

Pension schemes, long-term investment, savings

Implementing a financial education policy

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- 1) Which approach to financial education?
- 2) Building a financial education towards retirement
- 3) Building a financial education towards the economy
- 4) Setting up the market's liabilities
- 5) A national but also European policy



1) Which approach to financial education?

- Ethics
- Knowledge
- Co-responsability



1) Which approach to financial education?

Ethics

- A freedom requirement : being able to express and control one's life choices
 - ✓ How can I use finance?

- Such choices should form part of a society in the making
 - ✓ What is the point of finance?



1) Which approach to financial education?

Knowledge and skills

- The rationalist / behaviorist debate
 - ✓ Educating towards complexity
 - ✓ Educating for personal finances

- Life cycles and projections
 - ✓ Acting in an uncertain future requires to shed light on it (horizon / yield / risk)



1) Which approach to financial education?

Policy through co-responsability

- ❑ At school, at work, at the bank and in the media: many agents to mobilise and barriers to overcome
- ❑ The political duties : to put this combination of agents together and achieve their common goals



2) Building a financial education towards retirement

- The basics
- The right time and place



2) Building a financial education towards retirement

Providing the basics

- Basic markers for everyone in the distributive system
- ✓ At what age can I retire with a 70 % or so replacement rate?

It is hard to say, for two reasons:

- The system is not stable (one should be able to anticipate)
- A lifecourse is not safe (one should be able to make distinctions)



2) Building a financial education towards retirement

Providing the basics

- ❑ Explaining the need and necessity for savings
- ✓ Leaving before time. Career uncertainties. Replacement rate uncertainties
- ✓ Possible flexibility and profits
- ✓ Placements which contribute to a dynamic economy
- ✓ Understanding the yield / risk ratio in relation to the time frame



2) Building a financial education towards retirement

Providing the basics

- ❑ A pedagogical highlight on generational equity issues
- ✓ Spreading the idea that a year's pensions are 'paid' by the revenues collected that same year anyway
- ✓ Spreading the idea that the system does not share out risks between generations (Robert Shiller) and thinking about what we are leaving to our children



2) Building a financial education towards retirement

The right time and the right place: building on employee savings programmes

- ❑ Employee savings meet three patterns and call upon employee arbitration
- ✓ The employee savings policy is structuring and can generate alternatives
- ✓ Employee stockholding / diversified funds.



2) Building a financial education towards retirement

The right time and the right place: building on employee savings programmes

- ❑ Two different issues: the training of the workforce and that of fund supervisory board representatives
- ✓ Questions on the rights and use of training
- ✓ Questions and issues around collective bargaining



2) Building a financial education towards retirement

A widespread problem of mutual funds autonomy and reliability

In the agencies and financial products providers: the offer is not adapted to the issue of retirement savings

- Criticising products
- No customised advice
- ✓ This leads to the notion of collective choices and raises a political problem



3) Education on financial economics

- Finance: what for?
- Economic instruction



3) Education on financial economics

Teachings on the role of finance and financial markets

- Unawareness and complexity generate a certain dislike of financial savings and long term investment
- Highlight on the need for savings for growth and sustainable development.
- Thinking 'ill-saving' through and focusing on its use.



3) Education on financial economics

The need for a life-long economics and finance education policy

- Overcoming the massive disregard for the issue
- Rejecting the common saying « an experts' matter »



4) Setting up the market's liabilities

- MiFID and distribution
- Information and counselling
- Organising demand



4) Setting up the market's liabilities

The MiFID contribution and the Delmas-Marsalet report

- Suitability test and counselling duty
- Code of conduct / regulation
- The need for a pedagogy for the masses



4) Setting up the market's liabilities

*Information, counselling and training
make one*

- ❑ Education is not the substitute for deficiencies (the marketing approach eludes the issue of the individual fit)
- ❑ It has a cost which must be clearly avowed and shared



4) Setting up the market's liabilities

This is a seller's market, demand has to be organised

- Federate and label training initiatives
- Help social agents and associations organising



5) A national but also European policy

- Demographics
- Consumers protection
- Regulation
- Movement



5) A national but also European policy

- We are all embedded into the economic Union. Any long term perspective must be part of it.

Demographics and sustainable development justify financial integration. Yet, nobody knows about it, therefore no expectations on the Union



5) A national but also European policy

- The Union's policy leans towards consumers protection

It is limited because the consumer is 'national'

How to address national consumers?

Knowing that « protection » is only one side of the problem!



5) A national but also European policy

- ❑ European regulation is overly considered as a technical problem, not immediately as a political issue
- ❑ Although Europe is not responsible for it, it can launch drive for financial education provided that it sets an example of its own procedures





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(launching in May 2007)

