



INTERNATIONAL FORUM FOR INVESTOR EDUCATION

# INVESTOR AND FINANCIAL EDUCATION – NOW MORE IMPORTANT THAN EVER

IFIE/JSDA Joint Seminars on Investor Education

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# WELCOME

- Thank you for attending this very important seminar.
- IFIE couldn't be more pleased to co-sponsor this event with the JSDA.
- We want to thank JSDA for its leadership in promoting and programming financial and investor education and taking the initiative to host and organize these seminars.

# WELCOME

- The goal of The International Forum for Investor Education, better known as IFIE, is to improve investor education on a worldwide basis so that consumers in all jurisdictions are able to make informed choices about financial products and investments.
- IFIE shares that mission with JSDA -- a Founding Member of IFIE.
- Many of you are here today because you also share this mission.
- We are thrilled to see this broad level of support!

# INTRODUCTION

- It is truly exciting to be here and particularly at this moment in time because our mission has never been more critical to the needs of the public.
- The global financial crisis has created confusion in the minds of the public.
  - This leaves them feeling insecure and vulnerable.
  - A return of confidence is critical to the recovery.
- At the same time, the crisis has heightened public awareness about the importance of knowing about financial matters and the economy.

# INTRODUCTION

- Everywhere, new attention is being directed to financial and economic matters because of the gravity and global nature of the crisis.
- The economic downturn and market volatility adds additional challenges — for government policymakers, regulators, individuals and communities, and those seeking to strengthen the financial and investor educational skills and tools available.

# INTRODUCTION

- The financial crisis, market volatility and the economic downturn have created fear, anxiety, confusion and a withdrawal of trust:
  - Where individuals are increasingly responsible for investment decisions related to pension or retirement monies — and where their investments might have dropped 40-50%.
  - Where individuals nearing what they had thought of as retirement age suddenly realize they do not have the assets to support themselves or their families as planned.
  - Where individuals are already retired and suddenly are afraid they might “outlive” the money available.
  - And, where the institutions individuals use may be failing with their money inside.

# INTRODUCTION

- Policy and opinion leaders world-wide realise that the public – at all ages and all levels of sophistication -- needs more education and skill building in understanding finance and investing.
- As the global markets rebuild, a return of confidence and ability and willingness to participate in the markets will be critical to economic recovery.
- Investor education is a key to return of confidence and economic recovery.
- With these seminars, JSDA and IFIE are working together toward establishing the new baseline by which financial and investor education initiatives and infrastructure can be created and strengthened.

# GLOBAL ECONOMY

- The good news is that the global economy is stabilizing and beginning to set a better tone.
  - Governments and the industry around the world have acted quickly and decisively to stabilize the financial situation and the economy.
  - Global regulators have collaborated and worked together more than ever before.
  - As a result, the seeds of recovery were sown and now the 'green shoots' from these seeds are all pointing toward a recovery.
- The beginning of this recovery underscores that:
  - Economies around the world are clearly inter-dependent.
  - Global cooperation among regulators will help to minimize the chances of a recurrence of the crisis.
  - We can begin to focus more intently on the future than on the issues leading up to the crisis.
- Already there is a special focus on what is needed to bring investors back to world markets.



# RESTORING TRUST

- However, we have a long way to go before the public will regain its trust and confidence in:
  - The ability of our global and local institutions and their leaders to create sound financial products.
  - The financial institutions that facilitated the creation and distribution of these products.
  - The regulatory organizations charged with responsibility to protect the participants and markets.
- I believe a major factor will be the provision of more effective financial and investor education that reinforces people's knowledge, skills and understanding of finance and confidence in their ability to save and invest effectively.

# RESTORING TRUST

- People will need to trust our institutions, our vehicles for saving and our products and markets for investing before we can return to a fully robust environment.
- But how do we restore that trust?
- Trust is a fragile thing, it can be destroyed very quickly, but it can take a very long time to build.
  - The restoration of trust in the financial system, its products and its people will take time.
  - This task is complicated by the fact that in general there isn't a good solid foundation of financial and investing education.
- I believe that the battle for public confidence in finance will be won on the 'micro' level ... in the day to day lives of the public. In many ways ... just as it was lost.

# IMPORTANCE OF EDUCATION

- IFIE, in partnership with IOSCO, held a global conference on investor education where the group expressed 6 key concepts as critical to ensuring the foundation of an integrated base of financial and investor education programmes.
- These programmes must:
  1. Reach the different audiences by using appropriate tools.
  2. Be delivered in a variety of ways.
  3. Accommodate the different cultural and historical perspectives on financial issues.
  4. Be ongoing and continuous.
  5. Leverage the available expertise and commitment as well as best practices.
  6. Work cooperatively while sharing resources globally, regionally and locally.

# 1. DIFFERENT AUDIENCES

- The first task is to recognize that there are distinct differences in the level of knowledge, skills and understanding of finance and investing among individuals and groups of individuals.
- Programmes must be organized and offered in ways that address these differences effectively and efficiently.
- These programmes cannot be a “one time effort” but must be continuous, reinforcing each other and measuring their success.

## 2. PROGRAMME DELIVERY

- Given the diversity in need, size and breath of the target audiences, initiatives must be delivered by a variety of groups:
  - Governments.
  - Regulators.
  - Market Participants.
  - Non-Profit Organizations.
  - Educators.
- It is best if these programmes are coordinated and designed to emphasize different aspects of finance in a way that reinforces the integrated nature of the subject matter.
- They must offer practical knowledge that the audience can leverage in the short term and the concepts must be reinforced repeatedly.

### 3. CULTURAL DIFFERENCES

- The programmes must recognize the cultural, national and regional differences of the target audiences and their approach to finance and markets.
- The programmes must provide a global perspective to reflect the increasingly interconnected nature of finance and economies, but focus on the local issues that are most relevant to the audience.
- These local differences may be recognizable within national boundaries as well as cross border.

## 4. CONTINUOUS AND ONGOING PROGRAMMES

- Programmes should not be considered “one time events”.
- The world of finance and investing is a complex world and can seem very “foreign” to many people.
- To achieve literacy will require an ongoing effort with programmes that are modularized and stepped for more advanced learning.
- Programmes will require repeating to ensure that concepts and practices are understood and reinforced.

## 5. RESOURCES AVAILABLE

- The great news is that there is a significant base of resources around the world.
  - Basic financial and investor educational concepts can be built upon and efforts leveraged.
  - Many international and national organizations are focusing on financial and investor education.
- There is growing interest in sharing expertise, experiences, knowledge and content globally.
  - IFIE was formed to help facilitate this.
  - Lack of knowledge of what is available is a handicap today.
  - Achieving integrated scope and scale of program and perspective within and across jurisdictions is a challenge.
  - Responding to emerging critical needs in a timely and effective fashion is another critical need.
  - Forums like this that address the key issues are critical to expediting the process.



## 6. RESOURCES SCARCE

- On the other hand, money is often scarce and the task is massive and daunting.
  - Programmes will need to reuse materials so as not to “recreate the wheel” each time in each location.
- It is critical that we leverage local, regional and national resources to be successful.
  - Sharing programme experiences will be critical to ensure that we don’t repeat mistakes and deliver effectively.
- Long-term programmes that are large and complex will require robust measures of success if they are to be sustainable.
  - Sharing experiences will be essential to measuring success effectively.

# GOING FORWARD

- The time is right.
- Global decision makers are working their way out of the credit and economic crisis and starting to focus on solutions.
- Right now they are looking at immediate adjustments to the regulatory and economic environment.
- Very soon they will be ready to focus on the long term solutions.
- We need to be ready!
- Financial literacy and investor education is critical to reducing the harm that the economic problems of the past 18 months created.

# GOING FORWARD

- IFIE was founded to create a structured way for organizations world-wide to share knowledge and experiences.
  - We are a young and growing organization.
  - Regionalization through Middle East North Africa IFIE (MENA IFIE) was established in March and soon Asia IFIE (AIFIE) will be created.
  - Approaching 30 members from all parts of the world.
- The success of these sharing efforts will be built on local, national, regional and global networking, communications and sharing.
- We have a great task before us, but we can achieve it with determination, resourcefulness, communication and networking.
- We at IFIE look forward to rolling up our sleeves and working side by side with you.

# THANK YOU

- Our first session will focus on the system and structures for financial and investment education.
- We plan to discuss four cases from Asia, Japan, the UK and the US.