

**REPORT ON INVESTOR EDUCATION
INITIATIVES RELATING TO
INVESTMENT SERVICES**

IOSCO Report



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Introduction:

Executive Summary

The purpose of this report is to provide IOSCO members and the public with an overview of the different approaches that supervisory authorities (and SROs) take to educate retail investors on issues relevant to investments in financial products that are distributed by intermediaries. This report sets out the results of a fact-finding survey of Committee 3 members that show a wide range of approaches. The results also indicate that supervisory authorities share common approaches and face some common obstacles in determining the most effective educational measures.

Several jurisdictions consider investor education to play an essential role in achieving investor protection. Some of these jurisdictions have established independent investor education bodies; others have units or departments within the supervisory authority that are charged with investor education. However, some supervisory authorities limit their own investor education initiatives largely to the issuance of investor alerts.

Many supervisory authorities provide information for investors on their website homepages about investment services and specific financial instruments. Some authorities complement online information about specific complex instruments with case studies that illustrate, based on specific examples, how investors might lose their investments, thereby translating otherwise theoretical risks into realistic scenarios

Some authorities also make use of online tests and quizzes for investors on subjects such as scam potential or on general information about investments and securities. Such tests are found to be popular with investors as they offer a more informal approach to financial matters.

A widely followed approach to investor education is to divide the population into target groups, each with a different risk profile and varying levels of financial knowledge. This approach helps to target investor education measures and make them more effective. For example, measures that target schools or university students, retirees or middle-income groups have frequently been used. In jurisdictions with emerging markets and rapidly rising middle-classes, a focus on the middle-income group is found to be especially effective. In addition to targeting particularly vulnerable groups, some authorities also address more advanced investors and convey specialized information to them via website and other means.

In addition to using conventional tools in their investor education initiatives, such as written information, conferences and websites, some authorities employ more innovative tools such as TV campaigns or social marketing. One authority uses a known celebrity to host these shows, giving these measures enormous publicity.

In many jurisdictions, the supervisory authority or national central bank are not the only institutions to be concerned with investor education. For example, some jurisdictions have set up entities specifically to coordinate the different investor education initiatives provided by various stakeholders; this entity is often headed by a member of a ministry or the supervisory authority. In other jurisdictions, the coordination among stakeholders is performed informally without the help of a separate coordinating entity.

Industry representatives and other stakeholders also carry out investor education initiatives in most jurisdictions. In some jurisdictions, such initiatives include for example, “stock market games” that simulate the experience of purchasing, holding and selling financial instruments over a certain period of time. These games are often targeted at students to give them first-hand experience in the field of investment services.

Generally for most jurisdictions, the investor education measures adopted by other stakeholders are not governed by statutory guidelines but rather are performed on a voluntary basis.

On the issue of assessing the effectiveness of investor education measures, C3 has established that most authorities have not introduced formal evaluation processes to examine the results of their measures. Generally, finding the appropriate measurement tools has proved difficult. However, one authority is currently developing a financial literacy index to assess the impact of financial education initiatives.

This report has been coordinated with the IOSCO Education and Training Team (E&T) and will be used to inform their broader based work on investor education going forward.

Background

Against the background of the financial crisis, IOSCO’s C3 was charged by the then Technical Committee with the task of exploring the different approaches to educating retail investors on all the issues relevant to their investments in financial products that are commonly distributed by intermediaries. This work complements IOSCO’s ongoing collaboration with the International Forum for Investor Education (IFIE). Chartered in 2005, IFIE brings together an alliance of private sector and public sector providers of investor education to improve the effectiveness of investor education programs around the world. IFIE serves as a clearinghouse for the exchange of information and ideas among providers of investor education from different jurisdictions, including organizations that are just beginning to develop or planning to develop investor education programs.¹

¹ For further information about IFIE, please go to www.ifie.org.

The subject of investor education is particularly important in the context of current legislative initiatives in some jurisdictions to amend the conduct of business regulations to address potential regulatory gaps that emerged during the financial crisis. An examination of current investor education efforts in IOSCO member jurisdictions complements the ongoing evaluation of such regulations.

As part of this project, C3 developed a questionnaire that asked its members to describe their approach to investor education. The survey covered the issues set forth in the project specification, and included questions the following:

- Comparison of the scope/remit of IOSCO members' supervisory authorities: is investor education part of the authorities' scope? If yes, which active duties of the authorities are comprised? What are the tools employed?
- Which groups within the population are at the aim/focus of investor education activities? What is the content of the information provided? In which format is the information provided? Is investor education performed in coordination with the investment firm industry or individual investment firms?
- Is investor education promoted unilaterally by the supervisory authorities or based on an ongoing dialogue between supervisors and investors, thereby taking into consideration the experiences of investors?
- Is the content and scope of investor education programs co-ordinated with findings from the oversight of investment firms, especially shortcomings in business of conduct provisions, on an ongoing basis?
- If investor education falls within the scope of an authority: How effective has it been at protecting investors' interests in the securities business? Is it possible to draw conclusions on this? Is sufficient data available?
- Have analyses been carried out to determine the efficiency and effectiveness of the different approaches, concepts, and their results?

All C3 members responded to the survey. Additionally, the US Financial Industry Regulatory Authority (FINRA) answered the survey in order to provide C3 with a fuller view of the scope of investor education measures undertaken in relation to financial products commonly distributed by intermediaries. FINRA was nominated by the IOSCO SROCC as a representative of the self-regulatory organizations (SROs) that commonly provide investor education measures. However, the that the inclusion of some FINRA measures in this report as illustrative examples does not imply that IOSCO considers them to be any better than those of other self-regulatory organizations.

The aim of this report is to provide IOSCO members and the public with an overview of the full range of measures employed by supervisory authorities (and SROs) to enhance the financial literacy of investors and ultimately to improve the process by which they make investment decisions with intermediaries. The report contains descriptions of the different approaches of supervisory authorities as well as examples of specific approaches by authorities that are deemed particularly effective and/or innovative. Where appropriate, links to the competent authorities' web sites and relevant publications are provided in the report. C3 hopes that this report will be useful for (1) supervisory authorities considering amending or enhancing their existing investor education programs, and (2) authorities starting such programs for the first time.

The report has been coordinated with the IOSCO Education and Training Team (E&T) Project on Investor Education, which analyzed the investor education measures undertaken by supervisory authorities via the internet. Some of the findings of this project have been incorporated into this report.

Going forward, the results of this project will inform the broader-based investor education work of the IOSCO E&T.

Section A: Analysis of the extent to which investor education is within the scope/remit of IOSCO members' supervisory authorities

1. Legal background for investor education initiatives

The majority of supervisory authorities who responded to the questionnaire included investor education as one of their statutory objectives. The objective of advancing financial literacy or investor education for these authorities is set out in the legislation that determines the scope of the supervisory authorities' powers and responsibilities. The analysis of the responses indicates that supervisory authorities are either obliged to promote consumers' financial literacy overall or to enhance investors' education levels. In all cases, the statutory objectives set out the broad framework for the financial literacy/investor education initiatives; they do not contain detailed specifications on the initiatives and measures to be undertaken.

More details on the scope and aim of investor education measures undertaken by C3 members are generally set out through some form of guidance or strategy paper. These guidelines have been laid out formally in the jurisdictions of some C3 members, normally by the responsible ministry or by the supervisory authority itself, and are generally publicly available. With these guidelines, the C3 members set out the core principles for conducting investor education projects. One authority has laid down detailed objectives and the steps to achieve these objectives in a five year strategic plan. Another authority has set out the strategic action plan to make 70% of its population financially literate within a time frame of five years.

Four examples of such published guidelines or strategy papers are set out below:

ASIC's Report 229 *National financial literacy strategy* (March 2011) accessible at:
www.financialliteracy.gov.au/media/218312/national-financial-literacy-strategy.pdf

Spain's National Education Plan: www.cnmv.es/portal/Publicaciones/PlanEducCNMV.aspx

AMF of France's Strategic Plan: www.amf-france.org/documents/general/8983_1.pdf (only available in French)

Portugal's National Plan for Financial Training - 2011/2015:
[http://www.cmvm.pt/EN/Cooperação%20Nacional/Conselho%20Nacional%20de%20Supervisores%20Financeiros/Documents/National%20Plan%20for%20Financial%20Education%20\(2011-2015\)%20-%20Portugal.pdf](http://www.cmvm.pt/EN/Cooperação%20Nacional/Conselho%20Nacional%20de%20Supervisores%20Financeiros/Documents/National%20Plan%20for%20Financial%20Education%20(2011-2015)%20-%20Portugal.pdf)

Portugal's Guiding Principles of Financial Training Initiatives:

<http://www.cmvm.pt/CMVM/Cooperação%20Nacional/Conselho%20Nacional%20de%20Supervisores%20Financeiros/Documents/PNFF%20Principios%20Oreinetadorest.pdf>

For those authorities that do not have a statutory financial literacy/investor education objective, most still consider investor education to be within their remit, as they view investor education activities to be an essential component of their overall investor protection statutory objective. Ensuring consumer confidence, market stability and investor protection is a common goal for securities regulators. In order to safeguard consumers' investments and ensure that investors have all the information they need to make an informed decision on their investments, securities regulators maintain investors must have a sufficient financial education. Therefore, most supervisory authorities consider their investor protection objective can only be achieved if supervisory activities ensuring compliance with the existing code of conduct regulations are supplemented by investor education measures.

One C3 member indicated that it has no formal responsibility for investor education measures and in general does not perform any investor education activity other than issue investor alerts. This authority considers investor education initiatives cannot guarantee that investors would be able – or willing – to act independently of the way the investment firms conduct business at the point of sale and, therefore, it focuses solely on the regulation of the business conduct of financial institutions.

In most cases, the scope of an authority's involvement in investor education is linked to the supervisory authority's regulatory remit. Supervisory authorities whose scope is limited to securities supervision do not generally provide information in their programs on bank services, such as loans and credits, insurance contracts, etc., while integrated supervisory authorities who have overarching responsibilities for securities, banking and insurance supervision tend to incorporate these subjects into their overall financial literacy initiatives.

Central banks in some jurisdictions also provide financial information. While the objective of central banks may be to improve the overall understanding of the functioning of financial markets, the education measures tend to be focused on issues that are at the core of a central bank's responsibilities, including price stability, inflation, the monetary system and monetary policy, and generally do not encompass other financial literacy issues.

One authority has also listed the investor education measures planned for the future as a major project in its strategic plan for the coming years, and has been highlighting investor education projects prominently in media interviews. By emphasizing this, the authority has promoted the importance of investor education measures.

Almost half of the respondents to the survey have indicated that they are either considering or have begun to amend legislation on investor education issues. The content of the on-going processes varies widely from one jurisdiction to another. The following measures are in the process of being implemented or at least are under discussion in the different jurisdictions:

- In Hong Kong, a new investor education body fully owned and funded by the SFC is to be set up. The body's mandate will be broader than the SFC's current investor education responsibilities, which are focused on securities and futures activities. The new body will assume the educational responsibilities of other financial regulators, thus extending its reach across the entire financial sector. The objective is to increase the general public's knowledge of finance, as a way to help individuals make informed financial decisions and manage their money wisely.

- In the U.S., pursuant to Section 917 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the SEC published, on August 30, 2012, a study (Study)² that examines and identifies:
 - The existing level of financial literacy among retail investors;
 - Methods to improve the timing, content, and format of disclosures to investors with respect to financial intermediaries, investment products, and investment services;
 - Methods to increase the transparency of expenses and conflicts of interest in transactions involving investment services and products;
 - The most effective existing private and public efforts to educate investors; and
 - In consultation with the Financial Literacy and Education Commission (which includes the CFTC), a strategy (including, to the extent practicable, measurable goals and objectives) to increase the financial literacy of investors in order to bring about a positive change in investor behavior.

The Study draws on numerous sources, including online survey research, focus group research, public comments to the SEC, and a Library of Congress review of studies of financial literacy among U.S. retail investors. It identifies investor perceptions and preferences regarding a variety of investment disclosures. The Study shows that investors prefer to receive investment disclosures before investing, rather than after, as occurs with many investment products purchased today. The Study identifies information that investors find useful and relevant in helping them make informed investment decisions. This includes information about fees, investment objectives, performance, strategy, and risks of an investment product, as well as the professional background, disciplinary history, and conflicts of interest of a financial professional. It was also shown that investors also favor investment disclosures presented in a visual format, using bullets, charts, and graphs.

² *Study Regarding Financial Literacy Among Investors* (As Required by Section 917 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Aug. 2012), available at: <http://www.sec.gov/news/studies/2012/917-financial-literacy-study-part1.pdf>. See also press release, available at: <http://www.sec.gov/news/press/2012/2012-172.htm>.

- In Spain, legislation to include financial education in the curriculum of the Compulsory Secondary Education system is under discussion.

2. How the investor education function is organised

A number of supervisory authorities do not address investor education issues themselves but rather do so through separate entities. This is often the case where supervisory authorities do not have a specific statutory objective to conduct investor education. These entities are sometimes funded (fully or partially) by the supervisory authority and the chairman of the body may also be a high-ranking official from the supervisory authority. The separate entities are often launched through a common effort of the financial regulator together with the relevant Ministry of Justice, Education, Finance, Labor or Consumer Protection. An example of such an entity is the French “Institute for Public Financial Education”. Its tasks and objectives are described in the following link:

http://www.lafinancepourtous.com/IMG/pdf/IEFP_anglais.pdf).

One jurisdiction has created a separate investor education fund that is funded from fines and settlement charges imposed by the supervisory authority. In another jurisdiction, the separate entity also runs an independent advisory service for consumers.

Other supervisory authorities have established internal departments or units that are charged with investor education. These departments are commonly combined with the area responsible for the supervision of conduct provisions for investment firms.

For some authorities, internal departments or units operate in addition to an external entity. These internal departments are commonly charged with issuing investor alerts, as well as investor guides and brochures, whilst other education activities are more commonly assigned to the separate entity. Where investor activities are performed by both an internal department and an external entity, the activities of the two are generally coordinated through a memorandum of understanding, or another similar arrangement.

3. Intended benefits of the investor education measures

According to respondents to the survey, the objectives of the supervisory authorities in conducting investor education initiatives, and the perceived benefits they generate, are often very general. The main purpose is to improve the financial capacity of the general public by providing the essential information, tools and motivation that investors need to make informed financial decisions and manage their savings wisely.

By encouraging heightened investor awareness, supervisory authorities also seek to reduce financial fraud and prevent investors from falling victim to financial fraud schemes. The stated motives often go beyond the objectives set out in the existing legislation or other guidelines on investor education published by the supervisory authorities.

Some C3 members noted that central banks are able to implement monetary policy more effectively if the general public has sufficient knowledge of basic economic principles. Others consider that investor education helps to prevent financial instability by promoting better-informed financial choices.

Most of the respondents pointed out that investor education measures and the provisions for the oversight of business conduct, especially disclosure requirements, are mutually reinforcing. This is because the value of the disclosed information that investment firms are legally required to provide to investors when offering investment services, particularly investment advice, depends heavily on whether the investor is fully able to understand the information. So the level of overall investor education is highly relevant to the supervision of conduct. An investor with a general understanding of the risks inherent in different types of financial products may be more likely to make better use of relevant information about a specific product, and should therefore be in a better position to decide which financial products best suits his or her needs. Such an investor is also less likely to make a decision to purchase financial instruments based on flawed investment advice, and may be better prepared to make the right decisions for his or her particular circumstances. In this way, investor education can help mitigate the impact of any violations of conduct provisions by investment firms, as a more educated investor is likely to be less susceptible to poor advice or even outright fraud.

Additionally, C3 members recognize that educated investors may be able to more easily identify inappropriate behavior by investment firms and, thus, may more readily lodge complaints with the competent authority. On the basis of those claims, the authorities can then launch a specific investigation.

4. Scope and subject of investor education measures

The survey results show that the range of investments addressed in the investor education initiatives undertaken by the supervisory authorities or the other national entities responsible for this task is very broad, with no predominant orientation.

The range of products varies according to jurisdiction: in some cases, it is strictly limited to financial products commonly distributed by investment firms; in others, it includes bank and insurance services. As described above, this generally depends on the scope of the respective supervisory authority. However, within the scope set by the respective jurisdictions, supervisory authorities usually develop broad-based education and information programs and resources for all types of products using different media as appropriate.

Almost all investor education initiatives undertaken by C3 members address specific financial products and/or investment objectives. One exception is an authority that follows an overarching approach by formulating a set of questions for clients to ask themselves as well as their counterparts at the point of sale (e.g. about financial needs, risks and experience,

suitability, possible compensation). This authority provides additional investor education mainly via investor alerts.

Where supervisory authorities do address specific financial products, they generally include the standard products most commonly purchased by retail investors, and some also include more complex products, e.g., more difficult to understand.

Besides initiatives addressed to differing types of financial instruments, almost all supervisory authorities have set up procedures to inform investors about fraudulent or potentially fraudulent practices.

a. Information about financial instruments most commonly purchased

The first category includes measures focused on financial products such as collective investment schemes or bonds, as well as on employee or other saving schemes. The information is generally accompanied by information tailored to investors who are inexperienced or investing for the first time. The information seeks to explain the principles of informed investing, risk management and diversification, and the issues investors should be aware of (such as the costs incurred by the purchase of a financial instrument).

Illustrative examples of information about specific financial instruments are set out below:

- ASIC's dedicated investor education website is www.moneysmart.gov.au/. The MoneySmart webpage linked below explains the benefits and risks of investing in shares. The webpage also explains the different ways to invest in shares, how to pick shares to buy, and how to keep track of your investment. This information goes beyond a simple explanation to cover all aspects of investing in shares and provides practical assistance to investors about choosing and keeping track of their shares. www.moneysmart.gov.au/investing/shares
- An example of a brochure on investment funds:
http://www.moneysense.gov.sg/Understanding-Financial-Products/Investments/~//media/Moneysense/Guides%20and%20Articles/Guides/Making%20SENSE%20of%20Unit%20Trusts_English.ashx

This guide sets out the different aspects of funds through questions. The reader also receives information about the different types of funds and the characteristics distinguishing one from another.

- BaFin publishes brochures on investment services in general and on investment advice in particular. The brochure on investment services lays out the different aspects and stages of investment services, such as receiving advice, placing orders, execution of orders that investors need to be aware of when purchasing

financial instruments. The brochure on investment advice contains a list of the investment firms' responsibilities vis-à-vis their clients when providing investment advice. This helps investors ensure that firms fulfill all their responsibilities when providing them with investment services. These brochures are particularly helpful for first-time investors.

http://www.bafin.de/SharedDocs/Downloads/DE/Broschuere/dl_b_wertpapiergeschaef.pdf?__blob=publicationFile&v=11

http://www.bafin.de/SharedDocs/Downloads/DE/Broschuere/dl_b_wertpapiergeschaef.pdf?__blob=publicationFile&v=11

Additionally, BaFin has set out a list of frequently asked questions and the answers. This contains issues such as pricing of financial instruments, know-your-customer-information, and the obligations of investor firms providing investment advice, issues prospectuses, etc.

http://www.bafin.de/DE/Verbraucher/HaeufigeFragen/GeldanlageWertpapiere/geldanlagewertpapiere_node.html

- The Hong Kong SFC's dedicated investor education website (www.invested.hk) includes information about a wide range of investment products, including stocks, funds and structured products, and allows users to select either from beginner or advanced information in line with their level of knowledge and experience. In order to maximise accessibility and usability, the information is presented using a variety of video, audio and text based materials. In addition, the SFC makes information about investment products and services, such as choosing a broker, available via publications and regular articles, such as Dr Wise, published in print and online.

http://www.invested.hk/invested/en/html/section/elearning/products/product_index.html

- Spain's CNMV has carried out educational and informational activities for investors since 2002. These actions are aimed at facilitating access to information and increasing the understanding of financial terms and issues in an effort to improve the consumers' investment decision-making process. Some examples of these are the information sheets known as "Investor factsheets and guides" (<http://www.cnmv.es/PortalInversor/section.aspx?hid=186>), which provide information about the main features of investment products and services, and the recommendations and warnings to bear in mind when operating in securities markets.

Such guides and fact sheets are distributed to universities, consumers' offices, banks, associations, etc. In addition, they are also sent directly to over 14.500 persons registered in a CNMV data base. An online course on investment funds also is available on CNMV's website (in the investors' section). This course includes an online quiz for investors to test their level of knowledge acquired through this course.

www.cnmv.es/DocPortal/Publicaciones/Guias/guia_rentafija.pdf

http://www.cnmv.es/DocPortal/Publicaciones/Guias/guia_FI.pdf

- The US FINRA's website has a wide range of useful information that is easily accessible. In addition to general information about investing (on how to get started, how to open a brokerage account), it provides targeted information for both beginning and advanced investors. The information for less or inexperienced investors explains the different types of financial products and their characteristics. For advanced investors, information about managing investment risk and evaluating performance, as well as on day trading, margin information and securities analyst recommendations is made available. As such, the website is directed to a broad audience of diverse investors, see <http://www.finra.org/Investors/SmartInvesting/>.
- The French AMF provides on its website an array of guides designed for retail investors. Consumers find these guides very helpful because of their simple and practical language.

For example, there is a guide about the different steps involved in making a financial investment (http://www.amf-france.org/documents/general/7971_1.pdf, only available in French) which includes the questions that investors should ask themselves before investing their savings. It also insists on the need to remain aware of the financial developments occurring after an investment has been made. There are also guides providing practical information about how to buy shares (http://www.amf-france.org/documents/general/6349_1.pdf, only available in French), as well as guides describing the features of collective investment products (http://www.amf-france.org/documents/general/6350_1.pdf, only available in French) and explaining the fees charged for financial investments (http://www.amf-france.org/documents/general/10285_1.pdf, only available in French).

All AMF guides for investors are available on the AMF website under the following link: http://www.amf-france.org/affiche_plan.asp?idplan=3&IdSec=6&IdRub=37. In addition, the guides are distributed to consumer associations and directly to consumers at various types of events where the AMF is present.

- SEBI has also set up a dedicated investor website (<http://investor.sebi.gov.in>) with material available in several of India's regional languages. Efforts are currently underway to convert the website into 13 languages apart from English.

b. Information about complex financial products

Information about complex financial products includes structured deposits, CFDs, capital guaranteed products, property trusts, mortgage funds, unlisted debentures and corporate

bonds, Forex products, covered warrants, and reverse convertibles. The following websites can be considered as good models for such brochures or leaflets:

ASIC's MoneySmart website contains information about specific complex instruments. The website explains the significant risks of purchasing these instruments, using case studies to illustrate how investors can lose their money when investing in certain complex instruments. The case studies help to translate into realistic scenarios, the risks that may often appear abstract and intangible to investors. The realistic scenarios make it is easier for investors to assess whether the potential losses involved when purchasing such a financial instrument pose an acceptable risk.

<https://www.moneysmart.gov.au/investing/complex-investments>

Consob's website sets out different types of complex products and describes the different characteristics of these in detail. The descriptions are again accompanied by examples that manage to illustrate the abstract risks in terms that are easier for investors to grasp.

http://www.consob.it/mainen/target/investors/education/derivative/main_categories.html

FINRA and the SEC's Office of Investor Education and Advocacy issued an alert to warn investors of these risks and to help them better understand how structured notes with principal protection work. The alert includes questions investors should ask when considering structured notes with principal protection and provides links to helpful resources, including a recent FINRA Regulatory Notice on these products. In particular, the alert indicates that investors should carefully review the terms related to any protection to or guarantee of principal.

Alert on Structured Notes with Principal Protection:

<http://www.sec.gov/investor/alerts/structurednotes.htm>

c. Information about fraudulent cases and scams

As part of their overall investor communication efforts, almost all C3 members responded that they have set a goal to respond to any fraud or mis-selling cases that they become aware of and to try to inform the public about these cases as quickly as possible. Almost all C3 members issue alerts, mainly on their websites, and on specific financial fraud cases. Most supervisory authorities also provide lists of all firms licensed by the respective authority on their website in order for investors to be able to confirm whether a firm with which they intend to engage in a transaction is under the supervision of the national supervisory authority.

The AMF Quebec lists information of fraudulent cases prominently on its webpage: the information is easily accessible and users do not need to navigate through several tabs to find it. <http://www.lautorite.qc.ca/en/alerts.html>

The BaFin has published a brochure describing the characteristics of illicit investment firms, in an effort to help investors recognize these firms. The website also contains a list of firms against which BaFin has taken action and barred from offering investment services.

http://www.bafin.de/SharedDocs/Downloads/DE/Broschuere/dl_b_geldanlage.pdf;jsessionid=9535832EE06384BBAF56D80A8E9B5602.1_cid248?__blob=publicationFile&v=8

http://www.bafin.de/DE/Verbraucher/Verbraucherthemen/UnerlaubteGeschaefte/unerlaubtegeschaefte_node.html

The Consob has published ten simple general rules describing the steps to follow before, during and after making a financial investment in order to identify possible scams or other types of fraud and protect themselves in the case of mis-selling or the insolvency of an intermediary. <http://www.consob.it/mainen/target/investors/education/dos/index.html>

The US FINRA³ also has issued a similar brochure. This is supplemented by online tests that enable investors to check for both “scam potential” and the level of risk to which the investor is exposed. <http://www.finra.org/Investors/ProtectYourself/AvoidInvestmentFraud/>.

This interactive approach appears to interest investors as most people appreciate receiving immediate feedback on their situation when examining their potential risk exposure. Criteria listed in a survey to which investors provide responses in an online-mask will commonly be remembered better than a list of criteria.

³ The US FINRA has been chosen as a representative of other self-regulatory organizations (SROs) so that SROs’ experience in investor education can be taken into account with this report. Reference to FINRA’s initiatives in no way implies that other SROs’ initiative have been assessed as less effective.

B. Analysis of the targets of investor education activities, and the content and form of the information provided

1. Targets of investor education measures

All jurisdictions responding to the survey have mechanisms in place to target specific groups of investors through investor education measures. Many authorities target the general public, as well as retail investors specifically. Some authorities put specific emphasis on investors most at risk; that is, those believed to be most vulnerable to misconduct or those at life stages (such as pre-retirement) that commonly require important financial decisions. In addition, some authorities specifically address more advanced investors and convey specialized information for this group via their websites and through other means.

Some authorities monitor the markets in their jurisdiction proactively, either in or of themselves or by making use of the monitoring activities of other institutions, in an effort to identify and analyze emerging issues and potential problems for retail investors and financial consumers, as well as to determine which target groups are most in need of investor education.

Some authorities divide the population into different target groups such as school children, college students, executives, the nation's middle income group, home makers, retirees/soon-to-be retirees, and then address specific financial education measures to each group. Others focus the activities on the adult population with sufficient financial capabilities to participate in the financial markets. One institution devotes its initiatives to the following three groups of people:

- children in secondary education;
- wage earners that need to take informed decisions about savings and employee stock ownership schemes as well as economically active people preparing financially for retirement;
- investors who seek to understand the products offered by financial institutions.

One authority differentiates between existing investors, new investors (converting savers into investors) and future investors.

In Spain the financial education plan includes an identification of the different segments of the target audience. The link below sets out the scope of the Plan, the proposed segmentation of its target audience and its specific learning needs, as well as the most effective delivery channels in each case.

http://www.cnmv.es/DocPortal/Publicaciones/PlanEducacion/PlanEducacion_een.pdf

Many authorities also survey retail investors to assess how to best target their efforts at the investing public. These surveys help C3 members to determine the potential risk posed by specific products or market practices to investors (for example, from particular complex products or mis-selling to vulnerable retail investor groups). They also help shape the authorities' efforts to minimize the risks to investors through a combination of issuing guidance, taking education measures, taking enforcement measures and proposing legislative changes.

In November 2011, the French AMF published the result of such a survey, conducted by the IFEP (an institute for public financial education) (http://www.amf-france.org/documents/general/10210_1.pdf), and focused on the level of financial literacy in the French population.

Other C3 members identify emerging risks associated with specific products or specific market practices as a result of queries and complaints received from investors either on the authority's information hotline or at a mediation or customer complaints department or unit. The fact that many fraud cases have been uncovered across jurisdictions in the last few years has been a turning point for several C3 members, who made it an objective to inform investors on how not to fall victim to potential fraudulent practices.

In other jurisdictions where recent demographic changes have altered the needs of the investing public, investor education has focused on the change in income distribution. A rapidly growing middle-class in one jurisdiction has caught the attention of authorities who fear that these newcomers may lack an investment culture and could be prone to invest without proper advice or information.

2. Tools employed

The responses provided by the participating authorities present a multitude of tools employed by supervisory authorities for investor education. The most widely used tools are brochures distributed to the population and information on the authorities' websites. Some authorities have created dedicated websites for investors; others make use of radio or TV campaigns/programs, social media such as YouTube and Twitter, issue press articles, and organize conferences.

Most jurisdictions use printed publications which cover information about unlisted shares, superannuation, pensions, managed funds, reverse mortgages, credit products, collective investment schemes, the net asset value of collective investment schemes, bonds, employee saving schemes, annual and extraordinary general meetings of shareholders, general guidelines in investment making decisions, guidance to help investors perform due diligence before making any investment decision (e.g., through a web-based system that allows individuals to check registration status and disciplinary history), and other specialized topics such as the basics of trading futures, options on futures, and foreign currency. Some authorities publish a series of educational guides and fact sheets intended for retail investors that do not require any previous knowledge of financial matters.

Additionally, some authorities hold lectures, meetings, symposiums and seminars, and/or initiate radio programs or live presentations on television.

For example, the AMF Quebec launched a public campaign called *Before investing, investigate!* (Avant d'investir, investiguez!). The focus of the campaign was to raise the awareness of Quebec consumers to the risks of fraud. For the campaign, the AMF used a famous and popular artist who had been a victim of fraud. A scientific survey concluded that this strategy had a major impact on the success of the campaign.

see: <http://www.lautorite.qc.ca/files/pdf/salle-de-presse/communiqués/2010/com23mars2010-mois-fraude-an.pdf>

Also, the AMF used the same artist to host a series consisting of twelve 30 and 60-second episodes and twelve 30-minute weekly shows on a specialized investment channel. The series was designed to demystify the markets, financial products and services. Other tools used to meet these objectives include:

- web (a dedicated micro site for a period of 8 months, www.cestvotreargent.com)
- print (newspapers & magazines)
- 51 conferences, including two large public lectures as part of a mass campaign:

(see: <http://www.lautorite.qc.ca/files/pdf/publications/autorite/rapports-annuels/autorite/amf-rapport-annuel-2009-2010.pdf>)

In March 2012, the AMF launched another large scale campaign to promote consumer awareness. The theme is *Five Key Questions to Help Avoid Financial Ruin*. Messages on English-language radio, French-language television and on the Web will encourage consumers to develop sound investment habits by asking themselves five key questions before investing their savings (e.g., Is the person listed in the AMF register?) A web landing page (www.5bonnesquestions.ca) and an educational video are also part of this campaign.

Within this campaign, the AMF wishes to use all means possible to reach the public directly, including Twitter (@lautorite). The AMF will use Twitter to comment on news, warnings, financial education (@educfin) and available jobs (see: <http://www.lautorite.qc.ca/en/press-releases-2012-pro.html> 2012 amf-launches-new-consumer-awareness-campaign-five-key-questions-to-help-avoid-financial-ruin02-03-2012-11-1.html).

The Spanish CNMV has taken an active part in various fora aimed at raising the awareness and skills of financial consumers. During 2011, a publicity campaign was launched targeting the general public through advertisements in the digital press as well as newspapers. Furthermore, an internet presence on social networking sites, such as Facebook, Twitter and Tuenti, was promoted. The CNMV also has participated in radio interviews to promote the financial education plan.

The Hong Kong SFC deploys mass media, including print and online media, TV and radio, to reach out to as wide a target audience as possible. For example, in 2011, the SFC ran a 13-segment radio interview program in which celebrities from different professions shared their investment experiences. The SFC also runs a number of TV campaigns to raise awareness of investors' rights and responsibilities, and to convey targeted education messages, on topics such as the risks and features of popular investments. For example, in 2011, a television campaign "*Invest Prudently, Signing Means Responsibility*" was launched to promote a responsible attitude to investing. The SFC also has developed a free investor education smart phone app which is available from its dedicated investor education website and makes use of social media channels such as YouTube and popular news websites.

The Internet is widely used by C3 members with paper brochures published by authorities are also available online. Some authorities also have a separate specific portal and/or website for investor education while other authorities are currently in the process of reorganizing their website, with the aim of building new websites that are interactive and include many more educational tools for investors, such as financial quizzes, financial videos, tests and tools to calculate fees. Many supervisory authorities have separate webpages for financial education.

The European Union has also set up an extensive website on investor education under www.dolceta.eu, which provides investor education material in all the languages of the European Union. The site contains general information about financial products (among other consumer education subjects) as well as information about specific instruments. The site also includes information for teachers to be used when addressing students on investor education issues.

Many authorities have also set up quizzes on their websites which test user knowledge of financial investments, thereby enabling investors to take a more interactive approach to learning about investments. Quizzes developed by ASIC can be found at:

<https://www.moneysmart.gov.au/tools-and-resources/quizzes>.

Another example of using quizzes combined with a mass media approach is that of the SFC Hong Kong which sponsored a TV game show, Outsmart, in which celebrities are quizzed on various investment topics, such as investor protection measures, product risks and trading procedures.

3. Investor education in schools

The inclusion of some form of financial literacy or personal finance education in the classroom has been the focus of significant work in several jurisdictions. In general, C3 members do not perform investor education activities in schools or similar institutions themselves. Many, however, contribute to the development of financial education initiatives for schools in other ways, e.g., by setting up separate foundations that provide investor

education in schools and/or working with relevant stakeholders to support the incorporation of financial literacy into the school curricula.

The following jurisdictions have set up financial education initiatives that focus on schools and are particularly noteworthy:

In the UK, the Money Advice Service⁴ plays a role in the delivery of financial education to those under the age of 18, as well as those between the ages of 18 and 25. The aim is to provide these young people with a solid foundation for building sound financial behavior and to encourage their use of the Money Advice Service (this is an activity the Money Advice Service performs as a follow up to a five-year national strategy that provided funding to the *Personal Finance Education Group* for preparing over 4,000 secondary schools in the UK to deliver financial education). In the UK, resources to support investor education are funded and provided by the financial services sector as part of their corporate social responsibility/community investment. Many have the PFEG quality mark, which is a voluntary scheme to ensure the educational quality of resources for the classroom funded by the industry.

In Australia, ASIC does not provide investor education directly in schools as it does not have a mandate to do so. Rather ASIC supports the effective integration of consumer and financial education into the Australian Curriculum for primary and secondary schools. Through the development of professional learning materials, training opportunities for teachers and quality classroom resources, ASIC aims to inculcate students with sound money management and decision-making capabilities and habits in areas such as savings, responsible and ethical investment, and balancing of risk and reward (See www.teaching.financialliteracy.gov.au.)

In Brazil, the CVM put forward and coordinated a National Strategy of Financial Education, which was launched in schools in 2010. Financial regulators, other authorities, such as the Ministry of Education, and organizations joined forces to provide financial education in Brazilian schools. The CVM was replaced by the national association for financial education in December 2011.

In Hong Kong, seminars and workshops are organized by the SFC for different organizations such as secondary schools, universities, companies and community groups. Collaboration takes place on “as needed” basis and topics are determined through discussion.

⁴ The Money Advice Service (moneyadvice.org.uk) was launched in April 2011 as an independent service to the public, offering free money advice and guidance online, over the telephone, and in person, across the UK through a national network of money advisers. The launch followed the successful conclusion in 2010 of a 12-month money guidance pathfinder project and the subsequent passing of legislation in the UK parliament (The Financial Services Act 2010). The legislation enabled the creation of an independent agency with statutory responsibilities to ‘enhance i) the understanding and knowledge of members of the public of financial matters (including the UK financial system), and ii) the ability of members of the public to manage their own financial affairs

In Québec, the AMF regularly partners with various schools through its Education and Good Governance Fund (EGGF). At the secondary school level, the EGGF supports a contest intended to develop students' critical awareness about advertising. The EGGF also provides financial support for the establishment of a financial literacy college, which will oversee the creation and delivery of training activities and the development of a website and a body of knowledge geared to individual investors. At the university level, the EGGF will financially support the development of a new master's program on suppressing financial crime. The EGGF also supports two other projects at university level: one project will develop educational tools for investors in the form of workshops and web capsules, while the other project, *Understanding the Financial Services Industry*, will produce an on-line educational tool that gives consumers an overview of the functioning and governance of the financial services industry, financial instruments and the relationship between risk and return. Additionally, an initiative is underway with the Financial Consumer Agency of Canada to create a Basics of Personal Finance program for adults, which will be delivered in the classroom and on the Internet.

In the US, the SEC's Office of Investor Education and Advocacy (OIEA) offers tools, materials, and programs targeted at teachers and students. For example, in July 2011, teachers from across the country attended the second annual SEC Graduate Program, a four-day professional development program focused on the securities markets and investor protection. OIEA also recently developed a shadowing program with students from inner city high schools in the Washington, DC area. In addition, OIEA participates in a variety of school-related outreach activities, including events at high schools and teacher conferences. Schools also have the ability to utilize the materials included on the CFTC's or NFA's website.

In Singapore, MoneySENSE, a national financial education program, employs a range of approaches to target different segments of the population. MoneySENSE is spearheaded by a public-sector-led steering committee and brings together industry and public sector initiatives to enhance the basic financial literacy of consumers. For example, the group has developed a kit that imparts basic money management messages to primary school children. MoneySENSE also provides funding to schools for vendor-run financial education programs. The Singapore Ministry of Education, a member of the steering committee, incorporates financial literacy concepts into the school curriculum. The Singapore Central Provident Fund Board, another steering committee member, has its own financial education initiatives for students.

In Italy, Consob holds dedicated seminars for students.

In India, SEBI is imparting classes on financial concepts and various financial products to specially targeted groups, such as school children, young investors, middle income group, executives, home makers, and retired persons through "Resource Persons". To become a Resource Person, one must be a SEBI- trained teacher, a senior secondary school teacher or a college teacher having post graduate qualification in commerce, economics or finance. The Resource Persons are not connected to any intermediary. Nor do they promote the interest of the investment firms or any such products. SEBI also partners with non-governmental organizations that have experience in the field of financial literacy. In the past, SEBI

partnered with Meljol, an NGO with experience at promoting child rights and financial education in schools. The pilot program covered 14,550 students in 281 schools and involved 196 trained teachers. This program covered schools in rural and tribal areas of Maharashtra with a high concentration of children from underprivileged communities.

SEBI along with other regulators is part of the Financial Stability and Development Council (FSDC), which is in the process of developing a school curriculum for financial education for students. A new initiative includes training teachers who voluntarily opt for the “Pocket Money Program” and give financial education classes to their respective schools. Around 55,000 students participated in this program during 2011.

Projects are under review in other member jurisdictions, e.g., in Spain where the CNMV and the Bank of Spain are currently promoting a project, with the collaboration of the regional education authorities, to include financial education in the school curriculum during the next school year. A pilot program was conducted during the 2010-2011 school year.

C. Analysis of the extent to which investor education is performed in coordination with the investment firm industry

1. Description of measures undertaken by the investment firm industry in C3 member jurisdictions

In many jurisdictions, industry associations, SROs, and individual investment firms undertake investor education activities. This is generally a result of their corporate social responsibility agenda. In some C3 member jurisdictions, investment firms have established foundations focused on financial literacy and/or investor education. For example, in Japan, one such foundation in a member state maintains websites that serve the needs of adult investors and currently distributes a stock market simulation game for middle and high school students. A similar stock market game, offered by the association of savings banks, has also been available for the last 15 years for students and other interested parties in several European countries. These games simulate real purchases of financial products such as stocks, bonds and funds and go on for a period of several weeks, during which the participants have the possibility of experiencing all aspects of financial transactions: e.g., orders are fixed and settled with the real price twice a day, and real costs and fees are registered in the “client’s” account. Such games involving school pupils are often highly competitive so that participants who are particularly successful with their “investments” are rewarded, thereby increasing their level of engagement.

In several member states, industry groups also hold presentations for investors or potential investors. Generally, certain guidelines apply for these tasks. For example, the speakers are not allowed to promote themselves, identify the financial institution with which they are affiliated, or promote any financial products. The content used in these programs must not in any way promote products or services or carry any form of identification, e.g., a brand or logo of the financial institution that helped develop it.

For example, in Singapore, "My Money", a financial literacy program offering regular investor education seminars since 2009 is organized by the Association of Banks in Singapore (“ABS”) and the Securities Investors Association Singapore (“SIAS”) in collaboration with MoneySENSE and the Singapore Management University’s Sim Kee Boon Institute for Financial Economics (“SKBI”). The objective of "My Money" is to prepare consumers to be more informed and responsible investors, through regular seminars designed to educate consumers about the risks and features of various financial products, the importance of having a diversified portfolio and of not taking on more risk than they can withstand. Speakers at the seminars include representatives from ABS, the Singapore Management University and SIAS itself. For more information, see http://www.sias.org.sg/index.php?option=com_content&view=article&id=166&Itemid=84 .

In Germany, the banking association for savings banks has also established an extensive stock market game that is available to pupils and students across Europe. This game has had 7.5 million participants since its initiation in 1983 and simulates a true stock market experience; participants virtually invest 50.000 EUR and then follow their investment over the duration of ten weeks. The game replicates all the characteristics of a true investment so that participants have the possibility of experiencing all the different stages of an investment, including the advantages, disadvantages, risks, and other effects. Other German associations provide brochures, flyers and other materials for students as well as teachers, with the aim of enhancing students' literacy levels.

In many member states, investment firms are also engaged in the education of investors, prospective investors, children or adults through participation in their formal education – often by approaching schools or the responsible ministry with investor education materials, such as brochures and other documents. Similar guidelines that are used for investor presentations generally apply to these materials, and form part of the firms' corporate social responsibility agenda.

It is important to note that some industry initiatives might be better described as “product education” rather than comprehensive investor education as such. C3 members have observed that the industry may sometimes be driven by the hope that investors will more likely invest in a product that they are knowledgeable about as a result of investor education measures provided by the industry. Hence, even though the industry's activities are prima facie not of a promotional nature, their focus may sometimes be directed towards product features and less on investment risks and product suitability. These initiatives may therefore be focused in some instances on particular financial products that investment firms seek to market.

C3 members generally believe that the investor education activities of an industry association cannot substitute measures taken by the supervisory authority or an independent organization. There is no assurance that an industry association will be completely impartial or will provide all the relevant information needed by investors. Measures undertaken by the industry may, however, be useful tools to supplement other investor education initiatives.

2. Coordination of industry investor education measures with supervisory authorities

Generally, supervisory authorities do not directly oversee the initiatives undertaken by other organizations, including industry organizations. The majority of the C3 jurisdictions also do not undertake investor education programs in conjunction with the industry.

There are some exceptions such as Japan, where the Japan Securities Dealers Association attends meetings with the Finance & Securities Education Support Committee, generally monthly, and conducts exchanges of information.

In Brazil, the CVM has set up a *Consultative Committee on Financial Education* that is made up of representatives from CVM and seven SROs and other non-commercial organizations (primarily associations) that undertake investor education initiatives with the goal of setting up a common agenda. The *Consultative Committee on Financial Education* has put forward initiatives such as a website on the CVM's portal (www.comitedeeducacao.cvm.gov.br), a training initiative for teachers, *Prêmio Imprensa*, and a course on capital markets for federal and state judges.

In the UK, regular meetings take place between the supervisory authority and the Financial Services Consumer Panel, the Financial Ombudsman Service, consumer bodies and the Money Advice Service to coordinate investor education initiatives.

In Hong Kong, the SFC often engages the industry in the planning and implementation of some of their investor education initiatives. For instance, the SFC has formed an *Investor Education Advisory Committee*, which comprises representatives from different constituents, including the investment firm industry, to provide ideas and support to the SFC in setting its investor education targets.

ASIC does not have a formal statutory coordinating role. However as the lead Australian Government agency with responsibility for financial literacy, ASIC facilitates collaboration, consultation and promotion of financial literacy programs and initiatives, including those aimed at investors, through various collaborative initiatives, including a cross-sectoral Financial Literacy Community of Practice, where each month ASIC uses its national video-conferencing facilities to bring together key stakeholders around Australia and New Zealand for regular discussion and sharing of information, exploration of topical issues and showcasing of financial literacy initiatives.

Other C3 members have reported, as well, that industry initiatives are coordinated with the initiatives undertaken by the supervisory authorities or other organizations in the respective jurisdictions through formalized or informal exchanges. However, some C3 members have also reported that, although investment firms have informed the supervisory authority of the occasional meetings they organize to help familiarize investors with investment issues, they provide no information about the number or the profile of these investors or about the exact content of these meetings.

3. Legal basis

In some jurisdictions, the industry activities in relation to investor education are based on statutory or other guidelines. For example, one such organization that is an authorized financial instrument business association is required under legislation to strive for the healthy development of the financial instrument business and the protection of investors through the dissemination of financial knowledge, enlightenment activities such as games, and public relations. In another jurisdiction, the supervisory authority sets out the agenda for the

industry's investor education activities, thereby taking into account the authority's aims and priorities in investor education.

However, in the majority of the jurisdictions, the industry measures are not governed by any statutory or other guidelines. As pointed out by one C3 member, the various activities taken up through coordinated effort are generally performed on a voluntary basis.

D. Methods to assess the efficiency and effectiveness of investor education measures

1. Overview of approaches

To date, supervisory authorities of nine C3 members have sought to assess the effectiveness and efficiency of investor education measures. However, most of these authorities have not established a formal evaluation process to examine the results of such measures. Also, only a minority of C3 members uses benchmarks to assess the amount, the quality, or the efficiency of the investor education measures developed, and/or monitors these aspects of the investor education measures undertaken otherwise.

Where the effectiveness of measures undertaken is monitored, this task is commonly carried out with the help of surveys, quantitative measures, such as keeping track of the number of brochures distributed to the public, or the number of connections to a website, and through comparisons of the different financial literacy measures available within a jurisdiction. One authority keeps count of the new investor education material, the number of investors reached, the number of events with specifically targeted groups and the number of investor education initiatives undertaken. Other supervisory authorities assess individual campaigns and resources aimed at investors, e.g. the number of website hits and downloads, the number of copies distributed or feedback on booklets, websites and seminars.

Responses to the survey show that many jurisdictions have undertaken surveys to evaluate their population's financial literacy level. These surveys were carried out with the goal of determining which investors are in most need of investor education initiatives. Some of these surveys contain in-depth assessments of the investors' situations and commonly strive to cover all types of investors in a market (i.e. different age groups, different income levels, etc.). The surveys commonly focus on the topics of basic money management, financial planning and investment know-how. Where such surveys have yielded information deficiencies in specific financial instruments, supervisory authorities such as the SFC Hong Kong have focused their investor education initiatives on these products.

Another C3 member monitors the ongoing investor education efforts at regular intervals through internal assessments and discussions among senior staff members on the relevant issues and with this authority's staff in the operating divisions. Another authority focuses on the feedback received from participants of the investor education programs. One supervisory authority has founded a research project and developed a financial literacy index to assess the impact of financial education initiatives. Other authorities have assessed the feasibility of a partnership with various industry sectors, e.g., newspapers and other media, to promote and distribute educational tools further.

The AMF Québec is developing a financial literacy index that will measure investors' basic knowledge of personal finance and investments, assess the behavior of consumers and, based on these results, set targets that determine how the investor education process should continue. In a second stage, the index will aim for a continuous progression of the results of Quebec consumers according to the targets established in the first year.

In Singapore, MoneySENSE commissioned a National Financial Literacy survey in 2005 to assess Singaporeans' approach to handling their finances and money matters. The survey showed that the majority of Singaporeans saved, watched their spending, and were generally responsible in the use of credit. However, many Singaporeans did not have a clear idea of how much they would need for retirement and were unaware of the key features of common financial products, such as life insurance policies and unit trusts. When asked how financial education should be imparted, 54% of respondents indicated they were most interested in receiving financial education through newspaper columns, radio or TV programs. The detailed results of the survey are available at:

http://www.mas.gov.sg/~media/resource/news_room/press_releases/2005/Financial%20Literacy%20Levels%20in%20Singapore%20Full%20Report.ashx

In the UK, the Money Guidance Pathfinder was initiated in 2009 as a 12-month pilot to test delivery of a free money advice service covering budgeting, saving and borrowing, protection, retirement planning, taxes and welfare benefits. It proved successful and contributed to the establishment of the Money Advice Service [refer to footnote 3]

www.moneyadviceservice.org.uk/assets/downloads/pdfs/20100709_pathfinder_summary.pdf

One C3 member takes a skeptical view on the success of educational programs and, therefore, does not perform investor education activities on a broad scale.

2. Findings

Generally, it can be said that supervisory authorities seek to induce behavioral change among investors through their investor education initiatives. However, most C3 members acknowledge the difficulties of measuring behavioral change and, therefore, of measuring whether the investor education initiatives are, in fact, effective.

Many authorities plan to continue to conduct surveys of their population to evaluate whether the overall financial literacy or investor education levels increase. However, as both financial literacy/investor education measures and surveys to assess the existing levels have been introduced only in the last few years in most jurisdictions, it is still too early to determine whether the measures undertaken have proved effective.

Also, as FINRA points out, one way to fully evaluate whether investor education initiatives are, in fact, effective, would be for surveys to be made up of "treatment groups" who

participate in the investor education events, as well as of “control groups” not exposed to the educational measures.

Based on the analysis of the responses to the C3 survey, the findings of the ASIC’s report *National Financial Literacy Strategy*, May 2011⁵ conclude that:

- more (and better) research is necessary before we can adequately assess which strategies work best and why;
- regardless of the debates about the best way to change people’s behavior for the better, there is agreement on the need to do so, and that the government plays an important role.

⁵ This report can be accessed in full at www.financialliteracy.gov.au/media/218312/national-financial-literacy-strategy.pdf

Section E. Information about other public authorities/institutions or private organizations charged with educational tasks

In most jurisdictions, investor education initiatives are offered by a range of stakeholders in addition to the supervisory authority, central bank or by the investment firm industry. In some jurisdictions, the supervisory authorities are involved in the investor education programs of these other stakeholders. Generally, coordination between the supervisory authorities and these stakeholders takes place, at the least on a sporadic basis, in most countries.

Among C3 members, two different approaches can be detected. The first is characterized by the existence of a separate institution that coordinates all the different investor education initiatives within a jurisdiction (often, this entity is headed by members of the ministries concerned or by a member of the supervisory authority). The second approach has no coordinating entity and relies instead on formal or informal coordination between the different entities providing investor education initiatives.

Singapore's MoneySENSE follows the first approach. MoneySENSE was launched in 2003 by then the Deputy Prime Minister of Singapore who was also Chairman of MAS. MoneySENSE is spearheaded by the public-sector Financial Education Steering Committee (FESC), comprising representatives from several government bodies, including the Ministry of Community Development, Youth and Sports, Ministry of Education, Central Provident Fund Board and National Library Board. MAS both chairs and provides secretariat support to the FESC. The FESC provides strategic direction, and coordinates and oversees financial education programs in Singapore. MoneySENSE initiatives are arranged in collaboration with various partners, including the MoneySENSE Industry Working Group ("MIWG"), composed of industry associations from the banking, insurance and financial advisory sectors as well as the Consumer Association of Singapore.

Similarly, in the US, the *Financial Literacy and Education Commission* (FLEC), which is chaired by the Secretary of the Treasury and made up of the heads of twenty-one federal agencies involved in financial education, is responsible for the coordination of different national financial education measures. The CFTC and the SEC participate in the FLEC. The SEC's Office of Investor Education and Advocacy, in consultation with the FLEC, is working to develop a strategy (including, to the extent practicable, measurable goals and objectives) to increase the financial literacy of investors in order to bring about a positive change in investor behavior.

The FLEC coordinates with the President's Advisory Council on Financial Capability (PACFC). It is composed of non-governmental representatives with relevant backgrounds, such as financial services, consumer protection, financial access, and education. The PACFC suggests ways to coordinate and maximize the effectiveness of existing private and public sector efforts and identify new approaches to increase financial capability through financial education and financial access. The PACFC will collect information and views concerning

financial capability from the Federal Government's 22-member Financial Literacy and Education Commission (FLEC).

In Hong Kong, the government is establishing an investor education body to advance a comprehensive approach to investor education and financial literacy. The board of directors of this new body will comprise representatives of all financial regulators in Hong Kong and the financial services industry. Advisory groups will be formed to advise the board of the new body on the needs of various target groups.

In other jurisdictions, consumer protection agencies undertake investor education initiatives, some of which relate to financial services. In some of these jurisdictions, formal procedures exist to coordinate different measures, thereby heightening the efficiency of investor education initiatives overall. However, in those jurisdictions where there is no formal coordination, meetings between members of the supervisory authority and the consumer protection agencies take place on a regular basis.

For example, in Brazil the CVM and the *Consumer Protection Agency*, which is subordinated to the Ministry of Justice, have signed a Memorandum of Understanding to coordinate joint activities, including, among others, a series of bulletins in June 2011 and an e-learning course to train the staff of the national system of consumer protection to identify claims that should be submitted to the CVM. The coordination is arranged through regular meetings at the Ministry of Justice with all participants.

In Canada, the AMF Québec has set up the Education and Good Governance Funds (EGGF) through a statutory fund, which it governs. The Fund is dedicated to educating consumers of financial products and services, protecting the public, promoting good governance and enhancing knowledge in the fields related to the mission of the AMF Québec, according to the conditions established by the AMF. An example of such contribution is the foundation of the *Institut collégial de la littératie financière*, which provides investors with the basic knowledge of personal finance and investments. Additionally, the AMF Québec sponsors events of private organizations and occasionally sends a staff member as speaker, but a formal coordination with these organizations does not take place. Instead, staff of the AMF Québec and the private organizations frequently exchange information and meet at various events. The AMF Québec, however, has set out procedures to monitor projects that were funded by the EGGF.

See: http://www.lautorite.qc.ca/files//pdf/fonds-education-saine-gouvernance/eggf_lignes-directrices_an.pdf.

In Québec, a unique initiative has been started: the establishment of a network of specialists from different environments (private, public, academic, school, community) dedicated to financial education. The network allows the sharing and pooling of tools and information. Newsletters, a calendar of events and dissemination tools for the financial education specialists are available on this section. An annual meeting is held to build the network among those persons, <http://www.lautorite.qc.ca/fr/education-financiere.html> (*in French only*).