



*National Council
of Financial Supervisors*

PORTUGUESE NATIONAL PLAN FOR FINANCIAL EDUCATION

PRINCIPLES FOR
FINANCIAL EDUCATION INITIATIVES



ASF
Autoridade de Supervisão
de Seguros e Fundos de Pensões



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OVERVIEW

The aggregating role of the Portuguese National Plan for Financial Education

The Portuguese National Plan for Financial Education (Plano Nacional de Formação Financeira) provides a framework for the development of financial education initiatives, promoted by the National Council of Financial Supervisors (Conselho Nacional de Supervisores Financeiros - CNSF). The Portuguese Plan defines the medium and long-term financial education goals, as well as the main areas of action to be developed against a set of target groups.

The Portuguese Plan proposes to coordinate the efforts of various stakeholders and encourage their participation in financial education initiatives, aiming for a multiplier effect. This will be achieved by replicating the already existing initiatives, implementing and supporting new initiatives and encouraging synergies between the stakeholders.

The Portuguese Plan thus recognises the need to engage a wide diversity of public and private sector stakeholders, so that the financial education initiatives reach the respective target groups (e.g. students, workers, vulnerable groups and the unemployed) and cover a broad territory. In a context of scarce resources, the coordinated involvement of the stakeholders engaged in financial education will allow, on the one hand, to attract resources to financial education and, on the other, to use them more efficiently, which is crucial for the sustainability and success of the Portuguese Plan.

INTERNATIONAL NETWORK ON FINANCIAL EDUCATION (INFE) HIGH-LEVEL PRINCIPLES ON NATIONAL STRATEGIES (NS) FOR FINANCIAL EDUCATION

The Role of Main Stakeholders

(...)

Public authorities

All potentially relevant public stakeholders should be involved, to the extent possible, including the government (and in particular the Ministries of Finance and Education), the Central Bank, the financial regulator(s) and supervisor(s), as well as other public authorities.

(...)

Private sector and financial service providers

Owing to the expertise and resources of market players and in particular financial institutions', their role in financial education and in the development of related NS should be promoted as a component of their social responsibility and good governance and follow appropriate practices.

The private sector contribution to financial education should be monitored and guided in order to manage potential conflicts of interests. The actions of national associations or self regulatory bodies should be encouraged as well as the private sponsorship of public or civil programmes. The enforcement of national and/or international quality standards and/or codes of conduct for the development and implementation of financial education programmes by the private sector should be actively supported. More generally, the development of financial education programmes by the private sector or other sectors' actors should not involve the promotion and/or marketing of specific financial products or services. Dedicated national charters and/or codes of conduct should be developed. Other partners, such as relevant nongovernmental organisations, trade unions, consumer associations, employers, media and other national disseminators (e.g. public servants) should also be involved in the NS framework development and/or its implementation

The importance of defining principles for financial education initiatives

The sharing of resources by the public and private sector stakeholders engaged in financial education initiatives is important to create a pool of materials and to multiply the effect of the financial education actions. The Plan's Portal will play a key role in aggregating and disseminating financial education initiatives.

However, resource sharing by all interested stakeholders and subsequent dissemination in the Plan's Portal requires prior validation and selection of the financial education initiatives (actions or materials), to guarantee that they are in line with the objectives and quality standards of the Portuguese Plan.

The principles for the financial education initiatives within the framework of the Portuguese Plan aim at defining the guidelines and criteria to ensure the quality and impartiality of the financial education initiatives to be disclosed in the Plan's Portal.

Although the Portuguese Plan does not explicitly confer a 'certification' or a 'quality stamp' on financial education initiatives, their disclosure in the Plan's Portal constitutes an implicit validation by the financial supervisors, as they are the entities responsible for managing this Portal.

Therefore, defining the principles for the initiatives of the Portuguese Plan's initiatives is all the more relevant, as this Plan is promoted by the financial supervisors. Their responsibilities within financial market supervision increase the need to guarantee the accuracy and impartiality of financial education initiatives.

This concern is particularly relevant in the case of projects promoted by financial sector institutions, due to a potential conflict of interest between their commercial activity and their financial education initiatives, which may come to light in institutional advertising, or even in advertising of specific financial products and services. This does not mean that financial sector institutions should be excluded from financial education initiatives, as their experience in this field is an important contribution to the enrichment of financial education actions and materials; however, their involvement should be appropriately weighed.

The management of potential conflicts of interest in the promotion of financial literacy has been at the top of the international financial education agenda and was also addressed at the meeting held on 11 November 2011 between the National Council of Financial Supervisors and the Monitoring Committees of the Portuguese National Plan for Financial Education. This meeting also discussed the importance of defining principles for the financial education actions and materials, in particular when financial sector institutions are involved.

In addition, the Protocol signed between Banco de Portugal and the Ministry of Education on institutional cooperation regarding the introduction of the financial education into school curricula, also envisages the need to define guiding principles for the education actions conducted by financial sector institutions in schools.

As the principles for financial education initiatives within the framework of the Portuguese Plan are of general application, they also meet the need felt by the Ministry of Education – set out in the above-mentioned Protocol – to guide and define the way in which financial sector institutions promote education initiatives in schools, specifically as regards extra-curricular activities. Thus, there is no need to define specific principles for financial education in schools, as the issues are common across all contexts where financial education initiatives are implemented (e.g. schools, workplaces, universities, vocational training institutes).

The approach adopted in the Principles

International experience in defining principles for financial education initiatives is not extensive. Some countries, however, have defined guidelines, such as the following:

- financial education shall promote financial literacy and shall not be an instrument for marketing or advertising financial products and services;
- financial education shall be objective, accurate, up-to-date and accessible and shall comply with the national strategy guidelines and the standards defined for education in general;
- rules shall be defined for the use of the logo and the brand or other form of identification of promoting stakeholders.

The principles adopted for financial education initiatives apply to financial education actions and materials, and set out the goals to be achieved and the criteria regarding accuracy, timeliness and impartiality, so that the projects may be considered within the framework of the Portuguese Plan and be disseminated through the respective Portal. The National Council of Financial Supervisors, which is responsible for defining these principles and for evaluating that initiatives comply with them, delegates their implementation to the Coordinating Committee of the Portuguese Plan. The manner in which financial sector institutions may participate in financial education initiatives deserves special consideration in this document. Financial sector institutions may be involved, as they currently promote initiatives and allocate significant resources to financial education; however, their intervention should preferably be made through the respective sector associations.

The impartiality principle clearly establishes that financial education actions and materials shall not be used as marketing or advertising vehicles, and shall not make explicit references to financial sector institutions or specific financial products or services. Rules are defined for the use of logos and brands of the promoters and associated stakeholders. Moreover, as regards the financial sector, the participation of financial sector institutions must fall within the framework of the respective sector association, which shall be the promoting entity. Joint initiatives by several financial sector institutions are also encouraged.

Initiatives promoted by one or more financial sector institutions will not be considered within the framework of the Portuguese Plan, unless these initiatives are within the framework of an association. This option is intended to deal with potential conflicts of interest between the commercial activity of the institutions and their financial education initiatives. It is also due to the fact that the main promoters of the Portuguese Plan are actually the financial supervisors. Indeed, the disclosure of financial education initiatives promoted by one institution or a group of financial sector institutions could be seen as recognition by financial supervisors of the institutions' performance quality. This recognition might give rise to a broader interpretation than that referring only to the financial education initiative in question.

The requirement to have a financial sector association as promoting entity also enables these associations to create room for more active involvement in financial education, which provides better assurance of impartiality. In addition, they may benefit from resources channelled from the financial sector institutions, should the latter deem it relevant to be associated with the Portuguese Plan as part of their social responsibility activities.



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27,655.14

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11

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PRINCIPLES FOR FINANCIAL EDUCATION INITIATIVES WITHIN THE FRAMEWORK OF THE PORTUGUESE NATIONAL PLAN FOR FINANCIAL EDUCATION

Preamble

The Portuguese Plan, as an instrument to support and coordinate financial education projects, aims to promote the active participation of various public and private sector stakeholders in developing actions and producing financial education materials.

International experience in this area shows the importance of the involvement of public and private sector stakeholders in financial education. When correctly framed and monitored, this has often been crucial to the success and sustainability of national financial education plans or strategies.

In the various countries where they have been developed, financial education strategies also acknowledge the importance of the involvement of financial sector entities in promoting financial education. However, the need to prevent conflicts of interest arising from their participation in financial education and their commercial activity is internationally acknowledged. In this context, these Principles will provide a framework for the different stakeholders wishing to develop actions and produce financial education materials to be included within the scope of the Portuguese Plan, thereby endeavouring to ensure the quality and impartiality of their involvement, and providing those receiving the education with appropriate criteria for appraising the different initiatives.

The dissemination of the financial education actions and materials through the Portal of the Plan must comply with these Principles.

Principles

1. Scope

1.1. This document establishes the principles governing financial education initiatives within the framework of the Portuguese Plan.

1.2. Financial education initiatives consist of financial education actions and materials.

1.3. Financial education initiatives may be carried out by public or private sector stakeholders, without prejudice to the provisions of number 2.3.

1.4. The definition of these principles does not cover specialised training of financial sector professionals, nor education pursuant to academic degrees in financial areas.

2. Concepts of financial education actions and materials and promoting entities

2.1. Financial education actions shall mean face-to-face financial education initiatives, namely classroom sessions, conferences, seminars and workshops, pursuant to the objectives defined in number 3.

2.2. Financial education materials include the manuals, Web contents, booklets, leaflets, advertisements and posters that may be used in the actions mentioned in the foregoing number, and which comply with the objectives defined in number 3.

2.3. Promoting entities shall mean the public and private sectors stakeholders responsible for developing actions and producing financial education materials. Financial sector institutions may only participate in the preparation and implementation of said initiatives when developed jointly with the respective sector associations, in which case the latter shall be the promoting entities for the purposes of the provisions laid down in these Principles.

3. Objectives of financial education initiatives

3.1. The objectives of financial education initiatives are:

- a. to promote understanding of basic financial concepts among the target group;
- b. to strengthen the target group's skills in managing their personal finances;
- c. to improve the target group's ability to take financial decisions and make informed choices;
- d. to enhance the general understanding of financial products, so that targeted groups can properly weigh up risks and opportunities;
- e. to increase the ability to recognise when to ask for advice or additional information.

3.2. Financial education initiatives also pursue the goals defined for the Portuguese Plan, namely:

- a. to raise the population's awareness and understanding of basic financial issues ;
- b. to support financial inclusion, namely by providing information on how to access basic banking services;
- c. to develop savings habits, by promoting appropriate choices among the population in the investment of their savings so as to ensure levels of remuneration and risk suited to the consumer's profile;
- d. to promote the responsible use of credit by the population and raise awareness about the risks of over-indebtedness;
- e. to create precautionary habits, by raising the population's awareness of situations indicating potential fraud or situations of risk that may infringe their rights.

4. Form and content

4.1. The language and content of financial education actions and materials must take into account the characteristics of the targeted group.

4.2. Financial education actions and materials shall be presented in a pedagogical way, in order to contribute to increased knowledge and understanding of financial issues.

4.3. Financial education actions must be clearly identified, namely by indicating the name of the initiative, the provider, the date and venue and the conditions for participation.

4.4. Financial education materials must be clearly identified, namely by indicating their title, the author(s), the date of publication and the edition.

4.5. Financial education manuals must clearly state the goals of the financial education, the topics addressed and the availability and conditions of accessibility. For that purpose, situations where use of those materials is restricted must be clearly identified, namely in compliance with applicable law.

5. Principles of accuracy and timeliness

Information provided in financial education actions and materials shall be:

- a. accurate and complete;
- b. up-to-date and relevant, taking into account the characteristics and interests of the targeted group.

6. Principle of impartiality

6.1. Financial education actions and materials shall provide impartial and objective information, be free of any value judgments and present different viewpoints where relevant.

6.2. Excluding the cases described in the number below, financial education actions and materials shall not be used as marketing or advertising vehicles and, as such, shall not make explicit references to financial institutions or specific financial products or services.

7. Conditions of use of the promoting entity's logo and brand

Without prejudice to the principle of impartiality:

7.1. The use of the logo and references to brands in financial education actions and materials must be appropriate and aimed solely at identifying the initiative's promoting entities. In the cases where financial sector institutions participate in the initiatives, the logo or reference to their brand shall only be used together with those of the respective representative associations.

7.2. In books, guides, manuals or brochures, the logo or reference to the brand must appear on the cover of the material, occupying an area of less than 5 per cent (if there is only one promoting entity) or 10 per cent (if the initiative is promoted by several entities) of the total.

7.3. On posters, the logo or reference to the brand must appear at the bottom, occupying a maximum area of 5 per cent of the total.

7.4. In the cases mentioned in previous subparagraphs, the use of the logo or brand must be in balance with the text of the financial education material.

8. Trainers qualification requirements

Financial education actions must be provided by trainers with adequate financial knowledge and teaching skills.

9. Evaluation

9.1. Financial education actions must incorporate evaluation methods that make it possible to measure results based on pre-established objectives.

9.2. This evaluation may include the following:

- a. assessment of implementation indicators (e.g. number of participants);

- b. measurement of knowledge acquired (e.g. a questionnaire before and after the action);
- c. identification of factors that may lead to changes in financial behaviour and attitudes in the medium term.

10. Disclosure of actions and materials on the Plan's Portal

10.1. Financial education actions and materials that are prepared in accordance with the principles described here may be disclosed on the Plan's Portal, provided that the author or responsible entity so authorises.

10.2. The National Council of Financial Supervisors is responsible for the disclosure of the actions and materials aligned with the objectives of the Portuguese Plan, delegating this management to the Coordinating Committee of the Portuguese Plan, under expressly established provisions.

