



## Financial Education to Empower Citizens. All Aboard!

14<sup>th</sup> EMN Annual Conference | 22-23 June 2017, Venice, Italy

The European Microfinance Network (EMN) will hold its 14<sup>th</sup> Annual Conference in Venice (Italy) on the 22<sup>nd</sup> and 23<sup>rd</sup> of June 2017. The purpose of the event is to be a meeting of minds, ideas and experiences. About 300 delegates are expected to attend, including microfinance practitioners from all over Europe, service providers, academics and researchers who are interested in the recent developments of the sector, as well as representatives from the other interested parties including policy makers, NGOs and guarantee-granting institutions.

Attendees are invited to discuss and reflect upon the power of financial education for vulnerable populations, such as microfinance clients. Their economic fragility is linked to the perpetual imbalance between the financial offer and their actual financial needs. The asymmetry of information and the balance of power which tips in favour of the financial sector (at the cost of the citizen) hamper an effective use of financial products and services. Moreover, as time passes, we observe an even greater disparity as customers are less financially literate, while the products on offer become more sophisticated and complex.

It is argued that financial education is an important tool to address this disparity and is crucial to empowering clients to exercise their rights and responsibilities. It is asserted that financially educated people will make well-informed and sound financial decisions, improving their well-being and quality of life in the process. Financial education programmes run by microfinance practitioners address mostly one or several of the following objectives: 1) consumer protection and awareness; 2) product uptake and improved product use; and/or 3) personal development for improved livelihoods.

However, there are also contrasting opinions. It is claimed that the financial education of citizens is the wrong focus of attention, as there is little evidence that people who have followed financial education courses make better financial decisions than those who have not. Therefore, the key to improving the financial decisions that people make is to change the offer rather than the consumer.

The purpose of the 14<sup>th</sup> EMN Annual Conference is to discuss how financial education can help the microfinance sector rethink the products on offer, ensuring they have a high social impact while prioritising the clients' needs. Stakeholders from the sector will have an opportunity to voice their different operational approaches to the topic at hand.

EMN and its partners hope to encourage debate on some crucial issues related to financial education, including:

- Given the evolution in the levels of literacy over the years, and given the fact that financial literacy has not evolved in the same way, can it be said that nowadays literate people are better financially educated than illiterate people? To what extent can financial literacy<sup>1</sup> and financial education<sup>2</sup> work together? How can we manage different strategies for the different target groups? For example, how can we facilitate the educational training of young people, migrants, indebted people, and whole communities in order to help them create new opportunities in their lives and launch business initiatives?
- How can we reach and make financial education training attractive to those in need? What is the most efficient way to promote financial education? Microfinance institutions can adopt different models and methodologies (from information sharing to individual education) to provide financial education. Which are the most effective? How can new digital solutions contribute to reaching more clients and therefore have a greater impact? And what is the future for formal classroom training and self-taught methods promoted by local groups and communities?
- Is financial education the first step to starting a new enterprise? Which kind of services should microfinance institutions provide to improve the success rate of new initiatives? To what extent is financial education actually the responsibility of microfinance institutions?
- Can financial education have an impact on the way in which financial products and services are offered by the mainstream financial sector?

The conference will involve a multitude of actors from the microfinance sector and beyond. It will offer everyone the opportunity to debate and exchange on numerous diverse subjects over a two-day period. The discussions on the first day will be open and based on a participatory approach involving the conference delegates. The results of these talks will be drawn up into a declaration on financial education which will be proposed to participants during a debate between European and national institutions on the second day. “The Venice Declaration” will serve as a declaration of intent for the sector and for financial education.

- **Let’s educate the financial sector to understand the needs of the people!**
- **Let’s educate the financial sector to support and not destroy the social capital!**
- **Let’s educate the financial sector to be truly sustainable and socially rich!**

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<sup>1</sup> Financial literacy that is the outcome of this process is defined as a combination of financial awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve financial well-being (OECD/INFE, 2012).

<sup>2</sup> Financial Education is defined as “the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.” (OECD, 2005a).