

Expert Group on Financial Education (EGFE)

Terms of Reference

I. Background

Rapidly evolving financial markets, innovation and growing complexity of financial services on offer place significant demands on consumers trying to make informed and rational choices in their personal finance. Making difficult financial decisions becomes an everyday reality for all consumers.

The need for enhancing consumer financial capability has become evident. Financial education enables individuals to improve their understanding of financial products and concepts, raises their awareness of financial risks and opportunities and develops the skills necessary to seek out the best financial product for their individual needs. Financial education is an important element in empowering consumers to make the best decisions for their financial circumstances and in redressing some of their financial problems, such as over-indebtedness. On the other hand, numerous international surveys have demonstrated consumers' generally low level of understanding of financial matters.

The importance of good financial education has been acknowledged at the global, e.g. OECD (2005) *Improving Financial Literacy, Analysis of issues and policies*; and EU level, including the White Paper *Financial Services Policy 2005–2010*, the May 2007 Green Paper *Retail Financial Services* and the Commission's report *A Single Market for 21st Century Europe* published in November 2007. Consumers' financial capability is a crucial condition to create the EU Single Market for financial services and to ensure that the Single Market brings tangible benefits to citizens. In this context, the Commission issued a Communication *Financial Education* (COM(2007)808 of 18 December 2007). The Communication sets out the benefits of increased financial literacy, gives an overview of the provision of financial education in the EU, presents some basic principles to guide providers of financial education and announces some concrete Commission actions in the area of financial education to be undertaken, in full respect of Member States' prerogatives in the field of education. One of the planned Commission initiatives contained in the Communication is the creation of a **network of financial education practitioners**, in the form of an expert group, with the aim of promoting best practice and sharing experience on financial education initiatives.

Financial education in the EU is provided by a wide variety of players, including the public authorities, the financial industry and NGOs, however, significant differences in the provision of financial education persist between Member States. The Commission intends to promote exchange and cooperation between stakeholders in order to discuss objectives and priorities, clarify and define roles, facilitate sharing of experiences and best practices.

II. Mandate of the expert group

The main objective of the Expert Group on Financial Education, hereinafter referred to as the group, is to share and promote best practices on financial education and to advise the Commission on various issues in relation to financial education in the EU. This non-binding advice will assist the Commission in proper implementation of the policy presented in the Communication on financial education.

The tasks of the group can be sub-divided into the following categories:

1. Share and promote best practices on financial education.

The group will serve as a platform for public and private providers of financial education to exchange information on high-quality financial education schemes and research running in the EU. The group will promote contacts among the Commission, public authorities, financial services providers, consumer organisations and other stakeholders involved in the delivery of financial literacy to consumers. Participation in the group will enable stakeholders to pool available expertise in the area of financial teaching, help unveil consumers' needs and promote greater learning from experience. Co-operation and networking between practitioners may also result in greater coverage of financial education programmes, targeted at different consumer segments.

2. Advise the Commission on how the principles for the provision of high-quality financial education schemes, contained in the Communication on financial education, should be implemented.

The Communication on financial education presents eight basic principles to guide financial literacy providers in their efforts to launch and run high-quality educational programmes.

The members of the group will be presenting, analyzing and discussing examples of different approaches and methods of financial education teaching with the aim of verifying whether they are in line with the principles and guidelines included in the Communication. The content of financial education programmes will be assessed with regard to their topicality and adaptability to specific consumers' needs and age groups. In addition, the means to ensure fairness, transparency and objectivity of industry-led initiatives will be considered. Diversity of programmes targeted to different audiences will be promoted.

3. Assist the Commission in identifying any legal, regulatory, administrative and other obstacles to the provision of financial education and provide advice to the Commission on how the identified obstacles should be addressed.

The members of the group will analyse legal, regulatory, administrative environment with the view to identify any barriers to the provision of financial education in the EU Member States. The group will strive to understand how the Community policy in the area of financial education is applied in practice. In case of legal, regulatory or administrative obstacles being detected, the group may suggest practical solutions to resolve the identified problems.

4. Contribute to an evaluation of the various initiatives presented in the Communication on financial education planned for 2010.

One of the objectives of the group will be an evaluation of the practical Commission's initiatives included in the Communication on financial education, including the results of the group's own work, the development of an EU-wide online database of financial education schemes and research, the creation of a new financial literacy teacher training module of Dolceta (Commission sponsored on-line educational tool for adults), and the Commission patronage to various events promoting financial education in the EU. The conclusions drawn by the group may be presented in form of a report.

5. Advise the Commission on which further initiatives should be taken at Community level in order to foster better financial education in the EU.

The members of the group will contribute to the formulation of the Commission's policy in the field of financial education. The Group will be expected to come up with new ideas on possible Commission's measures to further promote awareness and education in relation to financial issues.

III. Composition

The group will be composed of a maximum of 25 high level experts with practical experience and competence in the area of financial education. The members of the group will represent various backgrounds including Member State authorities, academic institutions, financial services providers, consumer organisations and other groups where appropriate. Applications from non-associated individuals will also be accepted and assessed.

The Commission will appoint the members of the group in a personal capacity, and members will be required to advise the Commission independently of any outside influence. The members of the group will be appointed for a 3 year renewable mandate.

The Commission will chair the group and will provide the secretarial services. Given the variety of issues on which the group will provide assistance to the Commission, the group could make use of the possibilities to create specialised working groups and to invite other experts or observers on an ad hoc basis, in agreement with the Commission.

1. Nomination of experts

The members of the group will be appointed by the Commission on the basis of received applications. Applicants deemed suitable for membership but not appointed may be placed on a reserve list, which the Commission may use for the appointment of replacements.

2. Call for applications

Following the Commission decision to create the group of experts in financial education, the Commission services will publish a call for applications from interested experts who demonstrate the relevant competences and experience. Prospective group members shall have four weeks to notify in writing their interest to the Commission, either via direct applications or by proposals on their behalf from their employer or a representative body, e.g. association. Responses to the call for applications should be accompanied by material allowing the Commission to assess suitability of the candidate having reference to the criteria set out in section 3.3 below and the required documents as specified in the Call for Applications

3. Final determination of the expert group composition

The Commission services shall be responsible for determining the final composition of the expert group based on the received applications.

The Commission will assess the eligibility of individual experts who have responded to the call for applications against the following criteria:

- proven knowledge and expertise in current financial literacy issues;
- recent practical experience, including at European or international level, in the area of financial education;
- the ability of the individual expert to define and shape the views of various stakeholder communities in respect of the matters covered by the mandate.

In making the final selection of group members, based on the basis of submitted proposals, the Commission shall be guided by the need to ensure that, in addition to covering all main areas of expertise, the group has, to the greatest extent possible, a balanced geographical and gender composition.

Once the Commission services have finalised the selection of group members, they shall advise all individuals of their decision and the list of expert group members shall be made public prior to the commencement of its work.

IV. Operation

The Commission will organise and chair the meetings of the group. Two plenary meetings are envisaged to be held yearly. The meetings will take place in the Commission premises in Brussels in accordance with the procedures and schedule established by the Commission.

The Group will adopt its rules of procedure on the basis of the standard rules of procedure adopted by the Commission. The Commission may decide to set up one or more sub-groups within the group to examine specific questions. The Commission will set the terms of reference for these sub-groups. Any such sub-group will be disbanded as soon as it has fulfilled its function. The Commission will decide upon the frequency and location of the meetings of any such sub-groups, and the discussions carried out within a sub-group may also take place by means of other methods of communication such as conference calls or e-mail exchanges.

The Commission may ask experts (such as members of other Commission's expert groups) or observers (including representatives from associations representing consumers or investors) with specific competence on a subject on the agenda to participate in the deliberations of the group or a sub-group if this is useful or necessary.

The Commission will set a work programme for each calendar year. The programme will determine the subjects for discussion during the calendar year and set a timetable for the group or, where appropriate, the sub-group concerned. The group shall report regularly to the Commission summarising its analysis and advice.

Members of the group will remain appointed until their term of appointment expires or the group's mandate is fulfilled. Members are expected to participate actively in the group's meetings. Those who are no longer able to contribute effectively to the group's deliberations may be replaced by the Commission for the remaining period of their mandate. The general selection criteria will apply when selecting new members.

An expert or observer may not divulge information obtained through participation in the deliberations of the group or a sub-group if the Commission classifies that information as confidential.

The Commission shall publish on the Internet site of the DG Internal Market and Services, in the original language of the document concerned, the group's conclusions and reports as well as the summaries of its meetings or of its sub-group(s).

V. Duration

The group's activities will begin with its first meeting and will continue for three consecutive years, after which the Commission will decide on whether the group should continue or cease its activities.

VI. Expenses of group members

The Commission will reimburse travel and subsistence expenses of the group members in connection with the group's activities and in accordance with the provisions in force at the Commission. The members will not be remunerated for their duties.