

**IFPHK's Response to the Investor Education Centre
Consultation Paper on the Hong Kong Strategy for Financial
Literacy**

October 2015

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Institute of Financial Planners of Hong Kong (IFPHK) - Profile





Background

IFPHK was established in June 2000 as a non-profit organization for the fast-growing financial industry. It aims to be recognized in the region as the premier professional body representing those financial planners that uphold the highest standards for the benefit of the public.

The IFPHK is the sole licensing body in Hong Kong authorized by Financial Planning Standards Board Limited to grant the much-coveted and internationally-recognized CFP^{CM} Certification and AFPTM Certification to qualified financial planning professionals in Hong Kong and Macau.

It represents more than 6,800 financial planning practitioners in Hong Kong from such diverse professional backgrounds as banking, insurance, independent financial advisory, stockbroking, accounting, and legal services.

Currently there are more than 147,000 CFP certificants in 25 countries/regions; the majority of these professionals are in the U.S., Canada, China, Australia and Japan, with more than 4,800 CFP certificants in Hong Kong.

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IFPHK's interest in this consultation

Since its inception, the IFPHK has been striving to promote public awareness of the financial planning industry in Hong Kong and uphold the standards of CFP professionals. It is also the IFPHK's view that improved financial literacy levels will not only allow consumers to make more informed investment decisions, but also result in a greater consumer appreciation of planning for a long-term financial future – a concept the IFPHK continuously promotes. In response to the 2009-2010 budget consultation, the IFPHK submitted a proposal urging the Hong Kong government to consider providing funding to create a comprehensive financial literacy programme. In May 2010, the IFPHK submitted a response to the government's public consultation on the proposed establishment of an Investor Education Centre (IEC). In October 2011, the institute also gave its opinion on the Securities and Futures (Amendment) Bill 2011 – the establishment of an Investor Education Centre. The IFPHK has been a significant player in financial education as well as a supporter of the IEC. In September 2015, the IFPHK responded to the IEC questionnaire on the proposed Financial Competency Framework, and we also have specific comments on the content and structure of the framework.

In light of the above, the IFPHK has taken a strong interest in the Consultation Paper and wishes to express its views on the proposed changes.

IFPHK's representation

The IFPHK was founded by 30 members (the 'Founding Members') in order to raise the standards of financial planners and highlight the importance of sound financial planning advice.

The IFPHK currently has 47 Corporate Members including banks, independent financial advisors, insurance companies, and securities brokerages. With our Corporate Members providing a full spectrum of client services and products, the IFPHK is well positioned to understand the needs, concerns and aspirations of the financial planning community.

Executive Summary

The Investor Education Centre (“IEC”) issued the Consultation Paper on the draft “Hong Kong Strategy for Financial Literacy (“HKSFL”) in September 2015 (the “Consultation Paper”). It then invited comments on the draft from market participants.

In considering various proposals as set out in the Consultation Paper, the IFPHK’s views are based on a few principles that we have identified and advocated. These principles are noted as below:

- Advocating the importance of financial planning
- Enhancing consumer protection and financial literacy
- Aligning with international best practices
- Raising the professional standards of intermediaries

In a nutshell, the IFPHK is happy that a strategy for financial literacy is finally being developed in Hong Kong and agrees with most of the proposals in the Consultation Paper, including the vision “to empower the people of Hong Kong to make informed and responsible financial decisions for themselves and their families”. The IFPHK agrees with the goals “to instill the financial knowledge, skills, attitudes, motivations and behaviours as identified in the Financial Competency Framework” to the extent that the IEC also incorporate the comments from the IFPHK on the draft Financial Competency Framework.

Moreover, the IFPHK regards the definition of “financial well-being” and the three strategic focuses provided as reasonable and consistent with the OECD/INFE high-level principles on national strategies for financial education. Generally speaking, the proposed core actions can help in achieving the strategic focuses. In addition, the IFPHK suggests some core actions for IEC consideration. The suggestions include offering accreditation and recognition to financial educators, providing objective advice, establishing a central repository by conducting stocktake surveys on all existing initiatives, and using plain language in financial education. The IFPHK also agrees with the three monitoring actions. However, we think that the indicators of success can be more specific and measurable.

Apart from the specific comments on the content of the strategy, we also have general comments with regard to it. The IFPHK recommends more visible support from the Government by referring to the practice in Canada. The Canadian Government has made financial literacy a priority. Financial capability is seen as a broader concept than financial literacy. When the strategy becomes more mature, the IFPHK suggests that it be advanced to the broader objective of enhancing the financial capability of the people of Hong Kong.

The views expressed in this submission paper are not necessarily summaries of the views taken from the industry, but may have undergone more independent and critical analysis and consideration by the IFPHK as a professional body. As a result, not all the views collected by the IFPHK are recorded in this submission paper. Nor have all the views expressed in this submission paper been directly endorsed by those industry representatives or members consulted.

The IEC Consultation

The Investor Education Centre (“IEC”) was established in November 2012. Its mission is to take a holistic approach to improve the financial literacy of Hong Kong people. Since it is important to ensure the relevance and effectiveness of financial education initiatives and their long-term impact on the levels of local financial literacy, the development of an effective financial literacy strategy was seen as essential in order to establish a coordinated mechanism amongst stakeholders to achieve common objectives. A Steering Committee consisting of representatives from different sectors was formed to oversee the development of the Strategy.

On 16 September 2015, the IEC launched a consultation to seek comments on the proposed development of a coherent financial literacy strategy for Hong Kong (“Consultation Paper”). The Hong Kong Strategy for Financial Literacy (“HKSFL” or the “Strategy”) sets out for the first time a clear direction for financial literacy and provides a practical framework for actions across the government, finance, community and education sectors. The public consultation ended on 13 October 2015.

A questionnaire on the proposed HKSFL is attached to the Consultation Paper, of which the questions are set out as below:

1. Do you agree with the Strategy’s vision and goal? (see page 11)
2. Do you agree with the Strategy’s definition of financial well-being? (see page 8)
3. Do you agree with the three strategic focuses of the Strategy? (see page 11)
4. Do you think that the actions identified will help achieve the Strategy’s focus areas? (see page 12-14)
5. Do you have any comment on how this Strategy will be measured? (see page 19)
6. Will you and/or your organization support this Strategy?
7. Do you have any general comments you would like to make regarding the Strategy?

IFPHK's Submission

The views expressed in this submission paper are not necessarily summaries of the views taken from the industry, but may have undergone more independent and critical analysis and consideration by the IFPHK as a professional body. As a result, not all the views collected by the IFPHK are recorded in this submission paper. Nor have all the views expressed in this submission paper been directly endorsed by those industry representatives or members consulted.

In considering the various proposals of the IEC Consultation Paper, our comments are based upon the following principles that have been identified and promoted by the IFPHK.

Advocating the importance of financial planning

It is the IFPHK's mission to increase awareness of the importance of financial planning and advice from a financial planning professional. Since its inception, the IFPHK has been striving to promote public awareness of the financial planning industry in Hong Kong and uphold the standard of CFP professionals. To the IFPHK, a financial planner is someone who uses the six-step financial planning process¹ to provide a client with integrated strategies to achieve financial and life goals. A financial planner typically reviews the relevant aspects of a client's situation across a large breadth of financial planning activities, which may include financial management, asset management, risk management, tax planning, retirement planning and estate planning. The IFPHK believes that understanding the benefits of financial planning and having a current financial plan are crucial to the financial well-being of Hong Kong people. CFP certificants have proven themselves to have the skills and experience in providing quality advice on financial plans.

Enhancing consumer protection and financial literacy

The IFPHK believes that well-informed and educated consumers are the core element for the formation of a healthy financial and regulatory system. For a market to perform effectively and consumers to be protected properly, a fundamental understanding of how these financial products work is essential. As such, there is a need to enhance financial literacy and gradually enhance financial capability. Financial education programmes shall promote the growing individual responsibility over demographic and social change that requires individuals to save more for their life goals and retirement needs. Such education programmes help to maintain transparency and confidence in the economy and the regulatory system, and thereby encourage individuals to take more responsibility towards their own finance and retirement.

Aligning with international best practices

Globalization and financial market integration have increased rapidly in recent decades. As an international financial centre, Hong Kong is not immune from international financial market and regulatory development. As part of the international movement in improving consumer protection, there is a growing momentum in the international community to raise the awareness of financial education by enhancing financial literacy and capability. Some countries consider financial education so important that they are developing national strategies to coordinate and direct their financial education programmes². Currently 55 countries at diverse stages of development have implemented a first (or second) national strategy or are actively designing one. In 2011, 26 countries were designing or implementing a strategy. In 2013, this number jumped to 45, and as of August 2014, 55 countries including China were reportedly following this process. Singapore, one of Hong Kong's major competitors, is in the process of revising their initial strategy and/or implementing a second

¹ The 6-step financial process is a holistic approach to assess a client's financial well-being, and include: 1. Establishing client-planner relationships; 2. Gathering client data and determining goals and expectations; 3. Determining the client's financial status by analyzing and evaluating the client's information; 4. Developing and presenting the financial plan; 5. Implementing the financial plan; and 6. Monitoring the financial plan.

² OECD, Improving Financial Literacy, Analysis of Issues and Policies, 2005

national strategy³. In consideration of the above development, it is necessary for Hong Kong to ensure that we are not behind the curve in terms of developing our national strategy for financial literacy and capability.

Raising the professional standards of intermediaries

The IFPHK always believes that qualified intermediaries and well-informed and educated consumers, together with a robust regulatory framework, should form the core pillars of assurance for the benefit of the investing public. If the professional standards of financial intermediaries do not keep up with the demands of the market, even with all the stringent regulatory measures, Hong Kong would not be able to maintain its reputation as an international financial centre and therefore grow its financial services industry. Since its inception, the IFPHK has been striving to promote public awareness of the financial planning industry in Hong Kong and uphold the standard of CFP professionals by providing guidance notes and continuously improving the certification programme⁴. The IFPHK regards that intermediaries in direct contact with clients can help promote consumer protection by assisting them make better-informed decisions on what products to buy. At present, there are 4,800 CFP members out of around 80,000 intermediaries. With the HKSFL and the Financial Competence Framework, we are expecting to grow the no of "talents" and hopefully number of CFP.

Questions raised in the Consultation Paper

Question 1:

Do you agree with the Strategy's vision and goal? (see page 11)

As stipulated in our previous submission on the establishment of the IEC, the IFPHK regards it to be crucial for the IEC to develop a comprehensive and consistent financial education strategy. The IFPHK is happy that the IEC has put forward the first Financial Literacy Strategy for Hong Kong. The strategy is important in order to better leverage existing financial education resources and avoid overlap or duplication. In Hong Kong, a number of regulators, education providers and professional organizations deliver financial education programmes that fit their own purposes. Where programme planning is concerned with providers and instructors from different organizations, problems can arise when the roles of these providers and instructors, or the aims of the programmes, are uncertain. Thus, the aims of any financial education programme need to be very clear. Now with common goals and well-defined strategies, regulators and educators are able to keep pace with financial innovation and change.

As stated in the Consultation Paper, the HKSFL's vision is to empower the people of Hong Kong to make informed and responsible financial decisions for themselves and their families. The goal of the Strategy is to instill the financial knowledge, skills, attitudes, motivations and behaviours as identified in the Financial Competency Framework. Key themes in the draft Financial Competency Framework as set out in the

³ "OECD/INFE Progress Report on Financial Education" circulated to ministers and central bank governors at the G20 meetings in September 2014

⁴ In 2006, with contributions from the patrons of leading industry practitioners and experts, the IFPHK published *The IFPHK Practice Guide for Financial Planners*. The Guide is the first set of guidance materials for financial planners to practice in Hong Kong. To supplement this effort, the IFPHK also launched the first *Guidance Notes, Suitability of Advice Obligations: Documenting your Financial Advice* for members. The IFPHK also participated in a global job analysis review and international studies on financial planning job skills analysis. Through this process, the IFPHK gained professional insights into core characteristics and practices vis-à-vis Hong Kong's financial planning practitioners and international CFP professionals. Based on the result of the job analysis, the IFPHK has made considerable efforts in revamping the certification programmes. In June 2011, the IFPHK introduced Associate Financial Planner ("AFP") certification to attract the broader population of the financial planning industry and thus also raise the overall standard of the industry.

previous Consultation Paper includes money and banking, income and taxation, saving and investing, spending and credit, consumer rights and responsibilities, financial planning, and protection and risk.

To provide comments on the proposed vision and goal, the IFPHK would like to highlight some of the practices in other countries. In Australia, financial education work nationally is guided by the principles of Australia’s National Financial Literacy Strategy, a collaborative multi-agency strategy coordinated by the Australian Securities and Investments Commission (ASIC). The National Financial Literacy Strategy was developed to promote a national and coordinated approach to improving the financial well-being of all Australians, and to provide a framework for many agencies and organizations working in partnership.⁵

Country	Vision of the National Strategy	Missions or goals of the National Strategy
Canada ⁶	The vision of the Canadian strategy is to strengthen the financial well-being of Canadians and their families.	The Canadian Government would like to achieve the following goals: <ul style="list-style-type: none"> • Manage money and debt wisely; • Plan and save for the future; • Prevent and protect against fraud and financial abuse.
New Zealand ⁷	Everyone getting ahead financially.	The National Strategy has five activity streams: <ul style="list-style-type: none"> • Talk: A culture shift where it’s easy to talk about money • Learn: Effective financial planning throughout life • Plan: Everyone has a current financial plan and is prepared for the unexpected • Debt-smart: People make smart use of debt • Save/Invest: Everyone saving and investing
South Africa ⁸	The vision of the consumer financial education policy in South Africa is to increase the financial capability and thereby financial well-being of all South Africans.	The mission is for all South Africans, particularly those that are vulnerable and marginalized, to be empowered to participate knowledgeably and confidently in the financial marketplace and to manage their financial affairs, deal with their day-to-day financial decisions and make good choices about allocating their incomes from school-going age, during working age and through to retirement.
United States ⁹	Sustained financial well-being for all individuals and families in the	The mission is to set strategic direction for policy, education, practice, research and

⁵ [Advancing National Strategies for Financial Education](#), A Joint Publication by Russia’s G20 Presidency and the OECD (2013)

⁶ National Strategy for Financial Literacy – Count me in, Canada, Financial Consumer Agency of Canada

⁷ National Strategy for Financial Capability, commission for Financial Capability, June 2015

⁸ [Advancing National Strategies for Financial Education](#), A Joint Publication by Russia’s G20 Presidency and the OECD (2013)

⁹ Promoting Financial Success in the United States: National Strategy for Financial Literacy 2011, Financial Literacy and Education Commission

Country	Vision of the National Strategy	Missions or goals of the National Strategy
	United States	coordination so that U.S. individuals and families make informed financial decisions.

In general, the IFPHK considers the proposed vision to be consistent with those developed in other countries. As illustrated in the above table, almost all countries' visions contain the phrase "financial well-being".

With regards to the proposed goals of "instilling the financial knowledge, skills, attitudes, motivations and behaviours as identified in the Financial Competency Framework", the IFPHK provided general and specific comments on the draft Financial Competency Framework ("FCF") in September 2015. To recap, the IFPHK suggests the following:

- The FCF for consumers should be based on the practitioners' competency framework, so that consumers acquire the necessary knowledge to understand financial planning practices and the ability to communicate with a financial planner.
- Divide the framework into different life stages.
- Suggested topics include financial system, financial management, tax principle and optimization, investment planning and asset management, risk management and insurance planning and financial planning.
- Financial planning is not just about retirement planning. Financial planning refers to the process of setting, planning, achieving and reviewing life goals through proper management of finances. Therefore, the definitions laid out in the Financial Planning section in the proposed framework are too narrow.

It is the IFPHK's view that improved financial literacy levels will not only allow consumers to make more informed investment decisions, but also result in greater consumer appreciation of planning for a long-term financial future – a concept the IFPHK continuously promulgates. According to a survey conducted by the Investor Education Centre, Hong Kong people were found to have the least knowledge and capability in relation to financial planning. There are also misconceptions about the nature and benefits of financial planning. About half of the respondents believe that financial planning is only necessary for multi-millionaires. The majority of people believe that financial planning only involves investment and wealth management advice¹⁰. Thus, it is critical to include the words "financial planning" and/or "plan" in the vision and goals as found in some other countries. One of the goals for the Canadian government's strategy is to "plan and save for the future". Initiatives under this goal will focus Canadians' attention on setting objectives, making plans for major life events, and taking concrete steps to achieve them¹¹. The vision of New Zealand's strategy is to help "everyone get ahead financially" and one of the distinctively identified activity streams is for "everyone to have a current financial plan and be prepared for the unexpected"¹².

Question 2:

Do you agree with the Strategy's definition of financial well-being? (see page 8)

¹⁰ Also stated in the survey is that the top motivator to perform financial planning is for the preparation of retirement. Among those who seek advice from qualified professionals, investors and better-educated and high-income individuals talk to financial advisors more often.

¹¹ National Strategy for Financial Literacy – Count me in, Canada, Financial Consumer Agency of Canada

¹² National Strategy for Financial Capability, Commission for Financial Capability, June 2015

For the purposes of the Strategy, Hong Kong has adopted the OECD definition of financial literacy, and defines financial well-being as follows:

- **Management of financial affairs, debt levels and savings**
Financial well-being means financial affairs and debt levels are managed responsibly and savings goals can be achieved.
- **Consideration of basic livelihood**
Having adequate means to cover basic living expenses, such as housing, education and daily necessities, has been included as one of the requirements for achieving financial well-being
- **Financial security**
Financial well-being means that individuals are able to support themselves and their families even during unexpected life events, such as job loss or illness.
- **Financial freedom**
Financial well-being for Hong Kong people includes the ability to make choices and seize financial opportunities, recognizing the entrepreneurial spirit of the city.
- **Retirement preparation**
Hong Kong has one of the highest life expectancies in the world with a rapidly ageing population. The ability to adequately plan for retirement is increasingly important to ensure financial well-being can be maintained during retirement.

It was also stated in the Consultation Paper that there are other factors contributing to financial well-being which may include the macroeconomic environment, a stable financial sector, efficient and effective regulation and a diversified market for financial products and services.

The IFPHK agrees with the definition of financial well-being. The information provided by FPSB’s affiliate in Japan indicated that Japanese agencies also adopted the OECD’s definition of financial literacy in developing their national strategy. South Africa also subscribes to the OECD’s definition of financial education.

Question 3: Do you agree with the three strategic focuses of the Strategy? (see page 11)

The IEC has identified the following three strategic focuses:

Strategic Focus	Reasons
1. Raise awareness of the benefits of financial education	<ul style="list-style-type: none"> • Helping individuals and families see the value of engaging in financial education, long-term consumer demand for such initiatives will increase. • Stakeholders will be motivated to start to provide such initiatives or continue their efforts, thus increasing their overall reach and impact. • A strong and lasting awareness of why financial education is beneficial is expected to help increase engagement in education initiatives and result in higher financial literacy

Strategic Focus	Reasons
	levels.
2. Extend opportunities to learn	<ul style="list-style-type: none"> • Financial matters are relevant in different life stages and various circumstances. Life-long learning starting from an early age should be encouraged. • Minimize gaps in subject matter areas in current financial education initiatives by extending the opportunities available for Hong Kong people to learn about financial matters in a wider variety of channels and venues that are easily accessible. • Making financial learning happen at relevant life stages via public venues will also help to develop and reinforce positive behaviours and attitudes towards personal finance.
3. Enhance coordination and collaboration among stakeholders	<ul style="list-style-type: none"> • In order to optimize the resources available across sectors, achieve synergy, extend and reach, increase the positive impact, and ensure message consistency, collaboration and coordination must be strengthened. • Collaboration will also provide a solid platform for peer learning and the sharing of experiences and good practices to ensure that the financial education initiatives provided to the Hong Kong public have the greatest reach and impact.

According to the OECD/INFE High-level Principles on national strategies for financial education, a national strategy for financial education is defined as “a nationally coordinated approach to financial education that consists of an adapted framework or programme, which:

- Recognizes the importance of financial education – including possibly through legislation – and defines its meaning and scope at the national level in relation to identified national needs and gaps;
- Involves the cooperation of different stakeholders as well as the identification of a national leader or coordinating body/council;
- Establishes a roadmap to achieve specific and predetermined objectives within a set period of time; and
- Provides guidance to be applied by individual programmes in order to efficiently and appropriately contribute to the National Strategy.”¹³

Hence, the proposed strategic focuses are consistent with the OECD/INFE standard. They are also consistent with the practices of other countries, which normally include elements of making financial education accessible, inclusive and relevant for all. Please refer to the below table for the practices of selected countries:

Country	Strategic Focus / Key Theme
Australia ¹⁴	Australia’s National Financial Literacy Strategy has four core elements as pillars:

¹³ OECD/INFE High-level Principles on national strategies for financial education, August 2012

Country	Strategic Focus / Key Theme
	<p>a) using educational pathways to build financial literacy for all Australians;</p> <p>b) providing Australians with trusted and independent information, tools and ongoing support;</p> <p>c) recognizing the limits of education and information, and developing additional innovative solutions to drive improved financial wellbeing and behavioural change; and</p> <p>d) working in partnership and promoting best practices.</p>
Canada ¹⁵	<p>The Financial Literacy Leader's consultation highlighted three priorities to achieve concrete actions and effectively implement the strategy to achieve its goals:</p> <ul style="list-style-type: none"> • Collaborating and sharing; • Tailoring programmes and applying plain language principles; and • Reaching and engaging Canadians
New Zealand ¹⁶	<p>The National Strategy has five activity streams:</p> <ul style="list-style-type: none"> • Talk: A culture shift where it's easy to talk about money • Learn: Effective financial planning throughout life • Plan: Everyone has a current financial plan and is prepared for the unexpected • Debt-smart: People make smart use of debt • Save/Invest: Everyone saving and investing
South Africa ¹⁷	<p>South Africa's national policy is based on four key themes:</p> <p>a) Consumer financial education is part of a wider market conduct and consumer protection policy approach.</p> <p>b) Consumer financial education policy provides a common focus and direction for a wide group of consumer education initiatives.</p> <p>c) Consumer financial education requires a multi-stakeholder, centrally coordinated approach.</p> <p>d) A national consumer financial education strategy with risk-based priorities is essential.</p>
United States ¹⁸	<p>The National Strategy for Financial Literacy 2011 of the United States identifies four goals and related objectives:</p> <ol style="list-style-type: none"> 1. Increase awareness of and access to effective financial education 2. Determine and integrate core financial competencies 3. Improve financial education infrastructure

¹⁴ [Advancing National Strategies for Financial Education](#), A Joint Publication by Russia's G20 Presidency and the OECD (2013)

¹⁵ National Strategy for Financial Literacy – Count me in, Canada, Financial Consumer Agency of Canada

¹⁶ National Strategy for Financial Capability, Commission for Financial Capability, June 2015

¹⁷ [Advancing National Strategies for Financial Education](#), A Joint Publication by Russia's G20 Presidency and the OECD (2013)

¹⁸ Promoting Financial Success in the United States: National Strategy for Financial Literacy 2011, Financial Literacy and Education Commission

Country	Strategic Focus / Key Theme
	4. Identify, enhance, and share effective practices

Question 4:

Do you think that the actions identified will help achieve the Strategy's focus areas? (see page 12-14)

The proposed core actions and the desired outcomes for each strategic focus are set out in the following table:

Strategic Focuses	Core Actions	Desired Outcomes
Raise awareness of the benefits of financial education	<ul style="list-style-type: none"> • Conduct financial literacy awareness campaigns • Coordinate all parties interested in supporting financial education to participate in “Hong Kong Money Month” around Chinese New Year • Enhance existing financial guidance and resources via digital media and mass marketing amongst all stakeholders • Utilize ambassadors and supporting organizations to support and promote the Strategy 	<ul style="list-style-type: none"> • People recognize and use existing initiatives to a greater extent • More initiatives around financial education are developed as a result of increasing demand and awareness • More partnerships are formed, increasing the impact and reach of financial education initiatives • People talk more openly and comfortably about money matters • People recognize where to access trustworthy information to improve their financial literacy
Extend opportunities to learn	<ul style="list-style-type: none"> • Enhance financial education in schools by embedding the knowledge and skills laid out in the Financial Competency Framework into non-curriculum activities, and mapping the required levels of knowledge and skills into the curriculum • Encourage financial institutions to embed financial education elements into their communication and marketing strategies • Encourage parents and teachers to display appropriate financial behaviours and act as role models for the next generation • Motivate employers to consider the financial wellness of their employees and provide learning opportunities in the 	<ul style="list-style-type: none"> • There is greater interaction with financial education initiatives across different sectors and groups in Hong Kong, covering higher-need segments • Parents, teachers, employers and other key influencers in the community promote the right attitudes and behaviours towards financial matters

Strategic Focuses	Core Actions	Desired Outcomes
	workplaceBuild stakeholder capabilities through ‘train-the-trainer’ initiatives to equip them with the necessary skills to deliver financial education across communities, and ensure that supporting tools and resources are accessible	
Enhance coordination and collaboration among stakeholders	<ul style="list-style-type: none"> • Hold regular information sharing sessions to enable stakeholders to share lessons learned and best practices • Organize a second financial literacy summit to discuss key issues and potential strategies to improve financial literacy • Create a central online repository for stakeholders to share information and resources • Establish professional development opportunities for financial education practitioners to ensure quality delivery of financial education • Launch a research grant to stimulate wider interest in financial literacy research and promote partnership between financial education practitioners and academics 	<ul style="list-style-type: none"> • Synergy is maximized and complementary efforts are made within and across different sectors • Support is offered across a wide variety of themes covered within the Financial Competency Framework • Key messages around financial matters are integrated and streamlined to expand their impact for consumers • A platform is created for peer learning and best practice sharing • The professional skills of financial practitioners are leveraged to support the broader community

As suggested in the OECD/INFE High-level Principles on national strategies for financial education, the National Strategy framework should define an overall and cross-sectoral vision and set general, realistic and measureable objectives and policy priorities for the National Strategy in accordance with the findings of the preparatory phase and the circumstances of the country. These objectives and policy priorities should preferably involve the design of a tailored roadmap of short-term and intermediate outputs, as well as anticipated longer-term outcomes and the setting of quantitative and possibly qualitative targets for the overall National Strategy and relevant policy priorities. The roadmap should also contain a time schedule for the achievement of these objectives and relevant policy priorities. Depending on national circumstances, policy priorities can include increased access to, and use of, appropriate financial services, more suitable saving and investment, reduced indebtedness and more responsible credit, improved level and quality of saving for retirement and related pension issues, as well as savvier decisions vis-à-vis risk and insurance.¹⁹

¹⁹ OECD/INFE High-level Principles on national strategies for financial education, August 2012

As such, the IFPHK considers the proposed core actions and desired outcomes sensible and fulfill most of the OECD/INFE high-level principles.

Nevertheless, when referencing other countries' practices and the OECD/INFE high-level principles, the IEC may wish to consider adding and/or adjusting the following core actions and/or desired outcomes:

Offering accreditation and recognition to financial educators

The IFPHK agrees with the IEC proposals to build stakeholder capabilities through 'train-the-trainer' initiatives and establish professional development opportunities for financial education practitioners. The IEC may wish to offer accreditation and recognition to financial educators.

- An organization in the United States called the National Financial Educators Council (NFEC) offers the Certified Financial Education Instructor programme. This financial literacy certification is designed to help an individual increase his or her impact as a financial educator. Certificants will develop skills and learn techniques that help motivate, engage, educate and move participants of all ages to take positive financial action.
- Awards to recognize and reward teachers who build their students' financial literacy are offered in Australia.²⁰

Provision of objective advice

In our submission to previous consultation papers, the IFPHK recommends that the government spend more on financial counselling and coaching. The IFPHK highlighted that providing objective advice should be clearly differentiated from financial advice and actions of a commercial nature. Objective advice as opposed to advice of a commercial nature is in the OECD's definition provision of counsel to consumers regarding generic financial issues and products, so consumers can make the best use of the financial information and instruction they have received. It is particularly useful for retirement planning. As suggested by the International Organization of Pension Supervisors, providing customized advice to members may be a particularly effective form of delivering the right mix of information and education. Such advice may make it unnecessary to supply detailed information on all possible options available and therefore allow for greater focus on the quality and customerization of information²¹. Consumers can benefit from personalized financial coaching, and other countries' experiences show that credit counseling leads to a decrease in indebtedness. Other advisory methods such as telephone and online chat helplines can also be considered.

In New Zealand, the Commission for Financial Capability promotes the benefit of financial planning (short, medium and long term) and risk management. It also targets growing innovative and accessible channels offering qualified financial advice. In Australia, one of the core actions is to deliver Commonwealth and state-funded financial counselling programmes and services.

A number of objective and free advice consultations have been conducted in Japan, to which the Japan Association for Financial Planners ("JAFFP"), an affiliate member of FPSB, sent CFP-certified volunteers. Examples of these events include the following:

²⁰ National Financial Literacy Strategy 2014-17: Action plan, Australian Securities & Investments Commission

²¹ Ambrogio I. Rinaldi and Elisabetta Giacomel, Information to members of DC pension plans: conceptual framework and International Trend, September 2008.

- The Financial Service Authority’s (“FSA”) Campaign for consumers is called “That’s what I want to know! Future life planning”. The purpose of the event is to offer free consultations, keynote speeches and mini-seminars to improve financial literacy.
- Another FSA campaign called “Financial Concierges” is a pilot programme launched at hospitals and nursing care facilities. The campaign primarily focuses on the elderly and offers patients and their family members free financial-related consultations.
- The Ministry of Education, Culture, Sports, Science and Technology has launched a campaign called “Academic Support Advice”. The aim of the campaign is to support vocational school students so that they do not need to quit school because of financial reasons. Academic support advisors are being assigned to all prefectures.
- The Ministry of Land, Infrastructure, Transport and Tourism is launching a campaign called “Cultivation of experts to vitalize the existing home market”. Experts who are able to provide advice on financial plans are being recruited from various organizations.

Central repository for consumers and stakeholders

The IFPHK agrees with the IEC proposal to create a central online repository for stakeholders to share information and resources. Many countries have taken similar actions. In the United States, a clearinghouse will be established either within or in connection with the existing federal collection of evidenced research and evaluation studies, current financial topics and trends of interest to consumers, innovative approaches, and best practices. In Canada, the Financial Literacy Leader, in partnership with stakeholders, will develop criteria to evaluate existing financial literacy programmes, so private sector funders can make informed decisions about which initiatives to support. Rather than practitioners contributing to the central repository, the IFPHK suggests that the IEC build the repository by conducting stocktake surveys on all initiatives conducted in different sectors.

The IFPHK agrees to continue enhancing existing guidance and resources for consumers. The IEC website should target providing a one-stop shop to find out about all resources available. As suggested in the IFPHK’s previous submission, adequate guidance about different financial qualifications should be provided to consumers in order to allow them to assess the competency of any individual providing financial services and information.

Plain language and user-friendly terms

As financial knowledge may include difficult concepts for civilians, especially for people with low income or a low level of education, a number of countries have put in place actions promoting plain language in financial education. In Canada, one of the actions is to simplify materials and use plain language to make information easier for Canadians to absorb. All participants in the strategy’s implementation will be encouraged to ensure that the language and presentation of materials are easily accessible to a broad range of Canadians. Similarly, the use of transparent, plain-language, and user-friendly forms and information to express core competency topics is promoted in the United States.

Question 5:

Do you have any comment on how this Strategy will be measured? (see page 19)

According to the OECD, the monitoring and evaluation of the overall national strategy is essential from an accountability perspective to improve financial education interventions and policies and ensure their

sustainability in the longer term.²² The main instrument used to monitor progress is repeated waves of a financial literacy survey and their refined analysis. A few countries (e.g. Australia, New Zealand, South Africa) have also developed or are starting to develop more regular simple indicators to track progress on financial knowledge and behaviours. Moreover, a wider range of countries is collecting qualitative information through research and programme evaluation to improve the delivery of financial education²³.

As stated in the Consultation Paper, the IEC as the secretariat will monitor the progress of the Strategy by doing the following:

- **Reviewing financial education initiatives:** collating information on public and private sector financial education initiatives on a regular basis to monitor the landscape of financial education in Hong Kong
- **Monitoring success indicators:** conducting regular surveys on financial literacy levels of the Hong Kong population to track changes over time and therefore gauge the overall impact of the Strategy
- **Participating in international studies:** participating in relevant international studies such as the OECD/INFE Survey on Financial Literacy and PISA financial literacy assessment to compare Hong Kong’s financial literacy level to those of other countries

The success indicators for each strategic focus are proposed as below:

Strategic Focus	Indicators of success
Raise awareness of the benefits of financial education	<ul style="list-style-type: none"> • Increased percentage of people seeing the importance of financial education • Increased percentage of people feeling comfortable talking openly about money matters • Increased number of financial education initiatives offered and organizations involved
Extend opportunities to learn	<ul style="list-style-type: none"> • Increased number of financial education initiatives offered, as well as a wider spread across different societal groups as target segments and education themes • Increased percentage of people accessing the financial education tools and resources currently available • Increased percentage of people displaying financially positive attitudes and behaviours as identified in the Financial Competency Framework
Enhance coordination and collaboration among stakeholders	<ul style="list-style-type: none"> • Increased number of organizations offering financial education initiatives, as well as a wider spread across different societal groups as target segments and education themes • Increased number of financial education practitioners participating in sharing sessions, forums and other partnership initiatives

²² “OECD/INFE Progress Report on Financial Education” circulated to ministers and central bank governors at the G20 meetings in September 2014

²³ “OECD/INFE Progress Report on Financial Education” circulated to ministers and central bank governors at the G20 meetings in September 2014

Strategic Focus	Indicators of success

The IFPHK agrees with the three monitoring actions, but thinks the success indicators can be more specific and measurable. In the United States, the Financial Literacy and Education Commission recommends organizations involved with personal-finance education, research, practice and policy to focus on evidence-based outcomes.

The IFPHK suggests that the IEC refer to Australia and New Zealand’s specific-target action plans.

- In New Zealand, the goals of the theme “everyone has a current financial plan” include 90% of people annually reviewing their financial and insurance plans, 90% of households being able to access three months’ expenses in an emergency, all New Zealanders having a financial plan that suits their needs, 50% more people using qualified financial advisers, and 50% of workplaces providing financial education programmes that include understanding financial planning²⁴.
- One of Australia’s core actions is to “increase the number of teachers trained through ASIC’s MoneySmart Teaching professional learning programme”. The target is to train a minimum of 20,000 teachers and pre-service teachers through ASIC’s MoneySmart Teaching programme (face-to-face and online).²⁵

Question 6:

Will you and/or your organization support this Strategy?

The IFPHK is a big supporter of the IEC. Our directors hold positions in the advisory group and a number of taskforces in the IEC. Over the past fifteen years, the IFPHK has a track record of advocating the provision of financial education to consumers. Each year, the IFPHK sends volunteers to participate in “exhibitions” organized by the MPFA in which our volunteers offer neutral one-to-one product and sector financial counselling to consumers. The IFPHK and its members are committed to ensuring that the public understands what financial planning is and is able to provide qualified consultants to deliver such services, and as a result, the IFPHK will support financial education initiatives within our resource constraints.

Question 7:

Do you have any general comments you would like to make regarding the Strategy?

Other comments from the IFPHK include the following:

Visible support and commitment from the Government

The HKSFL and the core actions will not succeed without visible support and commitment from the Government. The IFPHK strongly advises the Government to follow the example of Canada. As stated in the “National Strategy for Financial Literacy - Count me in, Canada”, the Government of Canada has made financial literacy a priority. It has committed annual resources to the Financial Consumer Agency of Canada (“FCAC”) to enable it to undertake initiatives, conduct research and develop consumer-friendly programmes and tools. The Canadian Government has also appointed a Financial Literacy Leader to provide guidance

²⁴ National Strategy for Financial Capability, commission for Financial Capability, June 2015
²⁵ National Financial Literacy Strategy 2014-17: Action plan, Australian Securities & Investments Commission

and expertise to implement the strategy through mobilizing and collaborating with stakeholders across the country.²⁶ The Government of Canada has recently secured a commitment from Canada’s banks to establish a five-year Financial Literacy Partnership Fund of \$10 million to provide grants to eligible community organizations for projects that work to improve the financial literacy capabilities of Canadians²⁷.

From financial literacy to financial capability

The strategy and the core actions should evolve over time, and the ultimate objective should be to advance from enhancing financial literacy to enhancing financial capability. Financial capability is seen as a broader concept than financial literacy. It encompasses participation by people in economic life that maximizes life opportunities and enables them to lead fulfilling lives.²⁸ Financial education is seen as a process of building financial capability, described as the knowledge and skills of consumers to understand their own financial circumstances and to be motivated to take action in this regard. The term “financial capability” is used in New Zealand and the United Kingdom.

²⁶ National Strategy for Financial Literacy – Count me in, Canada, Financial Consumer Agency of Canada

²⁷ National Strategy for Financial Literacy – Count me in, Canada, Financial Consumer Agency of Canada

²⁸ Advancing National Strategies for Financial Education, A Joint Publication by Russia's G20 Presidency and the OECD (2013)