



# Developing a National Strategy for Financial Literacy: An Action-Oriented Approach



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# Overarching Premise for an “Action-Oriented Approach”

The purpose of developing a national strategy for financial literacy is not to simply create a *document...*

it is to create *change.*





# Action-Oriented Approach

1. Making the Case for Financial Education
2. Five Principles for Action-Oriented Strategy Design
3. Brief Case Study: United States (2003-2009) – Development, Launch and Implementation of Country's First National Strategy



# Making the Case for Financial Education



- It starts with a few champions
- This handful of champions persuades others to join
- A small financial literacy community forms
- Real change begins to happen



# This is how it starts:



# This is what happens next:



# And then eventually...





# Why is financial literacy suddenly so important?

- **Choices**

**With Jamaica's economic growth, the marketplace for financial products and services is increasing the number of choices for consumers**

- **Knowledge**

**Needs to catch up**

***Consumers' Choices  
Have Outpaced Their Knowledge***







# Making the Case

- Why should government be involved in this?
- It is uniquely suited to help its citizens become more financially literate
- It can assess the national need, convene those who might help and lead them toward objectives
- While individual programs can make an impact, a national strategy can elevate the topic and begin the progress towards widespread change



# Making the Case



- Drafting and implementing a strategy is a challenging task
- Government is accustomed to implementing policy and enforcing regulations
- Since strategies won't typically have the force of law, a different approach is worth considering
- If we regulate financial products and services to assure consumer protection why is financial literacy necessary?





# Making the Case

- A free marketplace for financial products/services will always have **choice** and **risk** for consumers
- Both of these elements call for an informed consumer decision
- Every potentially harmful financial product/service cannot be regulated out of existence
- Even good products can be misused by the uninformed:
  - ❖ Checking accounts can be overdrawn
  - ❖ Credit cards can be abused
  - ❖ Stock portfolios can lose value
  - ❖ Consumers can fail to recognize and insure against risk
- The difference is an individual empowered by education





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# A good strategy is *not*:

- A wish list of what is hoped for but not really possible
- An inventory of existing programs and efforts
- A textbook for consumers on financial matters
- A vague, high level document which only provides a vision and does not address tactical issues
- A narrow view of a few
- An academic study



# Five Principles

1. Strategy's goals should be actionable
2. Strategy's goals should be practical
3. Inclusiveness is critical
4. Progress/outcomes should be measurable
5. Strategy's goals should be relevant





# Principle #1 – Actionable Goals

- Goals should be clear and not vague aspirations
- Maintain accountability by aligning specific tasks with goals
- Assign named parties with specific tasks
- Have specific dates for tasks

**Avoid:** “We will help low income families get access to financial institutions to help improve their well-being”

**Embrace:** “In the second quarter of 2014 the Department of \_\_\_\_\_ will launch a two year pilot program to help underserved households in three towns open and use an account with a bank or credit union”



# Principle #2 – Practical Goals



- Set challenging but achievable goals - program failures hurt the financial literacy cause as they make potential supporters lose faith in the issue
- Before goals are set identify the resources necessary to support the tasks needed to accomplish the goals

**Avoid:** The government will provide training in financial products to all adults and education on basic concepts to all children to achieve full national financial literacy in the next 18 months

**Embrace:** The Department of Education will draft standards in financial literacy education for schoolchildren and directly encourage schools to adopt and implement them in the next two years through a series of ten conferences nationwide





# Principle #3 – Inclusiveness is Key



- The unique needs of special populations should be considered
- Education for specific topics should be considered
- No one entity will be able to meet all of a nation's financial literacy needs. Partners are necessary to implement a national strategy
- Partners should be added for their expertise, their resources or their networks with target populations
- Invite a broad range of such organizations to collaborate on the strategy's development today so that they will be vested in the final product and serve as implementation partners tomorrow

**Avoid:** Having one organization attempt to write the strategy alone

**Embrace:** Building consensus



# Inclusiveness is Key...

## Two Models for Strategy Development



### Mountain Top

- Edicts from on high
- Top down decisions
- Very general, sets out broad vision and aspirations for others to pursue
- Small group of government experts
- Exercise of power
- Executed with a spirit of compliance

### Contractual

- Negotiated among stakeholders
- Broad-based consensus
- Specific objectives, organizations held accountable for identified tasks
- Inclusive: government, NGOs, private sector
- Exercise of influence
- Executed with a spirit of cooperation



# Principle #4 – Measurable Outcomes/Progress



- Make sure most goals lend themselves to being quantified
- Input measures are acceptable (for example number of brochures distributed) but output measures are better (for example number of bank accounts opened because of brochures)
- Keep stakeholders, partners and other supporters regularly informed of progress toward stated goals
- **Avoid:** We will increase the number of workplace seminars for adults on managing credit cards
- **Embrace:** We will double the annual number of workplace seminars for adults on managing credit cards over the next two years and will increase by 20% the post-test scores of attendees





# Principle # 5 – Relevant Goals

- Prioritize by concentrating strongest efforts on areas of biggest need
- Presume citizen indifference - just because citizens *need* financial education doesn't mean they *want* it
- Make programs, materials and campaigns engaging for citizens and remind them of the benefits of knowledge and the costs of ignorance

**Avoid:** Our goal is to create a program to teach adult citizens all the factors influencing the tourist industry and what that might mean for Jamaica's national economy

**Embrace:** Our goal is to create a program to teach adults the benefits of setting aside emergency funds in case he or she loses his or her job





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# Taking Ownership of the Future



The National Strategy for Financial Literacy  
2006





# US Case Study - Process

- Government Collaborators:
  - ❖ 20 Federal Agencies
- Non-government Collaborators:
  - ❖ 50 Organizations / 10 Individuals
- Time Elapsed:
  - ❖ 23 Months
- Written Public Comments Received:
  - ❖ 158 (6 Follow-up Meetings)



# US Case Study – Product



- Pages: 139
- Subject Areas: 13
- Calls to Action: 26
- Tactics: 5
- Strategy: 1







# US Case Study – Topics Covered

- General Saving – Chapter 1
- Homeownership – Chapter 2
- Retirement Saving – Chapter 3
- Credit – Chapter 4
- Consumer Protection – Chapter 5
- Taxpayer Rights – Chapter 6



# US Case Study – Topics Covered



- Investor Protection – Chapter 7
- The Unbanked – Chapter 8
- Multicultural Populations – Chapter 9
- K-Postsecondary Financial Education – Chapter 10
- Academic Research and Program Evaluation – Chapter 11
- Coordination Efforts – Chapter 12
- International Perspective – Chapter 13



# US Case Study – Major Projects

- Two public service announcement campaigns
- Original web-based financial education game for youth
- National financial literacy website/hotline
- Math curriculum for schoolchildren
- National survey of adult financial literacy
- Grant program to help underserved
- Drafting of standards for program design
- Technical assistance pilot program fielded in 8 communities
- Hosted international conference attended by 35 other nations



# US Case Study – Major Projects



- Workshops for leadership of financial service companies, such as the insurance industry
- Academic Symposium with top 30 US researchers to set the research agenda for the next four years
- National web-based youth competition to promote teaching financial education in schools
- Launch of President's Advisory Council on Financial Literacy
- Awards program to recognize innovative financial literacy programs across the country



# US Case Study – Major Projects



- Launched and maintained two intergovernmental commissions – one made up of 20 federal government agencies and the other of 50 state and local government offices Four different conferences focusing on different US ethnic groups
- Averaged over 80 consumer workshops a year for a five and half year period
- Founded and led a coalition of leaders of the five top national education programs worldwide, convened regular conference calls to share best practices



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