



# **THE NEW GENERATION OF FINANCIAL SERVICES CONSUMERS**

**The role of financial literacy in supporting  
consumer financial resilience**

**Flore-Anne Messy**

Head - Insurance, Private Pensions, Financial Markets  
Directorate for Financial and Enterprise Affairs



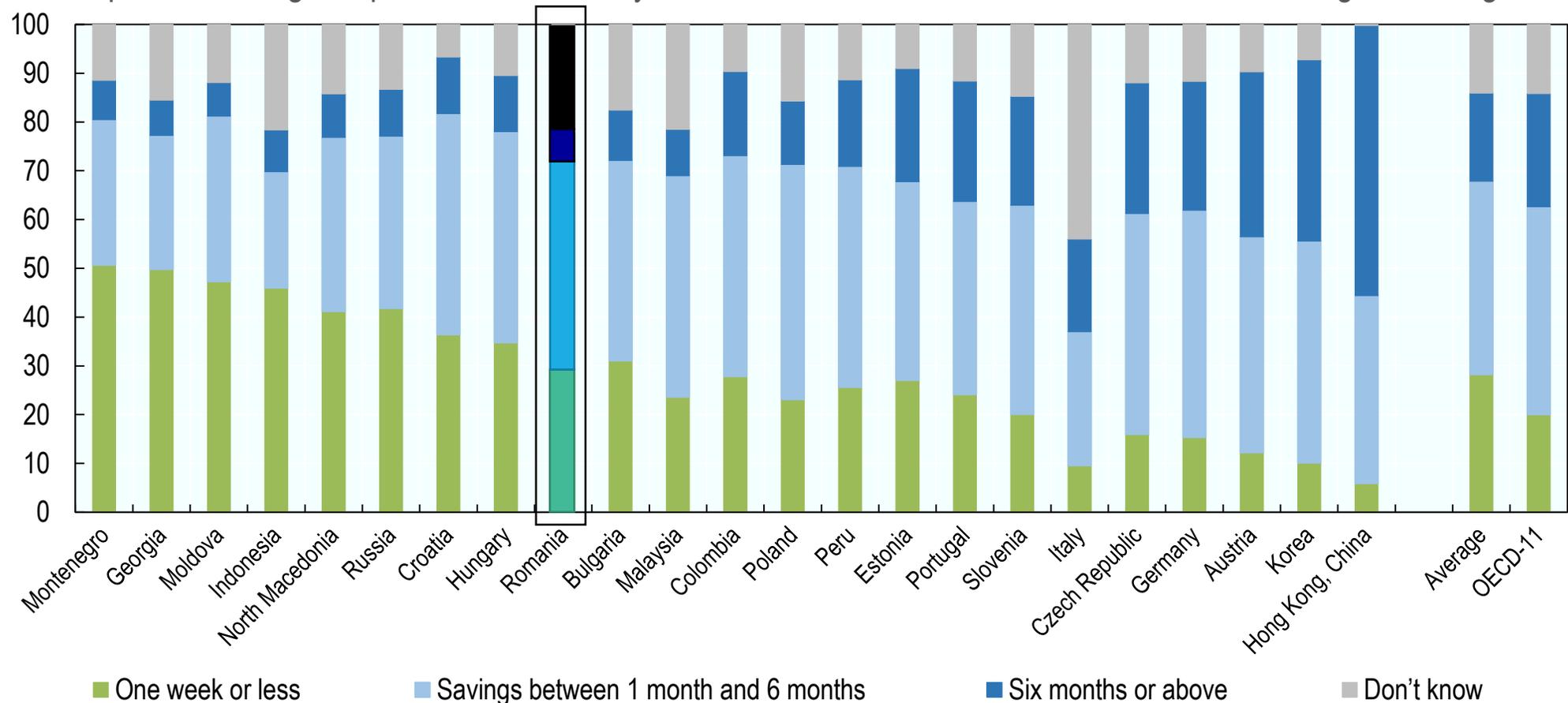
## What is the issue:

- **Limited financial resilience** across economies



# Overall low levels of financial resilience across economies, especially in SEE

**Availability of a financial cushion in case of income loss:** Percentage of people who could continue to cover living expenses for a given period of time if they lost their main source of income, without borrowing or moving house

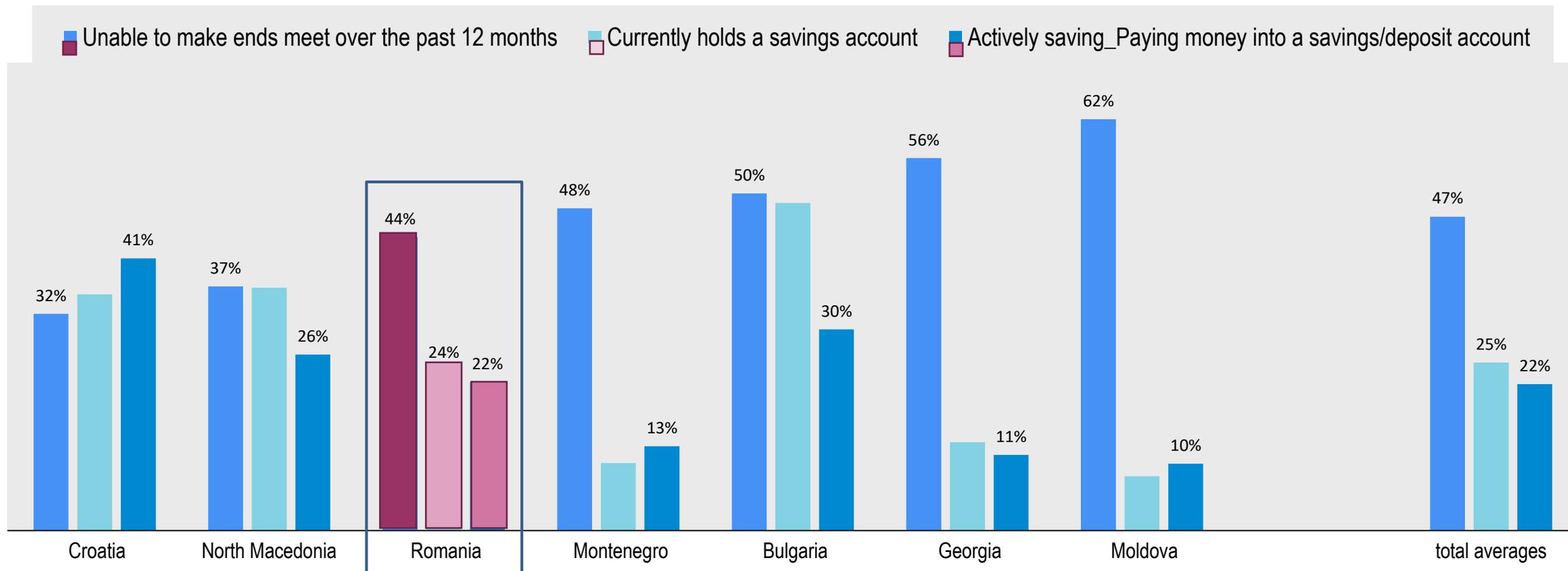


Source: OECD (2020), [OECD/INFE 2020 International Survey of Adult Financial Literacy](#)



# Almost half respondents in the region were **already unable to making ends meet** before the pandemic hit, and **less than a quarter were active savers**

Percentage of unable to make ends meet and active savers in the region  
(pre-COVID-19 data)

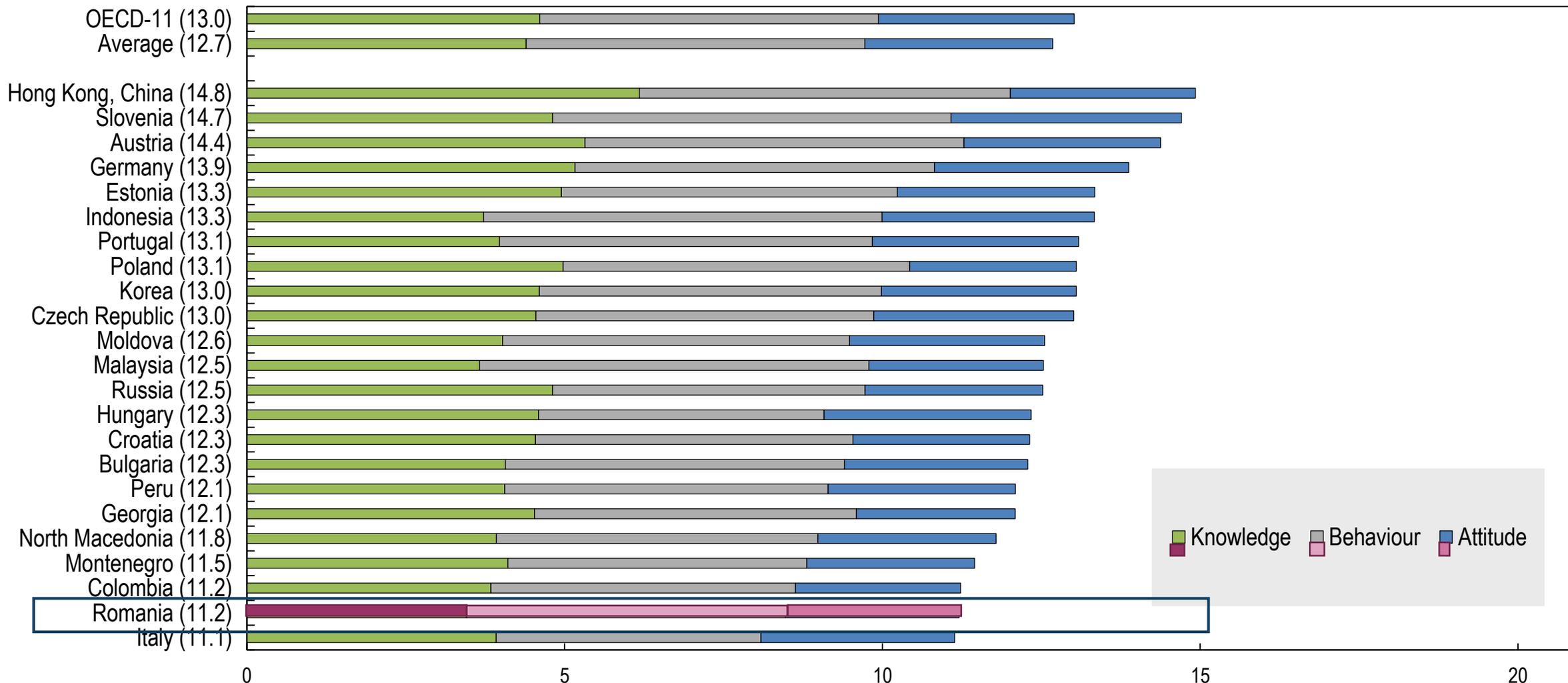


Source: OECD (2020), [Financial Literacy of Adults in South East Europe](#)



# Low levels of financial resilience are associated with low levels of financial literacy

Financial literacy score (out of 21)





# In SEE, specific **vulnerable groups** attain even lower financial literacy scores and require tailored attention and support



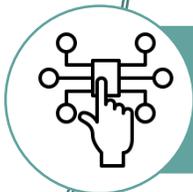
Young people attain lower knowledge, attitudes and behaviour scores than the rest of the population :they save less, do not keep watch on their finances, do not consider the long term consequences of their financial decisions, risking future financial stress and reduced financial wellbeing.



Women have lower financial knowledge scores of men across the entire SEE region, but also in all the individual countries



The financial knowledge and behavior scores of rural residents appear lower than those of **urban residents** across the entire SEE region & in all the individual countries



Digitally illiterate individuals also achieve lower financial knowledge scores and exhibit less resilient financial behaviour patterns.



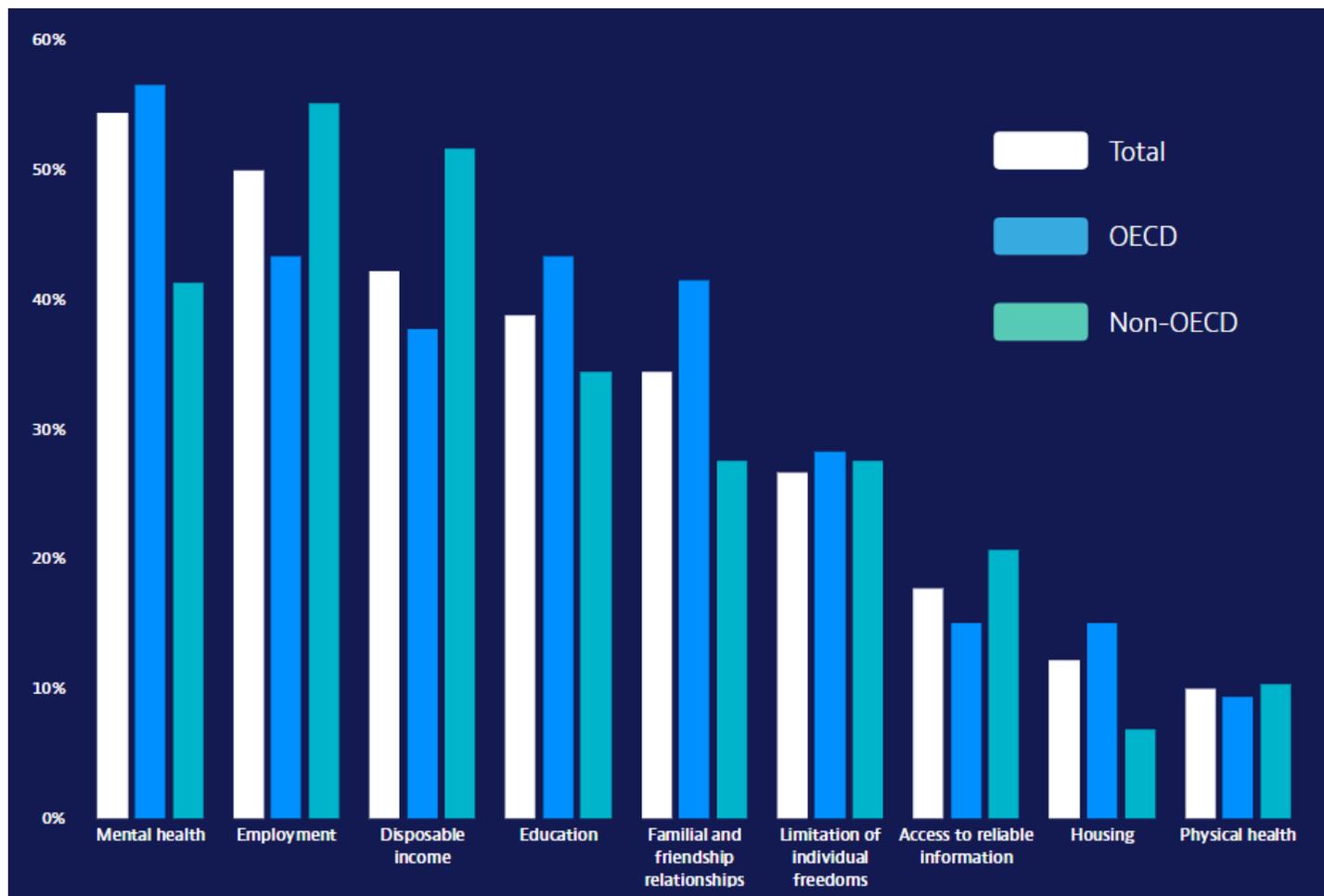
Seniors have lower financial knowledge and consistently lower scores compared to the middle age group.



# These vulnerable groups have also been most hardly hit by the pandemic.

## For example, young people...

*Youth express greatest concerns about mental health, employment and disposable income impacts of the COVID-19 crisis.*



Source: OECD Survey on COVID-19 and Youth

- > Evidence from the beginning of the crisis demonstrates that young people (15-24) were most affected by the rise in unemployment between February and March;
- > In the face of a loss or a drop in income, young people are more likely to fall into poverty, as they have fewer savings to fall back on
- > As illustrated by previous economic shocks, young people graduating in times of crisis will find it more difficult to find decent jobs and income, which are likely to delay their path to financial independence
- > More than a decade after the financial crisis, youth unemployment rate across OECD countries remains above pre-crisis levels



What can **financial education**  
policymakers and providers do

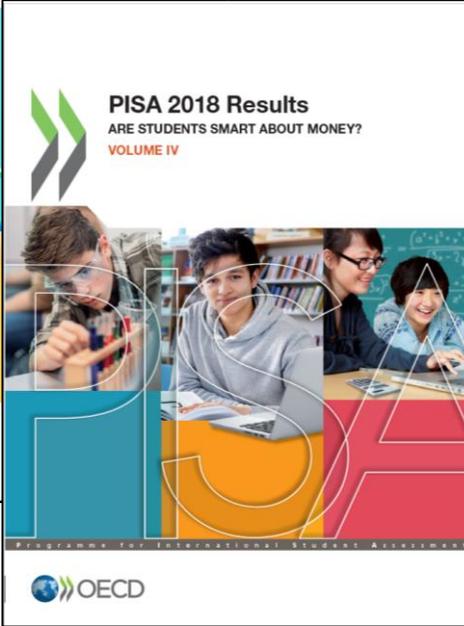
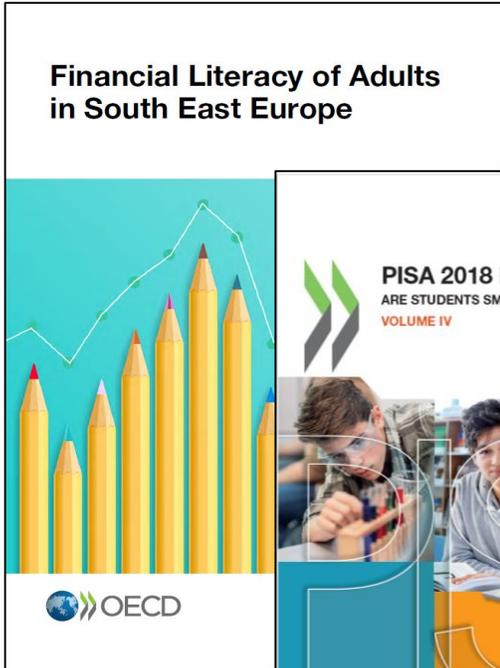
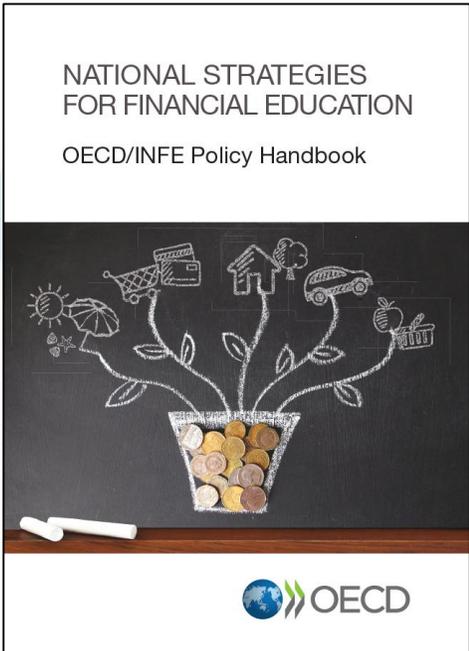
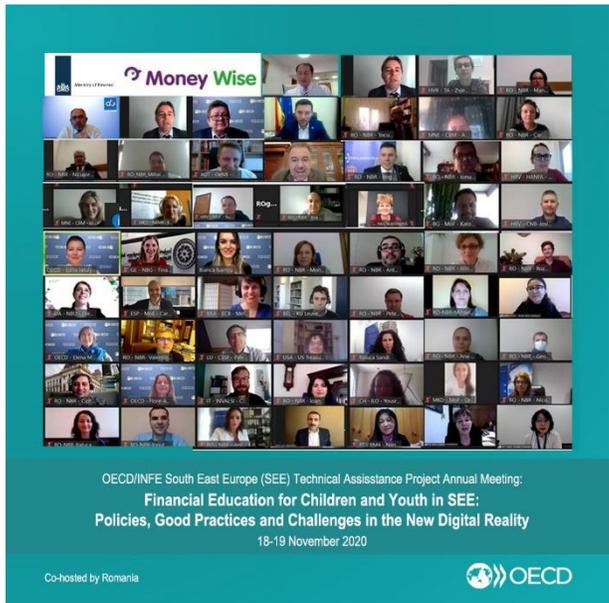


# Policy makers & financial education providers should strengthen their commitment to supporting financial literacy and financial resilience

Enhance collaborations

Focus on fundamental skills & prioritise vulnerable groups

Test, measure & evaluate





# OECD resources and long term journey to support **financial resilience**



March-May 2020 - Policy notes on responses to the COVID-19 crisis

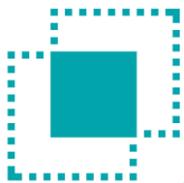
Supporting the Financial Resilience of Citizens throughout the COVID-19 Crisis

Financial Consumer Protection responses to COVID-19



Since 2008- OECD/INFE work on how financial education can support:

- Short/Long-term savings/investment and sound credit behaviour
- Digital financial literacy/inclusion
- Needs of vulnerable groups including women, young people, seniors, MSMEs, etc.



2020- OECD Recommendation on Financial Literacy adopted by OECD Council at Ministerial level on 29 October 2020

→ *One-stop-source to design, implement and evaluate effective financial literacy initiatives*

# OECD Recommendation on Financial Literacy adopted by OECD Council

## Key areas of the recommendation:

### 1. National strategies for financial literacy

- Including how to address the needs of vulnerable groups and support financial resilience.

### 2. Financial literacy and the various sectors of the financial landscape

- Especially on saving, pensions, investments, credit and insurance
- Taking into account the increased digitalisation of finance

### 3. Effective delivery of financial literacy programmes

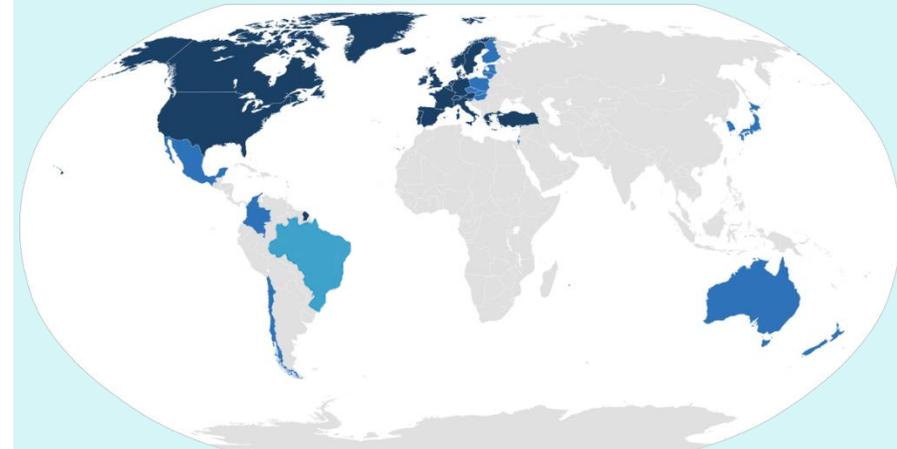
- Including digital delivery, the use of behavioural insights and the evaluation of such initiatives



**Covid-19:** Strong relevance in meeting challenges to financial wellbeing and resilience

## ADHERENCE

- > Non-Members and accession countries will be invited to adhere to the recommendation (political commitment, not legally binding)
- > Non-Members adherence through commitment letter



- > Implementation of recommendation with support from implementation guidance developed by the OECD
- > For OECD members, monitoring and assessment process every five years, led by OECD, and reported to OECD Council



# Further resources

## COVID-19 RESPONSES

[Supporting the Financial Resilience of Citizens throughout the COVID-19 Crisis](#)

[Financial Consumer Protection responses to COVID-19](#)

[Global Financial Markets policy responses to COVID-19](#)

[Strengthening Seniors' Financial Well-being throughout the COVID-19 Crisis and its Aftermath](#)

## (DIGITAL) FINANCIAL INCLUSION

[Policy Guidance on Financial Empowerment for Vulnerable Groups](#)

[G20 Fukuoka Policy Priorities on Aging and Financial Inclusion](#)

[G20/OECD INFE Policy Guidance Digitalisation and Financial Literacy](#)

[Advancing the Digital Financial Inclusion of Youth](#)

## SAVING, CREDIT, INVESTMENTS

[Financial Education, Savings and Investments: An Overview](#)

[Financial Education for Long-term Savings and Investments](#)

[The role of financial education in supporting decision-making for retirement](#)

[OECD/INFE policy framework for investor education](#)

[Short-Term Consumer Credit: provision, regulatory coverage and policy responses.](#)

## WOMEN AND GIRLS

[OECD/INFE Policy guidance on addressing women's and girls' needs for financial awareness and education](#)

[Women and Financial Education: Evidence, Policy Responses and Guidance](#)

## YOUNG PEOPLE

[PISA 2018 Results Are Students Smart about Money?](#)

[Policy handbook on financial education for young people in the Commonwealth of Independent States](#)

## MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES

[Financial Education for MSMEs and Potential Entrepreneurs](#)

[OECD/INFE Core Competencies framework on Financial Literacy for MSMEs](#)

[OECD/INFE Progress Report on Financial Education for MSMEs and Potential Entrepreneurs](#)



# Thank you

## Flore-Anne Messy

Head - Insurance, Private Pensions, Financial Markets  
Directorate for Financial and Enterprise Affairs

Discover more about the OECD at [oecd.org/about](https://www.oecd.org/about)



[@theOECD](https://www.facebook.com/theOECD)



[@OECD](https://twitter.com/OECD)



[OECD-OCDE](https://www.linkedin.com/company/OECD-OCDE)



[@the\\_OECD](https://www.instagram.com/the_OECD)

International Gateway for Financial Education - [www.oecd.org/financial/education](https://www.oecd.org/financial/education)

Supporting the financial resilience of citizens throughout the COVID-19 crisis - [www.oecd.org/coronavirus/en/](https://www.oecd.org/coronavirus/en/)