



HIGHLIGHTS OF THE EVENT

One of the mandates conferred to the European Banking Authority (EBA), as an independent EU Authority set up to achieve a more integrated approach to banking supervision across the EU, is to review and coordinate financial literacy and education initiatives by national authorities. As part of the EBA's efforts to fulfil such statutory objective, and in light of the emergence of COVID-19, the EBA organised a virtual panel on digital financial education and literacy. The event took place on 30 September 2020, and this note provides an overview of the highlights of the event.

The EBA virtual panel provided a platform to discuss financial education related issues. It gathered 270 participants from around the world representing consumers, academics, consultants, supervisory authorities, national ministries, financial ombudsmen, EU institutions, the ECB and the financial services industry (banking, insurance and pensions).

Francois-Louis Michaud, Executive Director of the EBA, opened the event by emphasising the importance for citizens to have the ability to adequately understand the features and risks of financial products and services. He explained that the current COVID-19 context has accelerated the use of information and communication technology and less direct access to more traditional in-person financial advice. He also outlined the EBA initiatives on financial education and the broad and granular data available on EBA's website which contribute to a better and easier access to financial information by financial firms and the public at large. He presented the objective of the panel. In addition, he highlighted the important role that artificial intelligence can play to make financial information more accessible to all and not only to experts, and stressed the need to give further consideration to the shock absorbing capacity of banking agents.

Eva Maydell, Member of the European Parliament (EPP, BG), praised the EBA for the organisation of the virtual panel on financial education, a topic, which she considered to remain often low on the political agenda. She mentioned that COVID-19 exacerbated the problem of low financial literacy. She notably outlined in particular three main proposals i) *recognising the need for more action at EU-level*; ii) *improving the digital regulatory framework* and iii) *promoting financial and investment education in sectoral EU legislation* by using the Mortgage Credit Directive as a leading example. She concluded by calling for a comprehensive EU strategy for financial literacy based on embracing digital technologies and adapting sectoral legislation to its needs.

Annamaria Lusardi, Professor of Economics and Accountancy at the George Washington University School of Business (GWSB) and founder and academic director of GWSB's Global Financial Literacy Excellence Center provided a presentation about '*The financial fragility of European households in the time of COVID-19 and the role of financial education and literacy*' ([see her power-point presentation](#)). She highlighted that only one in three of people have a basic knowledge of personal finance and in particular of existing financial risks, in the US, but also around the world. She also stressed that the findings available for the US consumers are similar for the EU (in 2018). She indicated that one in three of EU households is unable to meet an unexpected shock during regular times, let alone during a pandemic and in a number of countries where one in two households was already fragile (single parents households, people with lower income, and women, are more fragile). Policies that increase financial resilience in structural ways will become necessary in the future, meaning focusing on well-being, add financial literacy among indicators of well-being and move toward a more inclusive society. She highlighted the need to focus on national strategies for financial literacy explaining that more than 70 countries have done or are doing a national strategy for financial literacy.

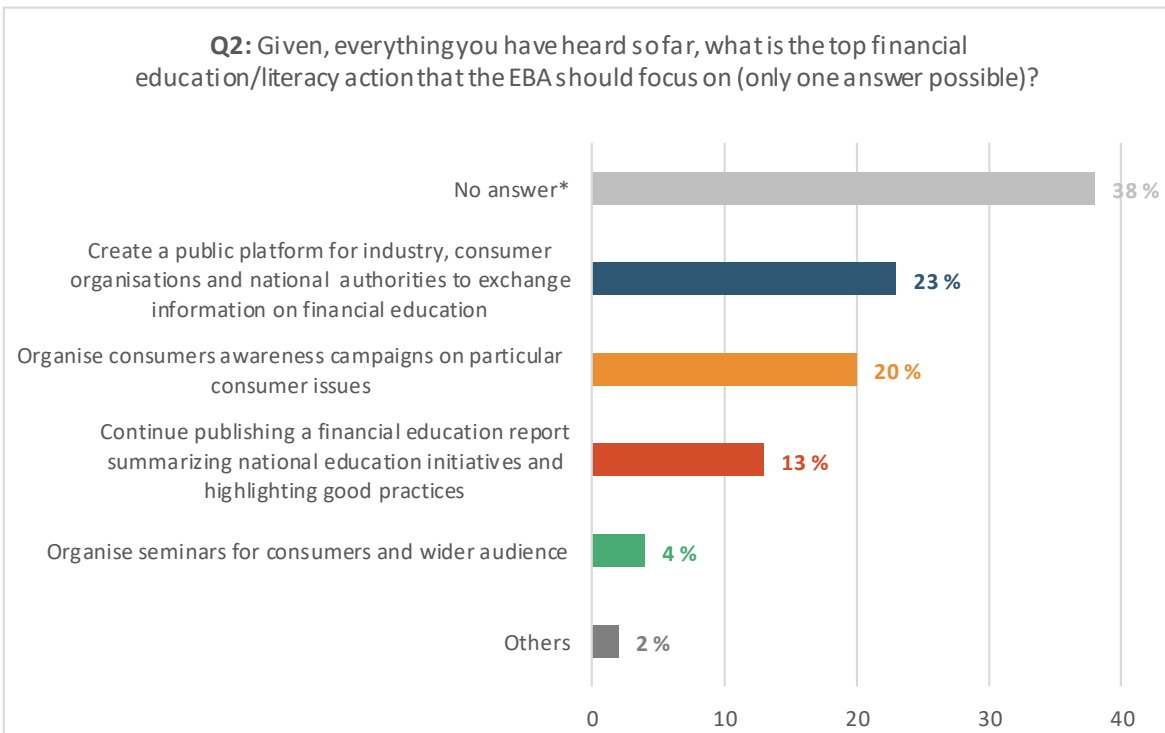
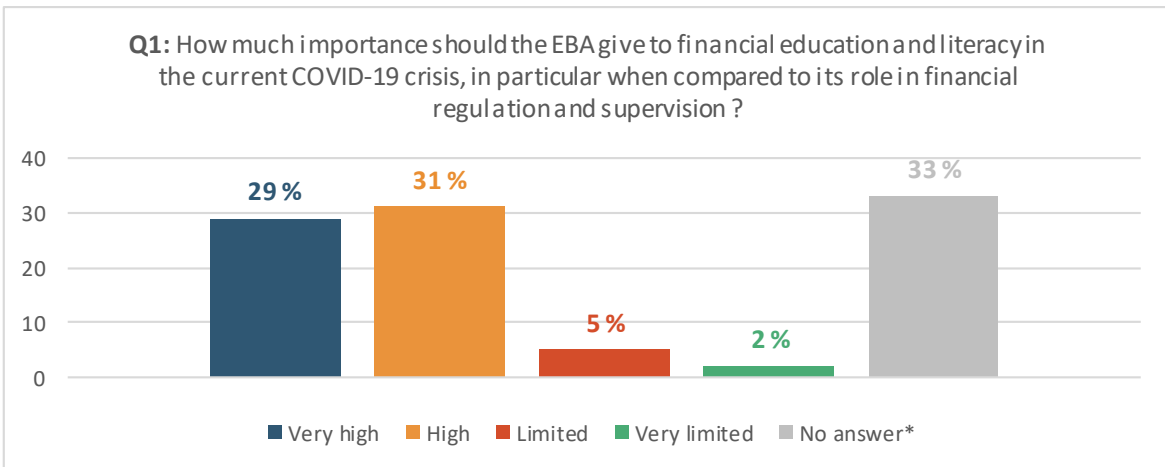


The subsequent **panel discussion** explored the lessons learned and way forward on financial education and literacy practices/strategies, the role of digital financial education and literacy in the context of the COVID-19 and how better the EBA could fulfil its coordinating mandate going forward. Panel members emphasised in particular the following points:

- **Impact of the COVID-19 crisis:** the panellists explained, that the COVID-19 crisis has accelerated the digitalisation of financial services with a massive increase of digital offers which might continue in the years to come. They specified that COVID-19 is currently acting as an accelerator of financial difficulties. One panellist stressed that COVID-19 made apparent the need for financial education and literacy. Another panellist highlighted that, as a stand-alone item, financial education is not sufficient for solving the overall problem. This panellist explained that financial education should be seen as long-term exercise and insisted on the important role of debt advice in the context of the COVID-19.
- **Role of financial education:** most of the panellists, mentioned that financial education and literacy should contribute to helping citizens to make sounds decisions about personal finances and intelligent consumption of financial products, and should be seen as complementary to consumer protection. It was also stressed by one panellist that providing financial information and financial advice are not a substitute for financial education and literacy. This panellist added that financial illiteracy is disproportionately paid by people who are already vulnerable and there is an implicit inequity in leaving people financially illiterate. Several panellists mentioned that financial literacy should be mainstreamed into school curricula.
- **Suggestions for actions at EU level:** One panellist called in particular for a comprehensive EU strategy for financial literacy based on embracing digital technologies and adapting sectoral legislation to its needs, with MCD as model example. Another panellist indicated that designing 'independent trustworthy and updated guidance' to support consumers in finding the necessary information would be welcome. All the panellists supported the idea of a public-private partnership on financial education involving actors active in that field, as soon as financial institutions do not use financial education as a marketing argument. One panellist also proposed to have an institution at European level devoted to financial education which could bring all the stakeholders together with the role to coordinate and promote financial education, as it is already the case in certain countries.
- **Importance of financial resilience and digitalisation:** In general panellists recognised that policies that increase financial resilience in structural ways will become necessary in the future, meaning focusing on well-being, adding financial literacy among indicators of well-being and moving toward a more inclusive society. It was also mentioned that technological developments could also have a role to help consumers to prepare against financial shocks.

Audience polls and audience chats

In addition, during the event two polls were submitted to the audience with the aim to collect their feedback on (1) how much importance the EBA should give to financial education and literacy in the current COVID-19 crisis, in particular when compared to its role in financial education and supervision; and (2) the top financial education/literacy action the EBA should focus on ([see below polls results](#)).



* 'no answer' includes part of the audience which was connected via phone and therefore could not participate in the poll

The audience had also the opportunity to post questions and raise comments in the chat, some of which were picked-up by the moderator and addressed to the panellists. Some of these questions focused on the role of financial institutions and consumer organisations in financial education/literacy initiatives to make them a success, the role financial advice can have in mitigating poor financial education and the role of financial institutions in this regard, the role of financial education in the context of low interest rates and the need for consumers to understand the limits of indebtedness and ensuring future financial resilience in schools at the earlier stage.

Finally, Jose Manuel Campa, the EBA Chairperson, summarised the main discussion points of the event in his closing remarks. He mentioned that the EBA is committed to coordinate financial education initiatives according to its mandate and to continue the dialogue. He invited participants to attend the EBA Conference on financial education foreseen for 2021.



Notes for editors

The EBA is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector.

The EBA has organised the EBA Financial education virtual panel in line with Article 9(1)(b) of the EBA's Founding Regulation, which requires the Authority *'to take a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market, including by reviewing and coordinating financial literacy and education initiatives by the competent authorities'*.