

APB ASSOCIAÇÃO  
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**Credit and Financial Education Forum**  
**25 January 2012**

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**Financial Education in Portugal:**  
**Reality and Challenges**

**António de Sousa**

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# **Financial Education: a need for intervention**

## Reality: financial literacy in Portugal

### Results of Banco de Portugal survey of the Portuguese population (2010)

#### Financial inclusion

- Around **11% of the respondents** said that they had no bank account, which shows the need for the financial inclusion of more vulnerable groups.

#### Planning of saving

- Around **48% of the respondents** said that they did not save and only around one fifth saved at medium or long term.

#### Bank account management

- Around **40%** said that they did not know what fees the banks charged for their account and around **20%** said they did not know how to identify the balance of their current account.

#### Choosing bank products

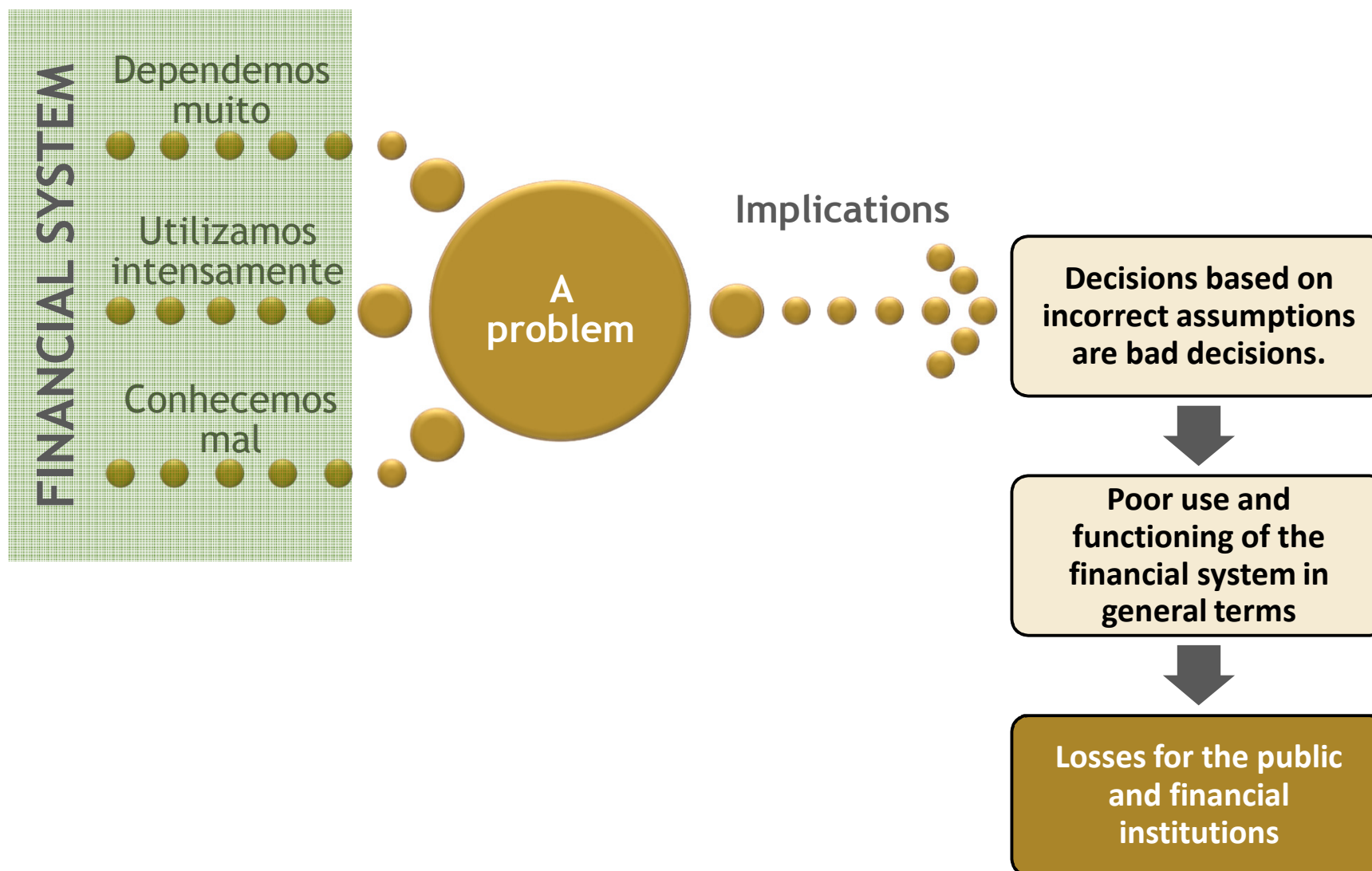
- Around **29% of account holders** had no other financial products besides a current account and, when taking loans, around 40% admitted having made no comparison of interest charged.

#### Financial understanding

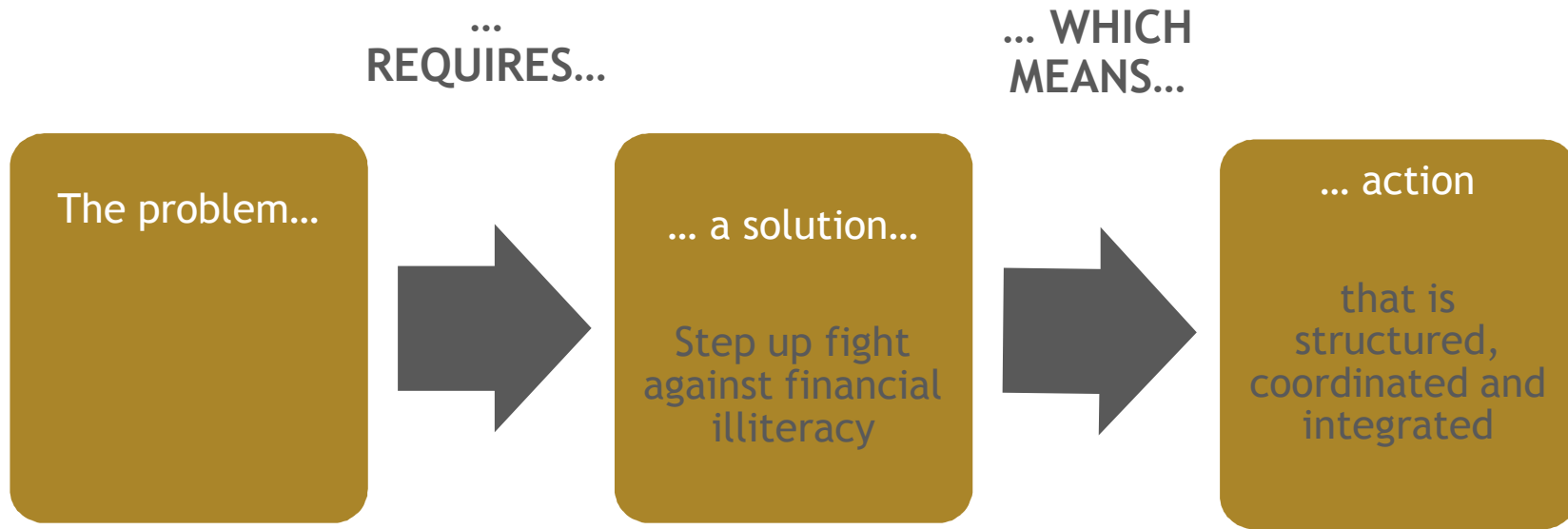
- There are around 2.3 million mortgage contracts in Portugal and the interest rate of the vast majority (some 97%) is indexed to Euribor. Only **9% of the respondents** knew what the Euribor was and only **17%** understood the concept of spread.

➔ **There is considerable financial illiteracy in Portugal!**

## Reality: the problem and its implications



# Reality: need for intervention



Goal: to develop a financial education strategy

Valid for both a national  
and sectoral strategy

## COORDINATION

A financial education strategy requires the participation and involvement of a wide variety of entities.

This means redoubled coordination efforts to align their intervention while safeguarding the specificity and autonomy of each one and the way each of them regards the issue of literacy

**A common strategy of action must align not only actions but also goals and wills.**

## INTEGRATION

**An intervention model for banks:  
the sector's strategy for financial education**



## The sector's strategy: mission and guiding principles

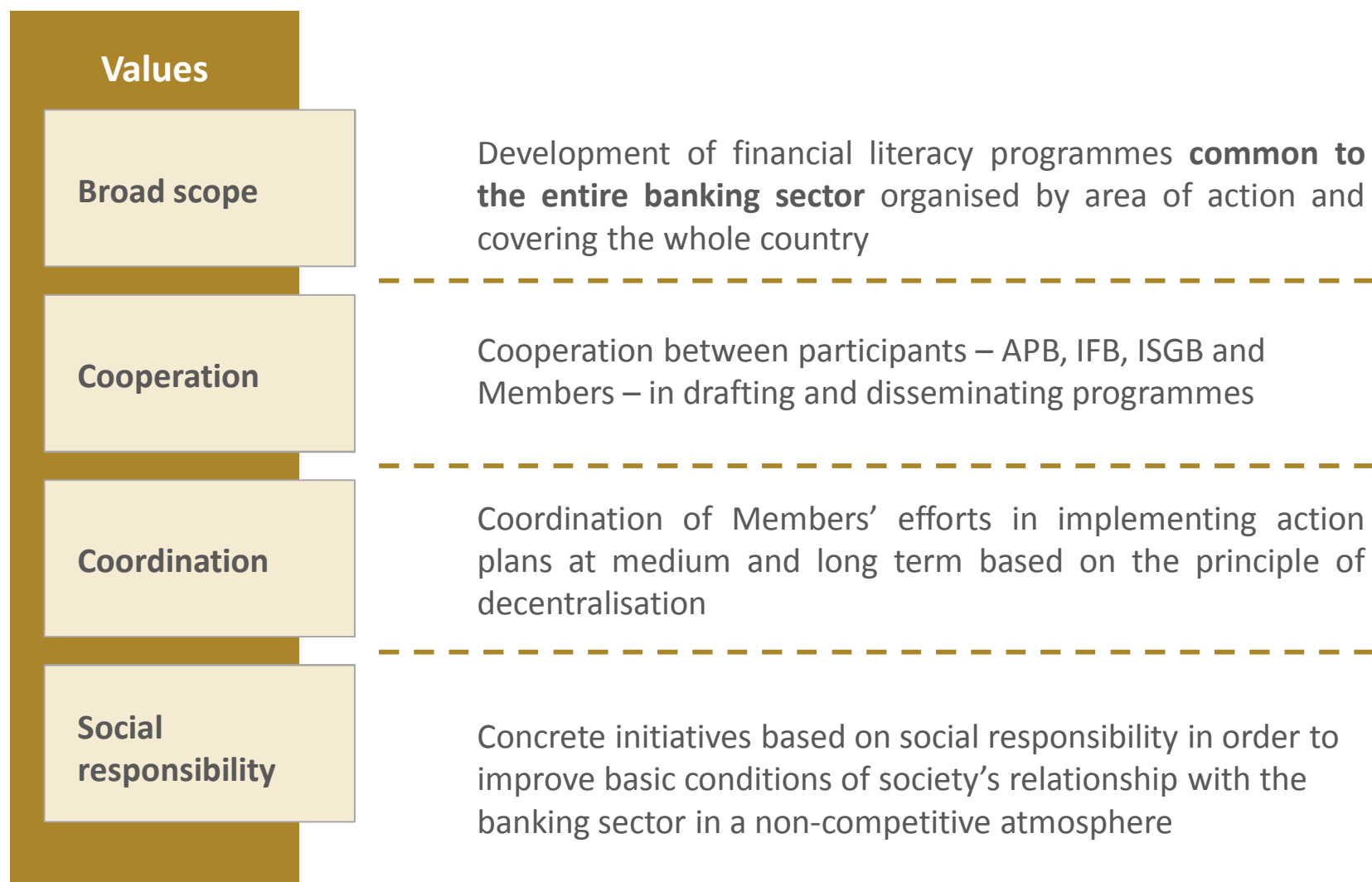
### Mission

- To foster a greater and better financial culture in Portugal by:
  - Informing
  - Training and facilitating

### Guiding principles

- Integrated action
- A broad spectrum of initiatives in terms of target audiences and territorial coverage
- Encouragement of decentralisation and diverse intervention
- Efficacy and effects of efforts within and outside the financial sector
- Coordination and conjugation of efforts

## The sector's strategy: values



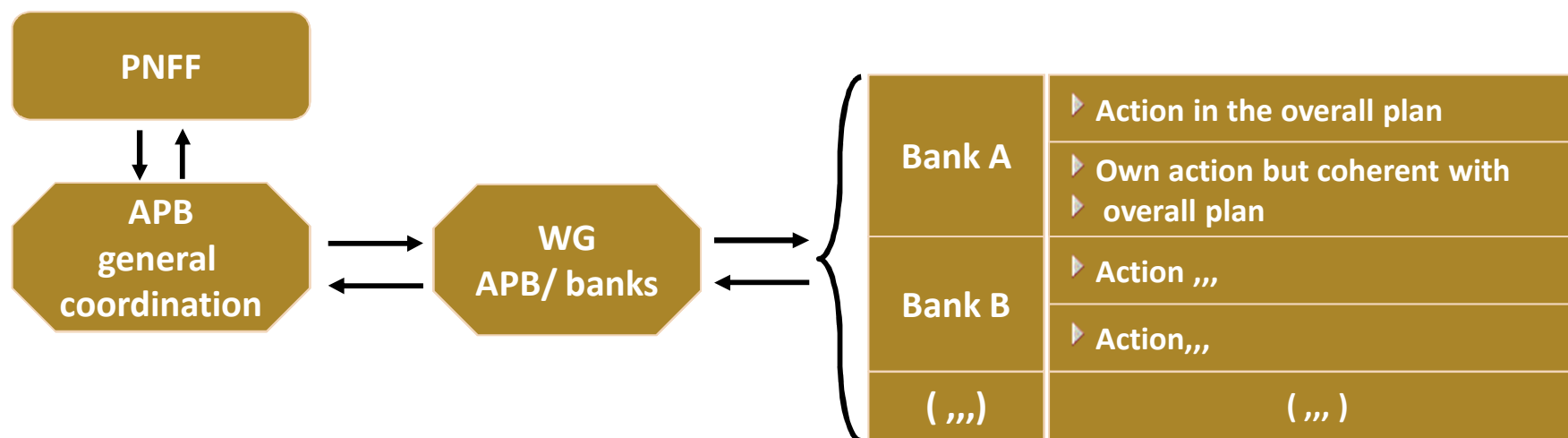
## The sector's strategy: diversity of forms and channels of intervention

<b>General information</b>	<ul style="list-style-type: none"> <li>➤ Web pages</li> <li>➤ Collaboration with the media</li> </ul>
<b>Training and workshops</b>	<ul style="list-style-type: none"> <li>➤ Training for specific audiences (seniors, children and young people, students)</li> <li>➤ Training for journalists</li> <li>➤ Trainer training (private charities, NGOs, school projects, etc)</li> <li>➤ Joint training with business associations</li> </ul>
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>➤ Business associations.</li> <li>➤ Private charities and NGOs</li> <li>➤ Universities</li> <li>➤ The media</li> <li>➤ Local authorities</li> </ul>
<b>Agreements and institutional contacts</b>	<ul style="list-style-type: none"> <li>➤ Ministry of Finance</li> <li>➤ Ministries of Education and Science and of Solidarity and Social Security</li> <li>➤ Financial sector regulators</li> </ul>
<b>Creation and dissemination of knowledge</b>	<ul style="list-style-type: none"> <li>➤ Congresses and meetings</li> <li>➤ Incentives for research</li> <li>➤ Websites, brochures and films</li> </ul>

## Basic model

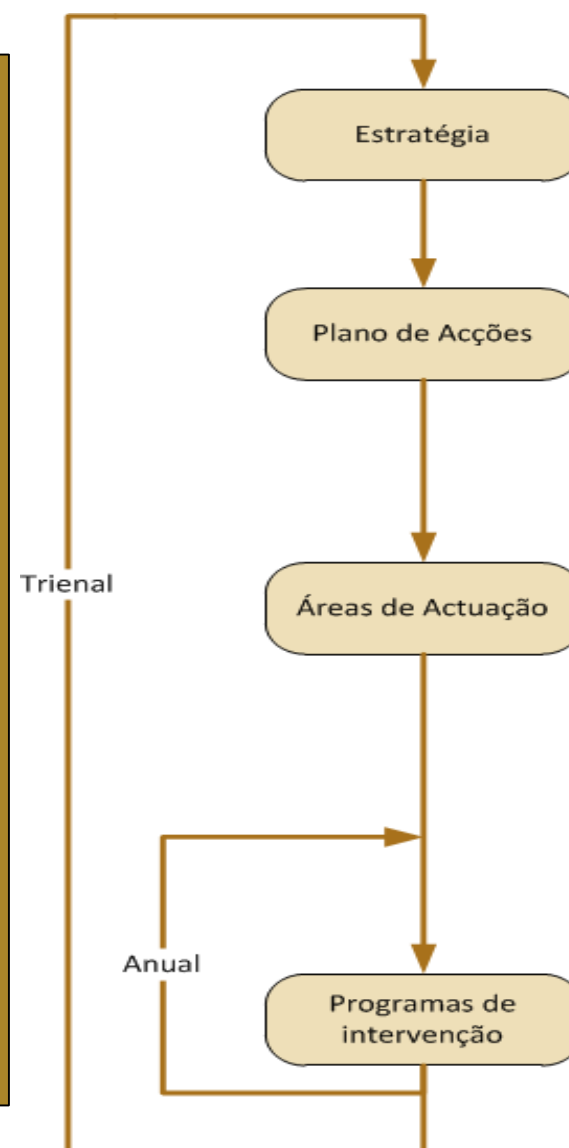
The APB has set up a working group to coordinate and involve its Members. Its development model is based on :

- Common goals in the National Financial Training Plan (PNFF)
- Concerted action by the banks
- Harmonisation of banks' own actions

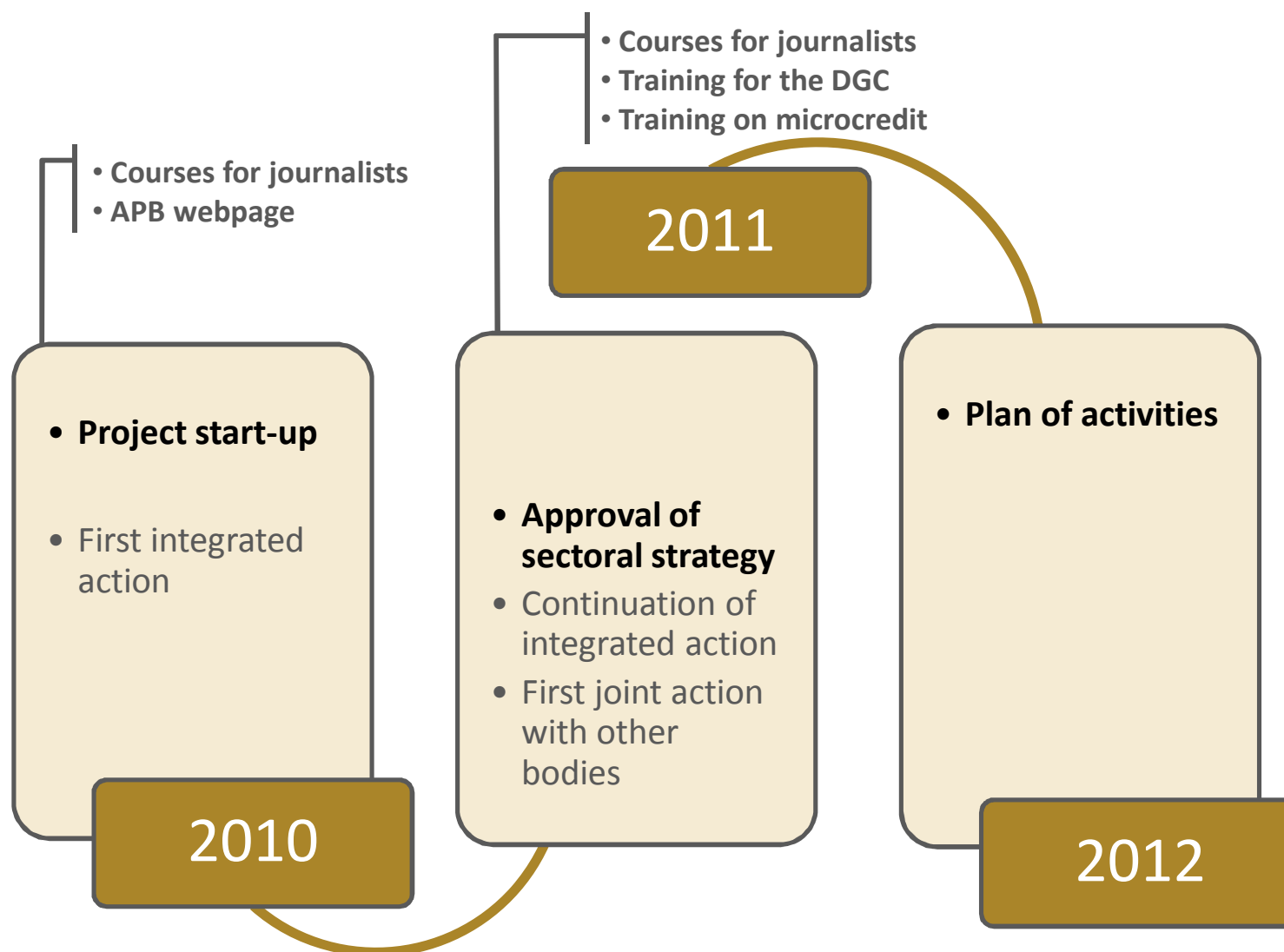


## The draft strategy

- Encourage APB Members to join the draft financial literacy strategy for the sector.
- Define a plan of action and identify areas of action for a three-year timeframe.
- Draft annual plans of intervention for each area of action.
- Approve annual intervention programmes for each area of action.
- Identify the articulation needs of activities in the different areas of action and situations that warrant institutional contacts or contacts with bodies outside the banking sector.
- Assess the execution of the annual programmes in the different areas of action.
- Monitor, assess and report results of the action plan and reassess the financial literacy strategy for the sector every three years.

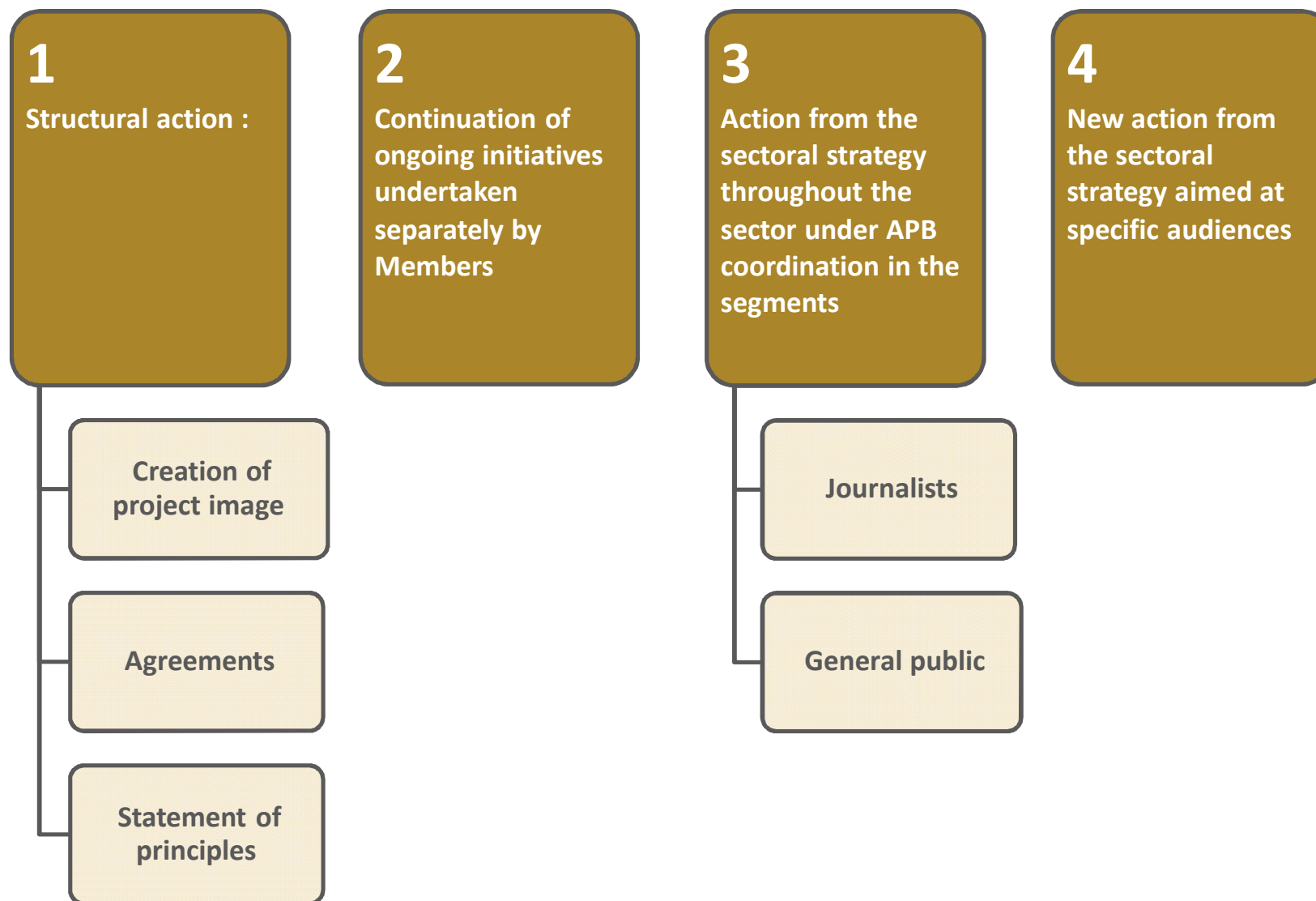


## What has been done



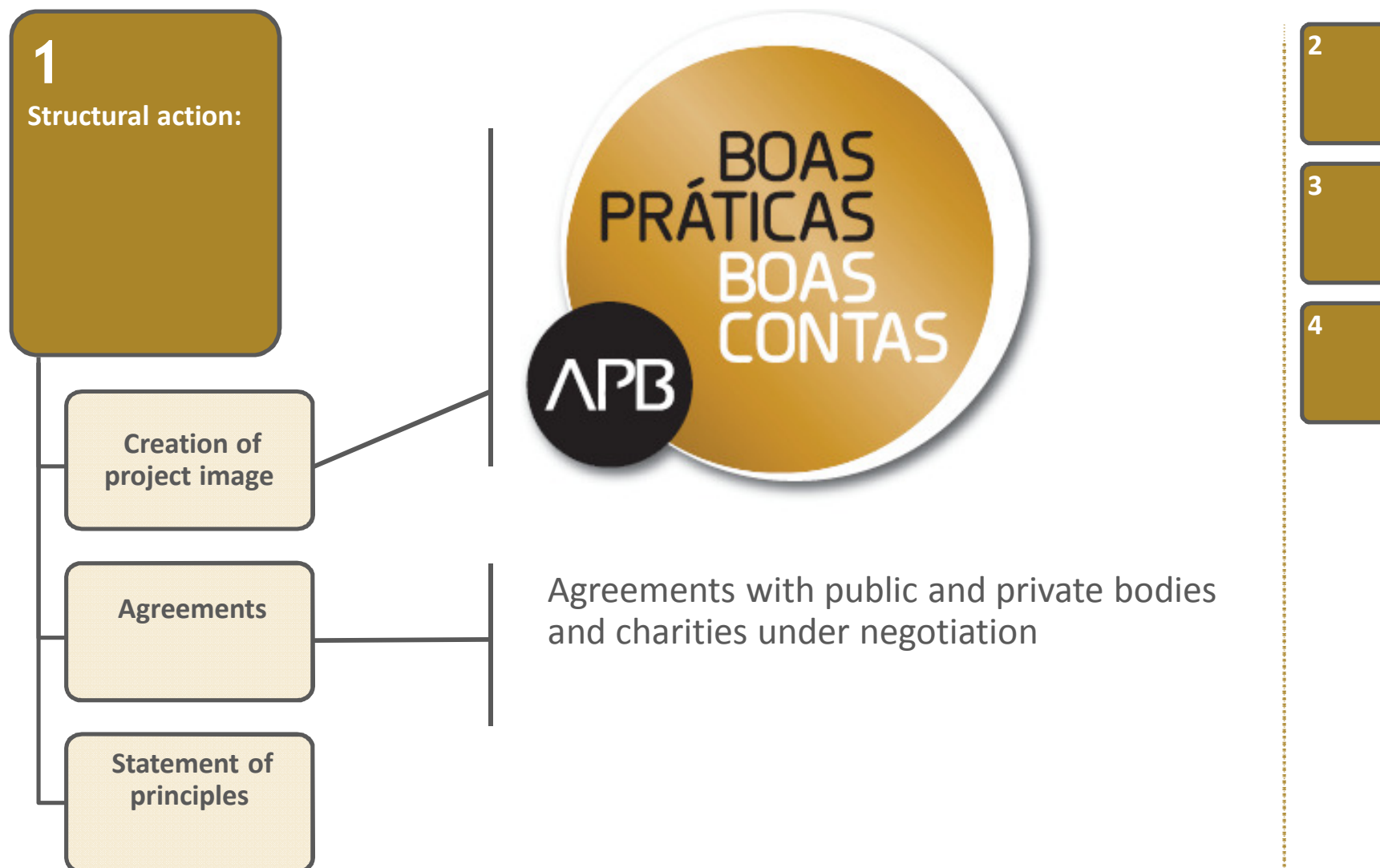
**An ongoing response:  
the 2012 plan of activities**

## A short-term plan of activities





## A short-term plan of activities – 1



## A short-term plan of activities – 2

1

2

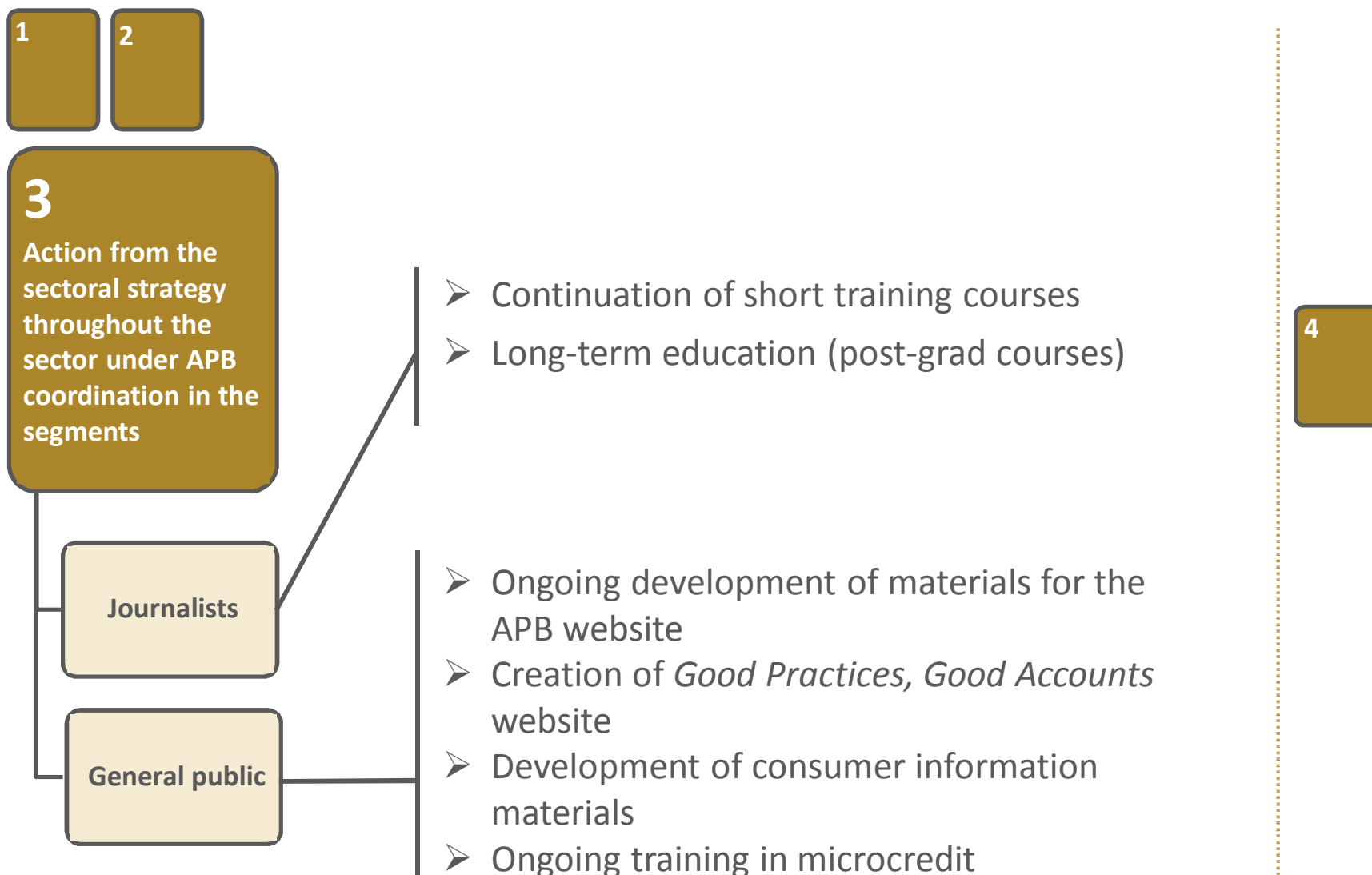
Continuation of ongoing initiatives undertaken by separately Members

Children and young people	x	x	x	x	x	x	x
Upper-secondary students		x	x			x	x
University students							x
Employers and employees							
Seniors (>65)							
Vulnerable population		x					x
General public	<b>APB and Members</b>						
Journalists							

3

4

## A short-term plan of activities – 3



## A short-term plan of activities – 4



**4**  
New action from the sectoral strategy aimed at specific audiences

Children and young people	x	x	x	x	x	x	x
Upper-secondary students		x	x			x	x
University students							x
Employers and employees							<input type="radio"/>
Seniors (>65)							<input type="radio"/>
Vulnerable population		x					x
General public	<b>APB and Members</b>						
Journalists							

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