financial capability must evolve to include digital financial capability, which can bridge the digital gap and provide practical tools to help vulnerable groups to effectively use digital financial services. (Arnold, J, Dimova, M, 2021), so that no one is left further behind, especially those from a low-income background and women.

2.4. Skills needed to use digital financial products and services

Digital financial education is likely to become increasingly important in the digital era. As digitization is a factor for people’s empowerment, it requires people to be more responsible for their own financial decisions.

It has been agreed upon by a wide range of stakeholders that developing a framework for digital skills is essential in order to move towards a common path to reduce digital gaps, which have such a high impact on financial exclusion and financial vulnerability.

Although having basic financial education concepts, such as basic financial planning or debt control, is essential prior to accessing digital financial products, specific digital financial literacy is required to successfully use such products.

The following list are some of the main digital financial skills to be developed in the short and medium terms:

- **Digital financial planning**: Use of digital planning tools and simulators that can enhance financial planning.
- **Cybersecurity**: Knowledge and skills to improve customer awareness of the risks related to the unauthorized access to personal data by digital delinquents.
- **Use of electronic payment systems**: Skills related to the use of electronic systems for payment, and knowledge about its characteristics and potential risks, due to the increased number of payment apps and platforms.
- **Digital indebtedness**: Debt control in the digital world, given the entrance of new operators in the system and the ease of taking out digital loans.
- **Digital risks knowledge and management**: Knowledge about the varied risks in the digital world and skills to manage them adequately.
2.5. The digital provision of financial education and its complementarity

The potential of digital financial education to meet the financial literacy needs of the population in general, and of vulnerable target audiences in particular, was one of the messages contained in the OECD/INFE Policy Guidance Note on Digitalisation and Financial Literacy delivered to the G20 in 2018.56

The COVID-19 crisis has accelerated the digitalization of many sectors, including education and training and nowadays digital education is more relevant than ever. In the case of financial education, the importance of its digital delivery is growing at the same pace as the digitalization of other fields. Digital tools are urgently needed to help ensure that all target audiences, in particular those most affected by the economic consequences of the crisis, have access to financial literacy resources.

In addition, digital financial education potentially enables financial services providers to reach wider audiences. With more and more citizens using online tools, financial education stakeholders should advertise and encourage the use of existing online financial education resources to support citizens in the current crisis, to help them build longer-term financial resilience, and to further support financial inclusion.

Despite the increasing use of digital tools, financial literacy policy makers are aware that digital delivery of financial education is not a silver bullet. While digital tools can facilitate communication and the delivery of financial education, they present specific challenges. For these reasons, to achieve digital financial literacy, the provision of financial education through digital tools must be complemented with:

- **Online training**, that can facilitate scaling up and extending the reach of successful traditional financial education initiatives

- Developing **skills and confidence**, such as money management and control over finances, in particular through the design of user-friendly personal financial management and budgeting tools and mobile apps, or through the use of gamification to enhance learning and familiarise people, especially the younger generations, with finance in real life scenarios (i.e. Social media channels can raise awareness among digital natives about the necessary precautions to take when using digital financial service).

- Developing **artificial intelligence** applications for financial education delivery, through chatbots that interact with financial services users or children, as well as the presence of financial education authorities on social media, to deliver simpler messages, target specific audiences and conduct ad hoc campaigns, such as on online safety procedures.

- The use of **behavioural economics insights**, such as the use of playful and personalized reminders that allow establishing financial goals and providing information when necessary (teachable moments).

It is now more important than ever to make sure that the innovative use of digital technologies in the field of financial education effectively contributes to increasing financial resilience and well-being. To do so, the quality of online financial education tools must be fit to support consumers in these challenging times. There is a particular need to ensure the ability of vulnerable and disadvantaged groups to participate fully in financial education activities.57

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2.6. The role of financial services providers in making financial digitization more inclusive and secure

The role of financial service providers, either traditional banks or fintechs, is fundamental in order to make financial digitization more inclusive and secure, especially in the context of a pandemic.

According to Klapper, L. (2021), "people need to be involved in digital finance, but in order to do so, they should receive the necessary education and financial skills. Experience is the best way to learn and technology helps to build financial skills."

The financial sector has the resources to create digital products and services, the expertise to provide financial education and promote financial inclusion, the levers to influence stakeholders and it can ensure that biases that could marginalize more vulnerable populations are eliminated.

The real challenge is for financial services providers to make digital financial services accessible by creating specific solutions for certain groups considering their special conditions for access and use.

In this field, fintech companies are rapidly addressing consumer needs. For example, as noted by Sahay, R. (2021), "fintech companies are helping strengthen financial literacy by supporting micro enterprises to manage their finances better."

Financial institutions can also improve cybersecurity and facilitate cross-border payments. But collaboration at the international level is needed to reach agreements on regulation around digital money: "We need both the public and the private sector to work very closely together to help achieve digital financial inclusion" (Sahay, R. 2021).

Regulators and governments need to promote incentive policies and develop common consumer protection policies. This includes fintech, big tech, and all other financial services providers involved in this market.

All this points to the importance of adopting global efforts in a coordinated manner – not only to regulate fintech companies, but also to improve society’s digital financial education – with a specific focus on vulnerable groups, bringing digital financial education closer to where financial solutions lie.

60. Ibid.
# RECOMMENDATIONS TO STAKEHOLDERS

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<thead>
<tr>
<th>Specific recommendations</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
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<td><strong>01</strong> Design and implement national financial education strategies that:</td>
<td>All stakeholders</td>
</tr>
<tr>
<td>A. Foster collaboration among all stakeholders</td>
<td></td>
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<tr>
<td>B. Promote the creation of solutions to secure access to basic digital financial services</td>
<td></td>
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<tr>
<td>C. Develop digital financial education programs to improve digital skills, specially of the most vulnerable segments, to achieve equality in the digital age</td>
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<td><strong>02</strong> Create financial competence frameworks that contain sets of digital financial skills and develop standards to measure and evaluate the impact of digital financial education.</td>
<td>Policymakers</td>
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<td><strong>03</strong> Deepen collaboration among traditional financial service providers and fintech companies committed to foster financial inclusion.</td>
<td>All financial service providers</td>
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<td><strong>04</strong> Develop financial sector incentive models to make digital financial services more accessible.</td>
<td>Regulators</td>
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<td>Academia</td>
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The impact of financial health in people’s well-being

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INTRODUCTION

Money is the first major cause of stress for people. This was also one of the key takeaways that emerged during the closing day of the 2021 EduFin Summit: “Financial health impacts more than just our wallets, it is also related to our physical health and social well-being.”

As noted by Moden N. (2021), millions of consumers are experiencing financial stress due to the impact of the pandemic: “The importance of financial health has never been so pervasive across a wide range of demographics. Customers want to feel in control of their finances and increasingly expect their banks to equip them with the tools and the knowledge to achieve that.”

Improving the financial health of customers has become a priority for the financial sector, in fact many banks have included it in their purpose and as a strategic priority, thus renewing focus on financial well-being. This concern exceeds day-to-day banking and expands to become a service that includes the support to customers’ overall well-being by providing personalized advice, insights, financial training and real time data that generates or increases their confidence.

This chapter includes the definition of financial well-being used by the Center for Financial Education and Capability and describes the components of good financial health. It also describes the importance of having an ongoing financial education and lifelong learning and how financial services providers can equip people to be more financially resilient in their lives.

The chapter also analyzes the role of financial education in preventing financial exclusion and strengthening financial health. It ends with recommendations to stakeholders.
3.1. Financial well-being and financial health

Financial health or well-being is becoming a relevant topic for both researchers and practitioners. In the last years, several stakeholders have published definitions to help understand the concept and its application.

Using as a reference the report by the Consumer Financial Protection Bureau (CFPB), financial well-being can be defined as a “state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.”

Likewise, UNEP FI in its guide for banks defines financial health (or well-being) as a “state in which a person or organization can smoothly manage their current financial obligations and have confidence in their financial future.”

These studies coincide in that there are four specific skills or elements that can lead to the state of financial well-being:

- **Day-to-day** smooth short-term finances to meet short term needs
- **Goals** reach future goals
- **Confidence** feel secure and in control of finances
- **Resilience** absorb financial shocks

Complementing this work, the Financial Health Network identified eight variables to measure a person’s financial health, and breaks financial health into the following tiers: Financially Vulnerable, Financially Coping, Financially Healthy.

Based on these reports, the November 2020 Edufin Survey gave respondents a series of variables and asked them to weigh their importance for financial health. The results point to “having a financial cushion” as a structural element of financial health, together with controlling costs vs. income in its different versions – either by spending less than you earn, making budgets or paying bills on time (see graph).

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3.2. The importance of receiving ongoing financial education

Nowadays, people live longer, have easier access to a variety of new financial products and make many more financial decisions throughout their lives.

People are increasingly exposed to taking more financial decisions including personal financial planning, where to invest or how to spend their resources throughout their lives. Thus, the level of people’s financial knowledge and skills has become a key element in the quality of the financial decisions they make.

As highlighted in the above-mentioned UNEP FI guide for banks70 “adults may be “unbanked” or “underbanked” for a variety of reasons including unaffordability, inaccessibility, lack of awareness of financial services, financial illiteracy or incapability, or underlying economic and social inequalities that reduce their income and wealth. As well as adequate access to and usage of financial services and products, individuals, and entrepreneurs need the awareness, skills, and motivation to use their financial resources in the most efficient way in present times and in the future.” In addition, financial education is a fundamental pillar in the resilience of a household economy, and in building good savings habits in the short and long term that will help throughout life.

The lack of financial education can have adverse effects on people’s financial behavior, social and economic equality, the vulnerability of certain groups, or in the stability of the financial sector.71 This statement highlights the importance of financial education and the need to include it in the public agenda.

Together with consumer protection measures, financial education policies and national strategies are becoming more and more common.72 Furthermore, the private financial sector is becoming very active and, beyond the provision of financial education training programs, many banks are integrating financial education as a tool to improve their customers’ financial health.

One of the most common beliefs is that financial education should be delivered at very early ages and taught in school. School-based education can be transformative in preparing young people to make important financial decisions. However, interventions at school, although necessary, are not sufficient. Financial education at school makes introducing finance in early stages of life and before making important financial decisions possible. Yet the success of this intervention, understood as the degree to which the finance lessons affect future financial decisions, is not decisive.

There are many evaluations that show classroom-based financial education for youth has positive impacts on long-term behavior change.73 Of greater value than the future impact on behavior is the opportunity that school-based financial education provides to certain, particularly vulnerable, groups with no access to other forms of intervention. For example, girls, youth, minorities or families with a lower level of financial education.

Financial education can and should be provided at all stages of life and through a variety of channels: school, family, university, governments, regulators, non-governmental organizations, financial institutions, employers, trade unions and consumer groups, museums, etc.

When it comes to providing financial education, there is no single solution for everyone. **Personalized financial education** is needed for specific audiences, paying special attention to vulnerable groups.

Financial education should be provided in a way that is **adapted to the needs of the recipients**, offering customized content and formats and considering the financial life cycle of each group, to offer continuous learning.

In addition, financial education **should be clearly distinguished from commercial advice**.

Furthermore, it is essential to offer financial education in the so-called **teachable moments**: at the time and place where people are when they make financial decisions, and even more so due to the digital developments that make breaking down the barriers in access to information possible. But it is also important to consider the significant gaps that exist in terms of digital literacy and possession of digital devices in developing countries.

Finally, a key requirement is to provide financial education strategies with a framework to **measure the impact** – with clear objectives based on data and rigorous assessment metrics. In this regard, research findings around the world show that financial education is low, even in advanced economies with well-developed financial markets.

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3.3. Financial education, a tool to make people more resilient throughout their lives

Prior to the COVID-19 outbreak, numerous studies already warned that relatively low levels of financial education exacerbate the financial fragility of individuals and the stability of the financial market.⁷⁶ After the pandemic, new research has highlighted that shocks with effects in the entire population (known as systemic shocks) can have financial implications for wide segments of society. These studies also show that the level and quality of people’s financial education is a factor that can contribute to better deal with these shocks – or even emerge stronger from them. While financial education cannot abruptly erase the deep socioeconomic inequalities:

A it can give people the knowledge they need to be better prepared to face economic crises and successfully plan for their future

B it is a basic tool for inclusive economic progress and growth, both on a household and a corporate level

C when it is missing, it can exacerbate social problems, such as poverty, inequality, a lack of job opportunities and access to financial services and products

New crises might arise and, as a society, it is fundamental to be better prepared for the future. An important step towards building a more resilient society is making financial education a reality for everyone. Besides providing financial education programs, it is important that their content is diverse and includes not only the most basic financial concepts, but also more elaborated ones, such as risk comprehension and management or how to build financial resilience.⁷⁷

3.4. Financial education, a tool to prevent non-vulnerable people from becoming financially vulnerable

Financial vulnerability can affect everyone. For example, through the pandemic, people, who were adequately dealing with their day-to-day finances, have become financially vulnerable due to sudden unemployment, health-related debt increase or disability acquired after suffering the disease.

Experts conclude that financial education could have been a factor to prevent this from happening. As the UNSGSA Financial Health Working Group Facilitator Elisabeth Rhyne mentioned in a recent blog post, “If financial health were a greater political priority, policymakers would have urged and supported citizens to build a financial cushion to help them mitigate the consequences of the pandemic. Once we are past this crisis [...] financial health is of urgent importance.” “We hope the pandemic will place financial well-being firmly on national and international agendas, and that policymakers will begin to measure it on a regular basis – to take the financial temperature of the population. And we hope they will establish goals and design programs to help people restore their financial health.” (Rhyne, E. 2020).

Eight out of ten respondents to the November 2020 Edufin Survey said that, as a result of COVID-19, they would change past financial behaviors. Out of the behaviors to be changed, “saving more” was mentioned the most, followed by “diversifying investment portfolios” and “reducing the level of debt.”

In addition, when identifying current financial challenges, survey respondents listed “lack of skills to face unexpected financial events” (i.e. having savings, having insurance, maintaining an appropriate level of debt and diversifying the risk of investments).

CHART 26. What key financial troubles are people facing in the context of Covid-19 that could be solved via short-term action?

<table>
<thead>
<tr>
<th>Financial Trouble</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of access to the financial system</td>
<td>12.73%</td>
</tr>
<tr>
<td>Difficulties accessing digital services</td>
<td>14.85%</td>
</tr>
<tr>
<td>Lack of access to digital payments</td>
<td>7.16%</td>
</tr>
<tr>
<td>Lack of literacy for using digital financial services</td>
<td>20.16%</td>
</tr>
<tr>
<td>Lack of skills to face unexpected financial events</td>
<td>27.32%</td>
</tr>
<tr>
<td>(having an emergency fund, lack of insurance policies, keeping an adequate level of debt and diversifying investment risks)</td>
<td></td>
</tr>
<tr>
<td>Lack of trust in financial service providers</td>
<td>11.14%</td>
</tr>
<tr>
<td>Fear of suffering a cyber-attack</td>
<td>6.63%</td>
</tr>
</tbody>
</table>

Source: EduFin Survey

79. Ibid.
80. November 2020 Edufin Survey
3.5. Greater financial skills as a means to improve financial well-being

As previously mentioned, financial education is one of the factors that can improve the level of people’s financial well-being. It encourages good financial practices, among them saving, comparing different financial institutions before purchasing a financial product or handling emergency expenses in times of crisis.

Several studies have documented that those with a higher level of financial education are more likely to plan for retirement because they are more likely to understand the power of compound interest and are more capable of doing calculations. In this way, planning for retirement is a very strong predictor of wealth: those who plan, reach retirement with two or three times more wealth than those who do not plan.

It has been demonstrated that financial education affects both savings and investment behavior as well as debt management and indebtedness practices. Regarding debt-related behaviors, those with more financial knowledge are less likely to have credit card debt and more likely to pay the full balance of their credit card every month instead of just the minimum payment.

Further to this, the November 2020 Edufin Survey shows that almost 66 percent of respondents feel that having a reasonable level of financial education is a basic element that determines good financial health.

![Chart 07: Rate this statement: “A reasonable financial education is a basic element that determines good financial health.”](chart)

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I totally agree</td>
<td>65.89%</td>
</tr>
<tr>
<td>Agree</td>
<td>27.91%</td>
</tr>
<tr>
<td>Neither agree</td>
<td>5.43%</td>
</tr>
<tr>
<td>Disagree</td>
<td>0.78%</td>
</tr>
</tbody>
</table>

Equally, a great majority think that financial education plays an essential role when it comes to being prepared to face the adverse effects of crises.

---

81. Other factors could be having a stable source of income or having access to public welfare systems (healthcare, education, pension systems, unemployment coverage).
3.6. Poor financial habits and its effects on people’s health

According to a 22-country survey from GfK (2015), money is the first major cause of stress, followed by pressure on oneself and sleep deprivation.

According to a study by Cigna International Markets, financial concerns were the most important stressor during the COVID-19 pandemic, despite increased levels of resilience. Financial stress can directly impact people’s health causing insomnia, depression, alterations in the immune system or cardiovascular problems, among other conditions.

Other recent research shows that there is a relationship between financial difficulties and mental health in students, and according to a study by the National Endowment for Financial Education (NEFE) based on a survey of more than 4,000 people in the U.S., nearly nine out of ten citizens are currently stressed about their personal finances.

In the Opening Remarks at the European Commission-OECD-INFE Financial Competence Framework Launch, Her Majesty Queen Maxima of the Netherlands stated that “there is a growing body of research proving that there is a link between financial health, physical health and mental health. Financial problems cause stress. This can immediately affect mental health and lead to non-rational behavior like over-borrowing as a way out of their financial problems. Being over-indebted not only affects individuals and their households but it is also associated with increased costs for society and the economy as a whole.”

Establishing a series of healthy financial habits can have a positive effect on individuals’ physical and mental well-being.

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3.7. The role of financial service providers in individuals’ recovery and resilience

One of the main conclusions from the study “Making Outcomes Matter: An Immodest Proposal for a New Consumer Financial Regulatory Paradigm”, 91 is that companies in the fintech sector that help their customers will reap the benefits and produce better results, which points to technology as the cornerstone of a paradigm shift.

Experts emphasize that banks need to promote a change in the user’s attitude in order to strengthen their financial health. “We need to motivate people to do financial tasks, such as saving, which are not fun, but debts and living day-to-day isn’t fun either” (Stark, E. 2021). 92

Helping to develop greater financial resilience is one of the future challenges of the sector and it is key to cope with future financial shocks. There is no magic formula for building resilience that works for everyone, but financial providers can customize solutions and tools to help people make better financial decisions” (Morales, M. 2021). 93

Thanks to progress in digitization and new data processing tools, financial service providers can better understand their customers’ situation and offer customized tools and solutions to help them improve their financial health. 94

New research by the Think Forward Initiative (TFI) 95 shows that these three areas are inextricably linked: financial stress has been affecting the psychological and physical well-being of people in Europe. Customers’ financial health should be a priority objective nowadays and in the future, as helping customers to improve their financial health may lower their stress and contribute to their financial well-being. It is an opportunity to reinforce customers’ trust in banks as advisors.

Also, financial services providers are making use of technology to cater to the financial education needs of their customers. “At BBVA we have leveraged technology to make tools that help make the best financial decisions. We rely on personalization, proactivity and providing targeted recommendations” (Morales, M. 2021). 96

However, technology-based solutions can lead to changes in the financial system. As digitization takes over most of the financial sector, financial services providers should adapt their strategies to stand out in terms of trust, financial health and offers that go beyond product-focused sales, instead of presenting more comprehensive and personalized value propositions. A recent EY study 97 predicts a change toward a dynamic, trust-based and integrated digital experience, to help consumers improve their financial lives through constant, relevant and daily interactions and commitment.
Another EY research, finding is that having customers with robust financial health helps to improve the relationship of trust between the bank and the customer, allows the bank to have a healthier portfolio of assets with lower default and can even help to generate lower costs for customers and the bank. In addition, according to Moden N. (2021), “financially savvy customers are more likely to be more loyal to their bank. Customers want to be in control of their finances and expect their banks to provide them with the tools and knowledge to achieve this.”

**RECOMMENDATIONS TO STAKEHOLDERS**

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<th>Stakeholders</th>
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<td>01 Create financial competence frameworks that aim at improving customers’ financial health and resilience, especially that of vulnerable customers.</td>
<td>All stakeholders</td>
</tr>
<tr>
<td>02 Develop policies with structural measures that foster, promote and incentivize the importance of savings.</td>
<td>Regulators, Financial services providers</td>
</tr>
<tr>
<td>03 Establish models to measure society’s financial health as an indicator of social and economic stability. (Big data and data analytics).</td>
<td>Governments, Policymakers, NGOs</td>
</tr>
<tr>
<td>04 Design financial and non-financial solutions to improve the financial health of clients and measure the impact of such solutions on it. (Big data and data analytics)**</td>
<td>Financial services providers</td>
</tr>
<tr>
<td>05 Share digital financial education best practices to help improve individuals’s financial health (in different contexts and segments of the population).</td>
<td>Regulators, Governments, Financial services providers, NGOs</td>
</tr>
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</table>

98. Bedford, D., Bellen, J. (2020). Why financial well-being should be integral to banks’ customer strategy. EY.
Financial education for sustainable growth

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INTRODUCTION

Several international frameworks – such as the 2030 Agenda of the United Nations or the Paris Agreement\textsuperscript{101} – stress the need to promote a more sustainable economic development model.

The COVID-19 pandemic has had an important impact in sustainable development agendas. Not only has it pushed millions of people into poverty but it has also reduced government resources and incremented the volume of investment needed to achieve certain Sustainable Development Goals, which makes the need for a collective effort even more relevant.

The pandemic is also an opportunity to look at sustainable development from a different perspective. Governments will need to be more ambitious in their development agendas, in order to achieve long-term growth, and the private sector needs to play a larger role. Financing sustainability is a huge challenge, but it comes with an opportunity to leave this crisis behind and to provide a better future for everyone.

The social and economic recovery from this pandemic-caused crisis hinges upon building a more inclusive, resilient and environmentally responsible society. Incremental and sustained reforms will have long-term benefits in people’s living standards and reduce inequality.

In addition to sustainable development policies and investment to secure the transition to a lower carbon economy and help preserve natural capital, providing individuals with knowledge and skills to better cope with future health, social or economic shocks and to understand the urgency of action towards sustainable growth is key. In this regard, financial education can be a useful tool in guiding society towards a sustainable future.

As mentioned by BBVA’s Chairman, Carlos Torres Vila (2021)\textsuperscript{102} in the opening session of the EduFin Summit, “\textit{Financial education is essential to promote sustainable and inclusive growth}”. In this sense, financial education can have a twofold role: on the one hand it can contribute to reducing poverty and inequality, for example by favoring financial inclusion; on the other hand, financial education can increase awareness on the urgency of the issue and create the knowledge that will help integrate sustainability in personal financial decisions, playing an important role in moving individuals towards sustainability funding.

In this chapter we will focus on this second role. The chapter includes a definition of sustainable and inclusive growth and a reflection on the role that financial education can play to drive sustainable growth. It also discusses how financial institutions are contributing to sustainable and inclusive growth. The chapter ends with recommendations to stakeholders.

4.1. Definition of sustainable and inclusive growth

In 1987, the so-called Brundtland report\(^{103}\) defined sustainable development as "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs." This definition continues to be relevant and has been used in several international frameworks, such as the UN’s 2030 Agenda and the Paris Agreement.

Although GDP per capita is a good aggregate indicator of the economy’s ability to carry out market activities (with some limitations for measuring digital disruption), measuring the progress and well-being of societies implies broadening such a framework.

When the economy has the capacity to generate economic growth and inclusive wealth, while contributing to sustainable well-being in the long-term, it is then we see sustainable economic growth in action.

We must consider a long-term vision as the challenges connected to sustainability require a forward-looking and holistic approach. Companies, investors, policy makers and regulators agree that sustainable growth generates and requires economic prosperity, social inclusion and environmentally friendly behaviors in the long term to create lasting value.\(^{104}\)

4.2. Definition of sustainable finance

The financial sector plays an important role in financing sustainable development and fighting climate change. Financial intermediaries have the ability to mobilize capital through sustainable investments and loans, they are risk management experts and understand the need of integrating sustainability in their risk management and processes, and they can provide advice to clients and investors to promote the behavioral change that is required for this deep transformation.

Sustainable finance is the integration of environmental, social and governance factors in financial decisions. Sustainable finance mobilizes and targets the necessary resources to finance energy transition, favor innovation and develop sustainable infrastructures.

While large corporations, institutional investors and asset managers are starting to embed ESG factors in their investment policies and plans, and governments and central banks are working fast to promote sustainable finance mobilization, better risk management and improved transparency, individuals remain far from contributing with its full potential to sustainable growth.

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4.3. Financial education as a tool to drive sustainable finance

Climate change is unstoppable. The legislation, policies, regulation and practices designed to reduce greenhouse emissions, keep global warming under 1.5 degrees celsius and fight climate change, must be accompanied by other measures.

It is widely recognized that measures are needed to mitigate both physical and transition risks, in order to lower the impact of the low carbon transition on the most vulnerable sectors of society. However, it is also important to raise awareness of the urgency of this matter and how it requires a collective effort.

As mentioned by former governor of the Bank of England in his famous speech Breaking the tragedy of the horizon “With better information as a foundation, we can build a virtuous circle of better understanding of tomorrow’s risks, better pricing for investors, better decisions by policymakers, and a smoother transition to a lower-carbon economy” (Carney, M. 2015).

We can then conclude that training and education can be appropriate tools to change behaviors.

Sustainable finance is an opportunity to engage society towards transitioning to a more sustainable and inclusive future but, in order to democratize access to sustainable finance and ensure consumer protection, promoting and securing the acquisition of new knowledge and skills is necessary.

As mentioned by Deputy Governor of Spain’s Central Bank in the opening session of the EduFin Summit, “Education is the most important tool to achieve change” (Delgado, M. 2021).

In fact, financial education can play an important role in the journey towards a sustainable future. According to Messy, F. (2021), sustainable finance includes financial inclusion, considering that a large proportion of the population needs to be included in the financial system for it to be considered sustainable. At the same time, in her opinion, financial education is part of the ecosystem. “It is not the silver bullet but, without it, we can really achieve the goal of sustainable finance.”

An improved knowledge among financial decision makers regarding sustainability and sustainable finance is required. This includes the acknowledgment of the Sustainable Development Goals and that of the existence of climate change, its effects and the risks associated with it. It also refers to the impact of human activities on natural capital and biodiversity, the rise of inequality or what inclusive growth means.

Equally important is to increase knowledge on sustainable finance. Small and large investors need to understand the diverse investment strategies, the great variety of sustainable finance products and how they work, the need for ESG risk integration and how relevant the impact of their financial decisions is.

Financial education, if contextualized and proportioned in key learning moments, can promote the behavioral change required by sustainability.

Awareness, understanding and action are three key challenges that allow us to draw attention to the strong link between sustainable finance and financial education.

Financial education is key in the field of micro, small and medium businesses and entrepreneurs, since the maintenance and growth of a business depends largely on the financial skills and knowledge of its managers, also regarding sustainability.

Equally important is the financial education of investors, large or small: their financial knowledge, competences and capabilities determine their ability to achieve their investment goals, and this is essential when designing and implementing their sustainable investment strategies.

This new era contains a world of opportunities in which financial education becomes more relevant as it stimulates small investors’ curiosity about sustainable finance and helps them to transition to the status of a more sophisticated investor, who makes sustainable finance investments contributing to a more sustainable and inclusive world.

All economic agents must take sound financial decisions to avoid misallocation of resources that might be better used, and this includes individuals. According to Messy, F. (2021)108 “most decisions made by individuals, households and micro entrepreneurs are of a financial nature, have implications for the environment, have social impact in most cases and are somehow linked to the governance of some institution.” She added that more and more sustainability has an impact in the financial decision of the individual (i.e. buying a house), in their selection of the financial instrument and in their selection of the financial services provider and concluded that “for these three decisions one has to have sufficient knowledge.”

Financial education is mentioned by the European Commission in the Final Report 2018 by the High-Level Expert Group on Sustainable Finance (2018) as an essential element to empower citizens to engage and connect with sustainable finance issues “yet further efforts are needed to empower citizens to choose the financial products and services that best suit their needs. This, in fact, is necessary for sustainable finance literacy efforts to translate into increased demand for sustainable financial products.”109 In addition, according to Liesenfeld, A. 2021, “we have to make sure we have a framework that empowers and protects citizens adequately, and also creates the trust that they need to invest in sustainable investment.”110

Baker, G. (2021)111 stresses the collective nature of the task. “Financial education goes hand in hand with sustainable finance priorities, since it involves the creation and enhancement of knowledge across all players, from governments to individuals on the value of sustainability and the overall well-being of communities, societies and markets.”

Lack of financial knowledge is one of the main barriers for the transformation to a sustainable economy and the financial sector has an important role to play. As declared by BBVA’s Chairman “The Banks can have a big role in helping people assess the risks […] and understand what’s going to take for all of us to contribute to a sustainable planet” (Torres Vila, C. 2021).112

108. Ibid.
4.4. Digitization, financial education and sustainable finance

The pandemic has contributed to setting the focus on sustainability and the achievement of the Sustainable Development Goals, but it has also accelerated the adoption of technology.

While much remains uncertain in a post-COVID-19 world, one thing is clear: digital development will be an integral part in the transformed world.

Financial digitization has grown exponentially and it is part of our daily financial routines. As stated by the United Nations SDG Digital Finance Task Force,¹¹³ digital disruption creates a historic opportunity for finance to empower people and allow them to finance their goals. Missing this opportunity, however, would result in a widening gap.

While digital financial products and services have been a relief for many families, they have also stressed the need to improve the level of digital financial education, also in the sustainable finance arena.

When it comes to digitization, digital financial education is critical to managing the opportunities and risks of the rapid deployment of information and communications technology that has literally put financial services at the click of a button. This is a huge endeavor and a collective achievement in which all should be invited to participate.

The financial sector is in a privileged position to accelerate the growth of sustainable finance. Banking plays a key role in helping people, companies and institutions undertake the transition to a more sustainable and inclusive world.

Besides providing solutions for sustainable investment and credit, the sector has a remarkable capacity to mobilize investments towards the fight against climate change, inclusive infrastructures or the promotion of financial inclusion and entrepreneurial spirit.

In addition, the sector plays an essential role in promoting access to financing, for example through user-friendly digital solutions and democratizing access to sustainable financial solutions or facilitating micro financiers to gather and create real and socially targeted investment capabilities.

Another important function is the use of its influence on clients’ behavior to help them move towards a more sustainable world by providing them with knowledge and financial capacities and distributed and collaborative tools, so that they can transform their lives and ensure a better future.

## RECOMMENDATIONS TO STAKEHOLDERS

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<td>Policymakers</td>
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<td>Educational sector</td>
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<td>Financial services providers</td>
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<td>Consumer associations</td>
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<td>Community organizations</td>
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<td>Social media</td>
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<tr>
<td>02 Promote the digitization of finance including financial education skills to help maximize the impact of sustainable finance.</td>
<td>Financial Services providers</td>
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<td>Software developers</td>
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<td>03 Promote sustainable finance advisors’s training and competences to help improve their expertise and qualifications.</td>
<td>Regulators</td>
</tr>
<tr>
<td>04 Share research, knowledge and best practices on sustainable finance to increase awareness on the urgency of the issue and help customers and small investors to integrate sustainability in their personal financial decisions.</td>
<td>Academia</td>
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Collaboration frameworks to improve financial education

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INTRODUCTION

Collaboration is essential to bring forward any form of intervention that aims at improving society and the quality of life. This is true also for financial education.\(^{114}\)

As highlighted in a recent UNEP FI report,\(^ {115}\) “\textit{without intervention, financial exclusion and a lack of robust financial health limit individuals’ access to economic opportunities, create and perpetuate inequalities, increase individual exposure to significant risks and economic insecurity.}”

It is important to develop frameworks of action that go beyond conceptual schemes.

The results published by the OECD/INFE in 2020\(^ {116}\) do not offer an optimistic picture. In light of the results from 26 countries and economies across three continents (Asia, Europe and Latin America), four main conclusions were achieved, showing that large groups of citizens are lacking the necessary financial literacy and financial resilience to deal effectively with everyday financial management:

- Financial education is low in all economies in the sample, for example only about one-third of the respondents were able to show an understanding of simple and compound interest.

- Product awareness is relatively high across the surveyed countries and economies; however, use is relatively low - less than half of the respondents purchased a financial product or service.

\(^{114}\) OCDE/CAF. (2020). Estrategias nacionales de inclusión y educación financiera en América Latina y el Caribe: retos de implementación.


Large groups within many economies have limited financial resilience. The survey suggests that one-third of the entire sample report only having a financial cushion of about one week, if they lose their main income.

Financial stress is common: Across the sample, 42 percent of individuals noted that they worry about meeting their everyday living expenses and 40 percent of respondents are worried about their financial situation.

National strategies are the cornerstone for the development of financial education. Together with the design and implementation of specific public policies and measures to encourage learning, the coordination and establishment of governance mechanisms to involve private stakeholders is highly desirable in order to reach the common goal of promoting financial inclusion, enhancing people’s financial skills and improving their well-being.

This chapter focuses on the collaboration among those stakeholders involved in the financial education field. It describes how regulation and policy-making has impacted the financial education field and explores the conditions under which a framework for public-private collaboration could be established. It also reviews the different forms of intervention by stakeholders and how the impact of such interventions can be measured.
5.1. Regulation and policy-making and its impact on financial education

Many policy-related initiatives have emerged at international level. It is important to highlight the prominent role that, since the last decade, the OECD is playing to foster financial education, working in close collaboration with political leaders, governments, regulators, organizations such as the G20 and other stakeholders, to address these challenges and ensure that financial education is on the public agenda.

One of its first achievements was the incorporation of the financial education assessment in the Program for International Student Assessment (PISA). The methodology to evaluate the financial skills of 15 year olds was incorporated into its 2012 evaluation with the support of BBVA and since then two other PISA editions have been completed, with interesting results.  

This same year, 2012, the OECD published the High-level Principles on National Strategies for Financial Education, which was completed with the OECD/INFE scoring methodology and toolkit in 2018, that will serve to assess the progress in financial education in many countries.

These two initiatives have been completed with extensive research that has been published over the last ten years.

A growing number of countries have incorporated financial education and financial inclusion commitments and objectives into their national strategies, policies and actions to reduce poverty, develop financial systems and promote financial stability and consumer protection.

According to the OECD/INFE, in 2015, some 60 countries were designing or had implemented national financial education strategies. Among the countries that have advanced the most in this regard are Australia, Japan, Mexico, New Zealand, the Netherlands, Singapore, Spain, the United Kingdom and the United States. However, having a national strategy is not always a guarantee of high levels of financial inclusion or financial well-being, as continuously low levels of financial education around the world remain, pointing to a missing piece of the puzzle.

When these policies are appropriately designed, they provide practical guidance on developing and launching specific actions. But the real challenge lies in their implementation.

According to some experienced voices (OECD 2012 and 2015, AFI 2015 and 2016 and the World Bank 2018) in order for national financial education strategies to be effective, they require the involvement and acceptance of a multitude of actors.
Along these lines, the report Recommendations by the OECD/INFE Financial Literacy Council, launched in October 2020\(^\text{125}\) addresses the importance of financial education in national legislation and of such legislation being based on relevant metrics and analysis (surveys and data collection) to evaluate the level of financial knowledge, and analyze the behavior and market practices developed by financial actors.

It also recommends setting up coordination and governance mechanisms, involving public authorities in education and finance, as well as private stakeholders to the extent possible, including Financial Services providers, institutions that provide financial education as a business line, non-financial companies (for example media outlets), financial sector associations, non-governmental organizations (NGOs), consumer associations, workers unions, research institutions, teachers unions and parent associations.

Additionally, it recommends developing financial education programs in order to support decision-making regarding investments, retirement and pensions; to support healthy decisions related to credit and avoid overindebtedness; and to develop financial education programs to support decisions on insurance.

Other supranational organizations like the European Commission\(^\text{126}\) have expressed their intention of promoting financial skills through collaboration among public authorities and the private sector in order to empower citizens through financial education.

Regarding the perspective of stakeholders, as illustrated in the following graph, almost half of the respondents of the November 2020 Edufin Survey considered that the degree of progress in their country’s national financial education and financial inclusion strategies was average, while one-fourth considered it non-existent.


\(^\text{126}\) European Commission/OECD-INFE. (2021). Project to develop a financial competence framework in the EU.
5.2. The current state of public-private collaboration and main challenges

Public-private collaboration is the shared decision-making ability between public and private actors in the design, implementation and evaluation of the cooperation, which includes sharing responsibilities and risks in a stable relationship framework.

Stakeholders in public-private collaboration include a wide range of actors such as supranational institutions, governments, regulators, corporations, NGOs, the media and even the citizens. In the case of financial education, it also includes central banks, financial institutions, fintech companies, academic and education professionals, specialized media and NGOs, and families, among other actors.

This collaboration could be a driving force for financial education as it creates synergies among all actors and brings different perspectives, resources and abilities. However, it currently enjoys a limited scope and faces great challenges.

CAF's researcher Diana Mejía discussed some of these in the 2021 Edufin Summit.127

One of the main challenges is the creation of effective coordination mechanisms to help design and implement national strategies, public policies or collaboration schemes to foster financial education.

On the one hand, from the national coordinator perspective, it is difficult to protect the implementation of these strategies from political or electoral cycles.

Effective leadership is also needed and the participation of institutions comes with different mandates. When these mandates are implicit and come from actions to secure financial stability or consumer protection, they usually call for lesser forms of collaboration. Explicit mandates, through, for example, decrees, laws or policies formulated for this purpose, facilitate the design and implementation of more stable and sustainable national strategies, guarantee greater responsibility from the public sector and facilitate inter-institutional cooperation with a broader range of actors.

Another great challenge is to secure the effective participation of all the relevant parties that can contribute to the successful implementation of national strategies.

The contribution of the private sector is important, but usually it is reduced to the implementation of programs with no participation in the design and coordination of financial national strategies. A fuller contribution of the private sector would be desirable, however it is usually seen with reticence because it can cause conflicts of interest. For this contribution to work, it should be accompanied by safeguards to avoid such conflicts, such as codes or guidelines of conduct, or effective consumer protection frameworks.

The private sector can not only provide financial resources but also expertise, easy access to consumers, ability to design digital products, successful communication strategies with stakeholders and it is present in the most favorable teachable moments of their clients.

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There are already examples of somewhat formal and organized participation of the private sector in the governance structure of national financial education strategies. For example in Brazil, since 2010, the private sector has played a key role in the working groups for the design of educational materials for schools and in facilitating this education. Also, a non-profit organization, the Brazilian financial education association, was created by the private sector, the national banking federation and the Stock Exchange.

Last but not least, it is important to include the social sector in the equation as Foundations and NGOs are in contact with the most vulnerable sectors of the population, which are a natural recipient of national strategies for financial education and financial inclusion strategies.

A recent example of this collaboration can be found in the Money Wise Platform,129 which was launched by the Ministry of Finance of The Netherlands to improve Dutch national financial fitness and included the participation of the government, the financial services industry, NGOs and academia.

Public-private collaboration is often demanded in public fora. For example, the European Parliament, which adopted a resolution130 on November 14, 2017 in which it urges the European Commission to promote financial education and promote collaboration among multiple parties in this important field. This call to create public-private partnerships led to the adoption and development of initiatives designed to promote financial skills within the European Union.

5.3. The need for financial skills frameworks in national strategies

Financial skills frameworks have been identified as a key instrument to define and establish a common taxonomy and model for rigorous and objective evaluation and can be very useful to guide national strategies. It is highly desirable that these frameworks come accompanied by a common system of measurement and standards, with metrics and indicators that allow for rigorous, objective and comparable measurement and evaluation and help to measure the success of their implementation.

Supranational skill frameworks stand out as the best instrument to guide the definition of national strategies and measure the implementation and development of the execution of these strategies in a stable and comparable way.

One of the first initiatives promoted by the European Union itself has been the creation of a financial skills framework, which is being built with the participation of the OECD and includes a consultation process addressed to several stakeholders.

At National level, financial education strategies, such as the one in Mexico131 or Peru, have incorporated indicators to measure the impact of interventions and some of them have monitoring and evaluation systems.

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5.4. Coordination of interventions

Developing personal finance education in school is becoming increasingly widespread. However, few countries have a strategic approach to comprehensively cover the school curriculum, involving teachers, families and even businesses that offer goods and services to this group.

In addition, there is room for action and collaboration in fields not related to school such as the provision of financial education to vulnerable groups, non-skilled workers or small businesses.

According to the November 2020 Edufin Survey, financial institutions, non-profit organizations, tech companies and teachers are considered the right actors to participate in the development of initiatives, while governments and financial regulators are considered the main stakeholders in the supervision and monitoring functions.

In order to take a sustained, co-ordinated approach to financial literacy, national strategies and action plans have to identify shared but clearly defined roles and responsibilities for relevant stakeholders, assigning those that are consistent with the stakeholders’ expertise, strengths, interests and resources. This approach means:

A. Involving relevant public authorities to the extent possible, including ministries (and in particular the Ministries of Finance and Ministries of Education), Central Banks, financial regulators and supervisors, as well as other public national, regional and local authorities.

B. Involving 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 sector associations, non-governmental organizations (NGOs), consumers’ associations, trade unions, research institutions, teachers’ unions, and parents’ associations.

C. Governments should also support and facilitate coordination among all stakeholders involved to avoid the duplication of efforts, the inefficient use of resources, or the existence of conflicts of interest, and to ensure that effective measures are taken to identify all relevant target audiences.

Some key factors that could contribute to the development of a comprehensive and collaborative financial education strategy include:

- Developing frameworks for financial skills and creating common standards for personal finance.
- Establishing public-private structures to coordinate the implementation of commitments and recommendations made by financial education policies.
- Defining the role of each participating actor, establishing mechanisms for supervision, measurement and coordination.
- Promote collaboration and coordination among the different stakeholders and design mechanisms to enhance this collaboration.
- Adapting financial education programs so that they are relevant for every target group and are provided in an environment and at a time that facilitates the acquisition of knowledge that leads to a change in their behavior.
- Aiming for the real involvement of citizens through their own collaborative networks and best practices.

According to Roman, P. (2021), some of the challenges that remain to be addressed are public-private sector collaboration, regulation that promotes responsible behavior, investing in public goods that remove barriers, designing products with positive effects and integrating financial education into people’s lives: “We must ensure that everyone benefits from the opportunities offered by financial services.”

# RECOMMENDATIONS TO STAKEHOLDERS

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<td>Policymakers</td>
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<td>collaboration and which includes the collaboration of private stakeholders, among others:</td>
<td>Education community</td>
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<td>Financial services providers</td>
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<td>Associations of consumers</td>
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<td>Community organizations</td>
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<td>Social media</td>
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<td>A. I Educators</td>
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<td>B. I Financial Services providers and fintech</td>
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<td>C. I Social organizations</td>
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<td>D. I Social media</td>
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<td><strong>02</strong> Make a commitment to join a supranational framework for financial skills.</td>
<td>Governments</td>
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<td><strong>03</strong> Lead collaboration efforts and promote the connection among stakeholders,</td>
<td>Supranational organizations</td>
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<td>bringing them together.</td>
<td>Governments</td>
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<td>Policy makers</td>
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<td>Regulators</td>
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<td><strong>04</strong> Establish structures to guarantee and coordinate the implementation of commitments.</td>
<td>Regulators</td>
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<td><strong>05</strong> Create a national standard for personal finances and share research, knowledge</td>
<td>Academia</td>
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<td>and best practices on personal finance.</td>
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<td><strong>06</strong> Involve citizens themselves through their own social media and focusing on their</td>
<td>Citizens</td>
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I. About BBVA

BBVA is a customer-centric global financial services group founded in 1857. The Group has a solid leading position in Spain, is the largest financial institution in Mexico, and has leading franchises in South America. It is also the leading shareholder in Turkey’s Garanti BBVA and has an important investment, transactional and capital markets banking business in the U.S.

BBVA’s purpose is to bring the age of opportunities to everyone. This purpose aims at focusing on the customers’ real needs to provide the best solutions and to help them make the best financial decisions, through an easy and convenient experience. The institution rests on solid values: Customer comes first, we think big and we are one team and develops a responsible banking model that aspires to achieve a more inclusive and sustainable society.

BBVA also contributes to its purpose through its Corporate Social Responsibility Policy and its Community Investment programs, of which financial education is a priority.

FINANCIAL EDUCATION AT BBVA

BBVA’s commitment to financial education is not new. In 2008, the bank launched its Global Financial Education Plan that focuses on three main areas of action:

01 Promoting financial education for society: Development of programs, designed and implemented in-house or in collaboration with third parties, to promote the acquisition of knowledge, skills and attitudes that facilitate informed decision-making and promote a change in financial behavior. These programs are developed in all countries where BBVA is present.

02 Integrating financial education into its business solutions: Inclusion of financial education content into products and services in order to promote the development of customer’s financial skills & behaviours. Our solutions seek to improve customers’ financial health and allow them to access the best opportunities.

03 Supporting financial education research & development: Promote and disseminate the importance of financial education as a fundamental tool that directly impacts people’s well-being through our Center for Financial Education and Capability and other initiatives.

Between 2008 and 2020, BBVA invested €91.4 million in financial education programs that have reached 29.2 million people. In particular in 2020, 319,395 people directly participated in BBVA’s financial education programs and 13.3 million people accessed informative, free and open content, available on the bank’s financial education channels.134

134 BBVA (2021). BBVA’s financial education programs have benefited more than 29 million people since 2008.
II. About the Center for Financial Education and Capability

The Center for Financial Education and Capability (www.bbvaedufin.com) was launched in 2017 with the objective of creating awareness on the topic of financial education and its role to improve people’s well-being and to provide access to new opportunities.

The Center was launched by BBVA and counts with the participation of important international organizations that represent a wide variety of stakeholders in the fields of financial education, financial inclusion and financial health.

The Center fulfils its objectives by developing three lines of action:

- **Create awareness:** by showcasing thoroughly-selected publications and good practices on financial education and capabilities, which are disseminated, through several channels: www.bbvaedufin.com, EduFin Newsletter, EduFin Podcast and EduFin Social Networks.

- **Create spaces for discussion:** serving as a global forum for academic researchers, policy-makers, the civil society and private practitioners in the field, through its events: EduFin Summit and EduFin Talks.

- **Support research on financial education,** through its annual call for expressions of interest: EduFin Research Grants.

The Center has been built on the foundation of over 10 years of practice developing financial education programs in all the countries where BBVA is present and is backed by leading financial education and inclusion organizations, which compose the Center’s Advisory Council.135

The Center’s Advisory Council is an international multi-stakeholder group created to provide guidance on strategic focus and to help strengthen the Center’s mission of promoting financial education and capability worldwide.

135. Center’s Advisory Council.
III. Advisory Council of the Center for Financial Education and Capability

Since it was created in 2017, the BBVA Center for Financial Education and Capability has collaborated with a team of international experts specializing in a number of fields and with a proven track-record in the world of finance, members of organizations and institutions recognized as global leaders in financial education and inclusion.

The expert group meets at least twice a year to steer the Center’s strategy to raise awareness and promote the importance of financial education and skills around the world and issue recommendations to improve the initiative and its impact.
IV. Events and Experts of the Center for Financial Education and Capability

One of the main activities of the Center is its annual EduFin Summit. The EduFin Summit is the Center for Financial Education and Capability’s annual meeting where current issues related to financial education and capabilities are discussed.

This event has been established as a global reference for intellectual reflection on financial education and capabilities by creating a multidisciplinary space to discuss these issues.

The event was held for the first time in June 2017 in Mexico City. Buenos Aires hosted the second edition of the EduFin Summit in 2018. In 2019, it moved to continental Europe, with Madrid as the city chosen to host the event. In 2020, the event did not take place due to the COVID-19 pandemic. In 2021, the EduFin Summit was held online, with a dual purpose:

▲ to discuss the new challenges and opportunities emerging in the field of financial education after the pandemic.

▲ to explore the role of financial education in building a more inclusive, resilient and environmentally responsible society.

The EduFin Summit is known for its international nature, bringing together over 30 international panelists and experts from around the world in each of its editions.

The ensemble of panelists and moderators includes world renowned researchers and professionals specializing in financial education, as well as representatives from the public and private sectors and from multilateral organizations.

Another forum for discussion about financial education topics and its policy implications are the EduFin Talks. In a practical and dynamic way, the EduFin Talks cover policies and lines of action to address present and future social challenges in which financial education is a lever for action. Through these talks, the Center for Financial Education and Capability is promoting a broad and inclusive concept of financial education in which it has a high, transformative social value that helps make people’s well-being and a more inclusive society a reality.

As part of the activity to foster the exchange of knowledge, the Center for Financial Education and Capability stays connected with independent experts, participates in sector-specific working groups and collaborates with the world’s leading organizations and institutions in financial education and inclusion.

In addition, more than 30 multidisciplinary BBVA professionals from across the BBVA Group footprint also support the Center.
V.
November 2020 Edufin Survey

SURVEY OBJECTIVE

In order for the issues raised in the EduFin Position Paper to be cross-checked with a large number of stakeholders and thus achieve a broad and inclusive approach, the Center for Financial Education and Capability launched a public consultation procedure through an online survey open to the public.

SURVEY PREPARATION

The survey was designed with the participation of different experts from BBVA, who contributed their knowledge in their own disciplines, as well as their experience in the preparation and participation of other public consultation processes.

In addition, the design of the survey includes the participation of external experts (non BBVA employees), who regularly collaborate with the Center on a pro-bono basis and whose experience and trajectory in the field of financial education is of recognized prestige.

The survey was created in an online format (Google Forms functionality), a tool that allows easy access without the need for prior registration or specific downloads. The survey had a response time of approximately 10-15 minutes.

In order to cover a wider geographic scope, and therefore a higher number of participants, two forms were prepared in Spanish and English, the content of the survey being exactly the same in each of the languages.

The type of questions was clearly described. Most of the questions were closed with only one possible answer, but the survey also includes some open and some multiple choice questions.

The survey was divided into seven sections:

A. I Socio demographic data
B. I Let’s talk about financial education
C. I Financial digitization
D. I Financial health
E. I Intervention models
F. I Inequality
G. I COVID-19 effects

To avoid answers that include knowledge acquired during the process, respondents could not correct the answers already sent after completing each of the aforementioned sections.

The survey incorporated 4 socio demographic questions: country from which the survey is answered, interest group to which respondents belong, participants’ sector of activity and experience in the field of financial education, which have served to qualify the opinions collected.

The survey ended with an open question regarding the topics that should be included on the financial education agenda in the next 5 years.

Only questionnaires with all 35 questions answered have been accepted into the assessment process.

Although respondents were identified by their email, the data was treated in an anonymous and confidential manner. All participants were informed of the treatment of their personal data in a document that participants should read and accept.136 An aggregated analysis of the data has been made in all cases.

136 November 2020 EduFin Survey: Processing of personal data
SURVEY DISSEMINATION

In the process of disseminating the survey, the following actions were performed:

- Free access to the form through the Center’s website [www.bbvaedufin.com](http://www.bbvaedufin.com)
- Launch of the survey at the EduFin Talks event that took place on November 17, 2020, which was open to the public.
- Active dissemination in BBVA’s own media channels:
  - [bbva.com](http://bbva.com)
  - [@bbvaedufin](http://@bbvaedufin)
  - Edufin Podcast
  - EduFin Newsletter

Specific communication targeted at stakeholders in the field of financial education (i.e. attendees to the Center for Financial Education and Capability events in the past two years). This communication was sent via email to some 900 people and followed up with reminders sent once a week, during the following 4 weeks.

Although the survey was open to the public up until June 30, 2021, only responses received from November 17, 2020 and December 17, 2020 were considered for the assessment.
ANALYSIS OF SURVEY RESULTS

The process for the analysis of data consisted of a joint examination of the responses obtained in each of the six financial education content blocks (B to G) and those of the socio demographic aspects (block A).

The analysis of results consisted of the following steps:

01 Analysis of the main questions and objectives pursued
02 Cross tabulation and filtering of the results obtained
03 Analysis of numbers, determination of benchmarks and comparative data

SURVEY RESULTS

The results incorporated in this document are based on a sample of 129 responses.

129 COMPLETE SURVEY
106 SPANISH
23 ENGLISH
A / Sociodemographic data

PLACE OF REALIZATION

Respondents from 23 countries participated in the Edufin Survey. The geographical areas with the greatest weight in the survey are: Europe, United States, South America and Mexico.

CHART 01. Which country are you answering the survey from?

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venezuela</td>
<td>8.5%</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.8%</td>
</tr>
<tr>
<td>Peru</td>
<td>2.5%</td>
</tr>
<tr>
<td>Mexico</td>
<td>14.4%</td>
</tr>
<tr>
<td>Morocco</td>
<td>0.8%</td>
</tr>
<tr>
<td>United States</td>
<td>5.1%</td>
</tr>
<tr>
<td>Brasil</td>
<td>1.7%</td>
</tr>
<tr>
<td>Ecuador</td>
<td>4.2%</td>
</tr>
<tr>
<td>Colombia</td>
<td>5.9%</td>
</tr>
<tr>
<td>Spain</td>
<td>46.4%</td>
</tr>
</tbody>
</table>

PROFESSIONAL ACTIVITY

Regarding the professional activity of respondents, it is significant the participation of participants involved in financial activities (banking, insurance, investment), followed by those in the field of education. This factor can have an important effect in the overall results.

CHART 02. In which sector of activity do you currently work?

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lawyers and legal advisory</td>
<td>1.55%</td>
</tr>
<tr>
<td>Trade and hospitality</td>
<td>1.55%</td>
</tr>
<tr>
<td>Others</td>
<td>1.55%</td>
</tr>
<tr>
<td>Industry and energy</td>
<td>2.33%</td>
</tr>
<tr>
<td>Media</td>
<td>2.33%</td>
</tr>
<tr>
<td>Management and business administration</td>
<td>3.10%</td>
</tr>
<tr>
<td>Information and communication technologies</td>
<td>3.88%</td>
</tr>
<tr>
<td>Consulting</td>
<td>10.08%</td>
</tr>
<tr>
<td>Education</td>
<td>29.46%</td>
</tr>
<tr>
<td>Financial activities (banking, insurance, etc.)</td>
<td>44.19%</td>
</tr>
</tbody>
</table>

STAKEHOLDER

In addition, most of the respondents work in large corporations, are responding as individuals (Consumers and users) or prepresent Nonprofit Organizations. Administrations and public entities are represented by 6.98% and international organizations by 3.88%.

None of the proposed interest groups have been left without representation, so that the results of the survey meet the intended purpose of incorporating an inclusive and multistakeholder vision.

CHART 03. Which stakeholder do you belong to?

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers and citizens responding in a private capacity</td>
<td>18.60%</td>
</tr>
<tr>
<td>Academia</td>
<td>10.08%</td>
</tr>
<tr>
<td>Corporates</td>
<td>24.81%</td>
</tr>
<tr>
<td>Administrations and public organizations</td>
<td>6.98%</td>
</tr>
<tr>
<td>International organization</td>
<td>3.88%</td>
</tr>
<tr>
<td>Non-profit organizations</td>
<td>18.60%</td>
</tr>
<tr>
<td>SMEs</td>
<td>17.05%</td>
</tr>
</tbody>
</table>
B/
Let’s talk about financial education

The survey posed a series of questions addressed to qualify the quality of the responses received. These are the main results:

- 79.10% of those surveyed work in the field of financial education.
- Asked about an initiative in which they have been involved in during the last 3 years, 83% of respondents are able to mention at least one.
- Respondents are also able to suggest internationally recognized financial education initiatives:
  - The most recognized is the OECD’s PISA program for assessing students’ capabilities.
  - Financial Health Network is the least known.

Regarding the concept of financial education, 7 out of 10 respondents identify financial education as “the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, based on objective information, instruction and/or advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, know where to seek help - when needed - and take other effective actions to improve one’s financial well-being.”

Regarding the purpose of financial education, 79.84% consider that financial education aims at making the right decisions in a wide range of financial contexts, improving the individual and collective financial well-being and allowing people’s participation in the economic life.

Regarding the scope of financial education, 68% consider that financial education requires providing objective advice that guarantees their independence and autonomy in taking financial decisions, while 32% consider that financial education is limited to continuous training conditioned to a person’s life cycle.

None of the respondents point out that financial education should only be limited to providing information.

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137. Definición de la OECD. Se evitó mencionar la fuente literal de la definición para no condicionar la respuesta.
C/ Financial digitization

This block of questions contained four questions aimed at determining respondents’ knowledge regarding the role of financial education in the financial digitization process.

85.27% of respondents fully agree that financial digitization has to be accompanied by proper financial and digital education, to avoid new types of exclusion.

For those surveyed, the main purpose of digitization in financial education is to make financial knowledge more accessible to society as a whole and accelerate digital financial inclusion.

In relation to the risks of financial digitization, the misuse of data is evaluated as a high risk, followed by the risk of digital exclusion.

On the other hand, the use of data, mobile applications and mobile payments are the most valued levers to improve financial education. Social media, alerts, artificial intelligence, and gamification are perceived as being of medium importance and blockchain is the lever that is perceived as least important.
In the third block, the survey raises four questions related to individual financial health and the role of financial education in preparing people to face current and future economic challenges.

The first question suggests a number of variables regarding the importance of financial health.

CHART 06. What factors are part of people’s financial health and to what degree of relevance?
Source: EduFin Survey

65.89% of those surveyed consider that having a reasonable financial education is a basic element that conditions good financial health.

The same distribution of responses was obtained in the question about whether financial education plays an essential role in being prepared to face the adverse effects of crises.

Regarding the elements that are considered most necessary to have better financial health, 44.96% consider that providing financial education in the early stages of school is the most necessary element to have better financial health.
E / Intervention models

The following five questions of the survey were aimed at knowing the assessment of public policies and the respondents’ opinion about the role of financial service providers.

Companies in the financial sector, NGOs, technology companies, teachers and Governments are considered the most suitable actors to develop financial education initiatives, while Governments and Financial regulators are considered more fitted to supervise and monitor these topics. Mass media and families are seen as key for the promotion and dissemination of financial education.

7 out of 10 respondents indicate that financial education has to be a priority in the public agenda. In regards to the purpose that should be attributed to financial education within the public agenda, 30.63% consider that “Guarantee that financial services (traditional and digital) are accompanied by financial education” is the purpose of financial education.

Asked about the role that financial service providers should develop, promoting financial education as an important issue for society (through research or collaboration) is the most popular option.
Regarding the degree of progress of the institutional frameworks for financial education, 62.99% of the respondents consider that financial regulation is the most advanced one.

**CHART 12.** Please rate the degree of progress of the following institutional frameworks in your country  
*Source: EduFin Survey*

<table>
<thead>
<tr>
<th>Framework</th>
<th>Advanced</th>
<th>Medium</th>
<th>Non-existent</th>
<th>I do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Education Strategy</td>
<td>48.82%</td>
<td>48.03%</td>
<td>25.20%</td>
<td>30.76%</td>
</tr>
<tr>
<td>Financial Inclusion Strategy</td>
<td>27.56%</td>
<td>16.54%</td>
<td>10.24%</td>
<td>3.94%</td>
</tr>
<tr>
<td>Financial Regulation</td>
<td>62.99%</td>
<td>29.92%</td>
<td>22.83%</td>
<td>14.17%</td>
</tr>
<tr>
<td>Digital Regulation</td>
<td>15.75%</td>
<td>16.54%</td>
<td>10.24%</td>
<td>3.94%</td>
</tr>
</tbody>
</table>

**CHART 13.** Degree of progress of institutional frameworks in Spain & EU  
*Source: EduFin Survey*

<table>
<thead>
<tr>
<th>Framework</th>
<th>Advanced</th>
<th>Medium</th>
<th>Non-existent</th>
<th>I do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Education Strategy</td>
<td>47%</td>
<td>28%</td>
<td>17%</td>
<td>9%</td>
</tr>
<tr>
<td>Financial Inclusion Strategy</td>
<td>41%</td>
<td>23%</td>
<td>17%</td>
<td>9%</td>
</tr>
<tr>
<td>Financial Regulation</td>
<td>67%</td>
<td>22%</td>
<td>28%</td>
<td>16%</td>
</tr>
<tr>
<td>Digital Regulation</td>
<td>17%</td>
<td>10%</td>
<td>9%</td>
<td>6%</td>
</tr>
</tbody>
</table>

**CHART 14.** Degree of progress of institutional frameworks in Mexico  
*Source: EduFin Survey*

<table>
<thead>
<tr>
<th>Framework</th>
<th>Advanced</th>
<th>Medium</th>
<th>Non-existent</th>
<th>I do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Education Strategy</td>
<td>59%</td>
<td>29%</td>
<td>18%</td>
<td>29%</td>
</tr>
<tr>
<td>Financial Inclusion Strategy</td>
<td>65%</td>
<td>6%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Financial Regulation</td>
<td>82%</td>
<td>25%</td>
<td>29%</td>
<td>20%</td>
</tr>
<tr>
<td>Digital Regulation</td>
<td>24%</td>
<td>12%</td>
<td>6%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**CHART 15.** Degree of progress of institutional frameworks in USA  
*Source: EduFin Survey*

<table>
<thead>
<tr>
<th>Framework</th>
<th>Advanced</th>
<th>Medium</th>
<th>Non-existent</th>
<th>I do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Education Strategy</td>
<td>83%</td>
<td>50%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Financial Inclusion Strategy</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>33%</td>
</tr>
<tr>
<td>Financial Regulation</td>
<td>83%</td>
<td>33%</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Digital Regulation</td>
<td>15%</td>
<td>10%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**CHART 16.** Degree of progress of institutional frameworks in South America  
*Source: EduFin Survey*

<table>
<thead>
<tr>
<th>Framework</th>
<th>Advanced</th>
<th>Medium</th>
<th>Non-existent</th>
<th>I do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Education Strategy</td>
<td>5%</td>
<td>15%</td>
<td>44%</td>
<td>10%</td>
</tr>
<tr>
<td>Financial Inclusion Strategy</td>
<td>15%</td>
<td>24%</td>
<td>49%</td>
<td>10%</td>
</tr>
<tr>
<td>Financial Regulation</td>
<td>46%</td>
<td>54%</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>Digital Regulation</td>
<td>5%</td>
<td>10%</td>
<td>22%</td>
<td>20%</td>
</tr>
</tbody>
</table>
5 QUESTIONS

Inequality

This block included 5 questions about the role of financial education as a lever to fight inequalities.

When asked participants about what they consider to be the main role of financial education in the fight to reduce inequality, the distribution of responses is very uniform and none of the options stands out among the rest.

**CHART 17.** What do you think is the role of financial education in the fight to reduce inequality?
Source: EduFin Survey

<table>
<thead>
<tr>
<th>Role of Financial Education</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>It contributes to greater financial inclusion</td>
<td>24.11%</td>
</tr>
<tr>
<td>It helps people avoid falling into financial vulnerability and therefore exclusion</td>
<td>26.79%</td>
</tr>
<tr>
<td>It encourages conscious behaviors that could lead to an improvement in well-being</td>
<td>26.19%</td>
</tr>
<tr>
<td>It promotes equal access to opportunities</td>
<td>22.92%</td>
</tr>
</tbody>
</table>

68.99% of the respondents fully agree with the statement “financial inclusion is a key and necessary element to achieve a more equitable and fair society.”

When asked about the main measures that can contribute to the reduction of inequality, respondents consider that providing digital financial education is the most decisive one (38.98%), ahead of favoring access to credit (27.54%).

**CHART 19.** In your opinion, what are the main measures that can contribute to reducing inequality?
Source: EduFin Survey

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encouraging access to credit</td>
<td>27.54%</td>
</tr>
<tr>
<td>Ensuring access to digital financial services (including mobile payments or digital subsidies)</td>
<td>33.47%</td>
</tr>
<tr>
<td>Providing digital financial education</td>
<td>38.98%</td>
</tr>
</tbody>
</table>

In relation to financial informality, respondents show a moderate degree of agreement. Less than half of the respondents fully agree with the statement “Financial education reduces financial informality.”

**CHART 20.** Rate this statement: “Financial education reduces financial informality”
Source: EduFin Survey

<table>
<thead>
<tr>
<th>Agreement Level</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>I totally disagree</td>
<td>0.78%</td>
</tr>
<tr>
<td>Disagree</td>
<td>3.10%</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>23.26%</td>
</tr>
<tr>
<td>Agree</td>
<td>44.19%</td>
</tr>
<tr>
<td>I totally agree</td>
<td>27.13%</td>
</tr>
</tbody>
</table>
Regarding the degree of impact of financial education on specific groups, the groups where financial education can have the greatest impact to reduce inequality are SMEs and the self-employed, women, young people and migrants.

**CHART 21. What degree of impact do you consider that financial education aimed at specific groups has in terms of reduction of inequality?**

*Source: EduFin Survey*
COVID-19

This block includes eight questions about financial education related challenges for the respondents under the current situation and considering the effects of the pandemic.

78.74% of the respondents consider that the COVID-19 crisis has changed their financial priorities.

After COVID-19, 8 out of 10 respondents would change some financial behavior from the past.

Among the suggested behaviors that respondents would modify, saving more is the most selected behavior (28.63%) followed by diversifying investment portfolios (21.17%) and reducing debt level (19.34%).

The main short-term financial problem that respondents foresee after Covid-19 is the lack of capacities to face unexpected financial events (27.32%). This includes having a savings cushion, having insurance, maintaining an adequate level of debt and diversifying the risk of investments. In second and third place the lack of knowledge for the use of digital financial services (20.16%) and the difficulties in accessing digital services (14.85%) were the most selected responses.
The survey ended with an open question regarding the topics that should be included on the financial education agenda in the next 5 years. After coding the responses received, we can conclude that participants consider digital financial education, financial education at school and consumer protection as the main challenges to be addressed. The following graph includes a list of all topics:

**CHART 27. In your opinion, what today’s key challenges?**

- Building financial resilience: 21.66%
- Ensuring digital financial education that enables individuals to use digital financial products and services: 17.38%
- Guaranteeing universal financial inclusion: 16.37%
- Being a priority issue on the public agenda: 18.64%
- Ensuring cooperation between the different players involved in financial education: 15.62%
- Reducing financial informality: 10.33%

The respondents consider the main challenges that financial education will face are to build financial resilience (21.66%) and to be considered a priority issue on the public agenda (18.64%).

**CHART 26. What key financial troubles are people facing in the context of Covid-19 that could be solved via short-term action?**

Source: EduFin Survey

- Lack of access to the financial system: 12.73%
- Difficulties accessing digital services: 14.85%
- Lack of access to digital payments: 7.16%
- Lack of literacy for using digital financial services: 20.16%
- Lack of skills to face unexpected financial events (having an emergency fund, lack of insurance policies, keeping an adequate level of debt and diversifying investment risks): 27.32%
- Lack of trust in financial service providers: 11.14%
- Fear of suffering a cyber-attack: 6.63%

Impact studies and measurement of financial education programs: 0.85%
Sustainability: 1.69%
Financial Health: 1.69%
Regulation and policies (public and private): 3.39%
Lifelong financial education: 3.39%
Disclosure: 5.93%
Financial education for vulnerable populations: 8.47%
Financial resilience: 8.47%
Financial Inclusion: 9.32%
Consumer protection: 11.02%
Financial education in the school curriculum: 14.41%
Digital financial education: 31.36%

**CODING**

- Digital financial education: considers the access and use of digital financial instruments and services including access risks (digital exclusion) and of use (security)
- Financial education in the educational curriculum: financial training in all stages of basic education
- Consumer protection: includes issues such as transparency and protection against over-indebtedness and access to credit
- Financial inclusion: includes access to financial services and products, reduction of informality, accessible digital financial services and specific instruments and solutions to guarantee access to basic financial services and under special conditions for certain groups
- Resilience
- Financial education for vulnerable groups: includes vulnerable households and those at risk of financial exclusion, young people, women, the elderly, SMEs and entrepreneurs, and the financial education gaps in certain groups
- Dissemination: financial knowledge, skills, savings capacities, investment, welfare and insurance, in the mass media, accessible to all parts of society, including specific advice from a financial educator
- Lifelong Financial Education - Refers to providing lifelong financial learning knowledge and skills
- Regulation and policies (public and private): includes topics such as the effect of financial education on the level of financial stability and other macroeconomic variables
- Financial health
- Sustainability
- Impact studies and measurements of financial education programs