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Improving Financial Education and Awareness on Insurance
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ANNEX I.1

Some National Programmes Aimed at Strengthening Financial Education

The UK Financial Services Authority[1] (FSA) initiative entitled "Treating Consumers Fairly"[2] should first be mentioned. At the address of the insurance industry, this project includes a strategy for assessing problems of the market arising from information asymmetry and introduces processes including self-assessment by companies, with the extensive involvement of the various stakeholders. Furthermore, within a more global and long-term approach, the FSA has also launched in November 2003, a programme called "Building Financial Capability",[3] headed by a steering committee – comprised of the government, the financial services industry, corporate representatives, trade unions, media, consumers associations as well as the associative sector. This project is designed to improve overall financial education including making individuals aware of the role of insurance in protecting against sudden and unforeseeable accidents. The programme has started with a survey of 5 300 adults across the UK to create a comprehensive picture of UK citizens' financial literacy level.

In the US, The Department of the Treasury[4] is a leader in promoting financial education. The US Treasury established the Office of Financial Education in May of 2002. The Office works to promote access to financial education tools that can help all Americans make wiser choices specific to personal financial management, with an emphasis on saving, credit management, home ownership and retirement planning. The Office also coordinates the efforts of the Financial Literacy and Education Commission, a group chaired by the Secretary of Treasury and composed of representatives from 20 federal departments, agencies and commissions, which work to improve financial literacy and education for people throughout the United States.

Other jurisdictions have specific plans to coordinate the viewpoint and actions of several public and private stakeholders in financial education,

generally through supervisory authorities or specialist committees. In Australia, the Financial Literacy Foundation created in June 2005 within the department of the Treasury is responsible for many new initiatives including: a national information and awareness campaign, the creation of a financial literacy website,[5] in partnership with the main public and private stakeholders, the facilitation of financial literacy programmes in schools and the workplace and financial literacy research in order to guide future strategies.

In Japan, a liaison committee with members drawn from the government (FSA and other administrations and agencies) and the private sector (banks, investment firms, insurers) has been set up to assess and improve the level of financial education of the population. A private advisory group to the financial services ministry, called the Financial and Economic Education Discussion Committee, has been formed to propose strategic guidelines.

In France, the Financial Sector Consultative Committee (CCSF), an official body whose members include, insurance companies and intermediaries, consumer associations and representatives of banks amongst other financial experts, has been established to facilitate dialogue between professionals and their customers. As such, it has been tasked with producing recommendations on issues challenging the insurance sector.[6]

In the Netherlands a platform to raise financial awareness of Dutch consumers, CentiQ, was set up at the beginning of November 2006. CentiQ is a collaboration of organizations within the financial sector, the government, consumer organizations and the scientific community who work together within CentiQ to deal with financial decisions of Dutch consumers.[7] CentiQ's objectives are to ensure that financial consumers are well informed, educated, and interested, play an active role in the financial markets and can confidently make informed financial decisions. The increasing number of complex financial products and the fact that consumers have their own responsibility to make financial choices was one of the reasons to set up CentiQ. Another reason is the increase of debts among groups of consumers and the increase of the amount of these debts. At the moment five project groups including budgeting, future perspectives and education are developing several initiatives to empower informed financial decisions by Dutch consumers. The project group investigates the financial understanding of the consumer, including how to enhance the financial awareness and motivation of consumers. The project group communication deals with the internal and external communication of CentiQ.

In other countries,[8] it is mainly the supervisory authorities or umbrella authorities in the case of federations,[9] that are at least partly responsible for initiatives and for assessing financial education needs in the insurance sector.

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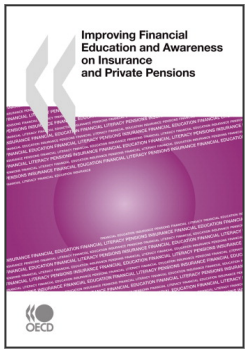
Other ministries or independent bodies like ombudsmen,[10] chambers of commerce[11] or even some insurance guarantee funds (Poland) may sometimes also be involved in various programmes.

Notes

1. The objective of promoting public understanding of financial systems is one of the FSA's statutory objectives. It covers understanding insurance (*i.e.* products, providers and the market).
2. Further information on this project is also available in the publications: "Treating Customers Fairly – progress and the next step" July 2004 and "Treating Customers Fairly – building on progress" (July 2005) and downloadable from the FSA website: *www.fsa.gov.uk*.
3. A document explaining the project of the working party on the subject is available on the FSA website: *www.fsa.gov.uk/financial_capability/*.
4. For more information on these activities see the US treasury website at *www.treas.gov/offices/domestic-finance/financial-institution/fin-education/*.
5. See *www.understandingmoney.gov.au*.
6. Including consumer information, borrower insurance and conditions for cancelling policies.
7. see also *www.minfin.nl/centiq*.
8. Such as Italy (ISVAP) and Mexico (CNSF).
9. Like the Canadian Council of Insurance Regulators (CCIR) or the National Association of Insurance Commissioners (NAIC) in the USA.
10. For example in Austria, Finland, Germany, Greece, Poland and the UK.
11. Especially in Canada, Germany and Poland.



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