

## Summary of Consultation for the Hong Kong Financial Competency Framework

### Background of the respondents

Upon the end of the consultation period, 14 responses and 2 separate comments were received via e-mail. The respondents were mainly from the financial sector (please see Appendix A for the list of respondents).

### Summary of the responses

Overall, the responses to both parts A and B of the consultation generally received positive feedbacks, 71.4% - 92.9% in agreement for the structure, content and coverage of the framework from all the respondents. One responded in a separate document and hence no specified choice was indicated in some questions. Please note that the unidentified choices would be classified as “No response” in this summary (please see Appendix B for the statistic of the feedbacks).

### Part A

All respondents agreed with the progressive arrangement for the knowledge and skills part of the School Children Financial Competency Framework (FCF), the indication of Core and Extended competencies for the Adults FCF and understood the cohesiveness of the content. For specific comments, please refer to the following table:

Comments	Response
<b><i>Question 2: Using the four Key Stages of Learning (KS1-KS4) as the progression in the FCF for children is appropriate.</i></b>  Some respondents disagreed, stating that kindergarten children were not covered in the proposed framework and some competencies could be taught at that stage	The use of Key Stages of Learning (KS1-KS4) is in line with the progression of compulsory education system in Hong Kong.  We understand that the significance of developing the mental ability and financial competence prior to KS1. As highlighted in the FCF document “The content of the competencies represents what a child should know at the end of the certain stage, but not necessarily relate to what an individual has been taught at the respective stage.” Hence, some competencies in KS1 can be taught prior to that stage.  The feasibility of further differentiation could be discussed in the future.

<p><b>Question 4: Having Core and Extended competencies in the FCF for adults is appropriate.</b></p> <p><b>Question 5: The linkage of the content between the children and adults FCF is cohesive.</b></p> <p>A respondent suggested that the Adults framework should follow how the School Children framework is structured; showing different progressive stages (life stages) and a clear goal be identified for each stage. For example, adding a group for “tertiary students and young people who are about to enter workforce”.</p>	<p>We see the needs of recognising various financial education needs in different life stages. Upon looking into the competencies needed by different adult groups, most of the basic competencies were the same, hence a set of Core competencies was identified.</p> <p>Other essential competencies needed by different adult groups that were not covered in the Core competencies are listed in the Extended competencies. There may be a need to extend this list in future to cater for more groups of adults.</p> <p>The FCF is a comprehensive document that is intended for different organisations who are interested in providing financial education for the public. We can develop in future a separate document that is less technical for the public where we identify some major financial learning objectives/goals at each stage.</p>
<p><b>Question 6: The length of the proposed FCF is appropriate.</b></p> <p>A respondent showed concern over the complexity, readability, level of detail and user-friendliness for general public users.</p>	<p>Again the FCF is a comprehensive document that is intended for organisations to use in providing financial education for the public and is not primarily designed for the general public users.</p> <p>The level of detail in the explanatory notes is to ensure that the organisations have sufficient information to understand what each individual competency the FCF is referring to. This may include a description and also examples of the competency.</p> <p>To make the FCF more user-friendly, an electronic version can be explored in future.</p>
<p><b>Question 7: The content in the proposed FCF is detailed enough.</b></p> <p>A respondent pointed out that it is important for the consumers to acquire the necessary knowledge to</p>	<p>The design of FCF tries to avoid using jargon and technical terms as it may be used by many non-financial professionals.</p> <p>Many topics within the financial planner’s competency framework can also be found in different sections of the proposed FCF but in the context of a financial consumer</p>

understand financial planning practices and the ability to communicate with a financial planner. It could be based on the practitioners' competency framework.	rather than a practitioner. These competencies will allow an adult to interact with finance professionals effectively if needed and for a financial planner to understand the needs of a client.
--	--

## Part B

The majority of the respondents agreed with the coverage of the themes stated in the proposed frameworks. For comments, please refer to the following table:

Comments	Response
A respondent disagreed with the positioning of some competencies within the <b>“Saving and investing” (SI)</b> and <b>“Financial planning” (FP)</b> themes. The respondent commented that some basic concepts of saving and investing, such as dollar cost average, compounding effect, factors of investing, and competency element FP4 can be taught and introduced in KS4.	<p>Some of the mentioned saving and investment concepts, such as compounding effect and factors of investing (through the calculation of simple and compound interest rates), have been included in KS3. The dollar cost averaging concept will be challenging for secondary school students to comprehend and master without the illustration of daily life examples. This concept will be more useful if introduced during adulthood, as currently proposed, when people are exposed to MPF investing.</p> <p>The purpose of arranging competency element FP4 in KS3 is with reference to the secondary school curriculum.</p>
A respondent pointed out the importance of teaching students and young adults to be responsible debtors. For example, highlighting the impact of instalment in a credit card in SC13, and the interpretation of credit report and promoting credit score in SC17 within the <b>“Spending and credit” (SC)</b> theme.	<p>Being a responsible debtor is illustrated in various competencies elements of “Spending and credit”, for example, SC3 (the responsibilities of a borrower), SC14 (interest charged by banks and financial institutions), and SC15 (“good” and “bad” debts and their consequences), and the explanatory note’s elaboration on these.</p> <p>To strength this point, additional notes reminding the responsibility to repay loans can be added to the explanatory notes of SC7 and the impact of instalments - to the explanatory notes of SC19 respectively. As for the skill for reading a credit report, it can be added in the explanatory notes of SC17.</p>

<p>A respondent commented that the FCF puts too much emphasis on retirement for “<b>Financial planning</b>” (FP) and suggested the addition of elements like the “six-step financial planning process” and “introducing the Financial Planning Practice Standards and the role of financial planners”</p>	<p>Retirement planning is a very important financial planning activity and is incorporated in different competencies in the explanatory notes and some examples within the explanatory notes have used this amongst other examples.</p> <p>The six-step financial planning process is a very comprehensive professional guideline used by many financial planner. However, it may be challenging, as a basic core competency, for an adult to master. FP10 is a simple financial planning concept that will meet the basic needs of adults.</p> <p>The description of the role of professional financial planners can be added to the explanatory notes for B16 (Adult).</p>
<p>For the “<b>Financial planning</b>” (FP) theme, a respondent recommended to add: “effective financial plans should be developed by qualified financial planners”, that “individuals should have the ability to choose a reliable financial planning professional”, “individual should have the ability to monitor and review a financial plan” and important knowledge: estate planning, wealth transfer, China financial market, and time value of money in financial management.</p>	<p>The FCF lists out the basic competencies that an adult should master. Some may opt to do a simple financial plan themselves while others may engage a professional financial planner to do a more comprehensive plan, the framework does not prescribe who should do this.</p> <p>Choosing a financial planning professional is highlighted in several competencies such as CR9, A15, B19 and B16(Adult), stating the significance of reliable advice in financial planning and B1(Adult) especially points out trustworthiness of the source of financial advice.</p> <p>For the behaviour of monitoring and reviewing a financial plan, B15, B20(Adult) and B21(adult) have generally covered the mentioned competency.</p> <p>In the explanatory notes of B25 (adult), Power of Attorney and making a will is introduced and in the explanatory notes of IT13 introduces estate planning as a way to reduce tax is present. Hence, the topics of estate planning and wealth transfer are generally covered.</p>

	<p>Various competency elements in the framework have covered the concept of time value of money, for example, the value of money in MB13, calculation of interest rates in SI4, the value and price of a product or service in SC4.</p> <p>Understanding the inflation concept can be added as an additional competency after SI4 and in the explanatory notes of SC4.</p> <p>For the knowledge of financial market in China, SI13 and SC11 have generally covered the mentioned competency and it is left to the freedom to the end users for implementation.</p>
A respondent suggested adding a new competency “A belief that long term financial goals, such as retirement, should be planned well in advance” into the <b>“Attitudes” (A) of Adults Core</b> .	The benefits of planning in advance have been introduced in KS3 of the School Children FCF (M5, “Planning early can generate more options for ones goals”). This competency will be reemphasised for adults by repeating it at the top of the Motivations competencies of the Adults FCF.
A respondent suggested to add “to share good and bad examples”.in <b>“Attitudes” (A)</b> “	The design of the FCF is to list the desired competencies that one should have rather than the competencies that one should not have.
A respondent suggested refining the <b>“Attitudes” (A)</b> A11 and A12 into “Proactive spending / saving priorities decision will benefit me to achieve my goal” and “Responsible for managing money well is intrinsic to live independently” and emphasize the attitudes of perseverance and self-control.	<p>Self-control and perseverance has been reflected in B3, B6 and B7 in KS1 and KS2. The knowledge and skills gained in these two stages are sufficient enough to generate corresponding behaviour.</p> <p>As for the refinement of A11 and A12, the original statements have covered the meanings concerned and the suggested amendment can be elaborated in the explanatory notes.</p>
One comment on the <b>“Motivations” (M)</b> part is to add “to encourage	M6, B41 and B42 are competencies that are regarding

people to set personal financial goals”.	setting personal goals.
A respondent showed specific concern in “ <b>Behaviour</b> ” (B) B11 (adult), in which the element will induce behaviour lowering credit score, and recommended to amend B25(adult) into “Make an appropriate decision when they meet the financial difficulties”.	<p>The focus of competency B11(adult) is on selecting the appropriate loans for the specific purpose (e.g. student loans for education, mortgage for buying estate) if needed and the ability to compare lenders to find the lowest borrowing cost. It is not intended to promote unplanned borrowing. This can be clarified in the explanatory notes.</p> <p>Competency B25(adult) is needed when one has lost their physical or mental ability to handle financial matters. B37 is the competency need when one has financial difficulties like dealing with unmanageable debt, this can be clarified in the explanatory notes.</p>
A respondent suggested for “ <b>Behaviour</b> ” (B) competency elements B43 of to add the terms “actively manage”, i.e. Carry out and actively manage a retirement plan including MPF/ORSO investment.	The FCF can be changed to reflect this suggestion.

### Further comments

Besides the general comments showing the support for the FCF, there are some suggestions for supplementing the content of the framework. Please refer to the table below for specific response:

Comments	Response
<p>A respondent suggested adding common terms mentioned in publicly available documents/websites of investment products under the Adults FCF (e.g. Price to Earnings ratio, yield, Sharpe ratio, etc.),</p> <p>Introducing the concept of inflation under the School Children FCF,</p> <p>introducing the latest information and knowledge, such as, mobile/digital usage across banking, shopping and payment (e.g. mobile P2P payment,</p>	<p>These can be added to the explanatory notes of the framework.</p>

eBPP, WeChat account binding service etc.) and updating regulations (e.g. enhance security on ATM services for overseas ATM daily withdrawal limit) and product knowledge (e.g. reverse mortgage, employment choice arrangement on MPF etc.).	
One respondent suggested including the ability of financial resilience as to enhance people's financial well-being.	Financial resilience is a significant competence covered in the "Protection and risks" theme. The competencies will help equip individuals with proper resilience to face financial challenges and difficulties.
Some respondents provided suggestions on the future direction of the proposed FCF including addressing consumer's demand, having flexibility, regular review and updates with the latest local and international developments. There are respondents urging for the launch of related educational programmes and activities for all age groups to raise the awareness of financial literacy and management.	Regular and efficient evaluation of the framework and programmes are crucial for the successful implementation of the framework, and these will need co-operation among different parties.

## **Appendix A- List of respondents**

Respondents has no objection to publication of name of their organisations:

1. Bank of China (Hong Kong) Limited
2. Bank of Communications Co., Ltd. Hong Kong Branch
3. The Bank of East Asia, Limited
4. Caritas Family Crisis Support Centre—Debt Counselling and Financial Capability Service
5. Chiyu Banking Corporation Ltd.
6. Institute of Financial Planners of Hong Kong
7. Mandatory Provident Fund Schemes Authority
8. Nanyang Commercial Bank Limited
9. Noble Apex Advisors Limited
10. Public Bank (Hong Kong)
11. Hong Kong Economic Times
12. Wing Lung Bank Limited

Respondents requested submission to be published on a "no-name" basis:

13. Respondent 1
14. Respondent 2



## Appendix B - Statistic of the feedbacks

	Question no.	Agree	Disagree	No response
A	1	12 (85.7%)		2 (14.3%)
	2	11 (78.6%)	1 (7.1%)	2 (14.3%)
	3	13 (92.9%)		1 (7.1%)
	4	13 (92.9%)		1 (7.1%)
	5	13 (92.9%)		1 (7.1%)
	6	12 (85.7%)		2 (14.3%)
	7	12 (85.7%)		2 (14.3%)
	8	10 (71.4%)	2 (14.3%)	2 (14.3%)
B	MB	12 (85.7%)		2 (14.3%)
	IT	12 (85.7%)		2 (14.3%)
	SI	11 (78.6%)	1 (7.1%)	2 (14.3%)
	SC	12 (85.7%)		2 (14.3%)
	CR	12 (85.7%)		2 (14.3%)
	FP	11 (78.6%)	1 (7.1%)	2 (14.3%)
	PR	12 (85.7%)		2 (14.3%)
	A	12 (85.7%)		2 (14.3%)
	M	12 (85.7%)		2 (14.3%)
	B	12 (85.7%)		2 (14.3%)