

COORDINATING FINANCIAL EDUCATION AND LITERACY

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What is financial education & literacy and why is it important?

An essential factor contributing to people’s ability to make sound and well-informed financial decisions is their level of financial literacy. Financial literacy is the knowledge and understanding of financial concepts, as well as a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.

Financial education is the process by which financial consumers improve their understanding of financial products, concepts and risks, develop the skills and confidence to become more aware of financial risks and opportunities to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being (1).

Financial education and literacy can help consumers plan and manage their income, understand the importance of saving, make responsible use of credit, invest efficiently, reduce fraud and mitigate security risks. As a result, education in the sector can act as an important complement to the regulation and supervision of financial institutions.

(1) [OECD \(2005\) Recommendation on Principles and Good Practices for Financial Education and Awareness](#)

What is the EBA's role?

One of the EBA mandates is to 'review and coordinate' financial literacy and education initiatives by national authorities. While this mandate is more limited than for other areas, where the EBA is required to contribute to the convergence of practices, the Authority has taken a number of steps aimed at educating consumers across the EU, on the same topic, in a consistent way.

In March 2020, the EBA published its second [Financial Education Report 2019/20](#). The Report is based on the [EBA Financial Education Repository](#), which consists of more than 120 financial education initiatives taken by national authorities carried out primarily during 2018 and 2019.

The Report describes the most common approaches used by national authorities and the lessons learned and experiences gained. Compared to the 2018/19





report, the most recent edition includes new aspects such as the interplay between financial education and financial conduct regulation and supervision of the financial system. In addition, it highlights the increasing role of financial innovation and the growing focus on specific target groups, such as children and youth and elderly. It also identifies a number of developments that could influence future financial education initiatives, including behavioural economics, sustainable finance, and advanced analytics and big data.

In addition, the EBA developed a [one-page information sheet](#) providing consumers with tips to protect themselves when choosing online or mobile banking services. This document has been [translated in all EU official languages](#) and been disseminated by the national authorities in all Member States.

How do EU citizens benefit from the EBA actions?

The EBA is committed to continue coordinating national financial education initiatives at European level in order to promote financial education and literacy and help, among others, improving consumer protection and the responsible consumption of financial products.

The EBA information sheet will help consumers make better and more informed choices when choosing a service or when concluding an agreement for a particular service. It focuses in particular on:

-  reading and making sure to understand the terms and conditions before signing;
-  paying particular attention to all fees and charges;
-  thinking about security;
-  filling a complaint in case they believe that their rights have been denied.

The Financial Education Report 2019/20 provides an opportunity for individuals interested in financial education to learn more about the work carried out so far in this area at European level and the lessons learned by the national supervisory authorities. The EBA Financial Education Repository, enables EU citizens to obtain further information on the financial education and literacy initiatives launched by the national authorities in their countries.

Useful links:

- [Consumer corner](#)
- [Financial education](#)
- [Personal Finance at EU level](#)

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