

Why Belgium cannot forego investing in the financial education of its population¹



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Why should a prosperous country such as Belgium devote attention to financial education and invest resources in participating in World Investor Week? After all, Belgium has one of the most highly developed financial sectors in Europe and good educational systems, and our citizens achieve rather good levels of overall financial literacy as compared to the other OECD countries.

When we dig deeper into the research, however, we understand that there are some specificities that may not be perceived at first sight. Why is financial education important in Belgium and what are the challenges involved? What trajectory has been followed by the FSMA to date, and what are the future prospects?

¹ Text based on speech given at the opening of World Investor Week in Brussels on 3 October 2017.

The challenges for Belgium

According to the latest OECD survey, compared with other OECD countries, Belgians achieve rather good scores in terms of financial education. The average score of the Belgian population (18-79) for financial literacy is 14.3, while the overall average score of the participating OECD countries is 13.7.

Financial literacy mean scores - population aged 18-69

<i>Country</i>	<i>Financial literacy mean score</i>	<i>Country</i>	<i>Financial literacy mean score</i>
France	14.9	British Virgin Islands	13.0
Finland	14.8	Thailand	12.8
Canada	14.6	Albania	12.7
Norway	14.6	Czech Republic	12.6
Hong Kong	14.4	Jordan	12.6
Korea	14.4	Turkey	12.5
New Zealand	14.4	Georgia	12.4
Belgium	14.3	Hungary	12.4
Austria	14.2	Russian Federation	12.2
Portugal	14.0	Brazil	12.1
Lithuania	13.5	Malaysia	12.1
Estonia	13.4	Croatia	12.0
Netherlands	13.4	Belarus	11.7
Latvia	13.3	Poland	11.6
United Kingdom	13.1	OECD average	13.7

Adult Financial Literacy Competencies, OECD, 2015

Moreover, Flemish students achieved good scores on the latest PISA survey. Fifteen-year-old Flemish students scored higher on financial literacy than the average for the 15 OECD countries that participated in the PISA test. Flanders ranks second on that test².

Financial literacy mean scores - PISA - students aged 15

<i>Country</i>	<i>Financial literacy mean score</i>	<i>Country</i>	<i>Financial literacy mean score</i>
Beijing-Shanghai-Jiangsu-Guangdong (China)	566	Italy	483
Belgium (Flanders)	541	Spain	469
Canadian provinces	533	Lithuania	449

² Figures not available for students of the Wallonia-Brussels Federation.

Russia	512	Slovak Republic	445
Netherlands	509	Chile	432
Australia	504	Peru	403
United States	487	Brazil	393
Poland	485	OECD average	489

PISA, OECD, 2015

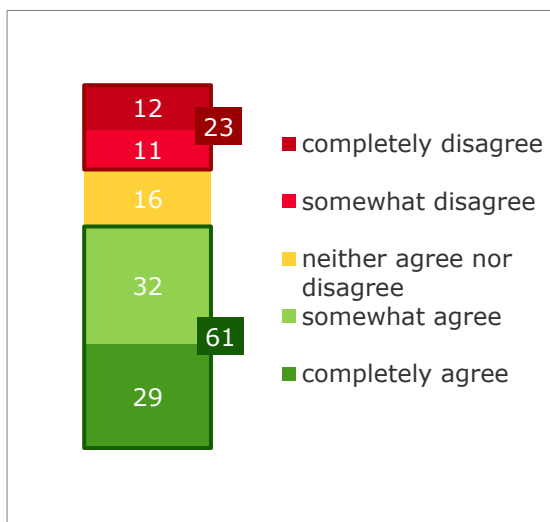
This initial overview would suggest that Belgium, which has a modern and advanced financial system, does not need to invest in financial education initiatives for the population at large or for investors.

A closer look at the figures demonstrates, however, significant polarization in the financial skills of the Belgian population. This polarization is linked – among other things – to the socio-economic profile of our citizens and, in particular, of our young people.

As Her Majesty Queen Mathilde stated at the opening conference of the Belgian Money Week earlier this year, our ambition should be to “*Leave no one behind*”. In order to achieve this goal and to provide all citizens with basic knowledge in financial education, we strongly support the intention of our school systems to make more room for financial education in the classroom. Research has indeed demonstrated that even basic financial knowledge can limit major money-related problems. Furthermore, young people are being targeted as consumers at ever younger ages.

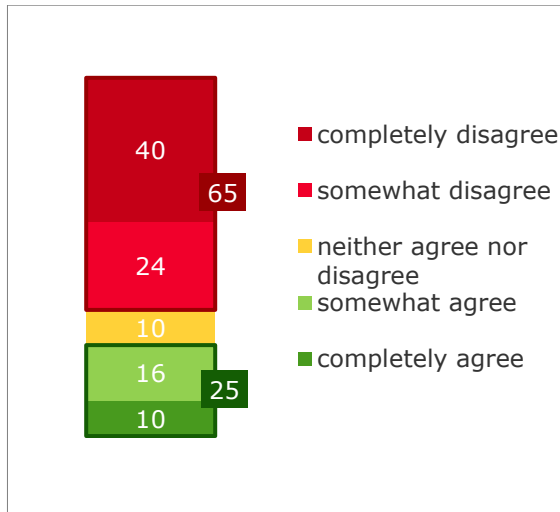
If we focus more specifically on financial investments, research conducted by the FSMA/Wikifin in 2015 together with the OECD³ indicates that 23% of the Belgian adult population say that they don’t plan their finances for the long term (they don’t set goals) and that they’re not well prepared for retirement.

“I set long-term financial goals and strive to achieve them.”

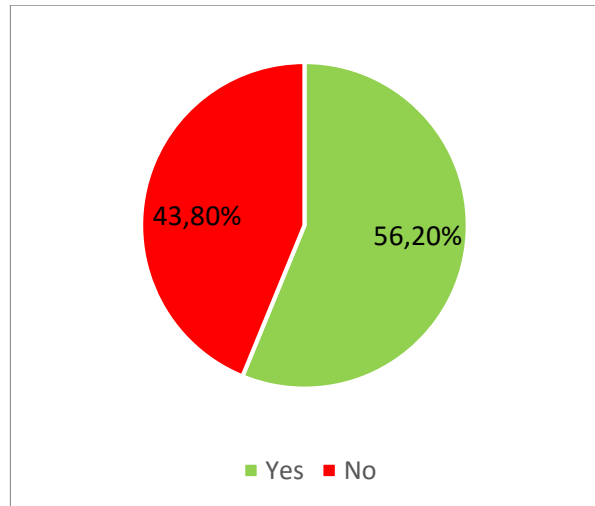


³ *Measuring financial literacy in Belgium, FSMA, 2015.*

“It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares.”



“I am prepared to risk some of my own money”.



Furthermore, in the current low interest rate environment in Belgium, there is more than EUR 260 billion in savings accounts, although investors’ capital on deposit is losing value since inflation is currently higher than interest rates on those accounts. If we want capital markets to become even more efficient, there needs to be sufficient consumer confidence in the financial sector. This confidence can grow when people are more financially literate.

Moreover, financial literacy has a positive impact on the well-being of the population, as people feel more empowered to take future-oriented actions. They are better able to take decisions as well informed citizens (understanding the basic mechanisms involved in the state budget, for example). The financial stability of a country tends also to improve with the level of financial education of its population.

The rapid pace of digitalization has a major impact on the way in which people handle financial matters, and sharply increases the need to be financially literate. Financial products are becoming more complex and are easily accessible via the internet; as on-line transactions grow, on-line fraud is increasing (+246% in 1 year) and all age groups are potentially affected.

These figures show that there is room for improvement, and that the majority of Belgian citizens – as well as our society as a whole – can benefit from financial and investor education. Individuals need increasingly to be equipped with correct financial knowledge, the right attitudes and skills in order to make appropriate financial decisions for themselves, for today and for the future.



The FSMA and Financial Education

The FSMA's mandate consists essentially in ensuring that financial consumers are treated fairly and honestly, and in contributing to correct financial service provision and transparent financial markets. In order to carry out this mandate, the FSMA has a series of complementary competencies. These can be divided into six major pillars.

The first pillar consists of supervision of the information disseminated by companies and of the financial markets where those companies are active. The second and third pillars concern the supervision of financial products and the way in which financial service providers treat their clients. The FSMA also supervises a large number of financial intermediaries who are in direct contact with financial consumers. In addition, the FSMA is entrusted with the supervision of pension funds and of second-pillar supplementary pensions.

In addition to these extensive supervisory powers, the legislators have also tasked the FSMA with making a contribution to the financial education of Belgians. This educational activity complements the supervisory tasks of the FSMA. On the one hand, the FSMA ensures that consumers are treated correctly; on the other, financial education enables consumers themselves to be better equipped to handle money matters.

Wikifin, the Financial Education programme of the FSMA: concrete actions

To fulfil its legal mandate and improve the population's financial literacy, the FSMA has set up a financial education programme under a new brand name. This decision was taken after having carried out desk research, undertaken international comparisons, animated discussions within focus groups and conducted interviews with stakeholders. During that exercise, needs and target groups were defined, and the results indicated that consumers needed a non-commercial source of clear, unbiased financial information. In January 2013, the FSMA decided to bundle financial and investor education activities under the new brand name: Wikifin.be.

In recent years, the programme has focused principally on three pillars, namely, the general public, the educational system and cooperation with stakeholders involved in financial education.

Pillar 1: Actions directed at the general public: www.wikifin.be

The portal www.wikifin.be aims to provide consumers with neutral, reliable and practical financial information in language that is easy for everyone to understand. In order to promote the themes covered, the quizzes and the simulators, occasional campaigns are conducted, targeting specific groups to inform them and foster their interest in financial matters. The website links to almost 300 external websites, giving visibility to other organizations which often help with content development.



As Wikifin.be has no commercial objective, the website receives a good deal of media attention and free public relations. The unceasing efforts of the Wikifin team have yielded fine results: since its launch in 2013, www.wikifin.be has been visited more than 6.5 million times, and that number continues to increase every day. Last year, visitors viewed almost 4 million pages. People of all ages find their way to the website. The figures demonstrate the relevance of what Wikifin.be has to offer.

Concretely, how is Wikifin.be relevant to the population? Wikifin uses the widest possible range of tools (simulators, quizzes, checklists, etc.) that appeal to various sorts of users. Tools are extremely popular with the public because simulation gives rise to immediate reflection on one's personal situation. A recent example among many is the 'inheritance simulator'⁴. Wikifin.be launched this tool in conjunction with the Royal Federation of Belgian Notaries. In less than one month, the simulator had been consulted more than 100,000 times. It offers families a user-friendly way to see how an inheritance will be divided up amongst heirs and how much inheritance tax will have to be paid. The inheritance simulator responds to a genuine need on the part of the population. Research by the King Baudouin Foundation⁵ showed that most Belgians lack a sound understanding of inheritance tax. In addition to the inheritance simulator, neutral and reliable information on the theme of inheritance was also added to the website and a communication campaign targetted potentially interested segments of the population.

Other popular tools on www.wikifin.be are the savings account simulator, used 530,000 times, the real estate simulator, used 250,000 times, the pensions quiz and other quizzes. Tools are very popular but require important investments in human effort, expertise and IT development. That is why the FSMA endeavours to develop these tools via partnerships it establishes with reliable organizations that it then highlights when there is media coverage.

Simulators, themes and other content are continuously updated not only by the FSMA's experts but also by experts from government institutions, trade associations and those who work in the field. We are very grateful to them for their ongoing commitment.

In addition to continuing to build the website and the tools, Wikifin.be regularly to send out its newsletter directed specifically to investors, which now has around 16,500 subscribers.

Campaigns make intensive use of the opportunities offered by internet. The objective is to be present where and when consumers have financial questions. For it is being present with objective and relevant information at the point where the consumer needs it that will ensure that the latter are willing to make the effort to understand a new topic, and thus gradually to become better educated in financial matters.

⁴ www.wikifin.be/nl/erfenissimulator or www.wikifin.be/fr/simulateur-heritage.

⁵ De Potter V., Van Dorsselaer I.; *Perceptie en verwachtingen over erven en nalaten in België* (February 2016); King Baudouin Foundation.



Pillar 2: Actions directed at the schools and the educational system

The younger generations are an essential target group for Wikifin.be. Learning to manage money and acquiring healthy financial habits should start as early as possible. In order to successfully appeal to this age group, the FSMA has decided to work closely with the educational sector. Via the school system it is possible to reach everyone, regardless of socio-economic background, in their formative years.

Working hand in hand with teachers to bring financial education in the classroom

The 'Wikifin@school'⁶ platform, which was launched in October 2015 and which can be accessed through Wikifin.be, is used by more than 3500 teachers two years after its launch. This platform contains a wide range of teaching materials for use by teachers and students. These include, for example, educational packs with clear suggestions for teachers on how to use them in the classroom, as well as videos and tools on a range of themes linked to financial education and responsible consumption. Over the past two years, more than 26,000 such educational packs have been downloaded.

Wikifin.be has also organized several campaigns to raise awareness among teachers. Every three months, a newsletter is sent out to them to keep them informed of new initiatives. Wikifin.be participates actively in educational fairs throughout Belgium; training days are organized for teachers and, during Money Week, activities take place in primary and secondary classrooms. Social media is also used to reach teaching staff as efficiently as possible.

In order to enhance its work with the school systems, Wikifin.be has set up two very different types of collaboration in the North and in the South of the country.

In the Wallonia-Brussels Federation, Parliament passed a resolution aimed at developing financial education and responsible consumption in compulsory education. This resolution mandates integrating the development of economic and budgetary knowledge, proficiency and knowhow with education on responsible consumption. It applies both to primary education and to general, technical and vocational secondary education.

Wikifin.be forms part of the steering group set up to formulate concrete proposals to respond to the resolution and to work toward optimal integration of financial education and responsible consumption into the material being taught.

For French-language technical and vocational education, Wikifin.be works with educators and the Centre de Didactique Economique et Sociale (CeDES) (social and economic teaching centre)⁷ to offer the materials necessary for the new course in 'social and economic education'.

The Flemish education system has embarked on preparations for a major reform. One of the main aspects of this reform consists of updating school learning outcomes, in line with social expectations.

⁶ www.wikifin.be/nl/wikifin-at-school or www.wikifin.be/fr/enseignants.

⁷ Initiative of the University of Namur and more specifically, the *Faculty of Economics, Social Sciences and Business Administration* (FSESG). **CeDES** offers academic support and provides ready-to-use teaching documents, both for transitional and vocational programmes.



A public debate was held around this topic and it has been decided to include financial competencies in the outcomes that establish the objectives that pupils must attain in terms of understanding, knowledge and proficiency.

The debate concluded that in the area of financial matters, pupils should be self-reliant and possess sufficient practical competencies. Financial literacy is a key skill for pupils. An examination is underway as to how this skill can best be incorporated into the secondary school curriculum and how it can form part of the basic schooling of each pupil.

The Flemish Parliament will have to decide on what the learning outcomes and the basic schooling should entail, and where financial education fits within these. As part of this process, and in order to pursue its lobbying work, Wikifin.be set up a working group in order to define, along with various stakeholders, the key skills of financial literacy.

Scientific research as part of the constant effort to promote more effective action

In order to improve knowhow within the field of financial education, Wikifin.be engages in scientific research. For this purpose, Wikifin.be works with the research centres of the KU Leuven and the University of Antwerp. These universities have received support from the Flemish Fund for Scientific Research for their joint project titled 'Financial Literacy@School'. This strategic basic research focuses on developing methods that capitalize on each individual child's qualities. The research aims to develop innovative teaching materials along with new training packages for teachers. The aim is also to promote greater involvement by parents in classroom activities. Wikifin.be and its partners will develop and fine-tune the results of this socially relevant research and ensure their widespread dissemination through multiple channels.

In parallel with this initiative, Wikifin.be launched the Wikifin Chair in Financial Literacy. This Chair was given to the Faculty of Economics and Business of the KU Leuven, which is working together with the Faculty of Psychology and Educational Sciences at the Free University of Brussels. The work to come out of this Chair will help other stakeholders refine and develop their activities. By joining forces, Wikifin.be, the KU Leuven and the Free University of Brussels are convinced that they will be able to make an important contribution.

Pillar 3: Acting as coordinator or partner with stakeholders for financial education projects

In the coming years, Wikifin.be will further expand its role of coordinator or partner for financial education, taking a pragmatic approach and engaging in specific actions to encourage joint initiatives in the field and promote financial education. In addition to regular meetings and conferences, the launch of a Belgian Money Week is an important and practical example of the work the FSMA is doing in the field of financial education.



In March 2016 and 2017, Wikifin.be organized a 'Money Week' in Belgium, along with the newspapers *De Tijd* and *L'Echo*. The Flemish- and French-speaking television and radio stations also participated in this initiative along with a great many people who work in the field⁸. The aim of Money Week is to enable money matters to be discussed as widely as possible and to devote additional attention to financial education. In the course of this themed week, Wikifin.be embarked on a range of joint initiatives and took on the role of coordinator between the various stakeholders.

Wikifin.be and its many partners ran campaigns all over the country aimed both at schools and the public. By pooling the forces of different public institutions and others active in the field, a wide range of financial education themes could be covered. All of those activities are described on www.deweekvanhetgeld.be or www.lasemainedelargent.be.

For both the 2016 and 2017 editions, the kick-off for Money Week was held in the Euronext building in Brussels with the 'Ring the Bell' event in the presence of several ministers. During the kick-off, the results of the study of how money matters are dealt with by Belgians were presented. In addition, Wikifin.be announced the winners of the Wikifin@School Challenge – a competition for secondary school students – and of the Wikifin.be thesis prize⁹.

Her Majesty the Queen lent Her support to Money Week by visiting primary schools and taking part in the budget game 'Budg€tPRET / Gère tes pépètes' with young pupils. In total, more than 50,000 children from 3,000 primary school classes played the budget game. Around 50 FSMA employees and a hundred or so volunteers from partner organizations, essentially those whose mission is to prevent over-indebtedness volunteered to help liven up the game.

In the same week, Wikifin.be organized Infomarkets in several big Belgian cities (Brussels, Antwerp and Liège) in conjunction with the Federal Truck of the Chancellery of the Prime Minister. Experts from the Money Week partners were on hand to answer money-related questions from the public. A special app was developed to guide students along a trajectory at the stand. Visitors could also take part in an online quiz to find out whether their finances were running smoothly¹⁰. Wikifin.be also took part in a number of salons to inform the wider public on a range of financial themes, such as pensions, financial fraud, and many others.

Given the success of the two first editions of Money Week, significant attention from the public and the press, and the positive reactions of the different participants including schools, social welfare offices, public libraries and many more, Wikifin.be and its partners have decided to organize this event again – for the third time – in 2018.

⁸ The Federal Pensions Service, the National Institute for the Social Security of the Self-employed (NISSE), the FPS Economy, FPS Finance, the Insurance Ombudsman, Ombudsfina, the Chancellery of the Prime Minister, the National Bank of Belgium, Febelfin, Assuralia, the Belgian credit and debt observatory, Dag Zonder Krediet [no-credit day], the Vlaams Centrum Schuldenlast [Flemish centre for over-indebtedness] and the Steunpunt voor de Diensten Schuldbemiddeling [Support centre for debt mediation services] of the Brussels-Capital Region.

⁹ This prize rewards students who wish to write their final thesis on the subject of financial education and investor protection

¹⁰ www.wikifin.be/nl/geldtest or www.wikifin.be/fr/rapport-argent.



Future perspectives

In order to give a tangible boost to financial education and to further reinforce its actions, in particular with the school population, Wikifin is working on developing a Financial Education Centre that is scheduled to open in 2019.

The Financial Education Centre will further enrich the information and tools available to the public on the www.wikifin.be website and the pedagogical tools of Wikifin.be that have been developed on the same themes for teachers.

The primary task of the Financial Education Centre is an educational one: it is intended to provide insight into essential mechanisms and to consolidate the skills acquired in the areas of budget management, means of payment, consumption, saving and investing. The aim is to awaken visitors' interest and curiosity and encourage them to think about money matters. The Financial Education Centre seeks to foster critical thinking about money issues and ultimately to make an impact on visitors' behaviour.

A visit is intended to give young people the desire to know more. It ought to help them realize their (life) projects by teaching them not only to identify potential pitfalls, but also to help them take advantage of financial opportunities that present themselves.

This educational mandate requires, among other things, self-knowledge and insight into the way we handle money.

The Financial Education Centre will thus help visitors to decode individual behaviours regarding the management of their finances. This way, visitors will recognize that their financial options and decisions are influenced by a number of factors, such as their perception of things (our brains can play tricks on us), upbringing, friends, advertisements, prices, environmental considerations, the economic system, decisive life events (job loss, serious illness, marriage, divorce, birth of a child, inheritance, etc.). After all, how can one make informed financial decisions without being familiar with the mechanisms on which decisions are based?

Although our financial options are subject to influence, they nevertheless remain our choices (and so our own responsibility), with all the consequences that implies. These consequences may be positive, negative, individual, collective, social or environmentally related. Visitors will be encouraged to "plan an active role" in taking decisions about their finances and consumption.

The Financial Education Centre will reinforce the panoply of resources made available by the FSMA to promote financial education in Belgium.

Building further on financial education

Financial education complements essential supervisory tasks carried out by a regulator in order to protect the financial consumer. The consumer also has to be educated to be more aware of risks and opportunities and to be able to make more informed decisions that are suited to his or her personal situation.



In a digitalized world where consumption is everywhere, where consumers have masses of information to handle and easy access to financial products, the need for financial education is more crucial than ever.

But financial education is a vast area. To enhance its effectiveness, we are well aware that we need to make it relevant to each target group, taking into account their respective needs and interests as well as the economic and cultural context. We need to approach the financial consumer via various communication and activation channels. In other words, we realize that the resources needed are enormous.

We know that to succeed in our mission, we will also need to invest in research and measure the results of our actions as closely as possible. It is by disseminating and sharing the results that we can augment the effectiveness of our various actions for the good of all. In this regard I heartily welcome the international initiatives taken notably by the OECD and IOSCO, intended to disseminate best practices in this area as widely as possible.

Financial education is, in other words, everyone's responsibility. We need to deploy the means at hand to ensure that each citizen knows the basics and understands the attitudes and behaviours necessary to take well thought-out financial decisions. We welcome the efforts made by the various actors within the community, such as the schools, those active in the field and financial organizations. The FSMA/Wikifin will continue together along the trail it has blazed.