

POSITION PAPER



Key Competences Review 2017

ESBG (European Savings and Retail Banking Group)

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ESBG Transparency Register ID 8765978796-80

[15.05.17]



Review - 2006 Framework of Key Competences for Lifelong Learning

Lifelong learning plays a crucial role in achieving social inclusion and strengthening active participation in society. Rapid technological changes and unstable employment situations lead many people to undergo several transitions in their lives as they continually seek to gain additional knowledge and competences. Broader learning opportunities, both outside and within formal education settings, are necessary in order to address these needs.

The eight key competences should be acquired by all young people at the end of their compulsory education as well as through their lives. It particularly targeted disadvantaged groups, such as people with low basic skills, early school leavers, the long term unemployed, people with disabilities, older people, and migrants.

Strengths and weaknesses of the 2006 Key Competences Framework

Strengths:

- Relevant for employment and growth
- Relevant to education and training
- Education is an important tool for meeting the socio-economic, demographic, environmental and technological challenges that Europe and its citizens are now facing
- These Keys Competences are considered essential for personal fulfilment and development, social inclusion, active citizenship, and employment.

Weaknesses:

- Have not developed over time
- Difficult to use in context
- Access and participation in lifelong learning still remain issues in many countries (the participation of adults in lifelong learning programmes remains weak in most European countries)
- Education and lifelong learning in Europe are heavily affected by austerity policies that have cut national budgets.

Priority areas for changes to the Framework and the definition of Key Competences Framework

An update of the definition of the 2006 Key Competences Framework is necessary, due to globalization, the development of digital competences, and the increasing role that financial literacy plays nowadays in citizens' lives.



Financial literacy can be described as follows: “having the knowledge, skills and abilities to undertake responsible economic and financial decisions and actions with a requisite level of competence.”

The recent global economic downturn has served to highlight our deficiencies in this area and has shifted focus to the need for financial education. Financial education deserves to play a more vital role in school and life-long-learning curricula. Financial literacy is a basic feature for everyone’s ability to live a decent life.

The concept of “financial literacy” should be included as a basic competence within the Key Competences definition. Besides, financial literacy should be part of national strategy for all the Member States as well as an official subject of the educational system in each country.

Financial education is the means to achieving financial literacy. Financial education can greatly contribute to the achievement of full and lasting consumer protection for all because of its power to act on low financial literacy and improve consumers’ awareness of existing choices. In addition, it can increase trust in the use of digital finance products and services.

Reflections on financial literacy, financial education and digital skills

Meeting the financial education and consumer protection needs of newly financially included populations in a digital era will first require close co-operation and co-ordination among governments, regulators, educators, policy-makers, providers and all other relevant actors. It may also be promoted through balanced and effective policy frameworks that both safeguard consumers from potential risks and simultaneously empower them with the necessary knowledge, confidence and skills to make more informed financial/technology choices.

Digitalisation: Cooperation between all actors is needed for the inclusion of all citizens in digitalisation. Many services are now only accessible online and the tendency continues. People from all ages, especially elderly citizens, can be marginalised by this, but at the same time digitalisation can be used as a tool to spread educational programs. .

In addition, a large share of the EU population currently lacks a sufficient level of basic and digital skills to be employable and take part in social life. By 2020, 90% of jobs will require at least some level of digital competence.

Need for current and future education and training

- It is important to integrate financial literacy in national educational systems and improve them
- Access and participation of different age and social class groups in financial literacy and digitalization is key
- Being digitally competent for the present is key. Policies that prevent skills obsolescence, and stimulate continuous education and training opportunities, should be developed
- Development of skills and competences for employability, innovation and active citizenship

- Enhance creativity and innovation, including entrepreneurship, at all levels of education and training.
- Adult participation in lifelong learning is an issue:
 - Open and innovative education and training including by fully embracing the digital era.
 - Promote adult learning including through the development new forms of learning and the use of new teaching and learning technologies.
- Inclusive education, equality, non-discrimination and civic competences:
 - Put more emphasis on socially inclusive education systems, addressing the most urgent challenges that our society is facing. They aim to make sure that education and training systems are designed to improve people's skills and employment prospect, while at the same time cultivating the fundamental values of equality, non-discrimination and active citizenship.

Some references on financial literacy and financial education, as required in the electronic survey:

The following literature completes the answer to question 15 of the electronic questionnaire:

15. *Based on relevant research evidence (please provide references) the competences should be changed in the following ways...*

- 1) Greimel-Fuhrmann, B. (2013): *Don't know much about economics and business: Economic und Financial Literacy als wesentliches, jedoch vernachlässigtes Bildungsziel. Wissenplus, 04/12-13, I–VIII.*
- 2) Greimel-Fuhrmann, B. (2014): *Financial Literacy – A Traditional, Yet New Field for Business Educators. International Journal for Business Education, 154, S. 17–23.*
- 3) Lusardi, A. & Mitchell, O. (2011): *Financial Literacy around the World: an Overview. National Bureau of Economic Research, Cambridge, Working Paper 17107, www.nber.org/papers/w17107.*
- 4) Organisation for Economic Co-Operation and Development (OECD) (2005): [Recommendation on principles and good practices for financial education and awareness: Recommendation of the Council.](#)
- 5) Grifoni, A. & Messy, F. (2012): [Current Status of National Strategies for Financial Education: A Comparative Analysis and Relevant Practices.](#) OECD Working Papers on Finance, Insurance and Private Pensions, No. 16, OECD Publishing.
- 6) Lusardi-Mitchell (2014) *The Economic Importance of Financial Literacy: Theory and Evidence [Journal of Economic Literature](#), vol. 52, no. 1, March 2014, (pp. 5-44)*



7) *PISA assessment of the financial literacy of students: In 2012, the OECD Programme for International Student Assessment (PISA) conducted the first financial literacy assessment of 15-year-old students in 18 countries and economies. The results of the [financial literacy assessment](#) were released in July 2014, providing a unique international benchmark on the level of financial literacy of young people.*

8) *[Financial Education for Youth](#): The importance of financial literacy and specifically the need to promote financial education has been recognised as an important contributor to improved financial inclusion and individuals' financial well-being as well as a support to financial stability. The relevance of financial education policies is acknowledged at the highest global policy level: in 2012, G20 Leaders endorsed the [OECD/INFE High-level Principles on National Strategies for Financial Education](#) that specifically identify youth as one of the priority targets of government policies in this domain. That same year, Asia-Pacific Economic Cooperation (APEC) Ministers of Finance identified financial literacy as a critical life skill. The publication addresses the challenges linked to the introduction of financial education in schools. It includes practical guidance and case studies to assist policymakers and a comparative analysis of existing learning frameworks for financial education in the formal school system.*

Other related publications are:

[OECD/INFE Core Competencies Framework on Financial Literacy for Youth](#)

[OECD/INFE Guidelines on Financial Education in Schools \(2012\)](#)

[Overview brochure on financial education in schools](#)

[OECD Recommendation on Principles and Good Practices for Financial Education and Awareness](#)



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Published by ESBG. [15.05.17]