



*Conselho Nacional
de Supervisores Financeiros*

NATIONAL PLAN FOR FINANCIAL EDUCATION

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ASF
Autoridade de Supervisão
de Seguros e Fundos de Pensões



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PORTUGAL
EUROSISTEMA



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Banco de Portugal

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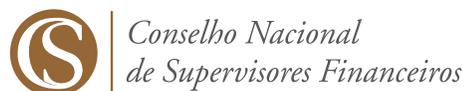
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GUIDELINES

Banco de Portugal

Comissão do Mercado de Valores Mobiliários (CMVM)

Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF)

With the endorsement of the Minister of State and Finance

May 2011

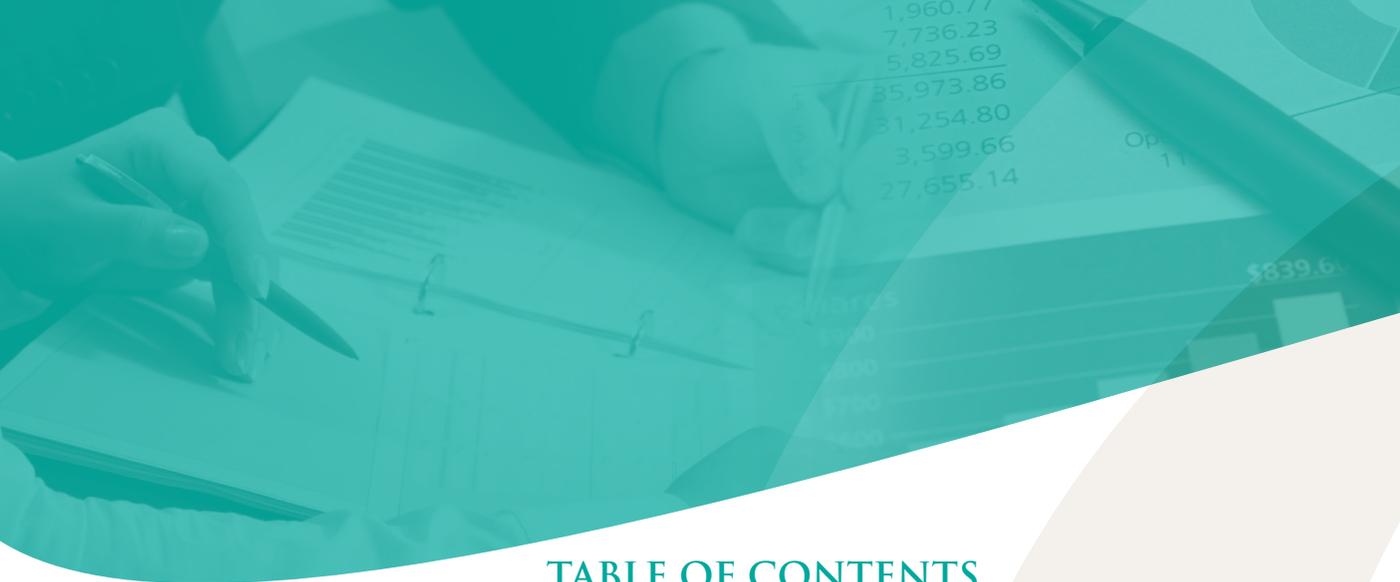


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PRELIMINARY NOTE

The National Plan for Financial Education (PNFF) was prepared by a Working Group, appointed by the National Council of Financial Supervisors (CNSF), which included representatives of the three financial regulators – *Banco de Portugal* (BdP - Central Bank of Portugal), *Comissão de Mercado de Valores Mobiliários* (CMVM - Portuguese Securities Market Commission) and *Autoridade de Supervisão de Seguros e Fundos de Pensões* (ASF - Insurance and Pension Funds Supervisory Authority).¹

Following the approval by the CNSF of the proposal submitted by the Working Group, this document discloses the main guidelines for the PNFF, which is intended to be an instrument aimed at establishing a framework for the stimulation and dissemination of financial education projects. In this context, the entities with particular interest in the area of financial literacy, both public and private, are invited to convey comments and contributions considered relevant to this Plan.

The PNFF has a time horizon of five years, covering the period from 2011 to 2015, taking into account the period of implementation necessary to the nature of the projects and areas of action included therein.

The first part of this document provides evidence of the importance of preparing a national plan as a framework for projects promoting financial literacy and includes an overview of the best international practices in this area.

The second part presents the guidelines for the PNFF: the general objectives to be achieved through its implementation (part II.2), the creation of the PNFF Portal (part II.3) and the areas of action to be developed over the medium to long term that require the involvement of a broad and diversified group of partners (part II.4). This second part also contains a governance model suited to the nature of the projects to be developed (part II.5), as well as initiatives for its dissemination (part II.6). Finally, it provides a description of the models for evaluation of the Plan and projects included therein, which, pursuant to the best international practices, should be an integrated part of the Plan.

With the guidelines herein presented, which are to be developed with the different partners to be involved in its implementation, the PNFF assumes the following mission:

The PNFF intends to contribute to increase the level of financial knowledge of the population and to promote the adoption of appropriate financial behaviours, through an integrated vision of financial education projects and through the combination of the efforts of the stakeholders, thus contributing to increase the wellbeing of the population and the stability of the financial system.

¹ At the time of creation of PNFF, Instituto de Seguros de Portugal (ISP).



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PART I |

Why a National Plan for Financial Education?

1. The importance of financial education

In order to understand the importance of financial education it is necessary to begin by defining the concept of financial literacy. One of the first and most quoted definitions at an international level is that of the National Foundation for Educational Research², according to which financial literacy is “the ability to make informed judgements and to take effective decisions regarding the use and management of money”. Over the last decade, the subject of financial literacy has been widely studied and various authors, as well as international organisations developing work in this area, have introduced other definitions, more or less detailed, but whose meaning does not differ from the definition given above. The following can be quoted as examples:

- “Personal financial literacy is the ability to read, analyze, manage, and communicate about the personal financial conditions that affect material well-being. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy”³;
- “The understanding ordinary investors have of market principles, instruments, organizations and regulations”⁴;
- “Individuals are considered financially literate if they are competent and can demonstrate they have used knowledge they have learned. Financial literacy cannot be measured directly

so proxies must be used. Literacy is obtained through practical experience and active integration of knowledge. As people become more financially sophisticated and it is conjectured that this may also mean that an individual may be more competent”⁵;

- “The ability to evaluate the new and complex financial instruments and make informed judgments in both choice of instruments and extent of use that would be in their own best long run interests”⁶.

In this context, financial education contributes to citizens taking informed and confident decisions in all aspects of financial life, such as those related to the management of the monthly budget, the prompt payment of bills, the planning of expenditure and the choice of financial products and services suited to their needs, namely in the investment of savings and use of loans. This means that the financial education of the population plays an important role, in support of both decisions of daily life and complex financial decisions, such as the choice of savings products or long term mortgage loans.

As recognised by the OECD in its Recommendation of July 2005⁷, financial education is a process which endows consumers with a greater understanding of the financial products and promotes the adoption of appropriate financial behaviour. The simple provision of financial information does not necessarily lead to a better perception of the concepts and to an improvement of the decision-making process. Financial education arises as a complement to consumer protection measures and

2 Schagen, S. (1997). *The evaluation of Natwest Face 2 Face with Finance*, National Foundation for Educational Research.

3 Vitt, L. A.; Anderson, C.; Kent, J.; Lyter, D. M.; Siegenthaler, J. K.; & Ward, J. (2000). *Personal Finance and the Rush to Competence: Financial Literacy Education in the U.S.*, Fannie Mae Foundation.

4 Financial Industry Regulatory Authority (2003). *NASD investor literacy research: executive summary*.

5 Moore, Danna (2003). *Survey of financial literacy in Washington State: knowledge, behavior, attitudes and experiences, technical report 03-39*, social and economic Science research Center, Washington State University.

6 Mandel, L. (2007). *Financial literacy of high school seniors*, in Jing J. Xiao (editor), *Advances in Consumer Financial Research*, New York: Springer Publishing 2008.

7 OECD (2005), *Recommendation on Principles and Good Practices for Financial Education and Awareness*.

financial regulation, contributing directly to the greater value added of the instruments regulating transparency and the duties of information of credit institutions and, consequently, to the more efficient functioning of the financial markets. Indeed, well informed citizens, through the choice of financial products suited to their risk profile and needs, help to monitor the markets, thus contributing to the greater stability of the financial system.

The need to promote the financial education of citizens is widely recognised at an international level, especially since the onset of the global financial crisis. This stronger emphasis arises from the fact that the crisis has exposed vulnerabilities in the retail financial market, generally considered as having been at the roots of the crisis and having contributed to spread its effects. The high loan concession which preceded the eruption of the crisis came to be revealed as inappropriate in relation to the financial capacity of the consumers. The great complexity of financial instruments, arising from particularly opaque securitisation structures, contributed to the degree of risk not having been easily perceptible to the consumers.

The offer of savings and loan products in financial markets has become more diversified and complex, with alternatives that are increasingly more difficult to assess by individuals and families. The retail market makes available, for example, savings products with interest rate or capital risk and loans with a period of grace or deferral of capital, which are not always easy to compare with the corresponding simpler products, meaning that consumers are not always fully aware of the effective costs and risks of their choices. This greater complexity also implies that, without adequate financial education, the asymmetry of information between financial institutions and consumers is increasingly more

evident, a factor that, by reducing the negotiating power of the consumer, contributes to undermine the decision-making process.

On the other hand, the international financial crisis was accompanied by an unprecedented decline of wealth (caused by the decreases recorded in the price of real estate and financial assets) whose restoration implies higher levels of savings in a large number of countries. In this context, the correct understanding of the risks involved in the different financial instruments and the appropriate decision-making by consumers assumes particular importance. Furthermore, various countries have experienced a reduction in the benefits associated to social security, which implies a greater transfer of risk and responsibility to consumers, namely with respect to retirement and health plans.

Thus, the greater emphasis attributed to financial literacy, complementary to the strengthening of the regulation and the transparency of information, arises as a way to contribute to a sustainable economic recovery, as well as to the prevention of future crises. In Portugal, these aspects are of particular importance due to the economy's level of debt and low savings rate, aggravated also by the demographic conditions of the country.

In countries where surveys have been carried out on the financial literacy of the population, the results obtained on financial knowledge and on the way of taking financial decisions were always lower than those expected. Moreover, the existing studies show that, not only individuals do not have adequate financial education but they are convinced that they have greater knowledge than is effectively the case.

In view of these results and the recognition of the role of financial education in the stability of the financial system, central banks and regulatory authorities have become increasingly more involved in the definition of national plans for financial education.

2. Diagnosis of needs

The need to develop financial education projects arises from the complexity of financial products, which may make it difficult to compare and assess risks. This also follows from the actual demographic evolution of the population which will require higher savings levels.

This need is also identified from the analysis of a group of indicators resulting from the survey on the financial literacy of the Portuguese population, from the complaints and requests for information made by financial consumers and from the evolution of the debt and savings levels of families.

Indicators from financial literacy surveys

The financial literacy survey carried out by the Banco de Portugal in 2010, allowed to identify financial literacy needs in various fields, some relevant to the population in general and others more specific to certain segments.

In particular, the results of the survey showed the need to create awareness amongst the population on the importance of savings, as a way of wealth accumulation in order to achieve medium and long term objectives. Important gaps have also been identified in terms of the financial education required for the comparison and assessment of bank products and services based on objective criteria, prior to their acquisition.

The surveys carried out by the CMVM on the profile of the Portuguese private investor pointed to the need to increase the education initiatives of the current and potential investors, since the surveys indicated a growing number of people with low schooling and low income levels who, nowadays, participate in the markets of financial instruments. This conclusion is reinforced by the analysis made, through this type of surveys, to the type of products that are most preferred by investors, according to which the growth in the number of investors in shares and bonds almost matches that of investors in Retirement Savings Plans.

Complaints and requests for information made by financial consumers

The complaints and requests for information made by financial consumers also constitute an important source of information, since they enable the identification of areas where there might be possible gaps and needs for financial education.

Of the complaints presented by consumers in retail banking markets, over two thirds address matters concerning deposit accounts, consumer credit and mortgage loans. In a significant amount of these complaints no infraction was observed on the part of the credit institution, which could suggest that there is an incorrect perception, on the part of the consumers, in relation to the subject matter in question, their rights and the responsibility of the credit institutions. In the insurance market, the complaints refer mainly to issues related to the automobile branch, followed by the life branch and the insurance products usually marketed as against fire/multi-risk. Regarding the markets of financial instruments, most of the complaints refer to the provision of insufficient information on the characteristics of the products which are marketed, namely regarding risk, the failure to deliver the simplified prospectus of investment funds and the inadequacy of the products to the risk profile of the investors.

Concerning the requests for information, a significant part involved issues related to banking products (e.g. deposits, mortgage loans, consumer credit), indicating lack of knowledge on their characteristics. With respect to insurance, the search for information concerns the rights arising from accidents and aspects related to the contracting and termination of contracts. The requests for information relative to the markets of financial instruments primarily involve the characteristics of the products as well as public offers and other market operations, distribution of dividends or interests and conditions of participation in general assembly meetings of listed firms.

Indicators of indebtedness

The indebtedness of Portuguese families has, over the last few years, reached values close to 130% of disposable income. On the other hand, as of the end of 2007, there has been an increase in the ratios of non-performing loans granted to individuals, which, while not reaching very significant percentages in the case of mortgage loans (increased from 1.3% at the end of 2007 to 1.7% in January 2011), is more expressive in the case of consumer credit, where the proportion of non-performing loans increased from 3.7% at the end of 2007 to 8.2% in January 2011. These factors suggest the importance of education in areas related to the management of the family budget, assessment of financial capacity and awareness-raising on the risk of over-indebtedness.

Indicators of savings

According to the available statistical data, the gross savings rate of families stood at approximately 11% of disposable income in 2009, which represented a significant increase compared with the figures recorded in previous years (7% in 2007 and 7.8% in 2008). However, in 2009, this rate compares with values of 13.2% for the European Union as a whole, 17.2% in Germany and 18% in Spain⁸. The notoriously low levels of savings of the Portuguese population indicate that this is an area for priority action, as was also inferred from the results obtained through the financial literacy survey of the Portuguese population.

3. International experiences

Recognising the importance of financial education for the awareness in financial decision-making by citizens and, through this means, for the economy and stability of the financial system, many countries developed national strategies for financial education, defining objectives, initiatives and partners to be involved. These strategies assume a long term perspective, since the effects of financial education can only be reflected over this time horizon.

Countries such as the USA, United Kingdom and New Zealand were the first to develop national strategies for financial education, and currently have a large-scale work implemented in the field, both in terms of financial literacy surveys of citizens and with respect to projects developed amongst the population, and the respective assessment of results. In mainland Europe and in spite of many countries having developed initiatives to promote financial education amongst the population in general or within specific segments, the processes of definition of national strategies are more recent. Examples are the cases of Spain and the Netherlands, which launched their national strategies recently.

In most countries, the preparation of national strategies and the actual initiatives of promotion of financial education have taken place with the increasingly greater involvement of the central banks and financial regulators.

International organisations such as the OECD and EU have also developed a large amount of work promoting financial education and raising awareness of its importance.

⁸ Source: Eurostat – Household saving rate.

In particular, the OECD, through its International Network for Financial Education (INFE)⁹, has performed an especially active role in the promotion of the sharing of financial education experiences amongst the different countries, in the reflection on topics associated to financial literacy and in the definition of guidelines and good practices.

The analysis of the national strategies of financial education developed in different countries enables the identification of various common elements:

- **Definition of the general objectives**, based on identified gaps with respect to the financial knowledge, attitudes and behaviour of the population, and on the level of financial inclusion. In many cases, one of the first objectives established in national strategies is the need to raise the awareness of citizens on the importance of financial education.
- **Identification of priority contents**, in accordance with the targeted segments, usually consisting of **family budget, savings, mortgage loans, credit cards, insurance and financial consumer rights**.
- **Identification of public and private entities to be involved**, seeking to mobilise partners which are most suited to the implementation of the financial education initiatives.
- **Coverage of the entire population**. However, population segments are identified so that the measures and means to be used are defined in accordance with their specific needs. The following are the **most usual segments**:
 - Young people of school age, with their financial education being planned to begin at school, from primary education right up to university, with contents adapted to the different ages. This includes the preparation of contents, involvement of the schools and training of teachers.
 - Workers, for whom financial education actions are planned, through seminars organised in the firms to which they work. In these cases, topics related to savings and to the preparation of retirement assume particular relevance.
 - Vulnerable groups which include initiatives aimed, for example, at immigrants, the unemployed or young people who have not completed compulsory schooling.
 - Segments defined in terms of stages of life: birth of children, marriage, divorce, house purchase and car purchase, amongst others. The objective is to convey specific contents of financial education at key moments in the life of individuals, due to the inherent risks of the decisions to be taken.
- **Promotion of an awareness campaign amongst the population in general**, through portals of financial literacy and the dissemination of initiatives and contents through the media, via advertisements in the written press and radio and television programmes.

⁹ The INFE was established in 2008 and the Banco de Portugal is a founding member.



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PART II |

Guidelines for the National Plan for Financial Education

1. An integrated and coordinated vision

The National Plan for Financial Education (PNFF) is an instrument which, recognising the importance of financial inclusion and education, defines the main guidelines for their promotion, based on the assessment of the existing needs in this area. In Portugal, various national entities of the public and private sector have recognised the importance of financial education and have already developed projects in this area, namely: surveys, portals on the Internet, programmes at schools, conferences and seminars, etc. However, since these are dispersed and uncoordinated initiatives, they do not offer an overall coverage in terms of the reached subjects and target groups.

The PNFF defines objectives and lines of action for the promotion of financial education, identifying entities responsible for the coordination of the Plan, creating a framework for the partners to be involved, and presenting the types of actions and initiatives to promote. In addition to these aspects related to its implementation, the PNFF assumes, from the onset, the need to evaluate its actual results and impact. The definition of precise goals and criteria to assess the achievement of the objectives, contribute to their clear and realistic identification.

The PNFF offers an overall vision of the national initiatives in this area, proposing to coordinate the efforts and projects of various entities, to support the implementation of activities in the field and to disclose the objectives and commitments assumed by the partners involved. In this way, the PNFF aims to contribute to an efficient implementation of the financial education projects, since the gaps in coverage are thus more easily detected, synergies are used to the utmost and duplications are avoided.

2. Objectives

The PNFF aims to contribute to improving the financial knowledge and behaviour of the population in general, taking into account the specific needs of the different segments of the population. Taking the diagnosis which has been carried out and the best international practices as a reference, the PNFF has the following objectives, which are grouped at five major levels:

To improve financial knowledge and attitudes

- To raise the awareness of the population on the importance of financial education.
- To increase the knowledge of the population on basic financial concepts, so as to enable improved understanding of the information conveyed by the entities operating in the financial system and a more appropriate choice of financial products, weighing costs, remunerations and expected yields and, simultaneously, the risks of the products.
- To raise the awareness of the population on the need to carry out family budget planning, weighting appropriately expenditures and income.

To support financial inclusion

- To disseminate amongst the population the access to minimum banking services which include a demand deposit account and essential payment services.

To develop savings habits

- To raise awareness of the population on the importance of savings, as a form of enhancing the capacity of families to strengthen their wealth and meet unpredicted or occasional expenditure.
- To raise the awareness of the population on the growing individual responsibilities related to retirement and health savings plans.

- To promote appropriate choices amongst the population in the investment of their savings so as to ensure levels of remuneration and risk suited to the consumer's profile.

To promote the responsible use of credit

- To promote habits related to the responsible use of credit by the population, involving the appropriate weighing of the assumed costs in the family budget in a short and medium term perspective.
- To warn the population on the risks of over-indebtedness, a situation which is of particular importance in view of the great diversity of alternatives of access to credit (classic loans, credit obtained at the point of sale, credit cards, etc.) and the relatively growing easiness of accessing it, as well as the economic and social consequences resulting thereof at an individual and collective level.

To create precautionary habits

- To warn the population on situations that might indicate fraud or practices which are potentially injurious to the consumer's rights in financial markets.
- To raise the awareness of the population on situations of risk which might affect family income (e.g. disease, unemployment, catastrophes and accidents, etc.) and result in unexpected expenditures.

The achievement of the objectives described above necessarily requires the definition of short term and medium and long term lines of action, which implies the identification of the target segments of the population to be covered, the means to be used in financial education and the most relevant subject matters.

3. Creation of the PNFF Portal

The CNSF has already decided to advance with the creation of the PNFF Portal, a financial literacy portal to be worked on together by the three financial regulators (BdP, CMVM and ISP). This portal will address the basic concepts associated to the most frequent financial decisions of the consumers and will serve as a platform for the support and dissemination of the initiatives to be developed under the PNFF.

The creation of financial literacy portals is one of the most frequent initiatives at an international level, of which the following are examples of particular interest: The Money Advice Service (United Kingdom), MyMoney and Money Smart (USA), Sorted (New Zealand), Dolceta (EU), It's Your Money (Ireland), Fido (Australia) and Finanzas para todos (Spain). All have in common an appealing layout, and simple and clear messages of high pedagogic and communication potential.

The PNFF Portal will assume an important role in the promotion of financial literacy, not only through its provision of contents but also in the training of trainers and in the dissemination of the initiatives to be developed under the Plan.

This Portal will present contents that are transversal to all areas of retail financial markets in a clear language, organised by topics and associated to situations that will likely involve decisions of a financial nature. The Portal will thus be an important support to the PNFF, providing contents and materials of assistance to financial education projects for the different target groups and for the training of the trainers.

The presentation of topics in the PNFF Portal will be organised according to two approaches: the management of personal finance and the financial decisions at different stages of life.

Regarding the first, the topics that are most relevant to the management of personal finance will be presented, which include, namely the preparation of a family budget or the use of the different means of payment in the acquisition of products and services, the investment of savings, the use of loans to finance personal projects, as well as the protection against unpredictable situations. In addition, as the different stages of life are associated to specific requirements in terms of financial knowledge and decisions, the contents will also be presented in a manner suitable to these occasions (e.g. purchase of a home, preparation of retirements, etc.).

The PNFF Portal thus has different objectives from those of the current portals of the financial regulators and, therefore, does not replace them. Indeed, the Bank Customer's Portal of the Banco de Portugal (PCB), the Consumer's Portal of the Insurance and Pension Funds Supervisory Authority (ASF) and the Portal of the CMVM are all especially focused on the provision of information and services to consumers, while the PNFF Portal has the objective of promoting financial education.

The information portals of the financial regulators present a very detailed level of information, with extensive descriptions and contain all the legislation related to the financial products and operation of financial markets.

From an institutional point of view, it is important to provide all this information to consumers, which is also used by the financial system; therefore, these portals also function as an instrument of regulation. Moreover, the portals of the financial regulators are also aimed at providing consumers with a series of services offered by each financial regulator, which also justifies their operation in an autonomous manner. An example of these services is the possibility offered to financial consumers of presenting complaints and requesting information "on-line".

4. Areas of action

The financial education initiatives must take into account the specific needs of each segment of the population, and guidelines are proposed for actions directed toward young people of school age (students of primary and secondary schools and university students), workers and vulnerable groups, such as the unemployed population. Furthermore, initiatives aimed at the population in general will also be developed.

4.1. Primary and secondary education students

In line with the main international initiatives of promoting financial literacy, the PNFF considers that it is a priority to introduce contents of financial education at school.

The topics to be addressed will depend on the education level, primary or secondary, where the financial training contents will be introduced, with the best practices pointing to the introduction of contents at various levels of education. Primary school children should be made aware of the **importance of money and savings**; for young people attending secondary school it is important to convey information on areas such as **means of payment** or **access to credit**, namely, how to deal with **cards**.

There are various ways of implementing financial education at schools: as an autonomous course or included within existing courses; in compulsory curricula or in extra-curricular activities.

Regarding these aspects the international practices point to the introduction of compulsory contents in existing courses, such as maths or civic education. This solution does not require the creation of additional courses, but rather the use of the existing resources for the teaching of this new topic.

The introduction of contents in compulsory curricula reflects a higher level of commitment to the subject matter and conveys to the students the indispensable character of the knowledge of matters related to the management of personal finance with which they will be faced in the future.

The definition of the topics to be included in school curricula may also consider the contents of the financial literacy module that will be introduced in the PISA programme. This programme, which assesses and compares at an international level the knowledge of students at the end of compulsory education (students aged about 15) will include, during the next exercise to be held in 2012, a module dedicated to the assessment of financial skills. This year, its adoption by the participating countries is still optional.

Financial education in schools necessarily requires the appropriate initial training of the teachers who will be in charge of teaching the financial education contents, as well as the development of supporting materials for the classes¹⁰.

The definition of the form of implementation of financial literacy at school, in terms of contents, materials and procedures, is a responsibility of the Ministry of Education.

4.2. University students

Some universities have already developed financial literacy projects, therefore in many cases there will be capacity and interest on the part of these institutions to introduce financial education contents in their courses, in addition to the possible development of education actions aimed at other target groups.

The topics for university students might and should be more demanding than those developed for primary and secondary education, involving, namely, more in-depth contents on the **characteristics of the existing financial products** on the market. Topics may be addressed such as the **relationship between expected yield and risk**, the **functioning of financial markets** and the **investment in complex financial products**, with a greater or lesser level of depth according to the university course in question. The modalities of **access to credit** for the financing of university courses, the **use of credit cards** and the **risks of over-indebtedness** are also particularly relevant topics for this target group.

The implementation of financial education in a university environment involves the holding of conferences and seminars organized by the universities themselves, as well as the introduction of financial education contents in the different courses, when appropriate to the university courses in question.

The institution of an award with the objective of distinguishing, on an annual basis, the author(s) of innovative research work carried out on financial literacy is a measure which appears to be very efficient in terms of encouraging students to seek knowledge on financial products and services and on the functioning of these markets, since this stimulates an active and effective learning of financial concepts.

¹⁰ Since April 2010, the European Commission site Dolceta provides materials to support financial education classes.

The universities may also participate in the preparation of the supporting materials for financial education to be provided, namely, through the PNFF Portal.

4.3. Workers

The assessment of financial education initiatives amongst workers which has already been carried out in other countries has demonstrated its good acceptance by workers and by the firms, good results in terms of learning and a positive contribution to increasing productivity.

For this segment of the population, and without prejudice to adaptation to the specific needs of the firms where the training sessions will be held, the following topics have proved to be especially important: **savings, access to credit and its different modalities**, including **mortgage loans**, the **prevention of over-indebtedness, insurance and preparation for retirement**.

The training of workers should be carried out through conferences and seminars to be held, in particular, at the workplace. Unions and employers associations are entities that might stimulate contacts with firms for the purpose of raising their awareness on the importance of the financial education of their workers, as well as promote the respective sessions. In turn, firms shall be responsible for encouraging their workers to participate in the initiatives, assigning spaces for the holding of the sessions and collaborating in the actions to be developed.

The implementation of the financial education of the workers also requires the prior training of a group of trainers, who will subsequently train others, and will be in charge of the seminars to be held at the workplace. Once again, the supporting materials for financial education may be provided through the PNFF Portal.

4.4. Vulnerable groups

The PNFF establishes the development of specific education contents for the more vulnerable segments of the population, such as the unemployed, immigrants, pensioners with low income levels and young people who have not completed compulsory schooling.

Topics related to areas such as **access to bank products** (including minimum bank services which enable the **opening of a demand deposit account** and access to **essential means of payment**), **management of the family budget, prevention of over-indebtedness** and **prevention of fraud** emerge as especially important.

One way to reach this target group is through the introduction of financial education contents in vocational training courses, including actions aimed at people receiving unemployment benefit. On the other hand, the PNFF will seek to promote the dissemination of contents through television programmes and newspapers.

As in the cases above, it is necessary to ensure the appropriate initial training of a group of trainers who are responsible for the vocational training courses. In relation to various vulnerable groups, specific contents or competences will be required in the area of social support. As noted above, the financial education materials to be provided on the PNFF Portal will support the actions to be developed for these segments of the population.

4.5. Overall population

The PNFF considers the development of financial education actions aimed at raising the awareness of the overall population on the importance of financial literacy. On the one hand, it also includes education actions on the **characteristics of the financial products** that are most used and, on the other hand, actions directed specifically at the different **stages of life which imply the most demanding financial decisions** (purchase of a home, preparation for retirement, etc.).

In these projects, the means of dissemination of information used will be transversal to the different segments of the population, including, in particular, the PNFF Portal, television and radio spots, the written press and banners of on-line versions of newspapers.

The PNFF attributes an important role to the media as a means of promotion of financial education amongst the overall population. Hence, due to its strategic role in the transmission of information, the PNFF considers that it is important to develop dissemination actions with the media.

5. Governance

By decision of the CNSF, the governance model of the PNFF is based on a structure composed of four bodies:

- **Coordinating Committee (CC):** responsible for defining guidelines and coordinating the implementation of the PNFF. In particular, the CC is responsible for taking decisions on the development of initiatives in the area of competences of the entities included therein and for issuing opinions on the proposals of the Monitoring Committees relative to identified

priorities and needs, available resources and form of implementation of the projects to be developed. The CC is also entrusted with the duty to publicise the financial education initiatives, disseminate principles of professional ethics and good practices in the relations between the suppliers of financial products and their respective customers, and assess the type of projects that might be included under the PNFF. This Committee is composed of members of the CNSF, through representatives of the three financial regulators (BdP, CMVM and ISP).

- **Monitoring Committee 1 (MC1):** responsible for contributing to the provision of resources and to the promotion of projects in the area of financial education and for proposing the form, methods and means of implementation of the different education initiatives (e.g. type of seminars and education actions, contents, appropriate materials, training the trainers).
- **Monitoring Committee 2 (MC2):** responsible for identifying priorities and education needs (e.g. main topics, target group to be reached) and providing means for its implementation (e.g. rooms for seminars and actions, publicising of the initiatives amongst the target group, logistics and means to distribute the materials).
- **Advisory Board:** constitutes a forum of reflection on initiatives to be developed under the PNFF.

The Monitoring Committees and Advisory Board will be composed of public entities, associations of the financial sector, consumers' rights associations, universities, institutes and other entities suited to the promotion of financial literacy.

6. Awareness campaign

The PNFF will be the object of a major publicising campaign at the time of its launch. This campaign aims to inform the population on the existence of the PNFF, its objectives and main projects and, at the same time, raise the awareness of citizens on the importance of financial literacy.

In view of the diversity of the target groups to be reached and in order for the campaign to be wide-reaching, it should include various means of communication, with the expected use of the following:

- Publication of advertisements in the written press;
- Dissemination through radio and television programmes;
- Publication of informative brochures;
- Dissemination through the portals of the financial regulators.

For the publicising of the PNFF and subsequent identification of the initiatives to be developed under it, a **specific logo** will be designed, so as to create a unique communication identity for the Plan and for the initiatives associated to it. This logo will perform various functions:

- Permits identifying the initiatives carried out under the PNFF;
- Works as a “certificate” to recognise the quality and relevance of the initiatives of the different entities;
- Promotes the project, acting as a direct link to the PNFF Portal, from the Internet sites of the financial regulators.

7. Evaluation

Following the best international practices, the evaluation method is an integral part of the PNFF. At the time of the formulation of the main guidelines of the Plan, the definition of evaluation criteria enables, simultaneously, a clear identification of the objectives.

The evaluation of the PNFF is, however, made difficult due to a variety of factors, such as:

- **Its innovative character:** the fact that the plans for financial education are relatively recent implies that there is not yet a widely tested methodology of evaluation of financial literacy strategies or projects which might serve as a model.
- **The concept of financial education:** there are difficulties inherent to the concept of financial education which makes it difficult to observe or quantify it. Indeed, the concept of education (as opposed to information) encompasses not only the acquisition of knowledge but also the way in which this knowledge influences attitudes and behaviour. This duality of the concept implies an evaluation at various levels: the knowledge, which is not directly observable, must be inferred through questionnaires or interviews; behaviour, while it might also be reported through surveys, might be better understood through other indicators obtained, for example, through studies of groups of consumers.
- **The measurement of the impact:** most of the objectives aimed at through a financial education project (e.g. promotion of financial inclusion, awareness-raising on savings, prevention of situations of over-indebtedness) depend, probably to a larger extent, on a series of factors, beyond financial literacy, such as the consumers’ income or the economic context.

However, these difficulties should not prevent the evaluation of the PNFF, but rather, imply the need to use various types of indicators and methodologies, so as to minimise the probability of error, and to exert some caution in the interpretation of the results. In addition, the object of the evaluation should be vast and diversified, covering the Plan as a whole as well as the different projects and the various types of objectives.

In view of the importance of following a diversified approach in the evaluation of the PNFF and the various individual projects included in it, this evaluation should be carried out on three types of objectives:

- **Functional objectives: implementation**

The correct and timely implementation of the planned initiatives is indispensable for the achievement of the intended objectives. Evaluation and monitoring during the implementation phase, apart from being relatively simple to undertake, also enable the identification of any failings which could compromise the achievement of the objectives associated to the implementation of the projects.

The implementation of the different projects is an aspect which can easily be measured in an objective and factual manner. Taking a particular period as a reference, the following indicators can be obtained: the number of education initiatives for a certain target group, the number of schools with financial education contents in their curricula, the number of students covered, and the number of visits to the PNFF Portal, amongst others. It is also useful, for each project, to formulate quantified goals in relation to these indicators, so as to enable the comparison of objectives and results and a more precise definition of what is intended to be achieved.

- **Immediate objectives: financial knowledge**

The assessment of progress in terms of financial knowledge can be carried out through questionnaires. These questionnaires may be of a general scope, covering the entire population, and are appropriate for use in the evaluation of the PNFF as a whole. For the evaluation of projects, questionnaires should be directed, for example, at groups that have participated in education initiatives (e.g. brief questionnaire before and after the training).

An important aspect to define, due to its potential impact in terms of the results obtained, is related to the interval of time between the implementation of the project and the assessment of its results. Regarding the PNFF, the evaluation should be made at the end of its time horizon. For specific projects, and depending on their nature, the evaluation can be carried out immediately after their implementation and, in some cases, can be complemented with subsequent evaluations.

- **Main objectives: financial behaviour**

The evaluation of the adoption of more responsible financial behaviour (i.e. financial inclusion, improvement in savings habits or reduction of situations of over-indebtedness) could be carried out through questionnaires, of a general character or aimed at certain groups (reported behaviour), or through indicators demonstrating this behaviour, such as:

- Indicators on financial inclusion (e.g. percentage of the population without a bank account);
- Indicators on savings habits (e.g. gross savings rate of families, savings instruments that are most used);
- Indicators on indebtedness (e.g. indebtedness of families, default ratios by type of credit granted);

- Indicators on the number and type of complaints and requests for information made by financial consumers.

Although the indicators identified above may contribute to the measurement and evaluation of the Plan's objectives and projects, they depend on many other factors that are unrelated to the Plan. It is, therefore, important to adopt other methods to assess the relationship of dependency and/or causality between financial evaluation and the objectives of the Plan. At this stage, the following methods are indicated:

- **Econometric models**

The measurement of impact implies the formulation of explanatory models which enable the identification and isolation of the effects of other factors and/or the determination of the existence of relationships of causality between the projects which are developed and the intended objectives.

- **Comparison with control groups**

Regarding some projects, it may be possible, and even simpler, to assess their impact through the comparison of the results achieved by groups that have participated in education initiatives with the results obtained by non-participant groups. This method is easier to use in cases where the education is compulsory: firstly, it is easier to identify excluded groups (i.e. groups that have not had access to the education at that time); and secondly, the fact that participation is compulsory avoids the natural bias in the sample arising from voluntary participation in financial education programmes.

- **Analysis of results of questionnaires or surveys**

The preparation of a second survey on the financial literacy of the Portuguese population in 2015, after the implementation of the PNFF, might constitute an important indicator for its evaluation, by enabling a comparison with the literacy levels recorded in the survey carried out in 2010.

FINAL CONSIDERATIONS

Nowadays, the importance of financial literacy is widely recognised. In a context where financial products and services are increasingly more complex and, simultaneously, access to them by the population is more generalised, financial education has taken on an important role in consumer protection policies, especially after the eruption of the financial crisis.

Financial literacy, defined as the ability to make informed financial decisions, contributes, not only to the wellbeing of individuals, but also to macroeconomic and financial stability. Consumers who are better informed and have higher education levels are more capable of acquiring improved savings habits and of selecting products that are more suited to their needs and risk profile.

The mission of the PNFF is to contribute to increasing the population's level of financial knowledge and to promote the adoption of healthy and appropriate financial behaviours, thus contributing also to the stability of the financial system and wellbeing of the population. In this context, the PNFF has the following objectives: (i) to improve financial knowledge and attitudes; (ii) to support financial inclusion; (iii) to develop savings habits; (iv) to promote the responsible use of credit; and (v) to create precautionary habits.

The presentation of the main guidelines of the PNFF aims to raise the awareness of society on the importance of financial literacy and encourage the manifestation of interest on the part of entities, public and private, that feel especially well-endowed to develop initiatives which contribute to the objectives established in the Plan. The success of the implementation of the PNFF depends on the involvement of a broad and diversified group of entities, whose efforts and projects are proposed to be included and coordinated within the Plan.

