

Opening remarks IEC Financial Literacy Forum 2014

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The honorable Professor KC Chan, distinguished guests, ladies and gentlemen,

Good morning. On behalf of the Investor Education Centre, I'd like to welcome you all to our inaugural financial literacy forum. We are very delighted to organise the forum, and we are honoured to have your presence today. My special thanks go to Mr Olaf Simonse and Dr Joanne Yoong who have travelled far distances to be here with us.

Also, we are honoured to have Professor K C Chan, Secretary for Financial Services and the Treasury as our keynote speaker. He will share with us his insights on how financial literacy can contribute to the Hong Kong society as a whole. I would also like to thank the IEC team for their dedicated efforts and hard work at organising this forum.

The idea of holding a forum on financial literacy came to us late last year when we celebrated our first anniversary. The anniversary was a meaningful occasion when many of you experts and leaders in financial education gathered to share the joy and pride of the IEC as one of the prime drivers in helping people in Hong Kong to make informed and sound financial decisions, both in good times and bad. And this November marks the second anniversary of the IEC.

Over the past two years, we have launched a number of education initiatives with themes ranging from financial planning, money management, investing concepts to consumer and investor rights and responsibilities. Guided by our three-year Strategic Plan 2013-2016, we have adopted an evidence-based approach to identifying and addressing the financial education needs in Hong Kong. Our work includes mass media campaigns, outreach activities for specific communities such as students and the elderly, and the IEC website which serves as a central place for comprehensive, credible and impartial financial information, as well as tools and resources for improving personal finance.

I'm proud to say that we have established a strong foundation for improving the financial literacy and capability of Hong Kong people. But this task cannot be achieved by the IEC alone. It must be based on a collaborative effort, harnessing the enthusiasm, goodwill and strengths of stakeholders from many different sectors including the government, the financial sector, the education sector, the community as well as the media). We must work together closely to help achieve our shared goal of raising Hong Kong's financial literacy. Cross-sector collaboration is key to bringing financial education to the next level and enhancing the public's financial well-being.



We hope the forum today will provide you not only with a useful platform for sharing ideas and experiences but also a good framework for building a consensus on how financial education should be understood and practiced.

Over the past decade, there has been an increasing recognition of the importance of financial education in both developed and emerging economies. Financial education has been an important complement to market conduct and prudential regulation, and as a result improving individuals' financial knowledge and behaviour has also become a long-term policy priority in many countries. One common development has been the introduction of a coherent strategy that brings about concerted and coordinated efforts among all contributors in the field of financial education.

As of 2013, OECDⁱ reported that a total of 45 countries and territories had implemented or were designing a national strategy for financial education following the “High-Level Principles” developed by the OECD and its International Network for Financial Education. This policy trend began in the early 2000s mostly in developed economies such as Japan, New Zealand, Singapore and the United Kingdom, and accelerated in the aftermath of the financial tsunami in the late 2000s. Over the past three years, the number of countries and territories implementing or designing national strategies for financial education climbed from 26 countries and territories in 2011 to 45 in 2013. It was certainly a big leap.

And as pointed out by OECDⁱⁱ, national strategies for financial education promote a smoother and more sustainable co-operation between interested parties and stakeholders, avoid duplication of resources and allow the development of articulated and tailored road maps. We cannot agree more with the OECD study about the importance and potential benefits brought about by a territory-wide framework that can bring together all stakeholders around common objectives.

Last year we conducted a stocktaking of the financial education initiatives in Hong Kong. We recorded nearly 300 financial education initiatives offered by 130 organisations in Hong Kong over a two-year period from mid-2011 to mid- 2013. While the themes of the initiatives mainly focused on investing, the organisers came from a diverse background, ranging from financial regulators, industry associations, community groups, banks, insurance companies, media organisations and other education institutions,. We were impressed with the diversity of efforts, but we also believed that we could all benefit from a higher level of collaboration. In this regard we have a lot to learn from economies that are farther along in promoting financial education, and I’m sure Olaf’s sharing of the successful approach through stakeholder collaboration in the Netherlands will be most enlightening.

In addition to the development of national strategies for financial education worldwide, there is also an increasing array of education initiatives to improve financial literacy in different parts of the world. One example is the Global Money Week advocated by the Child & Youth Finance International to enhance the financial capabilities of children and youth aged between 8 and 18. The event began in 2012 and in just two years’ time, has spread to over 100 countries. This year the Money Week has taken place in 118 countries and witnessed the involvement of 490 organisations and 3 million children and youth. It’s again a testament that financial education, particularly among the young, is a genuine social need that is recognised worldwide. In fact, many countries have identified young people as a “vulnerable group” which usually has the least engagement in financial planning and little clarity about their living expenses; our own research here in Hong Kong has also shown the same results.



As many young people plunge right into the work force after secondary schools, it is essential for them to know the basics about managing personal finance without having to learn it the hard way. In this regard, some jurisdictions have already incorporated financial education into the school curriculum to equip the next generation with knowledge and skills that they need to become confident and informed consumers and investors. Nevertheless, it is not yet a common practice. How shall we advance financial education in schools? What is being done in Hong Kong at this time? What kind of support do parents and teachers need in teaching the young about money? The IEC has conducted a research study to look into the current status of financial literacy education in schools and to uncover the expectations of parents, students and teachers about financial education. We shall highlight our findings in the afternoon session along with an in-depth case study from Australia as well as sharing from industry practitioners and schools.

While youth is often recognised as a priority target segment for financial education, I wish to reiterate that financial literacy is relevant to all segments of our population and at all levels. Planning to achieve financial goals is a lifetime endeavour. As we reach a new stage in life – be it going to schools, entering the job market, marriage, parenthood, etc – we require the relevant new financial literacy competencies for making decisions to address key financial challenges during that stage. Nowadays there is one topic that is relevant to everyone, namely, retirement planning.

We all know that an ageing population is a global phenomenon, and Hong Kong too is ageing fast. The World Health Organization has forecasted that by 2050, Hong Kong, with 40% of its population aged 65 or above, will rank the fifth among the world's cities with the highest percentages of older adults. This implies that the shrinking working population will be hard-pressed to support the growing number of dependents, which include both children and retirees.

The traditional thinking, especially in the Chinese society, that children are the best form of pension is already weakening, and increasingly so. For one thing, mature singles are a growing segment, and many young couples nowadays choose not to have children. Hong Kong now has one of the lowest birth rates in the world, and it means an increasing proportion of the population would not have children to support them in their old age. And even for those with children, it has become questionable if the next generation can comfortably support their retired parents given that many young people nowadays are struggling with financial pressures of different sorts. So, how to get oneself prepared for a dignified retirement and how to avoid outliving retirement savings amid rising longevity are imminent personal and social issues that concern every member of our society. And it is exactly because retirement planning is a complicated life-long process that financial education work in this area has become all the more important. I hope the dedicated session on this topic in the afternoon will generate some fruitful discussions.

To conclude, the need for continued dialogues and collaboration among financial educators under a cooperative framework is obvious. Indeed, this forum is intended to facilitate and contribute to that very dialogue needed to achieve our common goals.

One more time, let me welcome everyone to our forum and thank our guest speakers for their contributions. I wish you all a rewarding experience and for those from overseas an enjoyable stay in Hong Kong. If you have ideas how the IEC can work with your organisation to enhance the financial literacy of Hong Kong's public, please let us know.

Before I hand the stage back to the MC, I'd just like to share with you the IEC's corporate video, which showcases some major financial education needs of Hong Kong people. It also shares with



you the IEC's mission, snapshots of our work and our vision for the future. Please note that all the interviewees who appear in the video are based on real life cases.

Now please enjoy.

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- i Advancing National Strategies for Financial Education: A Joint Publication by Russia's G20 Presidency and the OECD: P18 http://www.oecd.org/finance/financial-education/G20_OECD_NSFinancialEducation.pdf
 - ii 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. <http://dx.doi.org/10.1787/5k9bcwct7xmn-en>