



CONSUMER EMPOWERMENT
AND MARKET CONDUCT
(CEMC) WORKING GROUP

FINANCIAL EDUCATION IN LATIN AMERICA AND THE CARIBBEAN



CASE STUDY

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INTRODUCTION

Financial education has attracted the attention of different interested parties around the world, including global and regional forums. The governments of the region have understood that, in the context of financial stability, financial education policies can be a tool to promote economic growth. Hence, it has become a topic of interest at the international level, where it is often considered an instrument that the more momentum it gains, the more impact it has on both the financial inclusion of the population and the stability of the financial system.

Despite the differing financial and social conditions of the Latin American economies, it is clear that the need for financial education exists, and therefore, educating society and having an impact over a country's regulatory framework are key factors to enable positive change.

Therefore, the following work will assess the development of financial education in different countries in the region, their varied approaches and the progress they have achieved in relation to financial education, which is the outcome of the joint efforts made by governments, the private sector, and the public at large.

I. COLOMBIA



In Colombia, economic and financial education is defined as the process through which individuals can develop the values, knowledge, competencies and behaviors needed to make responsible financial decisions, which require the application of basic financial concepts, as well as an understanding of the effects that the changes in the main macroeconomic indicators have on one's level of wellbeing.



REGULATORY FRAMEWORK

Among the points referred to in the document entitled, Basis for the National Development Plan 2010-2014: Prosperity for All, which is part of Law 1450 of 2011, it is stated that the national government, together with the private sector, must create a National Strategy to provide quality economic and financial education to the population. Henceforth, and through its Decree 457 of 2014—which established the National Administrative System for Economic and Financial Education (SANEEF)—the government also created an Intersectoral Commission for Economic and Financial Education (CIEEF).

CIEEF’s tasks involve proposing guidelines, methodologies and tools for the adoption of a national strategy, as well as recommending mechanisms for the management, coordination and financing that are needed for the execution of this strategy, all of which are to be coordinated between the public and private sectors.

The CIEEF is made up of the following authorities: the Minister of Finance and Public Credit (MHCP)¹ or their representative; Minister of Education (MEN) or their representative; Colombia’s Financial Superintendent (SFC) or their representative; the Director of the National Planning Department (DNP) or their representative; Director of the Financial Institutions’ Guarantee Fund (Fogafin) or their representative; Director of the Cooperative Entities Guarantee Fund (Fogacoop) or their representative; Director of the Financial Regulation and Financial Studies Unit (URF) or their representative.



Furthermore, the Decree has also established the creation of Technical Sub-Commissions to advance issues related to:

- > Formal education
- > Active working life
- > Vulnerable populations
- > Micro entrepreneurship
- > Occupational retirement provision and social security in old age
- > Measurement and assessment

On the other hand, within the Financial Consumer Protection Law 1328 (2009), there is the Financial Consumer Protection Regime, where in Title I, Chapter I, Article III, Letter f, the following guiding principle regarding relations between financial consumers and supervised entities is mentioned: “Education for the financial consumer.”

The supervised entities, trade associations, consumer associations, the public institutions that carry out interventions and supervisions in the financial sector, as well as the self-regulatory bodies, will seek to provide financial consumers with adequate education regarding the financial products and services that the supervised entities offer. This includes the characteristics of the markets in which they operate, the institutions authorized to provide financial products and services, and the different consumer rights mechanisms.

1 Most acronyms in this document are in Spanish.

II. COSTA RICA



Costa Rica defines financial education as the process by which consumers of financial products are able to manage information appropriately or use financial tools that improve their skills to understand these issues, thereby improving their ability to apply reason to evaluate them and hence, make the right decisions.



REGULATORY FRAMEWORK

By virtue of Decree 20, the Government of Costa Rica implemented the National Strategy for Financial Education in 2019. This initiative was prepared by the Office of the First Vice President of the Republic, in coordination with the Ministry of Economy, Industry and Trade (MEIC). It has been declared a public interest by President Carlos Alvarado Quesada during a ceremony at the Presidential House.

In order to continue expanding Financial Education and Inclusion, on April 8 2015, the Chamber of Banks and Financial Institutions and the President of the Republic Mr. Luis Guillermo Solís, signed a support agreement on financial education and inclusion, which also incorporates OECD's recommendations on how to contribute to the improvement of citizens' financial culture by giving them tools, skills and knowledge to make better informed and more appropriate financial decisions. Thanks to this agreement, the Chamber of Banks' financial education tools were made available to all government offices so as to benefit the entire population of the country.

Furthermore, thanks to Supplement N° 47 (Formalized Regulation), where the financial education initiative had been declared a public interest, a multisectoral panel on financial education was established in order to support the initiatives promoted by the coordinators. This panel's members will be the Coordinating Ministries and private sector organizations. The latter will be able to join, either permanently or temporarily, by signing a letter of commitment.

The team in charge of reviewing financial inclusion and education matters is made up of different offices belonging to the Superintendency, such as Supervision, Analysis, Legal, and Credit Data Offices. Also, a coordinator-liaison is tasked with reporting to both the Intendent and the Superintendent on all issues and advances made.



III. PARAGUAY



Financial education in Paraguay is defined as the process by which individuals improve their understanding of financial concepts and products in order to develop the capabilities, values, and abilities needed to make responsible financial decisions, and to understand the effects that changes in the main macroeconomic indicators can generate in their wellbeing.

REGULATORY FRAMEWORK

The Office of the President of the Republic established, by virtue of its Decree 1971 of July 22, 2014, the National Committee for Financial Inclusion.

This Committee is made up of the following institutions' senior authorities:

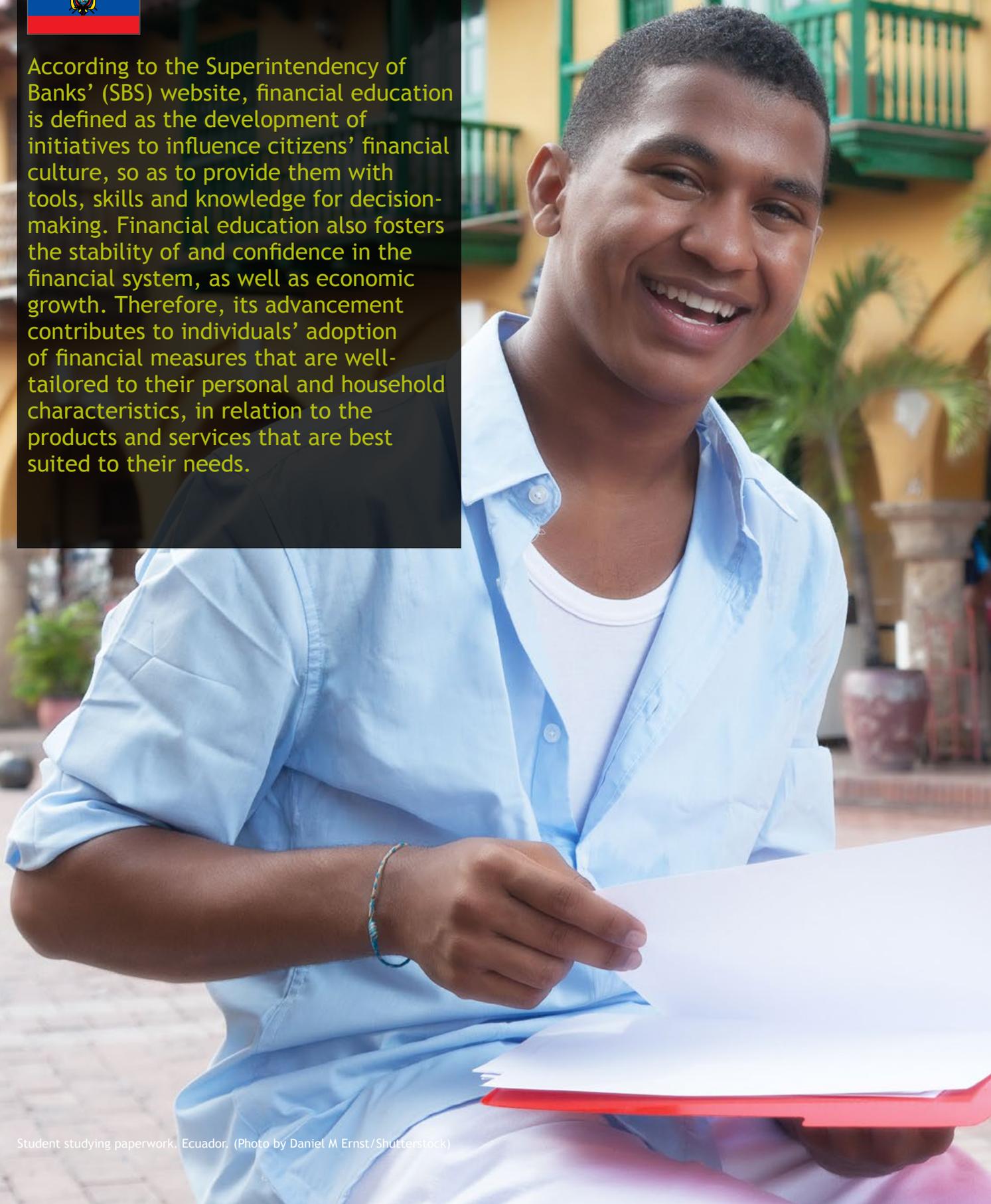
- > Central Bank of Paraguay (BCP)
- > Ministry of Economy (MH)
- > National Institute of Cooperativism (INCOOP)
- > Technical Secretariat for Economic and Social Development Planning (STP)

On the other hand, the financial inclusion process is being strengthened thanks to the creation of the Financial Inclusion Office within the Superintendency of Banks. This Office was created by virtue of Resolution 11, Act 23 of May 4, 2013 by Central Bank of Paraguay's (BCP) Board of Directors, establishing its three departments: Bankarization, Financial Education, and Financial Consumer Protection. Currently, the Financial Inclusion Unit reports directly to the BCP's Board of Directors and has three offices: Bankarization, Financial Education, and Financial Market Conduct.

IV. ECUADOR



According to the Superintendency of Banks' (SBS) website, financial education is defined as the development of initiatives to influence citizens' financial culture, so as to provide them with tools, skills and knowledge for decision-making. Financial education also fosters the stability of and confidence in the financial system, as well as economic growth. Therefore, its advancement contributes to individuals' adoption of financial measures that are well-tailored to their personal and household characteristics, in relation to the products and services that are best suited to their needs.



According to the 2015 resolution by SBS, financial education is also defined as a continuous process by which the population learns about or improves their understanding of financial products' and services' concepts, characteristics, costs and risks, acquires skills to know what their rights and obligations are, and is able to make sound decisions based on the information and unbiased advice received, in order to act with certainty and thus, improve their condition and quality of life.

REGULATORY FRAMEWORK

Despite the fact that Ecuador does not currently have a National Strategy for Financial Education or a commission that monitors it, the Superintendency of Banks—by virtue of its Resolution SB-2015-665, Chapter IV—has mandated that all entities under its control must develop Financial Education Programs (PEF).

Compared to other countries, Ecuador's financial inclusion seems to have a stronger drive than its financial education efforts, since its concept of inclusion also covers educational aspects, which is included in the five inclusive strategies the State must focus on.

The Central Bank of Ecuador (ECB), in compliance with constitutional mandates, has been applying a financial inclusion policy through the National Payment System, which looks to broaden the access to and usage of financial services of those populations with limited access to these services. In addition, it promotes increasing the participation of financial system institutions—especially by organizations belonging to the Popular and Solidary Financial System—into the National Payment System through a direct and indirect participation scheme, which allows the channeling and managing of payments done by the clients of those participating national financial institutions.

Financial Education Programs include:

a) ***Tus Finanzas* Financial Education Program**

It is a group of financial institutions supervised by Ecuador's Superintendency of Banks and Insurance working together to increase the financial capabilities of Ecuadorian society.

b) **Ecuador's Diners Club**

Its main goal is the technical implementation of the best international practices in financial education, in order to achieve the greatest impact in society, while supporting learning, improving financial knowledge and understanding to improve decision-making.

Within the Superintendency of Popular and Solidary Economy, there is the Office for Institutional Strengthening and Resolution Mechanisms, which consists a National Board for Financial Strengthening and Inclusion, whose mission includes the development, implementation and supervision of financial inclusion. In addition, within its organizational structure, there is the National Directorate of Research and Development, which reports to the National Office of Information Management and Technical Regulations. The latter is made up of six public staff and is in charge of designing and implementing the training scheme for the supervised financial entities and organizations included within the Superintendency of Popular and Solidary Economy.

V. EL SALVADOR



Financial Education in El Salvador is defined as the Process by which the population acquires knowledge and develops skills and attitudes in the proper use of their personal and / or business finances, allowing to build solid and trustworthy foundations, with the purpose of taking appropriate decisions and helping to improve their social and financial well-being.

REGULATORY FRAMEWORK

There have recently been advances in the country's regulatory framework. Firstly, thanks to Executive Decree No. 28, which establishes El Salvador's National Council for Financial Inclusion and Education (CNIEF) in order to coordinate official financial inclusion and education initiatives and activities, and to implement and track the National Financial Inclusion Policy (PNIF), that are currently awaiting approval by the President of the Republic. The Council facilitates access to financial products and continues with both the country's financial education work and the development of the National Strategy for Financial Education (NFES).

This Council consists of the heads of the following institutions, each of which has different powers and attributes derived from the applicable laws and regulations: Central Reserve Bank of El Salvador; Superintendency of the Financial System; Ministry of Economy; Ministry of Education, Science and Technology; El Salvador's Development Bank;



Consumer Protection Office; National Commission for Micro and Small Enterprises; Deposit Guarantee Institute; and the Agricultural Development Bank. These must coordinate their work with two support groups: The Support Group on Financial Education Issues (GATEF) and the Support Group on Financial Inclusion Issues (GATIF), both responsible for monitoring technical matters related to the Council’s decisions and for coordinating the different working sub-groups.

In terms of financial education, GATEF will coordinate five subgroups, divided into the following priority segments:

- > Educational Community
- > Entrepreneurs and Businesspeople from Small and Medium Enterprises (SMSs)
- > Employees
- > Migrants
- > Vulnerable Populations

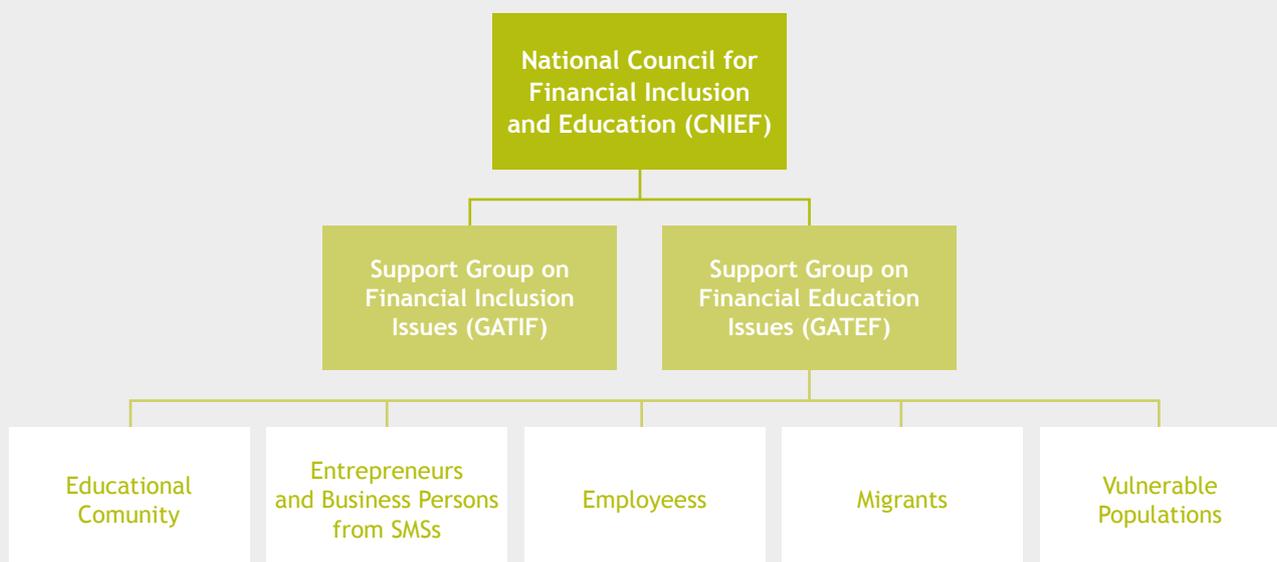
In order to pool efforts and achieve a greater national impact, El Salvador’s Central Reserve Bank has promoted the signing of a Framework Agreement for Interinstitutional Cooperation in the field of Financial Education, signed by the Institutions that are part of the CNIEF and additionally the Banco Hipotecario de El Salvador (BH).



Therefore, a plan has been designed, thanks to all interested parties’ commitment to achieve well-coordinated and sustained actions. This is governed by the National Strategy for Financial Education’s guidelines and it looks to reach different population segments through various communication channels.

The Financial and Education Inclusion activities’ coordination is carried out at El Salvador’s Central Reserve Bank, more specifically within its Department of Public Policy and Financial Innovation, which operates within the Office of Financial Regulation and Public Policies.

COORDINATION MECHANISM



VI. HONDURAS



Financial Education in Honduras is the process by which financial consumers and investors improve their understanding of financial products, concepts and risks. As they acquire information, instruction, and/or unbiased counseling, they develop the skills and confidence to become more aware of financial risks and opportunities, make informed decisions, know where to turn for help, and take effective action to improve their financial wellbeing. (OCDE, 2015)



REGULATORY FRAMEWORK

Article 59 of Honduras' Credit Card Law establishes that:

“In order to strengthen the Financial User Protection Office in its task of providing information to, educating, and guiding financial system users on their financial operations, the National Commission of Banks and Insurance (CNBS) may request the suitable budgetary extensions in order to comply with said task, with due regard to the powers, attributions and limits set forth in its own law.”

Laying the foundations for the development of regulatory framework, the CNBS requires that financial institutions submit an Annual Financial Education Plan within the first 10 to 15 days of January on a yearly basis. This Plan reports on the budget allocated for financial education programs and its submission is mandatory by law, since Article 4 number 28 of GE Resolution No. 1768/12-11-2012, issued by the CNBS - containing the *Regulations for the Strengthening of Transparency, Financial Culture and Financial Customer Services amongst Supervised Institutions*, establishes that financial users have the right to receive financial education from the CNBS.

In this regard, there also exists the Debt Relief Act, where the guidelines in the Regulations (Article 7: Obligations of Financial Institutions, item 3), orders budgetary disbursements for financial education campaigns. Article 13 on Financial Education mentions that all institutions belonging to the national financial system must promote, through educational campaigns, a culture that fosters the healthy management of the finances of all those who wish to access financial products. CNBS and the Honduran Association of Banking Institutions (AHIBA) are responsible for coordinating this, as well as for promoting the bankarization of workers' payroll as a condition for accessing the benefits of the aforementioned Act.

In 2016, the structure of the Financial User Protection Office was improved, thanks to the Resolution GA 510/06-15-2016, hence creating the Department of Market Discipline, Transparency and Financial Education to comply with Official Resolution C140/2012 and C141/2012, as well as with the 2013 amendments to the Credit Card Law. This Department is divided in two areas:

- > Market Discipline, and
- > Transparency and Financial Education.

The former is tasked with carrying out actions that lead toward the publishing of economic-financial information, including statistics and comparative indicators, all of which are to be added to the range of products and services already offered within the supervised financial system. The latter looks to expand financial users' training and information services, sponsor national outreach events, coordinate and manage new strategic allies, so as to transfer new methodologies, engage targeted populations, and to train facilitators to guarantee continuity. Additionally, activities organized by the CNBS Women's Financial Inclusion Plan, launched in July 2019, are currently being carried out.

VII. MEXICO



Mexico, in line with international organizations, has adopted a definition of economic-financial competencies, understood as the knowledge, behaviors, and attitudes that underlie all sound financial decisions. The shaping of these skills and abilities takes place through a process that begins with economic-financial education, and later crystalizes in greater financial literacy and financial health. This definition was established in Mexico's National Policy for Financial Inclusion.

All the above implies that the population is able to plan and manage their finances, gain knowledge on what financial products and services are for, and identify which ones they need at each stage of their lives, based on their contexts. Hence, individuals can evaluate and compare all the available financial products and services offered, and understand the risks, benefits, rights and obligations associated with contracting those services. The goal is to provide consumers with tools that lead to greater financial health.

REGULATORY FRAMEWORK

The Financial Education Committee (CEF) was established in 2011 with the aim of designing and implementing a National Strategy for Financial Education. In that same year, the National Council for Financial Inclusion (CONAIF) was created, in order to design and implement a National Policy for Financial Inclusion. The Council must coordinate with the CEF on actions and efforts related to financial education. In 2014, in the Financial Groups Regulation Act, both collegiate bodies were established by law.

Furthermore, Article 30 of the General Education Law mandates that the content of all government curricula and syllabi imparted by the State, as well as those of its decentralized bodies and private organizations authorized by the State or whose studies are validated by it, in line different school levels, must foster financial education.

The members of CEF are the following: the Undersecretary of Finance and Public Credit (President); the Undersecretary for Primary Education of the Ministry of Public Education (SEP); the Undersecretary for Higher Secondary Education (SEP); the President of the National Commission for the Protection and Defense of Financial Services Users (Condusef); the President of the National Banking and Securities Commission (CNBV); the President of the National Commission of Insurance and Bonds (CNSF); the President of the National Retirement Savings System Commission (Consar); the Executive Secretary of the Institute for the Protection of Bank Savings (IPAB); the Head of the Banking, Securities and Savings Unit of the Ministry of Finance and Public Credit (SHCP); the Head of Development Banking Unit (SHCP); the Head of Insurance, Pensions and Social Security Unit (SHCP); and the General Director of Financial Education and Cultural Development of the bank of Mexico (Central Bank).

Additionally, the heads of State development banking institutions and development agencies and entities are permanent observer to the CEF, with voice, but without voting rights. The Executive Secretary of the CONAIF, who is a staff member of the CNBV, also attends de CEF meetings. The CEF also has an Executive Secretary who is the Head of the Banking, Securities and Savings Unit of the SHCP, and a Technical Secretary appointed by Condusef.

In line with the above, on March 2020, the new National Policy for Financial Inclusion—jointly designed by CONAIF and CEF—was presented and it integrates the National Strategy for Financial Education. The Policy for Financial Inclusion sets as its financial economic-competencies goal the increase of the economic-financial competencies of the population.

In order to achieve this, the policy has two strategies. The first looks to promote financial economic education among school-age population so as to increase financial competencies. The second strives to expand economic-financial education and outreach efforts, in order to increase knowledge, skills, and boost behaviors that are financially healthy.

At the same time, each of these strategies has specific actions. For example, achieving the integration of economic-financial education content into the schools' curricula and syllabi of all compulsory-schooling established by the General Education Law, as well as incorporating economic-financial, and digital education among beneficiaries of social programs.

Moreover, both an indicator and a target were established in order to measure the goal of increasing the population's economic-financial competencies. This indicator is the score of the Financial Competencies Index and the target is to achieve 60.5 points by 2024. The baseline was established in 2018 at 58.2 points.



VIII. PERU



In Peru, financial education is defined as the process of developing people's financial knowledge, skills and attitudes that contributes to their financial wellbeing.

These are defined as:

- a) **Knowledge:** It means understanding how financial products and services work; grasping the relevant concepts associated; identifying the roles of providers and consumers within financial markets; identifying the rights and responsibilities people have; and knowing where to obtain information.
- b) **Skills:** It means being able to apply the knowledge gained and to manage one's own finances well.
- c) **Attitudes:** These are understood as having the right motivation and insights to be able to plan ahead for the future by exercising self-control and making proactive decisions, as well as developing self-confidence to make informed financial decisions and successfully interacting with the financial system.
- d) **Financial wellbeing:** It implies that the person knows how to act in different contexts, taking into account their personal finances, so that their actions are ethical and beneficial for them. For example, the person is able to: correctly manage their daily finances, develop a financial plan that takes into account their situation, take advantage of opportunities, recognize financial products' risks, and face the financial difficulties that may arise.

REGULATORY FRAMEWORK

The Multisectoral Commission for Financial Inclusion, a commission of a permanent nature attached to the Ministry of Economy and Finance, was created through Supreme Decree No. 029-2014-EF in order to propose the design and to monitor the implementation of the National Strategy for Financial Inclusion—approved by Supreme Decree No. 191-2015-EF, as well as to issue regular technical reports regarding its progress and results.

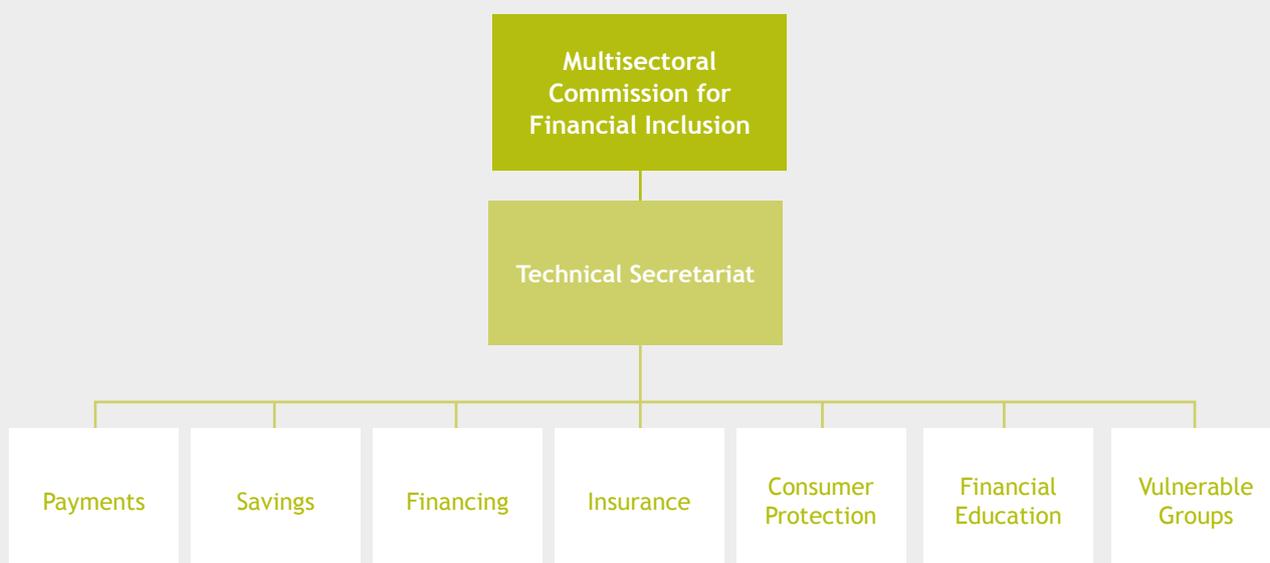
The Multisectoral Commission for Financial Inclusion is made up of the following entities:

- > The Ministry of Economy and Finance, who chairs it
- > The Presidency of the Council of Ministers
- > The Ministry of Education
- > The Ministry of Development and Social Inclusion
- > The Ministry of Transport and Communications
- > The Ministry of Production
- > The Ministry of Agriculture and Irrigation
- > The Superintendency of Banking, Insurance and Private Pension Fund Administrators (SBS)
- > The Superintendence of Securities Market
- > Bank of the Nation

Among the entities participating in the Commission, especially the Superintendency of Banking, Insurance and Private Pension Fund Administrators (SBS), since 2006, has directed its efforts to promoting financial education in Peru, based on the Framework Agreement signed with the Ministry of Education. It has been working on these topics from the very outset, especially in advising secondary school teachers and helping them develop their skills so that they are better able to instruct their students.

In general terms and since 2015, the Multisectoral Commission for Financial Inclusion (CMIF) has been implementing the National Strategy for Financial Inclusion (ENIF), which is a State Policy for the promotion of financial inclusion in the country. Its program defines technical groups made up by public and private institutions, each in charge of one of the seven lines of action (Savings, Payments, Financing, Insurance, Consumer Protection, Financial Education, and Vulnerable Groups).

MECANISMO DE COORDINACIÓN



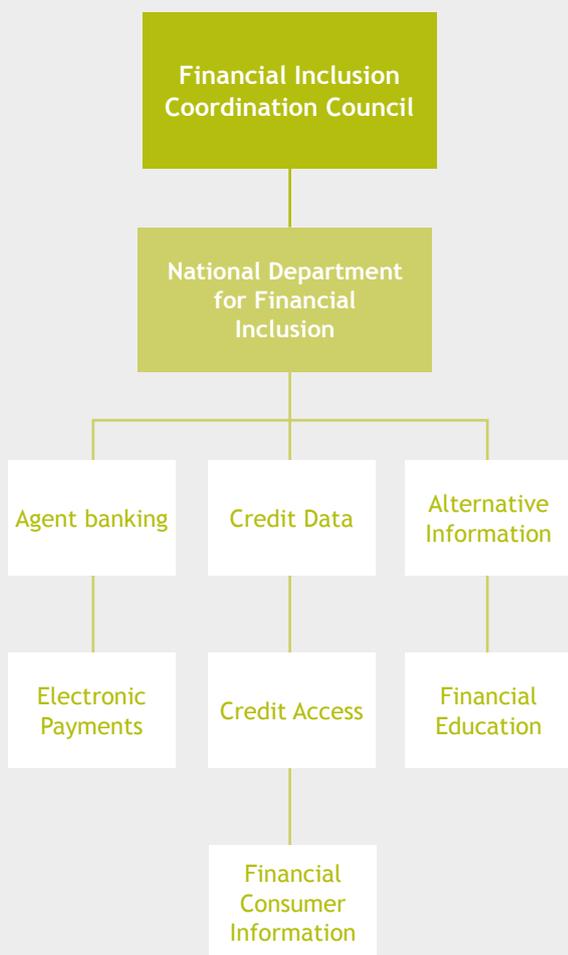
IX. ARGENTINA



Financial education is a fundamental tool to equip the population with essential skills for informed and responsible decision-making, which must go hand in hand with financial inclusion.

Financial inclusion is understood as the universal access to a comprehensive range of useful financial services that are therefore, actively used and are provided in a sustainable and responsible manner.

COORDINATION MECHANISMS



Source: Argentina's National Strategy for Financial Inclusion

REGULATORY FRAMEWORK

The Argentine Government created, by virtue of Resolution 121-E/2017, the Financial Inclusion Coordination Council (CCIF), which is committed to coordinate participatory processes among public and private interested parties, propose plans to promote financial education, and prepare regulatory projects that facilitate the implementation of plans and programs.

The CCIF has created the National Strategy for Financial Inclusion, whose strategic goal is to promote financial inclusion by focusing on increasing financial education. Its approach focuses on actions that are personalized, simple and actionable, timely, and entertaining. It coordinates actions with the private sector, as well as with public agencies, in contact with the most vulnerable populations. It is also engaged in incorporating financial education content into secondary schools' curricula.

This Council is made up of the following entities:

- > Department of Finance from the Ministry of Finance (MH)
- > Argentine Central Bank (BCRA)
- > Ministry of Health and Social Development (MS/DS)
- > Ministry of Production and Labor (MP)
- > Ministry of the Interior, Public Works and Housing (MIOP&V)
- > Ministry of Education, Culture, Science and Technology (ME)
- > Federal Administration of Public Revenue (AFIP)
- > National Social Security Administration (ANSES)

The following are permanent observers:

- > National Bank of Argentina
- > National Securities Commission (CNV)
- > Superintendence of Insurance of the Nation (SSN)
- > Secretary of Modernization

CCIF has established an Executive Secretary, who through the National Department for Financial Inclusion (DNIF), is in charge of supervising working groups assigned to priority initiatives.

Another very important step in Argentina's regulatory framework is the adoption of the Productive Financing Act No. 27.440, which allowed regulatory changes in the capital market and enabled a series of financing instruments for SMEs.

X. BOLIVIA



According to the Financial System Supervisory Authority (ASFI), financial education is the process of transferring knowledge and developing skills aimed at improving financial consumers' decision-making, so that they are better able to optimize the management of their resources and make appropriate and responsible use of the financial services offered by financial institutions.

REGULATORY FRAMEWORK

ASFI, by virtue of the Financial Services Law No. 393, has established that financial entities are obliged to and are responsible for the design, organization and execution of formalized financial education programs for financial consumers, in order to achieve the following goals:

- > Provide education on the main characteristics of financial intermediation services and complementary financial services, their uses and applications, and the benefits and risks associated with contracting them;
- > Clearly inform about the rights and obligations associated with the different products and services they offer;
- > Provide education on financial consumers' rights and complaint mechanisms in the first instance, as well as appeals; and
- > Provide information on the financial system, the role of ASFI and the nature of Article II.

Programs will be provided annually and be taught either directly by the financial institutions or by hiring specialized academic units. Their sustainability over time must be guaranteed.

Financial education programs are regulated by the Financial System Supervisory Authority, a permanent and independent legal entity governed by public law, with its own equity capital and administrative, financial, legal and technical autonomy, as well as nationwide jurisdiction, competences and outreach. It is under the responsibility of the Ministry of Economy and Public Finance and is also subject to public scrutiny.

ASFI's purpose is to regulate, oversee and supervise financial services within the framework of the Political Constitution of the State, the Law No. 393 on Financial Services, and Supreme Regulatory Decrees. Activities supervised relate to those of the securities market and intermediaries, and their related entities. Only ASFI authorized entities, in accordance to the types of entities defined in Law No. 393, can offer financial services and carry out financial activities.

Bolivia has defined a financial education standard in its Financial Services Consumer Protection Regulation, where it is stipulated that financial entities must design, organize, promote, and execute financial education programs taught directly by them or by specialized academic units hired for that purpose.

XI. BRAZIL



According to the OECD (2005), Brazil conceptualizes Financial Education as the process by which individuals and society improve their understanding of financial concepts and products so that once information, training and guidance have been received, individuals can develop the necessary values and capabilities to be more aware of the opportunities and risks involved, and hence, be able to make well-informed decisions, know where to look for help, and take other actions that improve their wellbeing. Thus, this contributes in a more deliberate way to the formation of responsible individuals and societies, who are committed to their future.

REGULATORY FRAMEWORK

The National Strategy for Financial Education (NFES) was formally created in December 22, 2010, by virtue of Decree No. 7.397. It established the National Financial Education Committee (CONEF), which is responsible for developing plans, programs and actions related to financial education, in order to also promote social security education and to contribute towards strengthening citizenship, a more efficient and robust national financial system, and more informed decision-making by consumers.

The Committee is made up of the following institutions:

- > Ministry of Economy
- > Central Bank of Brazil
- > Securities Commission
- > Superintendence of Supplementary Pensions
- > Superintendence of Private Insurance
- > Ministry of Justice
- > Ministry of Education
- > Brazil's Stock Market
- > Brazilian Banking Federations
- > National Federation of Insurance Companies
- > Brazilian Association of Financial and Capital Markets

Other tasks under CONEF relate to organizing the implementation of the NFES, which is understood as a multisectoral effort towards advancing financial education actions in Brazil.

This strategy was founded as a State policy of a permanent nature, and its main characteristics are guaranteeing that all the initiatives it develops or supports are free-of-charge and remain commercially impartial. The NFES—created by virtue of Federal Decree 7.397/2010—has the objective of contributing to the strengthening of citizenship by organizing and supporting actions that help the population make more independent and well-informed financial decisions. The strategy was created thanks to the coordination between the different government bodies and civil society organizations that form the CONEF.

XII. CHILE



Chile defines Financial Education as the process by which consumers and financial investors improve their understanding of financial products, and the concepts and risks related to them. And thanks to information, instruction and/or unbiased counseling, consumers and financial investors are able to develop the skills and confidence needed to be more aware of financial risks and opportunities, and are hence, prepared to make better-informed decisions, know where to turn for help, and how to take effective actions to improve their economic wellbeing.

REGULATORY FRAMEWORK

The Chilean Government recognizes that to develop a financial inclusion that is truly comprehensive and useful for consumers, the focus should not only be on efforts aimed at improving the access to and usage of financial products, but also on developing an appropriate regulatory framework.

It is for this reason that the Chilean Government created, by virtue of Presidential Decree No. 954 of November 2014, the Advisory Commission for Financial Inclusion, led by the Ministry of Finance through its Technical Secretariat.

This Commission is made up of the Ministry of Education; Ministry of Social Development; Ministry of Economy, Development and Tourism; and the Ministry of Labor and Social Welfare. The Central Bank attends meetings in an advisory capacity, while the following institutions also attend its meetings: Superintendencies of Banks and Financial Institutions (SBIF); of Pensions (SP); of Social Security (Suseso); and the Commission for the Financial Market (CMF), which attends meetings as a permanent observer. The Social Welfare Institute (IPS), the Solidarity and Social Investment Fund (Fosis), and the National Consumer Service (Sernac) also participate.

On November 2, the Superintendency of Banks and Financial Institutions (SBIF) published Official Resolution 4- 2017, which establishes the general principles and guidelines for Financial Education that serve as guides for financial entities' initiatives and programs.

The SBIF is currently developing different activities; among them are the Financial Education Month and the Financial Education Fair, both held in October each year. In addition, it has been actively involved in initiatives aimed at contributing to raising awareness and to develop skills and knowledge in these matters.

XIII. DOMINICAN REPUBLIC



According to the Dominican Republic's National Strategy for Economic and Financial Education, economic and financial education (EEF) is the process through which citizens improve their understanding of financial products, concepts, risks, and—through the information, instruction and/or unbiased counseling received—they develop the skills needed to gain awareness of financial risks and opportunities, make better informed decisions, know where to turn when they need help, and are able to take effective action that improves their financial wellbeing.

Additionally, the Regulation on the Protection of Users of Financial Products and Services describes it as the process by which, thanks to the information, instruction and advice given, users improve their understanding of financial products and services, their associated concepts and risks, and are able to develop their skills and confidence to become more aware of financial opportunities, make informed decisions, know their rights and obligations, and take effective action that contributes to their financial wellbeing.

REGULATORY FRAMEWORK

There is no institutional framework in the country that could serve as a guideline and help coordinate economic and financial education initiatives. This absence is precisely the reason why the country currently needs a strategy that would create the conditions for coordinating individual efforts and serve as a guide for consensual actions to be taken, as well as lay the foundation for its implementation and monitoring.

In this regard, the Economic and Financial Education Panel is supporting the creation of a Strategic Plan for Economic and Financial Education. This Panel is

made up of 13 public and private financial system institutions, including: Argentarium, Association of Commercial Banks, Association of Savings and Credit Banks and Credit Corporations (ABANCORD); Central Bank of the Dominican Republic (BCRD); Reserve Bank of the Dominican Republic (BANRESERVAS); Ministry of Economy, Planning and Development (MEPyD); Ministry of Education (MINERD); Ministry of Finance/Training Center for Fiscal Policy and Management (CAPGEFI); Ministry of Industry and Commerce (MIC); Presidency of the Republic; Superintendency of Banks of the Dominican Republic (SIB); Superintendence of Pensions (SIPEN); and the Superintendence of Securities (SIV).

Despite the fact that the Dominican Republic lacks specific legislation for financial entities, it does have a Regulation on the Protection of Users of Financial Products and Services. In its Article 41 (Entities Responsible for Financial Education), it is mentioned that:

The Central Bank and the Superintendency of Banks will promote financial education and guidance programs within their respective spheres of competence, prioritizing the users of financial products and services in order to contribute to the bankarization process.

However, financial education alone is not enough, as there exists a positive relationship between financial education and financial inclusion. That is, the higher the level of financial education or financial knowledge, the greater the propensity to contract or use financial products or services. In this respect, a greater consumption of financial services would imply an improvement in the population's income.

XIV. GUATEMALA



Financial education in Guatemala is the process by which the knowledge and skills needed are acquired in order to make better financial decisions and hence, increase the levels of personal and household wellbeing.

This has an impact not only on personal and household levels, but also on the country as a whole:

- > **Personal:** It helps the person to know how to take care of their money and make it last, as well as how to use financial products and services appropriately and responsibly, which results in greater wellbeing.
- > **Household:** It helps the family manage its resources more adequately in order to have greater stability and economic growth, therefore creating wealth.
- > **Country:** Financial education generates better informed and more demanding users, which in turn generates competitiveness among institutions, representing a direct benefit to financial markets, all of which results in greater development for the country.

REGULATORY FRAMEWORK

The Superintendency of Banks, based on the Financial Supervision Law, Article 3, Letter j, recommends the adoption, implementation and communication of different aspects contained in its attached document - *Best Practices for Carrying out Operations and the Provision of Financial Services in the Supervised Financial System*, notwithstanding other practices that may be adopted by the institutions, as well as full compliance with current applicable legal provisions.

To better coordinate financial inclusion efforts, the Interinstitutional Panel for Financial Education was created. The Panel's members, besides the Bank of Guatemala and the Superintendency of Banks, are the Ministry of Economy through its Consumer Care and Assistance Department (DIACO); the Ministry of Public Finance; the Ministry of Education; the Superintendency of Tax Administration; and several banks within the system, as well as some Credit Unions (CAC).

Additionally, the Financial Inclusion Commission (COMIF) was created, consisting the President of the Monetary Board and the Central Bank of Guatemala; the Minister of Economy; and the Superintendent of Banks. Also, COMIF will have an Executive Secretary, a position that will be fulfilled by a government official from the Central Bank of Guatemala. The technical, administrative and logistical support, if necessary, will be provided by the same entities that make up the Commission.

The Official Communication No. 4828-2019, sent to all supervised entities, recommends carrying out the adoption, implementation and communication of the contents in the above-mentioned document - *Best Practices for Carrying out Operations and the Provision of Financial Services in the Supervised Financial System* (see number 4: "Financial Education").

XV. NICARAGUA



In 2016 the country carried out the National Financial Inclusion Survey with the goal of “knowing the extent to which financial inclusion is present in Nicaragua, in order to establish a baseline to develop actions aimed at promoting financial inclusion.”

REGULATORY FRAMEWORK

In 2016 the Superintendency of Banks and Other Financial Institutions requested all banks to submit their General Financial Education Plans.

XVI. PANAMA



According to Panama’s ASOBANCA, the concept of financial education refers to the set of skills, abilities, knowledge, and attitudes needed for the appropriate management of money.

REGULATORY FRAMEWORK

Currently, Panama’s National Strategy for Financial Education (NFES) is in the process of implementation. It has been designed in collaboration with the Superintendency of Banks; the Consumer Protection and Defense of Competition Authority (ACODECO); the Ministry of Social Development (MIDES); the Ministry of Education (MEDUCA); the Micro, Small and Medium Enterprises Authority (AMPYME); the Superintendency of the Securities Market (SMV); Panama’s Superintendency of Insurance and Reinsurance (SSRP); and the Ministry of Economy and Finance. Its goals are to promote the population achieving basic financial education and to lay the foundations for a financial culture in the country, both of which can contribute to the adequate management of resources and to well-reasoned, and informed financial decision-making.

With this purpose in mind, the Superintendency of Banks of Panama, with the support of the National Competitiveness Center (CNC) and the IDB’s Multilateral Investment Fund (MIF), has reported to its supervised entities (Official Resolution SBP-DR-0069-2013 dated June 5 2013) that it has started a financial education program and requested them to promote its future financial-education activities.

XVII. PUERTO RICO



The main goal of financial education is to inform, educate and guide consumers—including students from primary to post-secondary education—about appropriate financial behaviors, such as saving and long-term financial planning, in order to be able to face different stages in life, e.g. retirement. All these are important principles that must be part of the various financial products' and services' evaluations so as to help promote informed decision-making among citizens.

REGULATORY FRAMEWORK

The 2010 Reorganization Plan No. 5 was created under Act No. 182 of December 17, 2009 and it is known as Puerto Rico's Executive Branch Reorganization and Modernization Act. This Plan will promote a governmental structure that is able to respond to the real needs of the people and to contribute to a better quality of life for all citizens. It will also result in better financial education for consumers and greater service accessibility to citizen.

Puerto Rico has a regulatory agency for the financial industry named Financial Education Institute (IEFPR), attached to the Office of the Commissioner of Financial Institutions (OCIF). Being part of one of the financial industry's regulatory agencies, the Institute has shown a clear commitment to serve the users of the financial system by acting as a facilitating entity seeking to offer financial training, with an emphasis on teachers' training.

XVIII. URUGUAY



Uruguay highlights the linkage between financial education and the protection of consumer rights as the necessary link that should accompany financial inclusion, since the more financially educated users are, the more knowledgeable they become of their rights and duties as consumers of the financial system.

In this regard, financial education seeks to strengthen some behaviors and change others, so as to achieve an impact on people's income, improve the management and protection of their assets, and to make effective use of financial services. Thus, is not just simply a matter of offering information about the financial system.

REGULATORY FRAMEWORK

On May 19, 2014, Law No. 19.210 was published, which established regulations for the promotion of financial inclusion and for the usage of electronic paying instruments. The Law seeks to achieve several goals; the main one is to spread the use of the financial system and thus, advance the formalization of the economy.

On the other hand, the Central Bank of Uruguay is currently promoting countrywide financial education programs as one of the actions to develop financial education. It is for this reason that the Financial Inclusion Program constitutes a central component of the government's social inclusion agenda. This Program can be described as a public policy aimed at facilitating people's and companies' access and usage of financial services, particularly by those who previously had no access to them or did so in extremely inadequate conditions; mainly lower-income households and micro and small businesses.

CONCLUSION

This work has presented a broad picture of the current situation around financial education issues in Latin America and the Caribbean, highlighting the varied interactions between central banks, superintendencies, and other institutions and organizations that promote financial education programs.

Chief among the many key characteristics of the different regulatory frameworks, is the fact that each country develops alliances or coordinates efforts among different sectors, in order to carry out financial education projects that—although differ in their content—allow them to give shape to their national financial strategies.

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