



The Role of Financial Education in Financial Regulation

**Janice P. Holness,
Executive Director**



THE NEED FOR FINANCIAL EDUCATION

- The FSC's Board and Management congratulates the JDIC on their achievement in protecting depositors and promoting stability and confidence in Jamaica's financial system.
- Globally, events like this one are convened, either independently or jointly, by various types of institutions in response to the trend of harmful conduct of institutions and consumers alike.



The Need for Financial Education (cont'd)



Some trends in harmful financial behaviour include:

- Rising levels of indebtedness arising from consumer credit such as credit card debts, hire purchases and personal loans.
- Increasing propensity for consumption or spending to the detriment of savings and investment.
- Extremely low participation and contribution rates for retirement savings.





The Need for Financial Education (cont'd)

Trends in harmful financial behaviour (cont'd):

- Repeated susceptibility to financial crimes/fraud.
- Institutions' failure to provide full disclosure and pay due attention to suitability.
- Individuals have greater access to an expanding variety of sophisticated and complex financial products which require the user to bear more risk, but are not adequately educated about the nature of these products and whether it will be in their best interest.





The Need for Financial Education (cont'd)

- There is growing recognition that financial education is a critical component in achieving effective consumer protection – which is one of the goals of regulation in our industry.
- At least 100 countries have already established a programme to provide and advance financial education.



Financial Education programmes

- Are usually spearheaded by or involve financial regulators which are charged with responsibility to promote confidence and to protect consumers.
- Aim to equip and empower the consumers with the skills and confidence to become aware of (financial) risks and opportunities, to make informed choices, to know where to go for help and seek redress, and to take other effective actions to improve their financial well-being and protection.



Financial Education programmes (cont'd)

In addition to national programmes, there are also regional and international initiatives:

- International Gateway for Financial Education (IGFE) established by the Organisation of Economic Cooperation and Development (OECD).
- The Caribbean Regional Technical Assistance Centre (CARTAC) Financial Literacy Website



FSC's Financial Literacy Initiatives

- Public investor briefings which are free to the public
- A Mass media campaign themed, “Think and Check Before you Invest” which includes financial planning tips
- Conferences, workshops, and exhibitions
- A Financial education in schools programme which is in keeping with international best practices.
- Done in collaboration with Junior Achievement Jamaica . This calendar year 2013, we engaged nine schools from both rural and urban areas in Jamaica.
- A Retirement planning campaign



Where do we go from here?

- The FSC along with its partners the JDIC & BOJ are committed to advancing an improved framework for financial education and consumer protection in Jamaica.
- As such, we are exploring the implementation of a National Financial Information Week from January 20-24, 2014.



Where do we go from here?

- This event will be a launch pad for renewed and intensive engagement of consumers about their financial affairs/decisions and the various products and services they use.
- We believe this event would be very timely if staged in January 2014, as many Jamaicans are guilty of overspending after the holidays.



The FSC's Commitment

- Financial education (F.E) plays a very significant role in the development of modern financial markets and economies.
- F.E is complementary to all aspects of the financial market place regulation.
- We cannot underestimate the power of collaboration if we intend to tackle the challenges of implementing a successful F. E programme in Jamaica.





End of Presentation

Questions?

