

# NATIONAL FINANCIAL EDUCATION PROGRAMME

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## SUMMARY

Owing to the dynamic, fast-growing, globally connected and complex nature of the financial markets, financial education is becoming increasingly important. The financial needs of individuals, who can improve their understanding of financial products, services and/or concepts through financial education in order to develop the skills they need to improve their financial literacy, are also becoming more complex and demanding as a result.

The National Financial Education Programme (hereinafter: NFEP) is a programme aimed at improving the financial capability of individuals in a systematic and coordinated manner. The Republic of Slovenia is also committed to financial education under the Resolution on the 2006–2010 National Programme of Consumer Protection (Uradni list RS [Official Gazette of the Republic of Slovenia], no. 114/05, hereinafter: the Resolution) and the Republic of Slovenia's accession programme to the Organisation of Economic Co-operation and Development hereinafter: the OECD).

The basic premise confirmed by various European studies is that individuals do not know who to contact to get financial advice. Surveys have shown that individuals instead rely on advice from their families and friends and seek guidance from a financial institution when they buy financial service products, which in most cases are unrelated to the actual needs of that individual.

Consumer organisations emphasise that irrespective of the great importance of financial education, the institution providing financial products and/or services should provide clear and comprehensive information to eliminate market irregularities. The financial industry (such as the European Banking Federation (EBF) and the European Fund and Asset Management Association (EFAMA)) also highlights the importance of partnership and open communication with consumers, and the promotion of financial education.

Following the example of best practice in Europe, the NFEP promotes cooperation between the public sector and non-profit organisations, companies, associations and chambers, NGOs, etc., by clearly delineating their competences. Since the roles they play in society are different, the activities they carry out to meet the objectives of this programme are also different. Nevertheless, with regard to formulating financial education policy in Slovenia, it is very important for all participants that, on the one hand, an individual is able to clearly express his needs, while, on the other hand, he should be able to obtain relevant, impartial and free information he understands and can compare with other information.

The NFEP identifies problems and proposes solutions to enable individuals to distinguish between important information on financial products and/or services from market advice and market information (from the aspect of marketing a financial product and/or service and the institution providing these products and/or services), and solutions to ensure accessibility to impartial, reliable, specific, high-quality and easily understandable information, thereby enhancing the individual's ability to decide in a prudent and responsible manner.

Financial knowledge and understanding, skills, capabilities and responsibilities are little use if an individual does not know how to use them in practice. In many European countries (such as Germany, the UK, Austria, the Netherlands and France) the financial education schemes established take the various needs of individuals into account, which depend on age, income, financial status, education, ways of thinking, interests, areas of work, etc. The NFEP adopts the same approach and contains targeted financial education schemes that correspond to the Slovenian environment and are based on examples of domestic and European good practice.

Individuals in Slovenia undergo different (formal, non-formal) education programmes; it is therefore impossible to provide a uniform method that would apply to everyone. In view of this, information should be interconnected, updated, coordinated, and disseminated in a variety of ways. Since such information can be disseminated at various costs, depending on the medium used (Internet publications, brochures, leaflets, manuals, newspaper publications, radio, television, through school curricula, round tables, conferences, lectures and campaigns), the NFEP distinguishes between short- and long-term activities aimed at implementing targeted financial education.

Information can only achieve its intended purpose if it is delivered to individuals directly (e.g. in the workplace, in classrooms or lecture rooms, at home, in adult education institutions, and similar). Financial education has already been indirectly integrated into the curriculum for primary and secondary schools through various school subjects; however, it should be more systematically and comprehensively integrated into general education curricula at the primary and secondary school levels (e.g. related subjects).

The NFEP contains the following: (i) a definition of key terms; (ii) an analysis of the programme status which includes financial education; (iii) a list of problems related to financial education; and (iv) proposals for short- and long-term solutions, taking the economic situation into consideration.

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# 1 Introduction

The NFEP of the Republic of Slovenia is based on the resolution and recommendations adopted by Slovenia in its OECD accession process; it also complies with the guidelines of the European Commission (hereinafter: EC).

The umbrella law which defines the basic rights of consumers in relation to the providers of goods and services on the market is the Consumer Protection Act (Uradni list RS, no. 98/04 – second official consolidated text, 126/07 and 86/09, hereinafter: ZVPot). Article 67 of ZVPot also constitutes the legal basis for the adoption of the resolution defining priorities in all areas that have an impact on the position and interests of consumers in the market. The resolution is the basis for coordinated action among all stakeholders in the area of consumer protection in the country and government and non-government organisations, and outlines financial services as a priority area.

In Slovenia's accession process to the OECD, its members paid a great deal of attention to financial education and also expected Slovenia to develop a national financial education programme.

The Recommendation on Principles and Good Practices for Financial Education and Awareness adopted by the OECD in 2005, 2008 and 2009, which should help in the efforts to commence with the implementation of financial education programmes, were confirmed by Slovenia during its accession process, and all other OECD member countries. The OECD principles also comply with the principles of the EC for the provision of high-quality financial education schemes.<sup>1</sup>

- Recommendation of the Council on Principles and Good Practices for Financial Education and Awareness [C (2005) 55/REV1];
- Recommendation of the Council on Good Practices on Financial Education and Awareness Relating to Credit [C (2009)62];
- Recommendation of the Council on Good Practices for Enhanced Risk Awareness and Education in Insurance Issues [C(2008)22];
- Recommendation of the Council on Good Practices for Financial Education Relating to Private Pensions [C(2008)23].

## 1.1 Financial literacy research in the Republic of Slovenia

The major obstacle to the preparation of the NFEP is the fact that Slovenia has not yet conducted research on its basic financial literacy. This is unsurprising, since the concept of "an individual's financial capability" has only gained importance in recent years due to economic and demographic changes. Slovenia is no exception in international terms in this respect, since there are also relatively few surveys on financial capability in countries that have already developed financial education programmes. On the basis of the surveys it has conducted in those of its member countries that are implementing financial education programmes, the OECD has issued principles and recommendations which serve as instruments and criteria for the formulation of financial education programmes. These principles and recommendations also serve as guidelines for the NFEP. In order to determine the effectiveness of financial education programmes, evaluate the sustainability and suitability of individual activities and plan new activities in the future, national surveys

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<sup>1</sup> <http://www.mf.gov.si/slov/sporocila/oecd.htm>

need to be conducted. Since such surveys do not exist, financial education policy makers find it hard to decide on which Slovenian-specific area they should focus their action.

In order to establish the current level of financial literacy among the citizens of Slovenia, a targeted analysis should be conducted. Taking into consideration the low functional literacy of the Slovenian population and the research carried out thus far at the European level, we can conclude with certainty that the financial literacy level in Slovenia is very low.

The research projects conducted by the Slovenian Institute for Adult Education (hereinafter: SIAE) and the survey conducted by the Statistical Office of the Republic of Slovenia (hereinafter: SORS) are important sources of secondary data on financial literacy in Slovenia. The findings of the aforementioned research projects and the survey are very important with regard to the preparation of the NFEP, since they show the general ability of the population to understand and use information found in different written sources, to cope with their daily activities, to function at the workplace and in the environment, and to understand the general activities in the lifelong acquisition and renewal of knowledge, in particular with regard to non-formal and informal learning, the two forms of learning to which financial education mostly belongs. Some findings are summarised below.

### 1.1.1 Literacy research projects conducted by the Slovenian Institute for Adult Education<sup>2</sup>

#### **Literacy research within the national adult literacy survey**

Within the framework of the OECD literacy survey conducted in 2000, the SIAE assessed prose, document and quantitative literacy. The writing scores for each area were classified into scales ranging from 0 to 500 points, where 0 points is the lowest level of literacy. Each scale was divided into five empirically determined levels. Levels 4 and 5 represent the highest literacy levels of the population.<sup>3</sup>

*Prose literacy* – covers the skills required to understand and use the information contained in different types of texts, i.e. the ability to search, connect and create information. The tasks measure the understanding and use of written information, structured in sentences and paragraphs; it is important to distinguish between information given and information sought (required).

*Document literacy* – covers the skills required to understand and use information contained in different documents and forms. The tasks consist of matrix structures or forms, i.e. columns and lines. The document may include tables, signs, indices, lists, timetables, maps, charts and forms.

*Quantitative literacy* – covers the skills required to understand and use basic arithmetic operations, contained in different written sources (filling in orders, cheques, etc.). Quantitative literacy covers the four basic arithmetic operations: addition, subtraction, multiplication and division, which occur individually or in combinations, in numeral form or another quantity-defining written form.

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<sup>2</sup> Estera Možina, *Opredelitev pismenosti v nacionalni raziskavi pismenosti odraslih* (Definition of literacy in the national adult literacy survey), Slovenian Institute for Adult Education.

<sup>3</sup> In the report, levels 4 and 5 are combined and represent the highest level of the population's literacy.

Figure 1: Level descriptions for the different literacy types:

	Prose literacy:	Document literacy	Quantitative literacy
1. Level 0-225	Reading of a relatively short text to locate a single piece of information which is identical to or synonymous with the information given in the question or instruction. If plausible (but incorrect) information is present in the text, it tends to be near the correct information.	Location/search for a piece of information or the entry of information from personal knowledge on a document. Little, if any, distracting information is present.	Performance of relatively simple arithmetic operations (usually addition). The numbers are clearly noted and the arithmetic operation is defined.
2. Level 226-275	Location of a single piece of information in the text; several distractors or plausible but incorrect pieces of information may be present. Integration of two or more low-level pieces of information to compare and contrast easily identifiable information based on the criteria provided in the question or instruction.	Matching of a single piece of information; several distractors may be present or the match may require low-level inferences. Tasks at this level may also ask the respondent to cycle through information in a document or integrate information from various parts of a document.	Performance of a single arithmetic operation using numbers located in the text. The type of operation may be easily inferred from the question or the format of the material.
3. Level 276-325	Matching the text with the requirements in the question or low-level inferences. Integration of information from a dense or lengthy text containing no organisational aids (chapters, headings). Generation of responses based on simple questions from the text. Distracting information is present, but not located near the correct answer.	Integration of multiple pieces of information from one or more documents. Some tasks require cycling through rather complex tables or graphs which contain information that is irrelevant or inappropriate to the task.	The arithmetic operation needs to be identified from the question or instruction. Numbers may also be expressed in words.
4. Level 326-375	Performance of multiple-feature matches from complex and lengthy passages. More complex inferences. Conditional information is frequently present.	Performance of multiple-feature matches, cycling through documents and integration of information with a greater degree of inferencing. Multiple answers are possible. Conditional information must be taken in to account.	Performance of two or more arithmetic operations sequentially or in one single operation; information for the operation is hidden in different places or the operation requires more complex reasoning.
5. Level 376-500	Search for information in a dense text which contains a number of plausible distractors. High-level inferences and use of specialised background	Search through complex displays that contain multiple distractors, to make high-level text-based inferences, and to	Performance of multiple arithmetic operations sequentially. The problem needs to be defined in a text or on the basis of knowledge;



knowledge. Contrasting of complex information.	use specialised knowledge.	the quantities and the arithmetic operation also need to be determined.
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Source: Knaflič, Mirčeva, Možina: *Raziskovalno poročilo ACS – Temeljno znanje in spretnosti mladih, brezposelnih in staršev šolskih otrok* (SIAE Research Report – Basic knowledge and skills of young people, the unemployed and parents of school children), page 9, Ljubljana, 2001.

The survey included 2,972 persons, all of whom were citizens of the Republic of Slovenia and aged 16–65 – or 70% of the overall planned sample of 4,290 persons.

At the level of the total population aged 16–65, the results of the study show that 65–77% of adults in Slovenia lack sufficient knowledge and skills to deal with the information contained in different types of texts, forms and data presented in figures, and for using arithmetic in daily activities. This refers, in particular, to a lack of the skills required to search through and understand information from different written sources and use the information in new circumstances. The lowest writing scores were achieved in prose literacy, while the highest scores were achieved in quantitative literacy.

From the data, it is evident that most of the differences in writing skills among adults in Slovenia can be explained by four factors: level of education, age, parents' level of education, and employment status. The results are also unevenly distributed among the regions.

The areas in which Slovenia lags behind most in comparison to other countries are as follows:

- a) population education: Slovenia belongs to the group of countries with a relatively low percentage of adults who have completed at least four-year secondary school education; countries with a higher percentage of the population with at least the same level of education achieve much better writing scores.
- b) the writing scores of adults in Slovenia are significantly lower in comparison to the results in other countries; therefore, the differences between the population with the highest and lowest levels of education in Slovenia are also among the largest in comparison to all other countries;
- c) the percentage of the population of Slovenia aged 50 and over that have remained at the lowest levels of literacy is among the highest in comparison to other countries. This also applies to those generations with secondary school education;
- d) in Slovenia, the differences between young people undergoing regular education programmes and their peers who have already completed or left education, are higher than in other countries; this applies to the secondary school generation aged between 16 and 19 and to the student generation aged between 20 and 24;
- e) in Slovenia, the level of the integration of adults in any form of education after finishing their schooling is below the average of developed countries.

The key factor for the level of literacy in Slovenia is the length of initial education and completed education. A higher level of education improves the literacy level of adults. Adults with tertiary education reach an average literacy level of 3, a level comparable and equal to that of adults with the same level of education in other countries. Four-year secondary education in Slovenia still provides adults with an appropriate literacy level. This

level is also important as it defines the readiness for adults to learn after having completed their education.

Although the research did not focus on establishing the quality of the education system, as it analysed the overall writing skills acquired during education and in formal and non-formal adult learning, it can be concluded on the basis of its findings that adults in Slovenia who have completed vocational secondary school or a lower level of education, have not acquired sufficient high-quality and permanent literacy skills at these education levels, which they would need for the adaptation to the labour market changes and for permanent learning. The research has also revealed that the intergenerational transfer of literacy in Slovenia is an important factor for the literacy level as diverse models creating habits which have an indirect or direct impact on literacy are transferred between generations in the family.

### **Analysis of the implementation of the Resolution on the Master Plan for Adult Education 2005–2008**

The SIAE also published the *Analysis of the implementation of the Resolution on the Master Plan for Adult Education 2005–2008* (hereinafter: \_the Resolution) and the *Guidelines for the Development of the Resolution until 2013*. The general findings show that Slovenia has not fully met some indicators: literacy development, integration into the primary school programme for adults (raising the level of education) and the programmes of vocational, technical and secondary school education. The findings show, in particular, a lack of appropriate information, counselling in adult education, staff training, development projects and basic research in adult education. It has also been established that the national priority programmes under the Resolution are unevenly distributed across the country, which also results in the unbalanced distribution of programme providers financed from public funds. The new Resolution (which constitutes the basis for the annual adult education programme) will focus on the adoption of measures, the financing of adult education programmes from public funds and on the development of such policy areas where, according to the Analysis of the Implementation of the Resolution, Slovenia has not yet met the indicators set.

#### **1.1.2 Survey of the Statistical Office of the Republic of Slovenia**

At the end of 2007, the SORS carried out the first international survey<sup>4</sup> on adult education in Slovenia, the purpose of which was to show how Slovenia has been implementing the objectives set out in the EU Memorandum on Life-long Learning.<sup>5</sup> The Memorandum has set a framework for a common European strategy aimed at implementing the objectives of life-long learning at individual or institutional levels and in all spheres of public and private life.

*Non-formal education* represents a form of purposeful and organised learning activities conducted either within or outside institutions. It includes programmes through which its participants may acquire knowledge, or renew, extend, enhance and consolidate it; they, however, cannot obtain recognised education.

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<sup>4</sup> Rapid Report, 9 Education, Adult Education (based on the survey on adult education), Slovenia, 2007, 9 February 2010.

<sup>5</sup> <http://linux.acs.si/memorandum>

*Informal learning* involves learning activities which are not organised but are still purposeful. Individuals themselves can decide on the way and method of acquiring knowledge.

### **Adults in non-formal education by gender and age group**

The findings indicate that 36.1% of adults aged 25–64 were involved in non-formal education, and that—

- the percentage of women from the 25–34 age group and the 35–49 age group undergoing non-formal education amounted to 43.3%, while the 50–64 age group was far less interested in education;
- the percentage of men undergoing non-formal education was the highest in the 35–49 age group, whereas the percentage of men aged 50–64 – similar to the percentage of women from the same age group – was significantly lower (25.3%).

Almost 60% of persons aged 25–64, almost 75% of men and over 70% of women aged 50–64 and more, and over 50% of men aged 25–34 and 35–49 did not participate in any education activity.

### **Adults undergoing non-formal education by gender and level of education acquired**

An important element in the integration of adults in educational activities is the level of education acquired. The percentage of women undergoing non-formal education was slightly higher in comparison to the percentage of men, which means that more than two thirds of women with higher or university education, more than a third of women with secondary school education and 8.7% of women with primary school education were involved in this form of education. Most of the men participating in educational activities were those who had completed higher or university education (58%). They were followed by men with secondary school education (one third) and by men with primary school education (14%). The percentage of those slightly exceeded the percentage of women with primary school education.

The percentage of women aged 25–64 with primary school education not undergoing any education programme amounted to 90%, the percentage of women with secondary school education was slightly below 60%, while the percentage of women with higher and university education was almost 30%.

### **Adults undergoing non-formal education by gender and employment status**

Most adults involved in formal and non-formal education were employed, the percentage of unemployed was low, while the lowest was the percentage of the inactive population. According to the SORS, the inactive population comprises pupils, students, pensioners, disabled persons, persons who are engaged in family duties and other inactive persons. A total of 11% of unemployed women and 5.6% of unemployed men were involved in formal education, while 23% of unemployed women and 21% of unemployed men were involved in non-formal education. A total of 75% of unemployed women and 83% of unemployed men and 50% of employed women and over 50% of employed men did not undergo any of the aforementioned forms of education.

### **Adults participating in different forms of informal education**

Among adults aged between 25–64 who acquired their knowledge in 2007 through the guidance of family members, friends or colleagues at work, through printed media, the radio, computer or Internet sources, by visiting the library or education centres etc., over 80% of the

population had higher or university education, over 60% of the population had secondary school education, and less than 40% had primary school or a lower level of education.

There were no significant differences between the sexes; however, the most numerous were those who used printed media or acquired their knowledge through computer or internet sources. Slightly more women visited libraries and education centres and, in comparison to men, they were also involved to a greater extent in radio and television education. The percentage of adults (men and women) who acquired their knowledge through the guidance of a family member, friend or colleague at work was also slightly lower.

The differences between the knowledge acquisition methods were less significant with regard to age than with regard to the education acquired. In the acquisition of knowledge from radio and television, the differences between the age groups of the persons observed were insignificant. Differences in the acquisition of knowledge through computer and internet sources were slightly more evident: over 60% of the surveyed persons aged 25–34 and 22% of the surveyed persons aged 25–34 acquired their knowledge from these sources.

### **Obstacles to education**

Most adults who participated in education activities and wished to undergo further education said that the impossibility of fitting the education programme schedules in with their daily schedules was the main reason for not having participated in more education activities. Education programmes were too expensive for 27.3% of the adult population. A lack of time due to family obligations and insufficient support from employers were among the other reasons provided.

Those adults who did not participate in education activities despite wanting to stated, in most cases, that they could not afford education because it was too expensive (28.5%). Other important reasons were as follows: the impossibility fitting the programme schedule in with their daily schedules (25.8%) and lack of time due to family obligations (15.6%); less than 10% stated age or poor health condition to be their main reasons (8.7%).

Over 40% of adults who did not participate in education activities also did not wish to be educated. The most frequently stated reason was that they did not need additional education for the work they were doing (this reason was the most frequently stated in the following categories: age group, education acquired and employment status).

The answers differed more from an age perspective: younger adults stated family obligations as the reason for not undergoing education more often than other reasons, while persons aged 50 and more stated their age and health condition as the main reason. It is interesting to observe that age and health condition were also the second most frequently stated reasons for non-education in the 35–49 age group.

The respondents with higher and university education stated as the main reason for not having participated in education programmes in 2007 that they had not needed education for their work, while the second reason was a lack of time due to family obligations. The respondents with secondary school education also stated that they had not participated in an education programme because they had not needed education, while the respondents with primary school education or a lower level of education stated age and their health condition as the two main reasons for their non-participation.

A total of 37.5% of the respondents who were unemployed did not participate in education programmes for age- or health-related reasons. They were followed by those who stated that

education was too expensive, and then by those who noted that they did not need education or lacked time for education due to family obligations,

### **Attitudes towards education**

Data for 2007 show that most respondents adopted a positive attitude to education, with at least 75% responding to each statement with "I fully or partially agree".

There were no significant differences between the answers given by the respondents in terms of their age group. Slightly more respondents did not agree with the statements that unemployment could be better avoided through education (15%), that education needed to be paid (also 15%), that employers were responsible for providing education (10%) and that the learning of new things is fun (8%).

There were, however, major differences in the percentages of the respondents' answers with regard to their completed education. A total of 20% of adults with primary school or a lower level of education did not agree with the statement that unemployment could be better avoided if one was educated; the same percentage did also not agree with the statement that education needed to be paid. A total of 12% did not agree with the statement that employers should be responsible for education, while 11% did not agree with the statement that learning new things is fun. Over 90% of the respondents either fully or partially agreed with all the other statements (knowledge needs to be constantly enhanced in order to successfully perform a job, not all knowledge can be acquired in the classroom, education is also useful in everyday life and knowledge builds self-confidence).

### **International comparison**

In 2007, the level of adult education in Slovenia was slightly above the European Union (hereinafter: EU) average, with 40.6% of adults aged 25–64 participating in various education programmes, while the EU average for adults aged 25 to 64 was 35.7%.

## **1.2 Definition of terms**

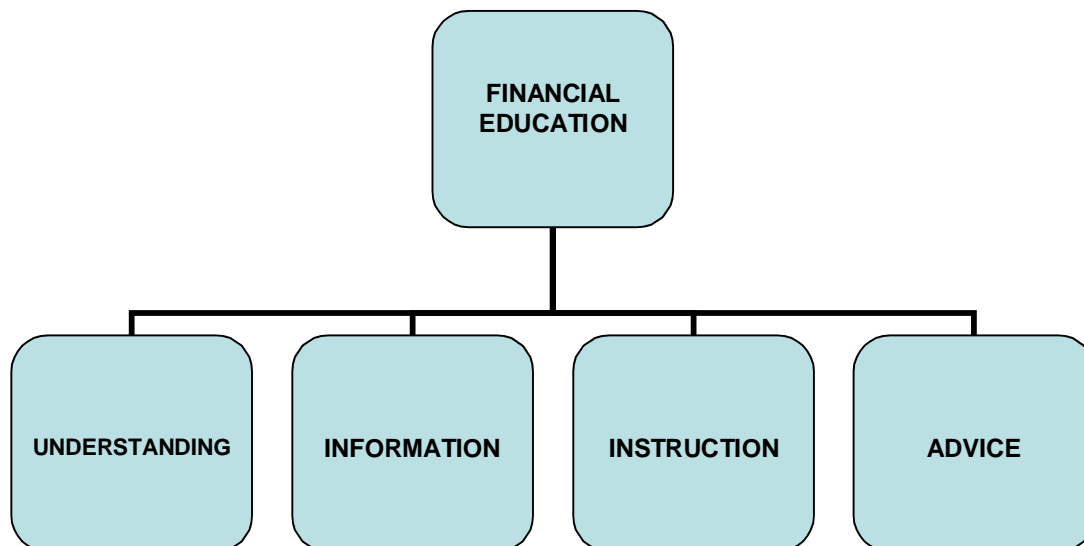


Figure 2: Structure of financial education (Source: OECD)

**Financial education**<sup>6</sup> is the process by which financial consumers/investors (hereinafter: individuals) improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become better aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective action to improve their financial well-being.

**Information** involves providing individuals with facts, data and specific knowledge to make them aware of financial opportunities, choices, and consequences of their choices.

**Instruction** involves ensuring that individuals acquire the skills and ability to understand financial terms and concepts through the provision of training and guidance.

**Advice** involves providing individuals with counselling about generic financial issues and products so that they can make the best use of the financial information and instructions they have received.

For the purposes of the NFEP:

**Commercial financial advice** means a detailed presentation of a regulated product by an institution for sales purposes, whereby the product is tailored to the needs of the individual. Such specific, market-oriented advice shall not be treated as financial education.

**Financial capability** is expressed by the following elements: making ends meet (the balance between personal income and expenditure), keeping track of personal finances, planning ahead, choosing financial services and/or products, staying informed about finances and keeping track of financial trends.

**Financial literacy** is one of the components of financial capability and is expressed as information on financial matters and financial trends and as the ability to understand and be familiar with financial products, terms and risks.

**The education scheme** is expressed as a type of substantive activity organised to achieve a pre-determined goal (financial capability) and a specific type of education task (making ends meet, keeping track of personal finances, planning ahead, choosing financial services and/or products, keeping up to speed on financial matters and keeping track of financial trends).

### 1.3 Financial education

The economic and social environment in which individuals make financial decisions has been changing rapidly over the past years. The responsibilities for financial decisions and financial safety in the future are being transferred from the state and the employers to individuals who, as a result, also assume the risks related to these decisions. The volume of information to be received and evaluated by individuals is therefore gradually increasing.

Each individual who wishes to maintain and improve his financial well-being, must be capable of managing his financial resources competently. In order to be **financially capable**,

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<sup>6</sup> The definition has been taken from: Improving Financial Literacy: Analysis of Issues and Policies, 2005 OECD, Paris, France.

an individual must know how to manage his personal/family finances, he must be able to plan in advance and adopt decisions related to financial products and/or services. Within the scope of his needs, he must also keep up to speed with innovations in the financial market. In this respect, he faces decision-making problems, such as self-control, delays, an inability to coordinate the wishes, objectives, purpose and the actual needs, problems developing a financial strategy and in the selection of an appropriate financial product or service.

### **Financial capability consists of five elements:**

#### **1. Making ends meet<sup>7</sup>**

Although individuals have different incomes, goals and purposes, it is vital that they ensure their spending does not consistently exceed their income. Some spend less than they earn and invest their surplus funds in savings or make other investments, while others use credit to plug their gaps.

The following behaviours and attitudes of an individual are the strongest indicators of their ability to make ends meet:

- keeps up with his financial commitments without any difficulty and never struggles;
- is more of a saver than a spender;
- has a positive payment account balance;
- has not been in financial difficulties for the last five years.

#### **2. Keeping track of your finances**

The importance of keeping track of one's finances depends on the level of personal income and expenditure. As a rule, people with higher incomes need not monitor their personal finances in detail, while it is absolutely essential for socially disadvantaged persons and persons with lower incomes that they know the details of their day-to-day finances.

The following behaviours and attitudes of an individual are the strongest indicators of his ability to keep track of his finances:

- checks the amount of money in current account (cash inflow and outflow) and controls cash budgeting frequently;
- checks receipts against his bank statements as opposed to simply glancing over the entries or just checking the final balance;
- has an overview of personal savings and investments (bank, insurance and pension savings and other investments, etc.);
- budgets to ensure that sufficient funds are available to cover uneven (increased, reduced and planned) expenditure.

#### **3. Planning ahead**

A lack of – or inadequate – financial planning increases the risk of financial problems arising in the future. Reduced social security benefits, a dynamic economic and financial environment and a related higher probability of unexpected financial setbacks (unemployment, a drop in personal income etc.) require the improvement of the financial capability in this very area.

The following behaviours and attitudes of an individual are the strongest indicators of his ability to plan ahead:

- has made sufficient provision for an unexpected major expense or significant drop in income in the future;

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<sup>7</sup> Adapted from Financial Capability in the UK: Establishing a Baseline, FSA.

- would be able to make ends meet in the short-, medium- and long-term if income dropped unexpectedly;
- holds some general insurance;
- has made provisions for his retirement on account of reducing his current standard of living to a certain extent.

#### 4. Choosing financial products and/or services

Knowledge about financial products and/or services (their advantages and disadvantages) is an important component in financial capability, which enables an individual to make informed choices. In choosing a financial product or service, individuals must understand the associated risks: what risks they face and the trade-off between risk and reward. This needs to be complemented by a good general awareness of the types of financial products and/or services that can help them achieve their goals.

The following behaviours and attitudes of an individual are the strongest indicators of his ability to choose financial products and/or services:

- seeks advice from an appropriate financial adviser before buying financial products and/or services or actively compares prices between financial products and/or services;
- does not just rely on the information that accompanies the financial product and/or service to inform his purchasing decision;
- compares financial products and/or services from multiple providers;
- actively compares financial products and/or services on their features, price, accessibility, distribution and safety;
- does not make a choice based on brand image;
- reads the terms and conditions for a financial product and/or service in detail;
- has a good knowledge of different financial products and/or services.

#### 5. Staying informed on financial matters and keeping track of financial trends

Other important aspects of financial capability are having a general knowledge of financial products and/or services (financial literacy) and keeping up with financial trends with regard to one's personal situation and the financial products and/or services the individual is choosing between or which he already uses.

The following behaviours and attitudes of an individual are the strongest indicators of his ability to stay informed and keep up with financial trends:

- monitors financial indicators (e.g. fluctuations in the stock market, interest rates and the housing market, the offer of financial products and/or services in the market);
- checks these financial indicators frequently;
- has a good level of applied financial literacy;
- considers it reasonably important to keep up to date with financial trends.

### Financial education programme

The financial crisis development has shown that financial education neither eliminates all behavioural deviations nor **does it represent a substitute for consumer protection**; it is, however, **one of its key elements, and includes** regulated financial products and/or services, transparent financial information and control over the financial markets. Financial education and consumer protection have several common goals; they, however, require different approaches to achieving these goals.<sup>8</sup> The purpose of financial education and

<sup>8</sup> Improving Financial Literacy, Analysis of Issues and Policies, OECD 2005, pp. 26, 27.



consumer protection is to provide for consumer well-being, financial information, and to prevent harm. However, financial education implements its goals by providing information, instructions and advice, while consumer protection highlights the importance of relevant legislation and the effective implementation of regulations enhancing the legal protection of consumers and the establishment of systems aimed at eliminating irregularities already occurred (dispute settlement procedure). Financial education and consumer protection are not interchangeable but complementary, whereby consumer protection is also a protection network for all those who are unable or unwilling to improve their financial capabilities. Financial education must be integrated into and comply with the other policies required for the protection of citizens in the area of financial products and/or services and for the provision of transparent and effective financial markets; therefore, cooperation between all the relevant government bodies is required (the Ministry of the Economy (hereinafter: ME), the Ministry of Finance (hereinafter: MF), the Ministry of Labour, Family and Social Affairs (hereinafter MLFSA) and the Ministry of Education and Sport (hereinafter: MES).

Taking into consideration the best examples of European practice, the European Database for Financial Education (EDFE),<sup>9</sup> and the positions adopted,<sup>10</sup> the Government of the Republic of Slovenia has prepared a programme in partnership with industry representatives, the consumer protection office and financial service market supervisors.

The financial education programme focuses on the following:

- **prevention:** awareness-building on the importance, urgency and the benefits of lifelong financial education;
- **universality:** provision of accessible, free, impartial, reliable, specific, high-quality and easily understandable information available to all and not connected with a specific financial institution's marketing or a specific financial product or service.
- **guidelines and consultancy:** activities through which the users of financial products and/or services improve their ability to understand and manage financial products and/or services, concepts (ideas/conceptions) and risks; and
- **selection of potential financial education providers:** some existing programmes will be adjusted – taking into consideration the OECD Recommendations and the best EU practices – and disseminated through the most widely accessible distribution channels in order to provide, in particular, basic information to individuals, an increase in the awareness of the general public, and a separation of such information from sales activities.

## 1.4 Prevention

### **Importance and benefits of financial education:**

Financial capability enables individuals to identify the need for and understand the principles of personal finance management, and to select at the same time those financial products and/or services which best meet their needs. Through relevant knowledge they can better assess the information and advice obtained, and better exploit the opportunities offered in the market. At the same time, they are more aware of the consequences of their actions.

Preventive education will be focused on awareness-building with regard to individual needs and decisions and the complexity of financial products and/or services.

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<sup>9</sup> European Database for Financial Education: [http://ec.europa.eu/internal\\_market/fesis/index.cfm?action=home](http://ec.europa.eu/internal_market/fesis/index.cfm?action=home)

<sup>10</sup> Decision of the Government of the Republic of Slovenia, no. 02401-24/2009/3 of 17 December 2009.

### 1.4.1 Complexity of individual needs and decisions

Standard economic theory predicts that individuals who have access to information make rational decisions based on this information. This theory assumes that individuals evaluate the information available rationally and select the best possible option regarding their savings, borrowings and insurance. Behavioural economics, however, also takes psychological elements into consideration. Even if individuals know and understand all the facts, they still might adopt bad decisions owing to various behavioural and psychological factors.

There are two reasons why individuals make irrational decisions:

1. **Conventional economic reasons:** the information available used by an individual to make decisions is inadequate and/or incorrect.
2. **Behavioural reasons:** the costs of rational behaviour are apparently high. The evaluation of rather boring and often excessive information requires a great deal of mental effort.

Conclusions resulting from the findings of behavioural economics regarding decision-making show that the results of financial education are good; however, we cannot expect major or short-term effects. Financial education needs to be focused on the creation of positive attitudes and behavioural models, such as a tendency towards saving and the insurance of risks, caution when making decisions on loans and seeking impartial information and independent advice.

### 1.4.2 Complexity of financial products and/or services

Technological progress, new distribution channels, the links between financial markets, and a better choice of financial products and/or services have increased the scope of the supply of and accessibility to financial products and/or services. Financial education needs to focus on an analysis of the advantages, disadvantages and risks brought about by the following:

- new distribution channels;
- a wide supply of financial products and/or services;
- increased dynamics of the development of new financial products and/or services;
- and
- an increased amount of information.

## 1.5 Universality

Financial education schemes should address the financial challenges associated with real events in citizens' lives, ranging from those experienced by young people to those relevant to retirees. Financial education should meet the needs of those starting work for the first time, the unemployed, those planning a family, young adults, those in debt, etc. They should be adaptable to the citizens' level of understanding of financial issues. It is important to ensure that the schemes are understandable and available in the most appropriate and accessible form.<sup>11</sup>

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<sup>11</sup> COM (2007) 808 final text.

## 1.6 Guidelines and consultancy

Financial education can contribute to financial stability by helping individuals choose the most appropriate financial products and/or services for them, which reduces the risk of consumer insolvency and leads to safer savings, loans and investments. Financially educated individuals who are able to seek out better, cheaper and more appropriate financial products and/or services can drive efficiencies in the financial industry and improve economic welfare by fostering increased competition, spurring innovation and demanding improvements in quality and diversity. Individuals who become more confident in investing and saving can provide additional liquidity to capital markets, which can be fed through to small-business financing, a key element in supporting economic growth and jobs.

If individuals are unable to make the right decisions on their real needs and the fulfilment of these needs, they purchase inappropriate products and/or services. As a result, an individual's selection of a financial product and/or service depends, in particular, on marketing campaigns. Those financial institutions with the most colourful and far reaching campaigns are therefore the most successful – not those that offer the best service. The EC also highlights the reliability of information and conflicts of interest regarding the remuneration policies conducted by institutions supplying financial products and/or services, because the sellers are facing a conflict between their own interests after obtaining the commission payable on the sale of the most profitable financial product and/or service and the interests of a client in purchasing the most appropriate product.<sup>12</sup>

## 1.7 Selection of potential providers

In its communication "Financial education"<sup>13</sup> the EC defined the basic principles for the provision of high-quality financial education schemes that could be of assistance in efforts to launch and run financial education programmes. It highlighted, among other things, the importance of encouraging cooperation between national authorities, institutions that provide financial products and/or services, consumer organisations, educators and other stakeholders. According to the EC, such cooperation could help to streamline objectives, result in greater coverage of differing target groups, apportion and prioritise resources and promote greater learning from experience.

The NFEP therefore supports **socially responsible business behaviour by promoting good practices and their dissemination through technical partnership** with all important stakeholders and national authorities.

The roles and competences of stakeholders in financial education must be clearly defined. Everybody should be responsible for providing exact, high-quality and impartial information which is in the best interest of individuals and can be distinguished from advertising and market communication and commercial financial advice.

## 2 Analysis of Current Situation of Financial Education Programmes

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<sup>12</sup> Commission staff working document on the follow up in retail financial services to the consumer markets scoreboard, SEC(2009)1251final

<sup>13</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0808:FIN:SL:PDF>

The Republic of Slovenia has not carried out any systematic and harmonised activities at the national level that focus solely on financial education. Slovenia is the only EU member state, apart from Bulgaria, Latvia, Luxembourg and Romania without developed financial literacy programmes; instead, it applies and implements only supranational programmes (Dolceta).<sup>14</sup>

Nevertheless, certain institutions in Slovenia offer quality financial education programmes for different target groups. The typical characteristic of these programmes is that the borders between the financial education of the public and the education intended for acquiring licences, professional training of members and improved activity results are unclear or overlapping. Professional training is also open to the broader public. The Ministry of Economy (ME) used to provide systematic and extended training activities solely for consumers.

Below is an overview of formal school education curricula and an outline of the situation in financial education programmes over the last five years, which are generally organised by the financial industry, its supervisors and the ME, in cooperation with consumer organisations.

## 2.1 Banking

The banking industry has established two boards within the Bank Association of Slovenia (hereinafter: BAS): the Education Board and the Board for Retail Transactions.

The Education Board carries out the following:

- proposes initiatives and cooperates in the identification of education needs for supplementary education and training in banking;
- prepares positions, proposals and starting points for the preparation of education programmes;
- cooperates in establishing the objectives of important education forms;
- cooperates in the preparation of starting points and the development of proposed knowledge standards for professional profiles in banking;
- cooperates in the identification of needs and the preparation of proposals for certified education;
- cooperates in the preparation of initiatives and proposals in the integration of banking knowledge into the formal education system;
- cooperates in the evaluation of education.

For the last few years, the BAS education centre has cooperated with the formal school system in the field of banking and finance:

- reform of secondary and higher education programmes (accounting clerks, banking sales specialists) – development of modules with banking and financial contents,
- the development of professional standards for banking sales specialist at the fifth and sixth levels of education.

The project is as yet unfinished because it has not been fully determined in terms of its content and implementation.

In 2009 and 2010, the BAS education centre organised a training seminar in personal financial consulting for experts as well as the broader interested public.

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<sup>14</sup> <http://www.dolceta.eu/slovenija/index.php>

The tasks of the Board for Retail Transactions include the following:

- monitoring and examining developments from the field of operations with private parties;
- addressing topics harmonised with the BAS work programme referring to the operations with private parties;
- monitoring legislation and other instructions from this area;
- answering members' questions.

The Board's work programme states that it shall carry out public communications through the BAS. To this end, the newly summoned Board will form a special working group for public communication in 2010, which will develop a communication plan: media, target groups, contents, tools and time scales.

These work programme contents arose from the knowledge that the banking sector had to develop an active policy of public relations which also covers education.

Such plans are encouraged by European institutions from the EC to the European Banking Association.

The EC promotes banking associations and consumer organisations in member states as it is of the opinion that they have a considerable influence on financial education.

Besides the activities listed above, the BAS performs some other tasks which may be considered a contribution to the arrangement of affairs indirectly or directly concerning financial education. The basic arrangement of relationships derives from the banking code.

The cooperation of the BAS with members and/or external institutions, especially with the Bank of Slovenia (hereinafter: BS) and the Consumer Association of Slovenia (hereinafter: CAS) as well as with the MF, the Competition Protection Office and the Information Commissioner resulted in the publication of the following materials:

- general business requirements for banks in Slovenia;
- pattern of general conditions for providing payment services;
- recommendations on the methods of calculating interest in retail transactions;
- Information about the risks associated with taking out foreign currency loans;
- What do we know about banking transactions?
- the safe use of bank-payment cards;
- Recommendations for the use of electronic market channels;
- Rules and procedures for changing your bank;
- the euro for all of us; and
- SEPA in Slovenia.

The BAS also cooperates with the media – from newspapers and magazines to radio and television programmes. Most of the content it contributes is informative and targeted. The truth is that this information is not "systemically" arranged, which means that there has been no programme or plan prepared or adopted setting the target groups, contents and activities, as well as the tools and methods for their implementation. Talks have recently been held with national television and radio about the systematic development of content, terms, target groups, etc.

Such activities include the BAS members, for these are usually events which are typical of individual BAS members – banks or savings institutions.

The BAS believes that its website should also be made more effective.

The BAS has also made recommendations for the development of a bank complaints system and a system for the extrajudicial settlement of disputes between clients and banks in the form of a settlement council.

## 2.2 Insurance

### 2.2.1 Insurance

The Slovenian insurance companies which are joined by the Slovenian Insurance Association (hereinafter: SIA) realised over ten years ago that only well-informed current or potential holders of insurance products/services serve as a solid basis for the development of their activities. The SIA aims to raise the education level of individuals every time contact is established. In addition, it oversees the competences of all employees who are in contact with individuals. It believes that quality counselling raises the individual's awareness and understanding of insurance. The SIA fulfils its mission through the activities and tasks described below.

#### 1. Brochures and Publications

The SIA has prepared the following brochures in order to provide information, and educate and raise the awareness of individuals:

- brochure on the subsidised agricultural insurance system

This brochure targets everybody involved in agriculture and is available on the MAFF website; with the help of the Chamber of Agriculture and Forestry of Slovenia, it was also distributed to agricultural holdings. In addition, information on subsidised agricultural insurance was published in the media, e.g. in *Kmečki glas* newspaper.

- brochures targeting all insurers and insurance holders, especially individuals, on natural disasters

This brochure describes the natural disasters to have occurred in Slovenia and the rest of the world in the last few years, as well as the resulting damage. It also presents the types of insurance that may be taken out with insurance companies which are members of the SIA in order to guarantee the cover on different natural disasters. This brochure is available on the SIA website.

- brochure providing information to individuals on life insurance

This brochure contains the following chapters: a general description of different types of life insurance with a glossary of key terms, a description of specific types of life insurance, the fiscal aspect of arranging life insurance, a definition of the information required in contingency reporting, and arrangement of complaint procedure; the brochure is available on the SIA website.

Publications such as *Zavarovalniški horizonti* (Insurance Horizons), *Statistični zavarovalniški bilten* (Statistical Insurance Bulletin), the monthly paper *Informator*, and the annual report of the Insurance Supervision Agency are also important for the education of individuals.

#### 2. Secondary and tertiary education programme

In cooperation with the National Institute for Vocational Education and Training (hereinafter: IVET), the SIA prepared the profile and standard for the profession of insurance assistant

following management changes and the adaptation to other market conditions; this profession was the basis for the development of the secondary education programme Economics clerk in the field of insurance. The secondary education programme development process, which started in 2003, concluded at the end of 2007. The implementation of the reformed programme began in the 2008/2009 academic year.

At the tertiary level, the SIA – in cooperation with the IVET – has prepared the profile and standard for the profession of expert insurance assistant, on the basis of which it prepared the tertiary study programme Economist – insurance orientation with *Much*, Višja strokovna šola, d.o.o., in the framework of Project 6035-3/2006-3, Modernisation and development of tertiary programmes of economic and similar professions, Activity 3 – modernisation of programmes. The project of tertiary study programme for insurance business was completed in May 2007.

The SIA also cooperates with the external education institute implementing the tertiary study programme. The result of this cooperation is the publication of textbooks for tertiary education programme Economist – insurance orientation, for the following insurance subjects: insurance basics, insurance economics, the marketing of insurance products, insurance controlling, property insurance, personal insurance, and the basics of actuary mathematics and law in insurance. There is also a separate booklet explaining insurance terms to aid understanding. The textbooks are written clearly and are suitable for secondary and tertiary students as well as for the general use of individual target groups. The accessibility of these materials can be improved through cooperation with libraries.

### 3. Education and knowledge testing of insurance agents and brokers

Agents and other marketing staff can do a great deal to raise general awareness and knowledge of insurance for individuals. Insurance agents and brokers are an important source of information and advice for the broader public as they raise the level of awareness and knowledge of services. What is more, they have an important role in communicating this awareness and knowledge to other individuals. Insurance companies make many efforts to make their agents counsellors rather than salespersons, while the SIA oversees the testing of the basic knowledge of agents.

In 1998 the SIA undertook a project whose aim was to establish a system to educate and test insurance agents and brokers in accordance with the European standards. The project was initiated by the European Savings Banks Group, Brussels, in tandem with the German Insurance Association.<sup>15</sup>

The following were prepared within the framework of the project:

- regulations about the test of expert knowledge necessary for the implementation of tasks of insurance agency and brokerage adopted by the Insurance Supervision Agency on the basis of the Insurance Act;
- syllabus;
- catalogue of knowledge standards;
- curriculum;
- textbook;
- tutoring materials; and
- examination questions.

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<sup>15</sup> Gesamtverband der Deutschen Versicherungswirtschaft.

The candidates for insurance agents must master the insurance, ethical and legal basics, property and personal insurance. The candidates for insurance brokers must, besides the knowledge prescribed for insurance agents, master the special skills for the pursuit of insurance brokerage. Another important objective attempted to be achieved by training is the dissemination of insurance knowledge and a friendlier approach of insurance sellers to individuals.

#### 4. Insurance Code and Out-of-court Settlement of Disputes

- Insurance Code

The provisions of the Insurance Code adopted within the SIA are binding on all its insurance company members. The Insurance Code governs, *inter alia*, the relationship of insurance companies with insurance holders, insurers, potential insurers or insurance holders and persons eligible under insurance contracts. The Code is available on the SIA website.

- Insurance Ombudsman and the Mediation Centre

Dealing with the violations of the Insurance Code and good business practice in relationships between insurance companies and their clients has been the responsibility of the Insurance Ombudsman under the SIA framework since November 2002.

July 2003 saw the establishment of the Mediation Centre within the SIA with the aim of resolving disputes between insurance companies and their clients. The acts regulating both procedures are available on the SIA website.

#### 5. Dissemination of information to individuals

The SIA website makes available to individuals important data and information in order to help or alleviate problems which may arise under an insurance relationship. The SIA provides individuals with information, advice and guidelines necessary for the exercise of compensation of damage suffered in a traffic accident. The SIA makes use of various means to provide information, advice and guidelines: general information available to individuals on the SIA website (<http://www.zav-zdruzenje.si>), telephone counselling, written answers to specific questions and enquiries by email or regular post, preparation of leaflets with useful, comprehensible information, preparation of press conferences for the information of broader public, and cooperation of SIA staff with different media (papers, magazines, radio and television) to provide answers and clarifications when media address such issues. In addition, the SIA oversees the education of the expert public by organising seminars, while SIA personnel participate in different seminars and publish their contributions in professional magazines.

#### 6. Awareness-raising actions organised by SIA members

Most insurance companies devote a part of their time to education, information and raising the awareness of individuals on the importance of the insurance business (e.g. saving and advantages of saving by concluding a form of life insurance). To this end, they publish brochures simply and accessibly, explaining insurance schemes, and publications, papers, bulletins etc. addressing insurance and saving topics.

Insurance companies systematically attend major events which are related to saving or place a certain emphasis on saving. They organise their own events, too.



At the start of each academic year, as well as during the year, insurance companies are present in education institutions, where their activities contribute to raising awareness of the need to be safe and insured. These activities are intended for parents as well as children.

The activities carried out in the field of security are as follows:

- safety of children on their way to school (visits in nurseries, schools, cooperation in education with municipal councils for safety and prevention in traffic);
- cooperation with the police in raising awareness of traffic safety;
- cooperation with the fire-fighting association about the importance of preventive activities against fire;
- different contests;
- cooperation with the aviation centre in defence against hail;
- education about the importance of protection against hail (net);
- information about the natural disaster risk in different media from the moment the risk is announced (hail alarm);
- safe driving practice;
- different publications;
- online consultant.

### **2.2.2 Supplementary Pension Insurance**

Supplementary pension insurance is a relatively new form of supplementary old-age insurance on Slovenian market. Although the conditions for the establishment of supplementary pension insurance have been provided already by the Pension and Disability Insurance Act of 1992, this insurance was introduced only by the reform of the Pension and Disability Insurance Act in 2000. Supplementary pension insurance was thus established in the last 10 years, covering about a half of the active population of Slovenia. Besides the campaign for raising awareness of the importance and purpose of supplementary pension insurance implemented by the competent ministry upon the establishment of the system, a large share was contributed to financial education by the providers of this form of insurance.

Activities:

- the website of the competent ministry (MLFSA) regularly (quarterly) publishes statistical data about providers, coverage, resources and average premium amount;
- the competent ministry publishes annual reports about the situation in the market of supplementary pension insurance;
- according to the Act, insured persons are annually notified about the amount of savings on their account and changes of pension plan; they must also be sent a summary of the annual business report.

In accordance with raising insured persons' awareness of the importance of this insurance form, some providers of pension plans carry out activities and issue publications of professional or even scientific character but impartial in their presentation of the importance and objective of supplementary pension insurance. Such forms of financial education are mentioned only because they are of educational nature and most frequently presented to insured persons by external experts and independent institutions on contractual basis. The examples of good practice include the following:

- providers publish bulletins (e.g. *Moja naložba, pokojninska družba, d. d.*);
- providers raise awareness and present supplementary pension insurance by organising round table discussions (e.g. pension company A annually organises a one-day lecture about the importance and updates in supplementary pension

- insurance for employers and employees covered by their pension plans (*Moja naložba, pokojninska družba, d. d.*));
- providers regularly undertake research on the forms of supplementary pension insurance accessible to the public and social partners:
    - Pension Fund Management, Centre of Social Psychology: Research about the attitude of Slovenians towards old age, pension system and old age saving, Ljubljana 2007;
    - Pension Fund Management, Institute of Management and Organisation (Faculty of Economics, University of Ljubljana): Attitude of companies towards elderly employees, Ljubljana 2008;
    - Faculty of Economics, University of Ljubljana: Long-term Importance of the Second Pension Tier, Ljubljana 2010.

## 2.3 Capital Market

**The Management Companies Association – Commercial Interest Association (hereinafter: MCA – CIA)** has so far organised training courses for the employees of management companies and persons cooperating with them. The MCA – CIA provides supplementary and strictly specialised training courses for the employees of management companies on the one hand and training courses and tests, which are the precondition for the acquisition of the Securities Market Agency licence for the sale of investment funds on the other.

The aim of training and testing in marketing and sales of investment funds is to train participants so that they can provide appropriate information to their clients and help them choose the most suitable investment.

**The knowledge required from participants includes:**

- basic characteristics of financial system and financial products with definitions of financial products and investments;
- factors of selecting investments (elements of saving and personal finance; risks, risk limitation; optimisation of investments);
- characteristics and types of investment funds regarding investment policy, risks related to investment in funds, and advantages or disadvantages of investment in funds in comparison with other forms of saving;
- elaboration of investor profile;
- selection of appropriate investment fund;
- tax provisions concerning the taxation of holders of investment coupons or investment fund shares;
- business ethics and attitude towards investors;
- importance and forms of out-of-court settlement of disputes between service providers and investors.

In the past years, MCA – CIA also planned activities for the education of the population, the aim of which was to bring such saving closer to the most people possible. The project was not implemented due to a lack of financial resources.

Code

The members of MCA – CIA have adopted a code of conduct binding on all members of the association.

When performing their activities, management companies must act so as to protect the rights and interests of investors to the highest extent.

**Stock Exchange Members' Association (hereinafter: SEMA – CIA)** carries out knowledge tests required to acquire a broker licence<sup>16</sup> and, when necessary, organises preparations for the tests required for broker licence at all levels. In addition, the SEMA – CIA organises other education seminars and professional workshops on topics concerning the operation of SEMA – CIA members when needed. At any time, however, the education of the Association may be attended by external participants as the demand for such education is evident outside its membership, too.

#### **Securities Market Agency (hereinafter: SMA)**

In November 2009, the SMA issued the Guidelines for investors in securities and financial instruments and published them on its website. These guidelines briefly presented the operation of Slovenian securities market and basic aspects of financial property management. They answered the questions of how the market is regulated, who controls it, what are the principles of save investing in securities, what are the rights of investors and which are potential traps. This information is of general nature and does not replace expert advice of trained specialists or foresee all circumstances influencing personal financial decisions. As publications are limited in volume, they do not list all elements which should be known to investors. In 2010, the SMA website published the brochure titled The Legal Arrangements of Takeovers and the Role of the SMA.

## 2.4 Consumer protection

**The Consumer Protection Office**, in accordance with a decree on the bodies affiliated to ministries (Uradni list RS (Official Gazette of the Republic of Slovenia), nos 58/03, 45/04, 86/04, 138/04, 52/05, 82/05, 17/06, 76/06, 132/06, 41/07 and 63/09), performs expert, administrative and development consumer protection tasks and tasks related to the provision of public services for counselling, education and training, and consumer information. Article 67 of the Consumer Protection Act, which is the basic act in this field, provides the legal basis for the adoption of the National Strategy for Consumer Protection.

The resolution listed financial services – the implementation of project activities – among its priorities.

On the basis of CPA and the resolution, the ME co-finances the operation of consumer organisations and individual projects on the basis of completed public calls for tenders. The public call for tenders in 2008 allowed for project applications from the financial services sector. The ME awarded EUR 78,000 among the applicants through its affiliated body. The financial services project consisted of the publication of leaflets, analysis of credit cards, and the dissemination of information to consumers on payment transactions, mortgages and credit cards. In April 2009, a project was published focusing only on financial services as a result of the topicality of the subject. A total of EUR 65,000 was available. The sum earmarked for the project in the area of financial services in 2010 was approximately EUR 70,000.

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<sup>16</sup> More on test on: [http://www.zdruzenje.si/index.php?page=vsebina&page\\_id=13&subpage\\_id=13](http://www.zdruzenje.si/index.php?page=vsebina&page_id=13&subpage_id=13)

The ME cooperates with commercial associations of interest and chambers, but does not co-finance their projects related to financial education.

Through the affiliated body, the ME also provides free counselling to consumers as a public service whose permanent and smooth operation is in the public interest of Slovenia and not profit-oriented. The grantor of concession is the Government of the Republic of Slovenia, while its rights and obligations are implemented by the Consumer Protection Office on behalf and for the account of the Republic of Slovenia. The aim of the consumer counselling public service is to provide to consumers with free advice in the event that problems arise related to the purchase of goods and services. This public service has not been set any limitations as to the approach to advisers (age, status, value of purchase), who are, in terms of resources earmarked for their activities by the state, not experts in the areas to which the questions posed by consumers refer.

Another activity defined as a public service is educating and raising the awareness of consumers, which is also carried out in Slovenia through *VIP*, a consumer magazine issued by the non-governmental consumer organisation on the basis of a concession granted and co-financed by the state through the ME and its affiliated body, respectively.

**The Slovenian Consumers' Association (SCA)** is an independent, non-profit, internationally recognised NGO which has protected and exclusively represented consumers' interests since 1990. Since 2007, it has published various brochures on financial education with the financial support (co-financing) of the ME and its affiliated body: housing loans, leasing, life insurance, investments, investment funds, safety of payments, changing banks, insurance, guide to insurance basics, civil bankruptcy, how to resolve debts, why and how to manage personal finance, advice for effective saving; the main objectives are as follows:

- information and education about the intended purposes of types of services, their characteristics, searching for providers and different circumstances during the use of service;
- education about resolving life circumstances by different financial products/services (e.g. old age care); and
- education on personal finance management.

Since early 2008, SCA has issued a quarterly financial supplement in *VIP* magazine. The objective of the financial supplement is to educate consumers and raise their awareness of financial services and their rights in this area, and to inform them about violations which occur. An important part of financial supplement is also comparative testing for easier selection of the most suitable and best financial institution.

Financial supplement in *VIP* magazine is issued with the support of BS and EC, and some articles are published on the SCA website.

The main objectives for the financial supplement in *VIP* magazine are as follows:

- description of purpose and characteristics of different types of banking services;
- advice on suitability of services in different personal circumstances;
- advice about the financial institution selection procedure;
- comparison of financial institutions; and
- information on the practice of financial institutions and updates in banking services.

SCA has also cooperated in international education projects such as:

- Dolceta – portal of financial services (development and maintenance of different theme modules); and

- Europa Diary – targeting young people and addressing different consumer topics, including a teacher's guide (24,000 copies were distributed at 141 schools throughout Slovenia in 2009).

Since November 2009, the SCA website has included a separate website called SCA Personal Finance, which contains the following:

- education materials and brochures on financial products/services and financial transactions;
- tests and articles from *VIP* magazine, regularly updated interactive tests of bank accounts, housing loans and saving schemes (bank accounts monthly, saving schemes quarterly, housing loans three times a year);
- supporting tools in calculation of loans and saving schemes (calculators).

## 2.5 School Education

The following analysis of curricula regarding the provision of information on financial transactions summarises the present situation of school subjects in which financial education plays a major role.

As the home economics commission is aware of the importance of financial education, it has examined European and global schooling systems and established that compulsory primary education also contains content that addresses financial education and features under the subject of home economics.

Home economics is a compulsory subject in primary schools, and one of the theme modules is household economics. The subject of home economics is in the primary school syllabus of 5<sup>th</sup> and 6<sup>th</sup> classes. Owing to the small number of hours devoted to this subject, the most efficient and effective solution would be to increase the number of hours of home economics and include it as part of the syllabus of the last three years of primary school. A possible solution for addressing the contents of financial education in Slovenia may be to offer it as an **elective subject** or to devote a higher percentage of hours in the existing scope to the teaching of economic subjects, thereby also offering all pupils an **equal opportunity to acquire knowledge and skills from the area of finance**.

Financial education is best addressed under the subject of home economics, as a teacher or professor of home economics is the only profile in Slovenia that includes the economy and economics in the framework of its graduate studies.

Besides home economics, there are other subjects that address the objectives, contents and activities from the fields of finance and financial literacy.

In the first and second thirds of primary school, the curriculum of the subject "society" contains objectives, contents and activities from the fields of geography, sociology, history, ethnology, psychology, economy, ethics, etc. This subject is closely linked to the life of people from social, historical and spatial perspectives.

The curriculum of the subject "civic education and ethics" adopted at the Expert Council of the Republic of Slovenia for General Education on 14 January 1999 (officially valid) contains, in the teaching cluster "profession and work" in 8<sup>th</sup> class of the primary school, precisely in the content "market and money", the objective of learning about different ways of payment and development of responsibility for asset management: responsible and irresponsible spending of assets.

Under the Elementary School Act (Uradni list RS, no. 81/2006 – third officially consolidated text, and 102/2007), the subject was renamed to **civic and patriotic education and ethics**. An updated curriculum of the subject adopted at the Expert Council of the Republic of Slovenia for General Education on 12 June 2008 does not include these topics directly. They are indirectly incorporated in general objectives and contents in the framework of civic responsibility and ethics of respect.

The subject "technology and engineering" defines four fields which are intertwined and which pupils learn (especially) through their activities: technical facilities, technology, work organisation and **economics**. Economics can be found in the evaluation of work and products.

The updated syllabi for the subject "history" in general upper secondary schools (*gimnazije*) contains several learning objectives and contents from the field of economic history which refer to the historical development of monetary systems. Thus the elements of historical development of monetary systems include a general objective which refers to the knowledge and understanding of historical events, phenomena and processes:

"Students explain and compare the ways of life and mentalities and scientific achievements and their influence on economic processes, social relations and environment in different historical periods."

Some financial education content is included in "geography": management, cost schemes, family budgets, holiday planning.

The mathematics curriculum includes the following terms from the field of financial literacy: money as a measure of value (first time in 2<sup>nd</sup> class), percentages (first time in 7<sup>th</sup> class), proportionality and inverse proportionality (first time in 8<sup>th</sup> class). These mathematical terms are connected to reality by test problems. The type of text problems is not prescribed by curriculum; general objectives of the subject include the tendency to make mathematics meaningful. Money appears in practice (textbooks and classes) as a measure of value in quasi-realistic, i.e. school circumstances rather than real circumstances. Problems may include percentages (VAT, increase and decrease of prices) and other circumstances from the field of economics and marketing. The notions of currency and per cent do not appear in the mathematics curriculum with an explicit intention to develop financial literacy, but rather as learning circumstances for mathematical contents such as decimal number, proportionality and inverse proportionality.

The subject of economics in **general upper secondary schools** is elective and students may elect to study it as an elective graduation subject; much more financial literacy content can, of course, be found in upper secondary schools that focus on economics (*ekonomske gimnazije*). Students of general and specialised upper secondary schools are acquainted with economic terms in the subjects of sociology, history and geography, while students of specialised upper secondary schools (*strokovne gimnazije*) also learn about these contents in the framework of the subjects of economics and entrepreneurship.

Students in the programmes of lower and secondary vocational and expert education are acquainted with economic contents within the subject "social studies".

In adult education there are no special contents or programmes aimed at acquiring financial knowledge in the sense of acquiring competences of personal property and finance management.

## **Existing possibilities of integration of financial literacy contents from public resources of MES, adult education field:**

1. The annual **public call for applications for co-funding adult education** included the field of "active citizenship" from 2000 to 2010, within which providers applied for different contents and programmes of non-formal acquisition of knowledge for general education and acquisition of different knowledge and skills necessary for everyday life and activities in the contemporary society of knowledge, technology, information management etc. Providers thus implemented different programmes whose contents reflected the needs of mostly local environment.

This year's call (to the amount of EUR 611,118 under heading no. 7229) supports basic competences for different sensitive target groups.

The condition for co-funding education programmes was that these programmes cover key competences needed for one's personal fulfilment and development, active citizenship, social inclusion and employment. The key competences or basic capabilities are defined in the following eight fields: communication in mother tongue, communication in foreign languages, mathematical competence and basic competences in science and technology, digital literacy, learning to learn, social and citizen competences, self-initiative and entrepreneurship, and cultural conscience and expression.<sup>17</sup>

It is up to providers to recognise the needs of local environment and develop programmes, while the call also supports some programmes of associations for adult education which develop new programmes.

2. The annual **Public call for applications of European structural funds (ESF) at ME – Public call for co-funding education programmes of project learning for young adults (PYLA)** and programmes raising the general and computer literacy level in 2009 and 2010 concerns the implementation of state approved literacy programmes such as Training for Life Success (TLFS):

- MI – Most do izobrazbe (The Bridge to Education);
- BIPS – Beremo in pišemo skupaj (Reading and Writing Together);
- MK – Moj korak (My Step);
- IP – Izzivi podeželja (Rural Challenges);
- MDM – Moje delovno mesto (My Job).

These programmes are intended for different target groups and their objective is to provide basic competences and general literacy; these contents include a segment on visiting a bank and the PYLA programme, where certain activities or contents about the management of personal finance are applied with regard to the needs of the groups covered.

## **3 Identification of Problems related to Financial Education**

### **3.1 General**

Responsibility for and the risks associated with financial decisions that have a major influence on the future lives of individuals (e.g. pensions) are transferred from employers and the state to employees and other citizens, while the disparity of information which these

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<sup>17</sup> Source: European Parliament and Council of the European Union (2006). Recommendations of the European Parliament and of the Council of 18 December 2006 on key competences for lifelong learning (Official Journal of the European Union, L 394, 30 December 2006).

possess in comparison with financial institutions remains very high. Even relatively simple financial products/services may be rather complicated for an average citizen. The list of identified problems is not final. The findings of foreign research,<sup>18</sup> however, indicate the following scope of problems:

- Most individuals do not have the necessary knowledge to make an informed decision. The increasing complexity of the financial products/services on offer reduces individuals' ability to choose the best offer.
- Most individuals overestimate their financial strength. The most common problem is that individuals often assess their financial position incorrectly. Such individuals are especially vulnerable as they may, for example, overestimate their ability to pay their loans or monthly premiums intended for saving.
- Many individuals do not have long-term financial plans or they choose financial products/services which do not correspond to their needs. These individuals are far more inclined to borrowing and encounter trouble if their financial situations change. This is also a reason that individuals are unlikely to ensure a satisfactory living standard when they retire. According to research carried out in the United Kingdom, 70% of respondents do not have any savings to cover an unexpected loss of income. As life expectancy increases, decisions concerning saving for the period of retirement are especially important.
- Knowing the basics of financial decisions does not suffice for good financial decisions. If an individual does not have sufficient knowledge of the specifics of financial markets, financial products/services etc., he has difficulties in making financial decisions to benefit from in the future (e.g. how much and how do I have to save monthly for my pension, or comparison of two mortgages).
- Financial education which focuses on individual types of financial products/services has a temporary value as financial products/services change very rapidly.
- A result of education is often overconfidence, which leads to hastened and wrong decisions.

### 3.2 Identified Problems

General problems in financial markets:

- Poor awareness of individuals about the importance and options offered by the financial market.
- Increasingly complex and incomprehensive financial products/services, where financial education alone is not enough to enable decisions.
- Individual's inability to determine objectives, or inappropriately determined objectives.
- Lack of independent information to assist in making informed decisions.

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<sup>18</sup> EBF Report on Financial Literacy, D0305B-2009, COM (2007)808 final, Financial Services Authority, <http://www.fsa.gov.uk/pubs/consumer-research/crpr47.pdf>



- Deficient and possibly incorrect information held by financial institutions may have a misleading effect, which is often decisive in the individual's final decision about the choice presented.
- Counselling practices of financial institutions and brokers concentrate on successful sale of financial products/services with highest returns, but do not take into account the personal situation and needs of an individual and his inclination to risk.
- A large amount of information and incomprehensiveness of important information which individuals need for making decisions about purchasing not only financial products/services. The time for gathering and examination of all significant information is limited.
- Difficult and deficient comparability of offers, saturation with information and insufficient willingness or education on the part of financial providers to offer information and advice.
- Automated procedures for selling financial products/services, whose aim is to minimise contact with individuals for cost-effectiveness reasons.
- Financial exclusion.
- Different standards of disclosing information and notifying investors in different substitute financial products.
- Complexity of contractual conditions.
- Poor comprehensibility of contractual provisions and general conditions.

#### Insurance:

- Deficient knowledge of the importance, objective and meaning of insurance business and the operation of insurance implementation system.
- Poor awareness about the importance of planning ahead and keeping family budget and protection against financial risks (financial illiteracy).
- Individuals do not acquire detailed knowledge about the contents of information provided by insurance agents and brokers; they often do not understand it, either, and do not require additional clarifications of incomprehensible information. They are often overburdened by the quantity of information which they cannot examine and to which they do not devote their attention.
- Individuals do not take enough time or find it unnecessary to listen to the advice of an agent/broker about the insurance they wish to take out. They often find it a waste of time or believe that agents/brokers want to sell them more "unnecessary" coverage. Problems occur in the event of damage, when customers claim that the insurance was not sufficiently explained.
- Individuals are unable to compare insurance products/services, which is often due to their complexity and incomprehensibility.
- Although insurance conditions are a constituent part of an insurance contracts, individuals do not read and consider them, nor do they verify them or examine their

insurance policies. When a damage event occurs, they do not know whether it is covered by insurance or not and what the reporting procedure is.

- Individuals still rely on the experience from the past when an individual experiencing a major damage was financially and physically helped by his entire environment (family, relatives, neighbours, company of employment, etc.), although such solidarity presently decreases and each person must bear an increasing responsibility for the safety of his property.
- Low awareness of the importance of supplementary pension insurance and of the lowering of the level of income provided to individuals by compulsory pension insurance.
- Poor knowledge of the system arrangements of supplementary pension insurance with the possibility to being granted tax reliefs.
- Individuals are unwilling to reduce current consumption in favour of saving for old age because of insufficient awareness of the reduction of pension amounts under compulsory insurance.

Insurance business is much more dependent on momentary decisions of individuals than banking is. In many cases, insurance companies operate through agencies, some of which are exclusive and, others non-exclusive. This further complicates the comparison of insurance products/services; we encounter the combination of influences of the Italian and German markets, which are diametrically opposed in their philosophies. All this brings confusion to the Slovenian market. Besides agents, there are also brokers, who work e.g. for the account of an insurance holder. The offer on the insurance market is extremely complicated: some schemes border on banking products (bankassurance, etc.), others on fund investments (investment insurance), while third are prescribed by law. There is also a major difference between financial institutions, which individuals do not perceive and thus do not distinguish.

### Banking:

- Poor knowledge of professional terminology: clients rarely ask a banking adviser for clarifications of individual descriptions.
- Problems in comparing services: Different methodologies hinder the comparison of prices, and the advantages and disadvantages of the services provided by different banks or financial institutions (e.g. deposits, loans). Individuals often choose on the basis of different comparisons presented in the media, which may be ambiguous.
- Many individuals are insufficiently aware of traps in an unregulated market in which they may be caught in seemingly attractive and easily accessible borrowing and investment schemes offered by some non-bank institutions (various instant loans, car and money orders from pledges, etc.).
- Lack of knowledge and experience in securities trade: Insufficient knowledge about the operation of the stock market makes average consumers disappointed as a result of false expectations or an inability to take advantage of opportunities to generate added financial value.

- Poor knowledge of family budget: Financial consumers have insufficient knowledge and awareness of family (not only personal) budget management and interactions and connections between the "financial health" of individual members.
- In their promotional material or letters to consumers, banks make insufficient use of accessible texts to clarify their technical terms. The communication of bank personnel with consumers may include mistakes which may be one of the main reasons for (in)capability of provision of a desired, planned quality of service to consumers. There is a discrepancy between the actual wish of a consumer and a banker's perception of the consumer's expectations (the difficulty in finding out whether a consumer understands the information, etc.), which may cause the information to be too advanced.
- Different methodologies hinder a comparison of the prices and the advantages and disadvantages of the services provided by different banks or financial institutions (e.g. deposits, loans). Individuals often choose on the basis of different comparisons presented in the media, which may be ambiguous – banks should do more to raise the media's awareness in this area.

### Field of investment funds / management companies

- A lack of awareness about the importance of planning ahead and dispersed investments;
- A lack of awareness of the necessity for supplementary pension saving;
- An inadequate understanding of mutual funds as a saving product; consumers expect high short-term returns, while mutual funds are intended for long-term saving;
- Investors often decide on the basis of the advice provided by their acquaintances and friends, following the "Jones theory" when making investments and not consider the advice of a management company which prepares their own investor profile;
- When making investments, investors too often decide on the basis of the so-called past return of an investment fund.
- Before purchasing/selling mutual fund investment coupons, investors do not make enough enquiries about tax and other aspects of their transactions.

#### **3.2.1 Issue of financial counselling and conflicts of interest in marketing**

Institutions providing financial services and products in Slovenia must meet all legally prescribed conditions and acquire a supervisor's permit for their activities. Legislative provisions concerning the protection of customer interests oblige financial institutions to offer fair, clear and non-misleading information in a direct contact with customers as well as in publications and marketing communications. They must perform their activities conscientiously, honestly and with due professional care, with constant consideration of customers' interests.

Although financial institutions in their usual role often cannot offer financial education in the full meaning of the word, they can contribute to the awareness of the importance of financial skills by making their role in acquiring information and advice clearer. Independent advice can only be offered by an advisor who is paid for his services exclusively by a customer, or whose service is subsidised by the state. Most advisors, however, are obliged to sell

products on behalf of specific financial institutions, which pay them commission for contracts concluded. Such advisors do not allow customers to compare their services with services they do not offer, nor do they provide information about the offers of other financial institutions; at the same time, they are interested in selling those which bring highest commission.

According to the survey of the European Association of Advisors and Brokers, the percentage of independent advisors in the EU is very low (the UK 7%, the Netherlands 5%, Germany, Belgium, Sweden 3%, Italy 1–2%).<sup>19</sup> Independent counselling is expensive and individuals often cannot or do not wish to pay for it.

In practice there are numerous financial product/service brokers without appropriate permits. They promise quick and high returns to potential investors. Such financial products/services are offered on websites and on presentations for narrow circles of people. Since they appear as natural persons, their supervision is difficult. The financial products/services offered in this way include the risk of financial fraud.<sup>20</sup>

### 3.3 Education system

#### **General information on education**

In its recommendations for financial education, the OECD underlines the importance of providing appropriate education to individuals as early in their life as possible, already in school curricula.

As already mentioned, parts of financial education in the Slovenian education system have been included in a number of subjects. Pupils in primary and secondary schools get familiar with individual financial terms in individual subjects. To that end, we cannot speak of introducing the financial education content but solely of modernising and supplementing the current curricula with new contents and of establishing inter-subject links with curricula of primary and secondary schools. Moreover, there is a possibility of providing financial education to children and young persons in after-school activities (i.e. project work). However, it is true that a more comprehensive consideration of economic contents in curricula is necessary.

As one of the key messages in its Memorandum on lifelong learning, the Commission of the European Communities stated that education systems had to be adapted to the changing way in which people live and learn today. The Republic of Slovenia shares this opinion, since the new curricula have been modernised in terms of content and method and therefore, new interactive learning approaches have been introduced and individualisation of pupils have been enhanced.

The contents of financial education in the EU are included in the subject of home economics within the framework of mandatory preliminary school contents. In Slovenia, in addition to this subject, financial contents are also included in other subjects: society, civic education and ethics, technique and technology, history and mathematics.

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<sup>19</sup> [www.fecit.org](http://www.fecit.org).

<sup>20</sup> Adapted from: SMA: Guidelines to investors for safe investments in securities and financial instruments.

A teacher of home economics is the only profession in Slovenia which, within the framework of graduate studies, comprises the contents of economy and economics in its study programme; however, the National Education Institute of the Republic of Slovenia carries out and will carry out training programmes for educators in financial education in a form of consultations, symposia, workshops, regional study meetings of teachers and similar. The change in education is also the use of high quality didactic e-material within the European Dolceta project. The National Education Institute participates in the Dolceta project and is responsible for the circulation of the material to the mentioned target groups formed under the project concerned.

In providing a formal education to adults about special contents or programmes of which whose goal is not to obtain financial knowledge in the sense of building competences concerning personal property and finance management; however, it is to be underlined that the programmes for adult education are adapted to the current conditions and needs in the local environment depending on the needs of participating groups. When the needs are expressed, certain activities or contents of managing personal finances are carried out.

The identified problems in connection with formal, non-formal and informal education are as follows:

- lack of funds for the systematic content-related covering of the entire market of financial products/services, living conditions and basic financial decision-making;
- lack of funds for a better circulation of existing education materials;
- lack of funds for the education of trainers for trainers;
- absence of comprehensive education programmes in the education system which would deliver knowledge of basic financial operation;
- lack of programmes for financially vulnerable social groups (retired persons, non-employed persons, persons with low income, over-indebted persons, deeply in debt persons);
- absence of investigations into the development of understanding economic terms with children and young persons on the background of which the planning of systematic and comprehensive financial education would be founded at all levels of general education (from nurseries to primary and secondary schools) which would comply with children's intellectual abilities and would be reasonably connected with the content of other subjects and with the everyday life of children and young persons.

### 3.4 Measuring the effectiveness of education programmes

Measuring the effectiveness of education programmes should clarify the following:

#### **Which programme operates the best?**

It is also important to know the impact of an individual initiative in order to subsequently show it in detail. Increased information about the method and content of the programme and the environment in which it is carried out is the most effective method at helping to develop the financial fitness of people and form new and better initiatives.

#### **How effective can the financial education be?**

The accumulation of knowledge about the nature and the scope of the effect produced by individual education initiative could help create realistic expectations in planning the following education schemes.

#### **How cost-effective is financial education in comparison with other policies?**

Education programme fund providers want to compare the measurable impacts that can be expected from financial education in comparison with the costs needed for their implementation. Policy makers want to compare the costs with other policies in this area (e.g. a comparison of the amount of retirement savings that results from the person's own initiative, tax relief or a proper education scheme).

The OECD<sup>21</sup> notes that, despite the need for an understanding of the effectiveness of financial education there are not many programmes which could actually be measured. Since there are currently only few available data on evaluations carried out, there is no tested or established best norm according to which best practices could be set. Nevertheless, the OECD developed the following framework instructions in the form of a check list composed of five categories, which allows for a critical assessment of costs, problems, significance, practical arrangements etc., which policy makers of specific education programmes may rely on:

### **1. Needs**

Which goals will the programme help us to achieve? We want to improve the financial knowledge, skills or relationships and/or to encourage the characteristic behaviour (such as saving for retirement or to repay debt)? It is necessary to study the hierarchy of effects on a single participant. Who does the programme apply to? Which population groups have specific needs?

### **2. Liabilities**

To what extent may the programme be used and how much does it cost? For example, the number of seminar participants or the number of web page hits and costs per unit are measured and the result is compared with other initiatives.

### **3. Adjustment**

How could the current programmes be improved? This basic question refers to the implementation of the programme. For measurement purposes, Questionnaires to gauge provider and user satisfaction may also be used for measurement purposes. A detailed analysis may connect the assessment of various possibilities of implementing the programme with the application of measures in order to improve its effectiveness. The analysis would answer, for example, the question why certain schools achieve better results than others and would help find opportunities for improvement.

### **4. Micro-effects**

How effective is the programme in achieving the objectives set? This category is related to the first point when we raise the question, which goals we wish to achieve with an individual programme and identify how successful we were. Clear goals have to be followed by the lists of measures with a time table for implementation. Certain possible measures may be too tough to carry out the implementation or they are too expensive. Programme producers meet the risk to change less easily measurable effects of positive changes of behaviour for more easily measurable effects of better learning outcomes. Measurements of micro-effects should help find the answer to the question of cost-effectiveness (appropriateness) of the programme. What are the benefits compared to the investment?

### **5. Macro-effects**

What is the effect of financial education programmes in comparison with other possible initiatives? A comparison of the effect and price appropriateness of programmes with other initiatives.

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<sup>21</sup> OECD Journal:General papers, Volume 2008/3, OECD 2008.

## **Main difficulties in measuring the effect of financial education process at the level of financial education and decision-making**

Practical, theoretical and conceptual problems associated with evaluating financial education programmes prevent the effect of the financial education process from being clarified absolutely.

### **Data integrity**

The majority of data is usually collected through telephone and personal surveys. However, such data have well-known deficiencies:

- Many people do not wish to disclose their financial information. For this reason, the group participating in the survey is a selected but not representative sample.
- The majority of data is gathered on the basis of people's self-assessment with regard to their own financial products/services, financial capability and behaviour without the actual observation acknowledging that the self-assessment is correct.
- The data collected are not appropriate and comparable.

### **Practical difficulties**

The OECD establishes that the basic problem in the development of data evaluation is the fact that it is developed by financial educators who are acquainted with the evaluation methods.

Even in a well-conducted study it is difficult to interpret the outcomes. It is especially difficult to isolate the long-term effects of individual education programme from the inseparable whole of personal finances. Moreover, it is difficult or impossible to examine complementary effects of other programmes, influences of wider market activities (employment rate, wage inflation, financial innovation) and "irrational" variations in the behaviour of individuals affected by the personal situation and environment.

### **Effect in the context**

Even if we managed to isolate the effect of specific education programme, it would be difficult to compare what the actual and desired effect should be. However, the participation in the individual education scheme and satisfaction are important criteria, but they do not measure how people actually change their behaviour and whether the change in behaviour results in the increased financial prosperity of individuals.

## **4 Proposals for solving identifiable problems**

Based on the review of financial education schemes that are still under review in the EU, the European Commission laid down certain principles as assistance to national authorities, institutions providing financial services, consumer organisations, employers and other interested parties in their efforts for the commencement and implementation of financial education programmes.<sup>22</sup> Guidelines comply with the OECD's Principles and Good Practices

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<sup>22</sup> COM (2007) 808 final text.

for Financial Education and Awareness of 2005 and were confirmed by all OECD member states including a number of EU Member States (**Slovenia among them**). Certain principles have already been implemented in Slovenia:

**Principle no. 1:** Financial education must be available at all times and must be actively promoted in all stages of life.

**Principle no. 2:**

Financial education programmes must be target-oriented so that specific needs of citizens can be satisfied. Programmes must be easily and timely accessible.

**Principle no. 3:**

It is necessary to educate individuals in the area of economic and financial matters as soon as possible, preferably already in a primary school. National authorities should think of including financial education in the compulsory part of school curricula.

**Principle no. 4:**

The schemes of financial education must include general tools to raise awareness of the need for improving the understanding of financial issues and risks.

**Principle no. 5:**

Financial education offered by financial service providers must be carried out with fairness, transparency and impartiality. Care should be taken that it is always conducted in the best interest of individuals.

**Principle no. 6:**

Heads of financial education should be provided with resources and adequate training in order to carry out successfully and with confidence financial education programmes.

**Principle no. 7:**

It is necessary to promote national cooperation between the interested parties to achieve a clear definition of roles, facilitate the exchange of experience and rationalise and prioritise the resources.

**Principle no. 8:**

Financial education providers must regularly evaluate and where necessary, modernise the schemes that are being used to be aligned with the best practices in the area concerned.

## 5 Financial education schemes

### 5.1 General

The education schemes on which the NFEP focuses consider recognisable problems connected with financial education in the Republic of Slovenia, the different needs of individuals, recommendations of the OECD and the EU, and examples of good practice (particularly the Financial Services Authority (FSA)). Education schemes consist of a combination of long- and short-term goals. The setting up of education schemes is a long-term project which requires sustainable foundations to be laid in order to improve the financial capability of individuals and, at the same time, it comprises short-term solutions which should help achieve immediate effects.



Education schemes define target groups, responsible bodies for programmes in individual schemes, programme providers, duration, key living conditions and needs, education content, education courses, methods to measure results, international context and sources of financing.

The basic target groups of individual education schemes are as follows:

1. children (children in nurseries and primary schools);
2. young persons (secondary school pupils);
3. adults (students, young adults, parents, elderly persons);
4. special target groups (young people outside the education system, low-education groups, unemployed persons, those in debt, socially disadvantaged persons and financially excluded groups); and
5. educators.

Each target group needs a different method which is adapted to the relevant maturity level, level of previous knowledge, **fundamental needs or key life decisions**. The financial education schemes focus on high priority issues including the important aspects of planning the financial life of those who are employed for the first time, unemployed persons, those who are planning to have families, young adult persons, over-indebted persons, etc.

### **Education courses**

Taking into consideration the different environments individuals come from, financial education should be adapted to the relevant needs and conditions. Financial education should be provided to as many people as possible and it is therefore necessary to use all the methods available in education schemes to disseminate and develop education content.

### **Education contents/programmes**

Financial education must meet the specific needs of specific target groups. It is important that the programmes which are being implemented within specific education schemes are carried out in an understandable way and in a form that facilitates consultation or access to the user if necessary. In financial education, financial challenges are related to real events in the life of citizens, from those experienced by young people to those that are important for retired persons. The contents are adapted to the financial standing of individuals and their level of understanding financial matters; however, in essence, they relate to the following:

- payment accounts and basic principles of handling money;
- household budget;
- insurance and risks;
- saving and investment;
- pensions and retirement;
- credits and borrowing.

### **Education programme providers**

The main body responsible for providing, coordinating and supervising the effectiveness of the implementation of the NFEP, and for monitoring the status of financial education in Slovenia is the state or responsible ministries and their affiliated bodies. A responsible body

for an individual education scheme is appointed on the basis of whether it is the most suitable institution to carry out this task (MF, ME, MLFSA, MES, supervisors of the financial services market). All the interested stakeholders who meet the criteria set by the NFEP are involved in the creation of the NFEP and the implementation of different financial education programmes within the education schemes.

The national financial education scheme includes all the programmes for interested stakeholders carried out in accordance with the principles and goals set out in the NFEP.

The NFEP underlines the urgent necessity that stakeholders participate in measures taken to promote media coverage and event organisation in order to provide information and raise awareness.

### **Short- and long-term solutions**

The long- and short-term development of different, target-oriented education schemes on the basis of the criteria described takes the various needs of individuals, who receive education in different ways, into consideration. They are defined in detail under points 5.2 and 5.3. The operational level will adjust to domestic and foreign sources of financing (i.e. European Structural Funds).

#### 5.1.1 Children in Nurseries education scheme

##### **Responsible body and programme to be implemented in the education scheme:**

MES – a pilot model for the introduction of financial education into the Slovenian education system

**Programme providers:** the selected provider

**Duration:** two years

**Key living conditions:** experiencing and understanding everyday life

**Fundamental needs:** mastering the knowledge gained from everyday life

**Education content:** the content will be determined by experts

**Education courses:**

**Measurement of results:** evaluation of pilot model

**International context:** link to EC Dolceta web portal

**Sources of financing:** funding of the European Structural Funds at the MES

#### 5.1.2 Education scheme Children in Primary Schools

**The responsible bodies and programmes to be implemented in education scheme:**

MES – a pilot model for the introduction of financial education into the Slovenian education and schooling system  
MF – central web page

**Programme providers:**

**Pilot model** – the selected provider

**Central web page** – responsible body directly and through other providers

**Duration:**

**Pilot model:** two years

**Central web page:** indefinite period starting in October 2011

**Key living conditions:** experiencing and understanding everyday life

**Fundamental needs for financial capability:** the development of basic skills and knowledge to balance expenditure with income, keeping track of personal finances, planning ahead, basic risks and where to find advice

**Education contents:**

**Pilot model:** content will be determined by experts

**Central web page:** content will be determined by experts

**Education courses:** education system, Internet, brochures, information points (libraries, etc.), lectures

**Measurement of results:** evaluation of pilot model

**International context:** link to EC Dolceta web portal

**Sources of financing:**

**Pilot model:** Funding of the European Structural Funds at the MES

**Central web page:** financially impartial

### 5.1.3 Young Persons in Secondary Schools education scheme

**The responsible bodies and programmes to be implemented in education scheme:**

MES – a pilot model for the introduction of financial education into the Slovenian education and schooling system

MF – central web page

**Programme providers:**

**Pilot model** – the selected provider

**Central web page** – responsible body directly or through other providers

**Duration:**

**Pilot model:** two years

**Central web page:** indefinite period starting October 2011

**Key living conditions:** preparation for independence

**Fundamental needs for financial capability:** development of skills and knowledge to balance expenditure with income, keeping track of personal finances and planning ahead.

Basic understanding of financial products/services, principles of risk, roles of providers, supervisory authorities and consumer organisations

**Education contents:**

**Pilot model:** contents will be determined by experts

**Central web page:** contents will be determined by experts

**Education courses:** education system, Internet, brochures, information points (libraries, etc.), lectures/presentations

**Measurement of results:** evaluation of pilot model

**International context:** link to EC Dolceta web portal

**Sources of financing:**

**Pilot model:** funding of the European Structural Funds at the MES

**Central web page:** financially impartial

#### 5.1.4 Young adults in higher education institutions – education scheme

**The responsible bodies and programmes to be implemented in education scheme:**

MF – central web page,

ME – consumer counselling and information (public) service

**Programme providers:**

**Central web page:** responsible body directly or through other providers

consumer counselling and information (public) service the selected provider

**Duration:** indefinitely

**Key living conditions:** preparation for independence

**Fundamental needs for financial capability:** comprehensive competence to balance expenditure with income, keeping track of personal finances, planning ahead, selection of financial products/services and information about financial trends

**Education contents:**

**Central web page:** contents will be determined by experts

consumer counselling and information (public) service contents will be determined by experts

**Education courses:** Internet, brochures, lectures/presentations, information points (libraries, toll-free telephone lines, etc), topical contributions in the media

**Measurement of results:** visiting web pages

**International context:** link to EC Dolceta web portal

**Sources of financing:**

**Central web page:** financially impartial

Consumer counselling and information (public) service: ME within the framework of the funds for performing consumer counselling and information (public) service and the funds for carrying out consumer protection projects

### 5.1.5 Young adults outside the formal education system – education scheme

**Responsible bodies and programmes to be carried out in education scheme:**

MES – project learning for young people

MF – central web page,

MLFSA – development of new education courses

ME – consumer counselling and information (public) service

**Duration:** indefinitely

**Programme providers:**

Project learning for young people: the selected provider

**Central web page:** responsible body directly or through other providers

Development of new education courses: through the responsible body directly or through other providers

Consumer counselling and information (public) service: the selected provider

**Key living conditions:** preparation for independence, the start of working life, child bearing, unemployment, poverty, over-indebtedness.

**Fundamental needs for financial capability:** comprehensive competence to balance expenditure with income, keeping track of personal finances, planning ahead, selection of financial products/services, information about financial trends

**Education contents:**

**Project learning for young people:** contents will be determined by experts

**Central web page:** contents will be determined by experts

**Development of new education courses:** contents will be determined by experts

Consumer counselling and information (public) service: contents will be determined by experts

**Education courses:** Internet, brochures, lectures/presentations, information points (social work centres (hereinafter: SWC), libraries, toll-free telephone lines, etc.), topical contributions in the media

**Measurement of results:** through learning outcomes, web page hits, the measurement of user and provider satisfaction

**International context:** link to EC Dolceta web portal

**Sources of financing:**

**Project learning for young people:** funding of the European Structural Funds at the MES

**Central web page:** financially impartial

**Development of new education courses:** financially impartial

**Consumer counselling and information (public) service:** ME within the funds for carrying out consumer counselling and education as well as information (public) service and the funds for implementing consumer protection projects

### 5.1.6 Education scheme Adults Employed

**Responsible bodies and programmes to be carried out in education scheme:**

**MLFSA – presentation of additional pension insurance**

**MF – central web page, contact points,**

**ME** – consumer counselling and information (public) service

**Programme providers:**

**Presentation of public policy in the area of additional pension insurance:** responsible body directly or through other providers

**Central web page:** responsible body directly or through other providers

**Contact points:** responsible body directly or through other providers

**Consumer counselling and information (public) service:** the selected provider

**Duration:**

**Presentation of public policy in the area of additional voluntary pension insurance:** indefinitely starting in November 2011

**Central web page:** indefinitely starting in October 2011

**Consumer counselling and information (public) service:** indefinitely

**Key living conditions:** the start of working life, shared household, purchase of real estate, childbearing, assistance to children, divorce, personal retirement plan

**Fundamental needs for financial capability:** comprehensive competence to balance expenditure with income, keeping track of personal finances, planning ahead, selection of financial products/services, information about financial trends

**Education contents:**

**Presentation of public policy in the area of additional voluntary pension insurance:** contents will be determined by experts

**Central web page:** contents will be determined by experts

**Contact points:** contents will be determined by an editorial board

**Consumer counselling and information (public) service:** contents will be determined by experts

**Education courses:** Internet, brochures, lectures/presentations, and information points (libraries, toll-free telephone lines, etc.)

**Measurement of results:** Web page hits, the number of toll-free telephone calls, measurement of users' and providers' satisfaction, the rise in the number of participants, media coverage

**International context:** link to EC Dolceta web portal

**Sources of financing:**

**Presentation of public policy in the area of additional voluntary pension insurance:** financially impartial

**Central web page:** financially impartial

**Contact points:** financially impartial

**Consumer counselling and information (public) service:** ME within the funds for carrying out consumer counselling and education as well as information (public) service and the funds for implementing consumer protection projects.

### 5.1.7 Education scheme Elderly People

**Responsible bodies and programmes to be carried out in education scheme:**

MLFSA - development of new education courses

MLFSA – presentation of additional voluntary pension insurance

MF – central web page,

ME – consumer counselling and information (public) service

**Programme providers:**

**Development of new education courses:** responsible body directly or through other providers

**Presentation of additional voluntary pension insurance:** responsible body directly or through other providers

**Central web page:** responsible body directly or through other providers

**Consumer counselling and information (public) service:** the selected provider

**Duration:**

**Development of new education courses:** indefinitely

**Presentation of public policy in the area of additional voluntary pension insurance:** indefinite period starting in November 2011

**Central web page:** indefinite period starting in October 2011

**Consumer counselling and information (public) service:** indefinitely

**Key living conditions:** adaptation to new conditions, financial assistance to children

**Fundamental needs for financial capability:** comprehensive competence to balance expenditure with income, keeping track of personal finances, planning ahead, selection of financial products/services, information about financial trends

**Education contents:**

**Development of new education courses:** contents will be determined by experts

**Presentation of public policy in the area of additional voluntary pension insurance:** contents will be determined by experts

**Central web page:** contents will be determined by experts

**Consumer counselling and information (public) service:** contents will be determined by experts

**Education courses:** internet, brochures, lectures/presentations, information points, SWC, libraries, toll-free telephone lines, etc.)

**Measurement of results:** web page hits, the number of toll-free telephone calls, measurement of users' and providers' satisfaction, the rise in the number of participants, media coverage, demand for brochures

**International context:** link to EC Dolceta web portal

**Sources of financing:**

**Development of new education courses:** financially impartial

**Presentation of public policy in the area of additional voluntary pension insurance:** financially impartial

**Central web page:** financially impartial

**Consumer counselling and information (public) service:** ME within the funds for carrying out consumer counselling and education as well as information (public) service and the funds for implementing consumer protection projects

5.1.8 The financial education must meet specific needs of individual target groups.

**Responsible bodies and programmes to be carried out in education scheme:**

**MLFSA** – development of new education courses

**MF** – central web page

**ME** – consumer counselling and information (public) service

**Programme providers:**

**Development of new education courses:** responsible body directly or through other providers

**Central web page:** responsible body directly or through other providers

**Consumer counselling and information (public) service:** the selected provider

**Duration:** indefinitely

**Key living conditions:** unemployment, poverty, over-indebtedness, social distress

**Fundamental needs:** comprehensive competence to harmonise expenditure with income, keeping track of personal finances, planning ahead, selection of financial products/services, staying informed about financial matters

**Education contents:**

**Development of new education courses:** contents will be determined by experts

**Central web page:** contents will be determined by experts

**Consumer counselling and information (public) service:** contents will be determined by experts

**Education courses:** SWC, social welfare institutions, Employment Service of Slovenia, libraries, internet, brochures, lectures, information points, topical contributions in the media

**Measurement of results:** web page hits and information point visits, the number of toll-free telephone calls, measurement of users' and providers' satisfaction, the rise in the number of participants, media coverage

**International context:** link to EC Dolceta web portal

**Sources of financing:**

**Development of new education courses:** financially impartial

**Central web page:** financially impartial

**Consumer counselling and information (public) service:** ME within the funds for carrying out consumer counselling and education as well as information (public) service and the funds for implementing consumer protection projects

### 5.1.9 Education scheme Educators

**Responsible bodies and programmes to be carried out in education scheme:**

**MES** – pilot model of introducing financial education into the Slovenian education and schooling system

**MF** – contact points

**MLFSA** – presentation of additional voluntary pension insurance

**Programme providers:**

**Pilot model:** the selected provider

**Contact point:** responsible body directly and through other providers

**Presentation of public policy in the area of additional voluntary pension insurance:** responsible body directly or through other providers



**Duration:**

**Pilot model:** two years

**Contact point:** indefinite period starting in October 2011

**Presentation of public policy in the area of additional voluntary pension insurance:** indefinite period starting in November 2011

**Fundamental needs:** provision of expert bases, teaching aids, supporting material for teachers who, when teaching individual subjects, come across financial education content, and for other educators. A more efficient and better use of lessons intended for the above contents. A centralised source of data for eventual area surveyors

**Education contents:** contents will be determined by experts

**Education courses:** internet, conference, workshops, libraries, contact point

**Measurement of results:** evaluation of the pilot model, web page hits, measurement of users' and providers' satisfaction, the rise in the number of participants, media coverage

**International context:** link to EC Dolceta web portal

**Sources of financing:**

**Pilot model:** funding of the European Structural Funds at the MES

**Contact point:** financially impartial

**Presentation of public policy in the area of additional voluntary pension insurance:** financially impartial

## 5.2 Short-term solutions

### **Designing the central web page**

At the central web page, basic information and warnings intended for individuals can be found. Furthermore, detailed information will be provided by individual institutions of all ministries, their content will be linked to the central web page by establishing an electronic link.

In designing the pages, appropriate contents and the presentation of the web page will be studied. In designing the central web page, the editorial board providing for the exchange of opinions about the appropriateness of the contents will also participate. The task of the editorial board will be operational assistance to the body responsible.

At the central web page, a **contact point for financial education** will be established and will be intended in particular for producers of programmes and providers of financial education and educators who would have an easy access to exact and up-to-date sources in one place. **The contact point** should encourage financial education and through modern communication devices, establish networking of all stakeholders of financial education in Slovenia which should encourage the cooperation among interested stakeholders and facilitate the exchange of knowledge and norms (this refers to recommendations, instructions, codes of ethics, etc., at the national and international level) and study material, reduce the asymmetry and dissemination of existing information, their unnecessary integration and seek synergy effects in connection with other government policies affecting the protection of

citizens and **lifelong learning** in the area of finances. The central web page is intended for all target groups.

#### **Publishing of brochures**

The publishing of brochures has been one of basic manners of informing individuals about current issues in various financial areas. It is expected that brochures will be published in electronic form. Brochures are intended for all target groups.

#### **Organisation of media activities**

In order to raise awareness of the problems caused by a low level of financial capability, it is expected that media campaigns intended for all target groups except for children in nurseries are organised.

#### **Training of educators**

The National Education Institute implements and will implement programmes in a form of consultation sessions, symposia, workshops, regional study meetings of teachers and similar within the framework of advanced professional training of professionals employed in the education and schooling system. The change in education is the use of high quality didactic e-material within the European Dolceta project. The National Education Institute actively participates in the Dolceta project since it is responsible for the circulation of material to the stated target groups formed under the project in question.

### 5.3 Long-term solutions

#### **Pilot model of introducing financial education in the Slovenian education and schooling system**

The MES should invite to tender for a project presenting a pilot model or an attempt to introduce financial education in the Slovenian education and schooling system. The project should provide expert bases, teaching aids, supporting material for teachers who, when teaching individual subjects, come across financial education content. This would mean a more efficient and better use of lessons intended for the above contents. The project should be carried out two years; the amount of funds intended for the above project is subject particularly to the amount of available funding of the European Structural Funds at the Ministry of Education and Sport. Target groups that participate in the concerned pilot model are children in nurseries, pupils in primary and secondary schools and educators (childcare workers, teachers, in short, actors of the education process at the levels of pre-university education).

#### **Development of new education courses**

Social Work Centres may be one of contact points or courses for providing information. The contents may be disseminated in web pages and informative publications that would be adjusted to individual groups of users (the Ministry of Labour, Family and Social Affairs considers the possibilities of setting up computers in Social Work Centres where users could get access to various web pages. The content of financial education material (informative publications) and web pages should be prepared by involving other institutions (MF) and the MLFSA could participate in the content adaptation for individual target groups.

Based on public invitation to tender, the MLFSA provides co-financing for social assistance programmes. The financial education programmes of various vulnerable groups of the population (persons with mental health problems, victims of violence, persons with disabilities, addicts, the Roma people) could (through a public invitation to tender) be co-financed within development and experimental programmes. In preparing the public invitation

to tender, financial education will have to be added and presentation among individual providers (promotion of potential educators for designing such programmes) will have to be carried out. A presentation would be given together with other responsible institutions.

It would be reasonable to include NGOs since they may significantly contribute to dissemination of information (e.g. Federation of Pensioners' Organisations, mental health NGOs, etc.).

## 6 Proposals for measures and actions for the implementation of proposed solutions

### 6.1 Central web page

#### 6.1.1 Designing the central web page and coordination of activities

The MF will design a special web page intended for financial education of individuals and training of educators (NFP). The activities will be coordinated by the editorial board. The content of information will be adjusted to individual groups divided in target groups or individual education schemes. In designing web pages, contributions and Internet links will be provided by the following: MLFSA, MES, ME and all interested stakeholders that satisfy the criteria set out by the NFEP. The main structure of the web page will consist of the following:

#### FINANCIAL EDUCATION

- **contact point**
  - database (EC Dolceta web portal and EDFE, warnings, accessible education material, recommendations and good practices, codes of ethics etc.)
- **natural persons**
  - children (link to MES);
  - young persons (link to MES, ME);
  - young people outside formal education (link to MES, MLFSA, ME and supervisors);
  - employees (link to MLFSA, ME, MES, SCA and supervisors);
  - elderly people (link to MLFSA and supervisors);
  - special target groups (link to MLFSA, ME, MES and supervisors);
  - educators (link to MES).
- **links to related web pages**

On the official web page, the MLFSA will prepare an overview of applicable legislation, development of additional pension insurance within the meaning of changes of the Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia - Uradni list RS, no. 109/2006, the fourth consolidated text) and will publish once a year (as at 31 December):

- the number and names of pension funds and sub-funds on the basis of which approved retirement plans are implemented;
- rights of members on the basis of membership in the system of additional pension insurance saving;

- the lowest and the highest annual rate of yield of pension funds;
- the amount of funds invested in pension funds;
- number of members in relation to individual form of pension fund and sub-fund;
- average paid monthly premium;
- cost charged by other operators.

The updated web page can be linked to central web page at the ME.

The MES will give an ongoing update of the web page which can be linked to the central web page of the ME and will study the possibility of extension and the integrated and systematic incorporation of financial education into the compulsory part of school curricula.

The ME will actively update the web page which can be linked to the central web page at the MF.

### 6.1.2 Editorial board

The editorial board will operate within the central web page; it will consist of web page producers. Its task will be operational support to the responsible body in designing appropriate and impartial contents and maintaining the relevance of the topic and in taking into account criteria set up in NFEP.

### 6.1.3 Contact point

By establishing **contact points**, a mutual relationship between all stakeholders will be created that will be bound by OECD and EU guidelines and government policy that influence citizen protection and lifelong learning in the area of finance.

The MF will establish **contact points** on the central web page for producers and providers of financial education programmes as a single entry point. A contact person will be appointed to maintain and update the databases.

### 6.1.4 Assessment of financial impacts

The central web page will be set up in accordance with the existing human resource and material opportunities. The participation in the editorial board will not be paid. The function will be honorary. The measure does not foresee financial consequences.

## 6.2 Issue of brochures

Every year, on the basis of public invitation to tender, the ME co-funds projects in consumer protection and supports the elaboration and delivery of brochures that inform consumers of all facts and findings which are important for them. Public invitations to tender will be financed in compliance with available funding.

## 6.3 Organisation of media activities

Presentation activities will be carried out within the framework of connecting public relations offices of participating ministries. The Government of the Republic of Slovenia will advocate cooperation and unity in the presentation activities of other stakeholders of financial education.

The MF will advocate the presentation of financial education. The representatives of the MF will participate as experts in individual financial areas.

The MLFSA will inform the population of the significance of the pension insurance and additional forms of old age saving schemes. In addition to the presentation and awareness of the insured persons about the scope of their rights under compulsory pension insurance and the significance of additional voluntary pension insurance, the MLFSA foresees these possible activities as follows:

- setting up special web pages or sub-pages on the website of the Government of the Republic of Slovenia on which all key information of adopted changes and their practical illustrations will be collected;
- setting up a special section with the mentioned topics on the web pages of the MLFSA;
- setting up an open telephone line for citizens, by means of which properly trained telephone operators will explain effects of the change in special cases to citizens;
- organising a large series of presentations delivered by the representatives of the MLFSA, PDII (Pension and Disability Insurance Institute of the Republic of Slovenia) and external experts;
- working with the PDII in answering the questions and initiatives posed by citizens;
- integrating services of the public relations offices of ministries dealing with the issues of elderly people;
- working with interest groups of elderly people whereby their network on the spot would create significant value added.

The assessment of financial effects will be given when the measures have been acknowledged; however, financial resources will be provided by the MLFSA.

The MES will advocate the presentation on financial education. Their representatives will cooperate with experts covering the mentioned area (National Education Institute, Educational Research Institute, National School for Leadership in Education and Faculty of Education).

On the web page, the ME will publish and remind of the adopted legislation which is significant for consumers and enable the access to the legislation related to consumer protection.

## 6.4 Training of educators

The MF will provide the participation of financial experts at **the contact point**.

The MLFSA will, within the presentation of public policy in the area of additional voluntary pension insurance, educate the representatives of representative trade unions and representatives of the employers' association who will take the initiative to present these forms of insurance by individual undertakings. The MLFSA will provide education and presentation, free of charge, within regular official duties.

The MES will, based on the foreseen pilot model, organise training of educators who should not only be teachers but also parents.

The National Education Institute carries out and will carry out, in professional training for experts employed in the education and schooling system, programmes under which

educators whose work area relates to the contents of financial education are trained in a form of consultation sessions, symposia, workshops, regional study meetings of teachers and similar.

The ME will, in accordance with available funding and personnel continue to provide counselling to consumers as a public service which is freely accessible to all citizens of Slovenia.

#### 6.5 Pilot model for introducing financial education into the Slovenian education and schooling system

In line the financial resources of the European Structural Funds, the MES should issue an invitation to tender for a project which will be a pilot model for introducing financial education into the Slovenian education and schooling system. The project will provide expert bases, teaching aids, supporting material for teachers who, when teaching individual subjects, come across financial education contents. This would mean a more efficient and otherwise better use of lessons intended for the above contents. The project should be carried out two years; the amount of funds intended for the above project is subject particularly to the amount of available funding of the European Structural Funds at the Ministry of Education and Sport.

**The objectives of the project are as follows:**

1. to create expert bases which will contribute to the provision of high quality knowledge, taking into consideration the results of domestic and foreign practices with an analysis of the situation and guidelines for the future;
2. to prepare expert materials to educate trainers for trainers, teaching material and other teaching aids;
3. to implement a pilot model with trainers for trainers and pupils;
4. to evaluate materials and education methods.

#### 6.6 Development of new education courses

The MF studies the possibility of integrating financial education through special libraries.

The MLFSA will set up a pension fund committee. The proposal for the new reform of pension legislation foresees the setting up of a special monitoring committee for every pension fund set-up, the task of which will not only be to monitor the operations, but also the information of the members of the pension fund about the operation and eventual violations of pension plan provisions. It is envisaged that the cooperation in pension fund committees will be free of charge and the function will be honorary. The measure has no financial impact.

The ME will, within the granted concession for issuing magazines for *VIP* consumers and in accordance with the contract with the issuer–non-governmental consumer organisation, ensure that the magazine will be accessible to all school and public libraries.

### 7 Conclusion

In Slovenia, the NFEP will start and make efforts in a systematic and coordinated manner to improve the country's financial capability. It focuses on the specific needs of five target groups. The establishment of networking between responsible bodies and education scheme providers and the implementation of education schemes' short- and long-term solutions require a regular examination of their practical application and feasibility. For the purposes of

the ongoing adjustment of contents and methods to optimise the effectiveness of financial education in the context presented, the NFEP also comprises instructions for the regular, systematic monitoring of its implementation, the evaluation of the progress of education schemes, and the achievement of NFEP objectives as a whole. The NFEP also envisages a connection to the EDFE European database which facilitates the exchange of European best practice and learning from the experience of those who have already developed such programmes.