



## **G20/OECD INFE CORE COMPETENCIES FRAMEWORK ON FINANCIAL LITERACY FOR ADULTS**

This G20/OECD INFE Core Competencies Framework on Financial Literacy for Adults was prepared by the OECD International Network on Financial Education (INFE) Technical Committee and its Expert Subgroup on Core Competencies on Financial Literacy. It has been approved for circulation to GPFI and G20 leaders and wider dissemination by the OECD/INFE and the OECD bodies in charge of financial education. It is transmitted to the Global Partnership on Financial Inclusion (GPFI) at their July 2016 meetings in China.

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This document contains an outcome-based core competencies framework on financial literacy for adults developed by the OECD International Network on Financial Education in response to a call from G20 leaders in 2013. The framework is a policy tool, highlighting a range of financial literacy outcomes that may be considered to be universally relevant and important to sustain or improve financial well-being in everyday life. It describes the types of knowledge that adults aged 18 or over could benefit from, what they should be capable of doing and the behaviours that may help them to achieve financial well-being, as well as the attitudes and confidence that will support this process. It can be used to inform the development of a national strategy on financial education, improve programme design, identify gaps in provision, and create assessment, measurement and evaluation tools.

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## **CORE COMPETENCIES FRAMEWORK ON FINANCIAL LITERACY FOR ADULTS**

### **The purpose**

A core competencies framework on financial literacy for adults is an important tool to support the development and implementation of national strategies, providing an indication of the outcomes that could be targeted by interventions, and the aspects of financial literacy that could be assessed in evaluations and large-scale surveys. In particular the outcome-based core competencies described in such a framework highlight the knowledge, behaviour and attitudes considered to be the most important components of financial literacy.

This international framework is intended to provide clarity and consistency about the competencies considered to be core to making financial decisions and operating in today's financial landscape. This information provides guidance on the breadth of financial literacy that could be covered within a national strategy, and can also help to guide the content design of financial education initiatives and indicate areas to be assessed as part of an evaluation strategy. It may also highlight aspects of financial behaviour that can be more efficiently addressed through better product design, consumer protection and/or regulation.

An international framework is consistent with the international nature of the financial services industry, the mobility of populations and the increasing expectations that financial services regulation and financial consumer protection frameworks will also be aligned internationally.

### **The terminology**

The term 'core competencies' here refers to the aspects of knowledge, behaviour and attitudes that form the basis of sound financial decisions; they are considered to be the main, or primary, financial literacy competencies that could benefit an individual. It is anticipated that some combination of these core competencies, based on personal needs and the cultural and economic context, will sustain or improve financial well-being. As with any other skill, it is highly unlikely that any one person will exhibit all of the competencies listed, or that they will find each one equally easy to acquire. It may also be the case that some competencies are harder to maintain than others; for example knowledge needs updating, and confidence may require positive feedback. It should therefore be assumed that the development and maintenance of the necessary core competencies for any one individual is a dynamic process that occurs throughout life.

### **The process**

This document has been developed by the OECD International Network on Financial Education (INFE) and its Expert Subgroup on Core Competencies, in response to the G20 leaders' call to the OECD/INFE in 2013 to develop core competencies framework on financial literacy for youth and adults.

The overall structure and content of the framework was approved by the OECD/INFE Technical Committee in Amsterdam in April 2016. The document was then finalised, taking into account oral and written comments, and approved by the Technical Committee through the written process on 7 June 2016. On 1 July 2016 the OECD bodies in charge of financial education [Committee on Financial Markets (CMF) and Insurance and Private Pensions Committee (IPPC)] approved this final version for circulation to GPFI and G20 leaders and wider dissemination.

## The content

This document presents an outcome based, core competencies framework on financial literacy for adults. The framework builds on the OECD/INFE work on core competencies for youth and extensive development work on measuring the financial literacy of youth and adults as well as on the national frameworks discussed in Annex 1 and expert feedback from members of the OECD/INFE. In particular, it uses the same content categories used in the PISA assessment framework and the youth core competencies framework. Consistent with the OECD definitions of financial education and financial literacy<sup>1</sup> acknowledged by G20 leaders, it focuses separately on knowledge, behaviour and attitudes; an approach also taken in the OECD/INFE financial literacy measurement work<sup>2</sup> and the youth core competencies framework. It also draws on the findings of various other OECD/INFE outputs, including dedicated work on financial education for long-term savings and investment and work on vulnerable groups.

Four content areas are covered within the framework: Money and Transactions; Planning and Managing Finances; Risk and Reward, and the Financial Landscape.

**The adult framework is designed to complement the youth core competencies framework published in 2015, taking into account:**

- the wider use of traditional and new types of financial services, including digital financial services,
- the more complex and often urgent financial decisions made by adults, and
- the broader range of knowledge and increased confidence required in adulthood to achieve financial well-being.

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<sup>1</sup> Financial Education is defined in OECD (2005) Improving Financial Literacy: Analysis of Issues and Policies; Financial Literacy is defined in the 2015 OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion [http://www.oecd.org/daf/fin/financial-education/2015\\_OECD\\_INFE\\_Toolkit\\_Measuring\\_Financial\\_Literacy.pdf](http://www.oecd.org/daf/fin/financial-education/2015_OECD_INFE_Toolkit_Measuring_Financial_Literacy.pdf)

<sup>2</sup> See <http://www.oecd.org/daf/fin/financial-education/measuringfinancialliteracy.htm>

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## 1. AN INTERNATIONAL FRAMEWORK

In 2013, G20 leaders called on the OECD International Network on Financial Education (INFE) to develop core competencies frameworks on financial literacy for youth and adults. The youth framework was submitted to G20 leaders in 2015, and this document presents the results of extensive work to develop a complementary framework for adults.

**A framework of internationally relevant core competencies on financial literacy for adults is consistent with the international and increasingly digital nature of the financial services industry, the mobility of populations and the increasing expectations that financial services regulation and financial consumer protection frameworks will also be aligned internationally.**

**The framework presented in this document highlights a range of financial literacy outcomes that may be considered to be universally relevant or important to maximise financial well-being in everyday life.** It describes the types of knowledge that adults aged 18 or over could benefit from, what they should be capable of doing and behaviours that may help to sustain or improve financial well-being, as well as the attitudes and confidence that will support this process. It can be used to inform the development of a national strategy on financial education, improve programme design, identify gaps in provision, and create assessment, measurement and evaluation tools.

**The framework is intended to be read as a high-level overview of core financial literacy competencies.** As with any other skill, it is unlikely that any one person will exhibit each competency and there is no expectation that individuals should aspire to having all of the competencies listed. However, it is anticipated that a combination of these competencies, based on personal needs and the cultural and economic context, is likely to maintain or improve the financial well-being of an individual.

The extent to which people are financially included and confident using financial products and services will impact on the knowledge, behaviour and attitudes of consumers, indicating that access to appropriate financial products and services is a pre-requisite for some of the core competencies indicated. This should be taken into account when applying the framework at a national level.

### **Taking into account needs and priorities**

Certain financial literacy outcomes are currently only relevant in a minority of countries. **Some of these reflect emerging issues, such as the impact of technological advancements,** and may become more widely applicable in time, and so are included. Some competencies have relevance in different ways across different groups of people: for example understanding exchange rates is useful for those following the international news but invaluable to families in sending or receiving remittances. Other issues are more specific to the national context and are therefore left to the individual country to incorporate in their own version of the framework if they wish. This includes certain aspects of pension or tax policy, for example, as well as detailed competencies around the payment of education or health care.

Some competencies will be more or less relevant depending on the household characteristics of individuals and the extent to which they make financial decisions as a couple, family, group or community. Those managing a family budget may require different financial products and have different priorities from adults living alone, for example. Some of the core competencies specifically address the need for cooperation in a household context but other competencies may also have particular significance depending on household or other characteristics.

### **Complementarity with the OECD/INFE framework for youth**

**This framework for adults complements the OECD/INFE Core Competencies Framework on Financial Literacy for Youth, delivered to G20 leaders in 2015.** The adult framework is built on the basic assumption that the competencies identified as relevant for youth aged 15-18 years of age will also be relevant to adults aged 18 and over, whilst additional competencies become increasingly relevant in adulthood, including the ability to use credit appropriately and manage debt, choosing and using financial products and services including those delivered through digital channels, and managing investments and retirement savings. Some competencies are described in both frameworks in order to ensure consistency and make it possible to use either document as a standalone reference. For example, the youth framework includes 'aware of the common forms of money' which indicates an awareness of what is actually available. The adult framework indicates that adults should be 'aware that money can take different forms (including digital ones) and knows what these are', which could include forms that are not common or widely discussed, or are not available locally. This approach ensures consistency in content, without excess repetition.

## 2. CHARACTERISTICS OF THE FRAMEWORK

### Flexible content applicable across countries

This OECD/INFE Core Competencies Framework on Financial Literacy for Adults has been designed as a point of reference for all stakeholders with an interest in developing the financial literacy of adults. **It focuses on a range of core competencies that are – or are likely to become - relevant across countries and target groups**, making it a valuable policy tool regardless of national factors such as the level of economic development or existence of a national strategy for financial education.

The framework highlights certain core financial literacy competencies that underpin or scaffold other core competencies (these underpinning competencies are highlighted first under each topic). This approach helps users to quickly identify a variety of core competencies that may need prioritising, whilst the comprehensive nature of the framework provides further detail for those focusing on core competencies within a specific topic. The content is also arranged according to how important it is likely to be, although users should take note that the actual priority will depend on various factors, including the national context. Stakeholders are free to use as much or as little of the content as they feel is appropriate, and can tailor the text and order of the competencies to national circumstances, providing examples within the country context.

### Outcome based

**As with the youth framework, the adult framework focuses on defining high-level outcomes.** These can be used to develop or refine programmes and strategies, and to create meaningful outcome measures for use during programme evaluation.

Programme designers and evaluators reading the core competencies may find it helpful to pose the questions: *“How can we help people to develop this competency”*- and – *“How do we know whether a person has this competency?”*. In some cases, education, information and advice will help consumers to improve the competencies listed, but policy makers will also recognise competencies that could be reinforced through a combination of better product design, financial consumer protection and/or regulation.

Users of the framework should take into account that there are several important, general competencies and opportunities that underpin levels of financial literacy. These include literacy and basic numeracy and the ability to make a choice from the options available or commit to a specific course of action as well as access to appropriate financial products.



## Comprehensive coverage

There are four tables in this core competencies framework, covering the content areas of

A. Money and Transactions,

B. Planning and Managing Finances,

C. Risk and Reward, and

D. the Financial Landscape.

The framework covers the following content areas and topics:

A. Money and Transactions	B. Planning and managing finances	C. Risk and reward	D. Financial landscape
i. Money and currencies	i. Budgeting	i. Identifying risk	i. Regulation and consumer protection
ii. Income	ii. Managing income and expenditure	ii. Financial safety nets and insurance	ii. Rights and responsibilities
iii. Payments, prices and purchases	iii. Saving	iii. Balancing risk and reward	iii. Education, information and advice
iv. Financial records and contracts	iv. Investing		iv. Financial products and services
	v. Longer-term planning and asset building		v. Scams and fraud
	vi. Retirement		vi. Taxes and public spending
	vii. Credit		vii. External influences
	viii. Debt and debt management		

The sets of core competencies relating to a specific topic have been arranged vertically according to the following criteria:

- The extent to which they underpin or scaffold other core competencies (**underpinning** or scaffolding competencies are highlighted first under each heading).
- Their likely priority (the actual priority will depend on various factors, including the national context).

It is important to note that the order does not indicate the relative difficulty of acquiring a competency or the likelihood that someone already has a competency, as both difficulty and likelihood are likely to vary according to personal characteristics and national context.

Core competencies for each content area and topic are grouped according to whether they describe *awareness, knowledge and understanding*; *skills and behaviour*; or *confidence, motivation and attitudes*:

- The first category, '*awareness, knowledge and understanding*' relates to the information already acquired by individuals.

- The second category, *'skills and behaviour'* describes competencies related to actions – both the skills required to act in a manner consistent with achieving positive outcomes, and the behaviours that would be most likely to lead to financial well-being.
- The final category, *'confidence, motivation and attitudes'* seeks to capture the internal, psychological mechanisms that may support or hinder decisions, behaviours and well-being: in particular it describes the mental position, feelings or emotions that make up attitudes. For example, it describes the attitude of confidence (which can be thought of as trust in oneself and positive expectations about outcomes) and personal motivation that may support positive behaviours.

In some cases, a particular core competency could fit within more than one topic (insurance products could be discussed under both risk and products, for example). For the sake of brevity, competencies are not replicated in all possible positions within the framework, although there are some instances where a competency is mentioned in more than one place.

The framework does not include illustrative examples such as the different forms of money, as these significantly increase the text and are often country specific. However, stakeholders may wish to develop examples of relevance to their target groups when using the framework in order to ensure a common understanding of the anticipated outcomes.

#### What are core competencies?

The term 'core competencies' used in this framework refers to the aspects of **knowledge, behaviours and attitudes that form the basis of sound financial decisions**; they are considered to be the main, or primary financial literacy competencies that could benefit an individual.

It is anticipated that a combination of these core competencies, based on personal needs and the cultural and economic context, will enable an individual to maintain or improve financial well-being.

As with any other skill, it is highly unlikely that any one person will exhibit all of the core competencies listed, or that they will find each one equally easy to acquire and maintain. It should therefore be assumed that the development and maintenance of the necessary core competencies for any one individual is a dynamic process that occurs throughout life.

### **3. THE G20/OECD INFE CORE COMPETENCIES FRAMEWORK ON FINANCIAL LITERACY FOR ADULTS**

#### **How to read the framework**

The framework should be read by content area and topic (such as Money and Transactions: Money). Competencies in the same row indicate the knowledge, behaviour and attitudes related to the same topic, but there is no expectation that they develop simultaneously or sequentially, or that they are equally easy or difficult to attain.

The underpinning competencies described at the beginning of each content area are considered to be priorities. The remaining core competencies are then listed vertically according to their typical level of importance, as agreed by OECD/INFE experts (those competencies considered to be highly important are listed first). Stakeholders are free to apply the framework flexibly, applying a different order of priority depending on local specificities.

Stakeholders focused on a specific topic, such as the use of credit, are encouraged to examine the whole framework before applying it in their work, as it is quite possible that some relevant competencies overlapped with other topics and are included elsewhere in the document.

## A. Money and transactions

*This content area covers core competencies relating to factors such as the different forms and purposes of money and its uses, income generation and management, comparison shopping and payments, and the importance of financial records and contracts.*

### I. MONEY AND CURRENCIES

#### a) Awareness, knowledge and understanding

#### b) Skills and behaviour

#### c) Confidence, motivation and attitudes

#### Underpinning competencies

**Aware** that money can take different forms (including digital ones) and knows what these are  
**Understands** that the purchasing power of money can vary over time

**Takes care** of money in all its forms  
**Seeks** ways to manage the impact of inflation on money held

**Motivated** to make personal choices about the use of money that can enhance financial well-being  
**Recognises** that personal well-being is made up of a variety of factors including those that are not related to money

#### Core competencies

**Understands** the relationship between various payment methods (including vouchers, coupons, pre-paid cards, debit cards or online payment facilities where relevant) and money  
**Knows** how to safely transfer money to other individuals or entities

**Takes into account** the relative advantages and disadvantages of different forms of money when choosing which to use

**Understands** the meaning of legal tender  
**Knows** how to identify genuine notes and coins and knows what to do if counterfeit money is found  
**Aware** that currencies or specific notes and coins may become obsolete over time and knows how to exchange them if relevant

**Takes appropriate action** if notes or coins are thought to be counterfeit  
**Exchanges** obsolete notes and coins for new ones within the specified time

**Knows**

- how to apply exchange rates to convert amounts into different currencies
- that transaction fees, commission and exchange rates vary across time and providers

**Understands** the impact of changing exchange rates on remittances, foreign travel or purchases  
**Aware** that money means different things to different people

**Uses** an appropriate method to convert prices in foreign currencies to a familiar currency  
**Takes into account** fees and the exchange rate when deciding how to remit or exchange money

**Confident** to handle transactions in different currencies when necessary

<b>II. INCOME</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Knows about</b> the sources of earned and unearned income, including government benefits, that are available and the requirements for receiving them	<b>Assesses</b> current income needs <b>Seeks</b> ways to gain sufficient income to at least pay current living expenses <b>Maximises</b> use of personal income	<b>Comfortable</b> discussing income with others when necessary
<b>Core competencies</b>		
<b>Aware</b> of reasons why an individual's net income may fluctuate <b>Can identify</b> legal ways to increase income if necessary		<b>Motivated</b> to find a way to receive sufficient income to achieve required standard of living today and in the future
<b>Understands</b> <ul style="list-style-type: none"> <li>• the entries on a payslip and statement of income</li> <li>• the importance of keeping a record of income</li> <li>• the difference between gross and net income</li> <li>• how to work out net income over different periods</li> </ul>	<b>Checks</b> <ul style="list-style-type: none"> <li>• payslips and income statements and files them for future reference</li> <li>• actual income against expected income and seeks to identify the cause of any discrepancies</li> </ul> <b>Uses</b> gross or net income as appropriate when making decisions	
<b>Understands</b> that some automatic deductions from pay may be building assets and others may be paying expenses	<b>Takes into account</b> the full pay package, including contributions to savings or insurance where relevant, when comparing current income to alternatives	
<b>Understands</b> how income can be earned from assets or investments <b>Aware</b> that few people have an earned income in old age and recognises the importance of ensuring an alternative income source	<b>Makes a realistic assessment</b> of likely future income <b>Sets aside</b> some income for retirement	
<b>Aware</b> of potential work and career paths, including entrepreneurship, and how these may impact on income levels	<b>Takes practical steps</b> to pursue a career choice or business idea, if relevant	<b>Confident to</b> <ul style="list-style-type: none"> <li>• pursue a career choice or business idea</li> <li>• consider a job change, if relevant</li> </ul>

### III. PAYMENTS, PRICES AND PURCHASES

a) Awareness, knowledge and understanding	b) Skills and behaviour	c) Confidence, motivation and attitudes
<b>Underpinning competencies</b>		
<p><b>Knows</b></p> <ul style="list-style-type: none"> <li>• how to calculate and interpret meaningful unit prices of purchases, where relevant</li> <li>• that the same goods or services may be priced differently by different vendors, at different times or in different locations</li> <li>• that there are often substitutes for products [in some case including second-hand ones] and services that may cost less than the one originally identified</li> </ul>	<p><b>Compares</b> the price of similar goods from different providers when practical</p> <p><b>Seeks</b> to buy goods and services at a fair price</p>	<p><b>Confident to</b></p> <ul style="list-style-type: none"> <li>• negotiate a fair price</li> <li>• say no to a sales offer that is unsatisfactory or unwanted</li> </ul>
<b>Core competencies</b>		
<p><b>Knows</b> how to assess the potential risk and benefits of different payment methods</p> <p><b>Aware</b> that</p> <ul style="list-style-type: none"> <li>• some methods of payment are a form of borrowing and understands how this will affect the overall price paid</li> <li>• different types of transaction have different implications for cash-flow</li> </ul> <p><b>Recognises</b> opportunities for making transactions using relevant technology</p>	<p><b>Uses</b> an appropriate method for making payments, taking into account the overall cost of the method chosen</p>	
<p><b>Understands</b> that mistakes can be made when making payments and purchases, and knows how to spot them on invoices, bills and receipts</p> <p><b>Knows</b> that some receipts should be kept as evidence of a purchase</p>	<p><b>Checks</b></p> <ul style="list-style-type: none"> <li>• payment details, receipts and change</li> <li>• invoices and bills where relevant</li> </ul> <p><b>Requests</b> a receipt if not provided</p> <p><b>Keeps</b> receipts and other relevant documents related to important purchases</p> <p><b>Keeps track</b> of all money paid out or spent</p>	<p><b>Confident</b> to double check when it appears that a mistake has been made with a payment or purchase</p>
<p><b>Recognises</b> that adverts, special offers and the media can have a powerful impact on the perceived desirability of particular purchases</p> <p><b>Understands</b> that money spent on one thing is not</p>	<p><b>Develops strategies</b> to minimise unintended consequences of advertising and social pressure, such as overspending</p> <p><b>Takes steps</b> to make informed purchases</p>	<p><b>Confident</b> to resist pressure to make unplanned purchases</p>

available for something else [the concept of opportunity cost]	<b>Considers</b> the overall value [or utility] of a potential purchase as well as its ticket price	
<b>Knows</b> <ul style="list-style-type: none"> <li>that the actual cost of a good or service may depend on factors such as taxes or exchange rates</li> <li>how to calculate the final consumer price where this is not stated on the price ticket of an item</li> <li>how inflation and deflation can affect the future price of goods and services</li> </ul>	<b>Calculates or estimates</b> the final price of a good or service <b>Makes</b> an informed decision about whether to make large purchases immediately or in the future	<b>Confident</b> to apply knowledge of factors such as inflation and exchange rates when making a decision about whether to delay a purchase
<b>Understands</b> that purchase decisions should take into account the affordability of the prospective costs rather than past expenditure [applying the concept of sunk cost] <b>Knows</b> that some purchases may incur ongoing costs such as maintenance or storage	<b>Takes into account</b> long-term implications of subscriptions and other purchases requiring repeated payments <b>Makes an informed decision</b> about the overall impact of options to spread payments over time <b>Makes</b> any ongoing payments as agreed	
<b>IV. FINANCIAL RECORDS AND CONTRACTS</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Understands</b> the implications of signing a contract with a financial service provider	<b>Confirms understanding</b> of the legal and financial terms and implications of a contract before signing	<b>Willing</b> to ask for advice before signing a contract
<b>Core competencies</b>		
<b>Aware</b> of the importance of keeping certain documents in a place where they can be referred to if necessary	<b>Checks</b> financial records and contracts before filing them in an orderly and accessible ways <b>Queries</b> uncertainties relating to financial records and contracts and asks for any errors to be corrected <b>Asks</b> for financial records and written contracts when not provided	

## B. Planning and managing finances

*Planning and managing finances incorporates day to day financial planning competencies relating to creating and using a budget and managing income and expenditure, as well as longer term planning competencies such as saving, investing and making long-term plans. Specific core competencies related to retirement, credit use and debt management are also included.*

### I. BUDGETING

#### a) Awareness, knowledge and understanding

#### b) Skills and behaviour

#### c) Confidence, motivation and attitudes

#### Underpinning competencies

##### Knows

- what a budget is
- how to create a budget
- how to calculate how much money is available to save and spend

**Understands** why it is beneficial to create and follow a budget

**Creates** a regular budget [in discussion with others if relevant], using appropriate tools if available

**Uses** a budget to plan income, saving and expenditure

**Motivated** to take time to create and follow a budget as a strategy for maintaining or increasing financial well-being

#### Core competencies

**Knows** how to monitor income and expenses

**Aware** that when using a formal financial product, transactions may have occurred since a paper-based or electronic financial statement was prepared

**Takes into account** regular, irregular and changing income and commitments when creating a budget

**Takes steps** to follow a budget

**Tracks** expenses and expenditure as part of the budgeting process

**Compares** actual expenses against budgeted amounts and makes adjustments where necessary

**Makes** budget adjustments in the face of an unexpected expense or unexpected reduction in income

**Motivated** to consider the overall budget when making spending decisions

**Knows** how to

- incorporate occasional expenses such as gifts, donations or holidays into a budget and allowance for discretionary spending when feasible
- make adjustments to a budget when necessary

**Understands** why it is important to take into account the medium and longer-term perspectives when budgeting

**Identifies** 'needs' and 'wants' and prioritises as necessary

**Reassesses** a budget when a shortfall is anticipated or forecast

**Motivated** to look beyond immediate needs and wants when budgeting to prepare for longer-term requirements

**Confident** to adjust a budget if necessary



II. MANAGING INCOME AND EXPENDITURE		
a) Awareness, knowledge and understanding	b) Skills and behaviour	c) Confidence, motivation and attitudes
<b>Underpinning competencies</b>		
<b>Understands</b> why it is important to actively manage money and not just monitor income and expenditure	<b>Calculates or takes note of</b> net income <b>Distinguishes</b> between fixed and variable expenditure <b>Treats</b> essential spending as a higher priority than discretionary spending <b>Monitors</b> income and expenditure and makes adjustments when necessary	<b>Confident to</b> <ul style="list-style-type: none"> <li>• make independent decisions about income and expenditure</li> <li>• set personal priorities in terms of essential and discretionary expenditure</li> </ul>
<b>Core competencies</b>		
<b>Understands</b> the importance of planning for irregular expenses <b>Can</b> identify options for paying unexpected expenses <b>Knows</b> how much money would be needed to cover expenses in the event of a loss of income	<b>Puts money aside</b> for irregular expenses that cannot be paid from current income <b>Seeks ways</b> of adjusting income or expenditure as necessary <b>Makes longer-term plans</b> to minimise or reduce very large essential expenses when these impact on standard of living	
<b>Knows</b> that different life stages and particular personal or household events may affect income and expenditure <b>Aware</b> that family, community and socio-cultural values and customs can influence the way in which people manage their money	<b>Keeps</b> any business income and expenditure separate from that of the household	<b>Accepts</b> the responsibility of managing individual [and possibly household] finances <b>Comfortable</b> discussing planning and managing finances with significant others <b>Confident</b> to act on behalf of others to manage their financial affairs if given the legal responsibility to do so
	<b>Makes informed decisions</b> about the use of exceptional income and assets received such as gifts, prizes or inheritance	

<b>III. SAVING</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<p><b>Understands</b></p> <ul style="list-style-type: none"> <li>the benefits of having savings goals and a plan to achieve them</li> <li>the benefits of starting to save as soon as possible and saving regularly</li> <li>the concept of treating personal saving as a financial commitment: sometimes described as ‘pay yourself first’</li> </ul>	<p><b>Identifies</b> a specific savings goal with a time frame and an approach to achieve it</p> <p><b>Strives</b> to save each time income is received</p> <p><b>Prioritises</b> saving ahead of some forms of discretionary spending</p> <p><b>Takes steps</b> to have emergency savings to manage financial shocks</p>	<p><b>Believes</b> it is possible to achieve one’s savings goals</p> <p><b>Confident</b> to set own savings targets based on realistic aspirations</p> <p><b>Sees</b> saving as a basic component of a household budget</p> <p><b>Motivated</b> to prioritise savings over some forms of discretionary spending</p>
<b>Core competencies</b>		
<p><b>Understands</b> the benefit of</p> <ul style="list-style-type: none"> <li>having emergency savings to cover financial shocks</li> <li>having some savings in a highly accessible or liquid form</li> </ul>		<p><b>Values</b> the additional financial resilience created through saving</p> <p><b>Satisfied</b> with current savings buffer or motivated to increase it</p>
<p><b>Knows</b> how to assess the security of different savings methods</p>	<p><b>Takes precautions</b> to keep saved money safe</p> <p><b>Takes care</b> to consider the real interest rate on savings held</p>	
<p><b>Understands</b> the impact of compound interest on savings and the savings methods that make this possible</p>	<p><b>Continues to save</b> even in a low interest rate environment</p>	
<p><b>Knows</b></p> <ul style="list-style-type: none"> <li>about the different savings options available [or can find out easily]</li> <li>that different savings products may offer different combinations of fees, interest rates and tax relief</li> <li>where to access suitable savings products</li> </ul> <p><b>Understands</b> that the choice of a particular savings or investing option may partly depend on the anticipated time horizon for reaching a savings goal</p>	<p><b>Researches</b> potential saving options</p> <p><b>Monitors</b> the growth of savings and makes adjustments if necessary</p>	

<b>IV. INVESTING</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<p><b>Knows</b> the difference between saving and investing</p> <p><b>Aware</b> that some forms of investment are more liquid than others</p> <p><b>Knows</b> that the value of an investment may increase or decrease</p>	<p><b>Creates</b> a liquid savings reserve before contemplating investing</p>	<p><b>Confident</b> to consider whether specific goals can be met by investing</p>
<b>Core competencies</b>		
<p><b>Knows</b> the characteristics of various investment options including levels of risk and potential return [or can find out easily]</p> <p><b>Understands</b> the benefits of holding a diversified portfolio of investments</p> <p><b>Knows</b> why it is important to consider overall asset allocation when investing</p> <p><b>Aware</b> of the additional risks of making uninformed investment decisions</p> <p><b>Understands</b> basic investing concepts such as risk tolerance, investment horizon, investment objectives</p>	<p><b>Researches</b> potential investments</p> <p><b>Makes</b> a decision that is consistent with risk tolerance, objectives and time horizon</p> <p><b>Creates</b> a diversified portfolio</p> <p><b>Monitors</b> investments periodically and makes adjustments as necessary</p>	<p><b>Confident</b> to</p> <ul style="list-style-type: none"> <li>• undertake research on potential investments before committing</li> <li>• make investment decisions alone or with help</li> <li>• question investment offers that appear too good to be true</li> </ul>
<b>Has some knowledge about</b> how to create an investment portfolio or how to ask for tailored advice		
<p><b>Knows</b></p> <ul style="list-style-type: none"> <li>• that fees, commission and other charges may be made for investment products and services</li> <li>• how changes in inflation, interest rates and/or exchange rates may impact on longer-term plans</li> <li>• how to calculate the proportionate increase or decrease of the value of an investment</li> </ul> <p><b>Understands</b> the difference between potential (unrealised) and realised losses or gains</p>	<p><b>Undertakes relevant calculations</b> when monitoring and managing investments</p>	
<p><b>Knows</b> that investment products such as pensions, life assurance policies, endowments or unit trusts may be</p>	<p><b>Motivated</b> to research the range of investments incorporated in investment products held such</p>	

designed to combine various investments		as pensions, life assurance policies, endowments or unit trusts in order to take both a financial and ethical decision on their suitability
<b>Understands</b> that the same stock or fund can have a different purchase price on different days <b>Aware</b> that an individual share price can increase or decrease regardless of reported changes in the stock market as a whole	<b>Takes into account</b> the costs of investing, including exit costs, before making a decision	
<b>Aware</b> that the value of investments in material goods such as gold may increase or decrease as a result of a range of factors	<b>Keeps an eye on</b> changes in the price of goods held as investment	
<b>Aware</b> that human characteristics such as emotions can impact on investing decisions in unanticipated ways	<b>Takes steps to</b> make informed decisions and control emotional responses when making investment decisions	
<b>V. LONGER-TERM PLANNING AND ASSET BUILDING</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Understands</b> the importance of having an eye on the longer-term even when short-term needs are pressing	<b>Makes financial plans</b> for future positive and negative life events that are likely to have financial consequences	<b>Values</b> long-term financial planning as a way of maintaining or increasing financial well-being <b>Confident</b> to make changes to longer-term financial plans if necessary
<b>Core competencies</b>		
<b>Understands</b> that long-term planning may require different types of financial product from those used for emergency savings	<b>Makes timely decisions</b> when planning for the longer-term <b>Identifies strategies</b> to <ul style="list-style-type: none"> <li>• take action [overcome procrastination] when making longer-term plans</li> <li>• balance immediate needs and wants with longer-term plans</li> <li>• achieve longer-term financial goals</li> </ul>	
<b>Recognises</b> that the actions needed to achieve longer-term plans may need adjusting over time	<b>Monitors</b> the changing value of investments, assets and liabilities <b>Takes into account</b> <ul style="list-style-type: none"> <li>• predictable fluctuations in income and</li> </ul>	<b>Confident</b> to put plans into action <b>Appreciates</b> when plans come to fruition

	<p>expenditure when making longer-term plans</p> <ul style="list-style-type: none"> <li>• all [personal and household] assets and liabilities when considering longer-term needs</li> <li>• the possibility that family or community members will need financial support in the longer-term</li> </ul>	
<p><b>Understands</b> the importance of making plans for the end of life including considering the financial requirements of dependents and making decisions about how outstanding costs, debts and assets should be distributed [writing a will, where relevant]</p>	<p><b>Puts plans in place</b> to cover current living expenses for dependents and arrange for the distribution of outstanding costs, debts and assets at the end of life, and checks these from time to time</p>	<p><b>Motivated</b> to consider the longer-term financial needs of dependents</p>
<b>VI. RETIREMENT</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<p><b>Understands</b></p> <ul style="list-style-type: none"> <li>• why it is important to consider ways of ensuring financial security beyond working age</li> <li>• why people are encouraged to save for retirement from a young age</li> </ul>	<p><b>Makes plans</b> to achieve financial security beyond working age</p> <p><b>Takes into account</b> all likely relevant resources and commitments when planning for retirement</p>	<p><b>Takes a positive attitude</b> towards life in retirement</p>
<b>Core competencies</b>		
<p><b>Knows</b> who is entitled to a state pension [where this exists], and how much it is</p> <p><b>Has a good understanding</b> of the main types of pension available nationally</p>	<p><b>Seeks to benefit</b> from incentive schemes to encourage retirement saving such as employer matching and tax advantages when possible</p>	
<p><b>Understands</b> that it is important to plan the decumulation phase of retirement as well as the accumulation phase</p> <p><b>Aware</b> of the</p> <ul style="list-style-type: none"> <li>• main options for drawing an income from a pension product at retirement</li> <li>• risks of drawing money from retirement savings or borrowing against them before retirement</li> </ul>	<p><b>Follows retirement plan</b> and makes adjustments as necessary in order to achieve required income in old age</p> <p><b>Makes active decisions</b> to manage savings decumulation during retirement [where relevant]</p> <p>[For older adults] <b>Considers</b> whether</p>	<p><b>Confident</b> to plan for retirement</p> <p><b>Appreciates</b> the importance of balancing current standard of living and spending choices with goal of achieving improved financial choices later in life</p>

	expenditure is likely to increase or decrease through retirement and plans accordingly	
<b>Knows</b> <ul style="list-style-type: none"> <li>the difference between optional and compulsory retirement savings</li> <li>that [in some jurisdictions] people may be automatically enrolled into a pension and knows whether opt-out is possible</li> </ul>	<b>Considers the impact</b> of nudges such as opt-out pensions or compulsory minimum contributions on retirement saving	
<b>VII. CREDIT</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Understands</b> the <ul style="list-style-type: none"> <li>implications of a credit commitment on future disposable income</li> <li>importance of assessing ability to repay before borrowing money</li> </ul> <b>Knows or can easily research</b> <ul style="list-style-type: none"> <li>the different types of credit available (including credit cards and mortgage products, where relevant)</li> <li>the intended use of different types of credit</li> <li>the main advantages and disadvantages of each one</li> </ul>	<b>Uses</b> credit only when necessary and after considering the consequences <b>Makes</b> timely repayments on all credit commitments [unless personal circumstances deteriorate]	<b>Motivated to</b> <ul style="list-style-type: none"> <li>consider the consequences of accessing credit before making a decision</li> <li>seek alternatives to borrowing</li> </ul> <b>Confident</b> to choose a suitable credit provider and product when necessary
<b>Core competencies</b>		
<b>Understands</b> the relevance of trying to pay more than the minimum balance on flexible credit commitments <b>Aware</b> of the risks of repeat use of rotating credit facilities	<b>Repays</b> the maximum possible [taking into account budget constraints] on short term credit or rotating commitments <b>Considers</b> the overall financial benefit of repaying credit early [where relevant] and takes an informed decision about doing so when funds allow <b>Makes decisions</b> to borrow and manages any credit commitments within a budget <b>Assesses</b> the total cost of credit and the likelihood of being able to pay it back before making any decision to borrow money	<b>Confident</b> to manage credit commitments

<p><b>Can differentiate between</b> the use of credit to generate or increase future income or wealth and the use of credit for consumption</p>	<p><b>Takes</b> into account the potential to generate or increase future income or wealth when deciding whether to borrow</p>
<p><b>Aware</b> of the potential negative consequences of borrowing to meet a shortfall in current income</p> <p><b>Knows</b></p> <ul style="list-style-type: none"> <li>• whether or not a loan is secured against an asset, and can assess the benefits and disadvantages of using such a loan</li> <li>• why it is important to be aware of the current interest rate on credit and whether that rate is fixed or variable</li> </ul> <p><b>Understands</b></p> <ul style="list-style-type: none"> <li>• the impact of compound interest on credit</li> <li>• the importance of knowing how long the repayment period will be and whether it is fixed</li> <li>• the risks and benefits of using different kinds of credit providers</li> <li>• the difference between formal and informal credit providers</li> </ul> <p><b>Aware</b> of the specific issues of taking credit in a foreign currency [where relevant]</p>	<p><b>Chooses</b> credit products carefully [once the decision has been made to borrow], taking into account factors such as the interest rate, overall cost and flexibility as well as the amount to be paid on regular repayments</p> <p><b>Assesses</b> the risks, benefits and potential consequences of using a particular credit provider</p>
<p><b>Understands</b> that the total amount of money available to spend in a bank account may include an agreed overdraft facility</p> <p><b>Knows</b> that an overdraft is a form of credit that may incur costs and must be repaid</p>	<p><b>Has the goal</b> of keeping a positive bank balance as part of following a budget</p>
<p><b>Aware</b> that</p> <ul style="list-style-type: none"> <li>• marketing and simplified lending processes can increase the temptation to access credit without considering the consequences</li> <li>• some vendors offer credit to incentivise buyers to make a purchase or spend more than originally planned and/or to increase future custom</li> <li>• credit offers that are initially interest free may incur interest in the future</li> </ul>	<p><b>Takes into account</b> the cost of credit as well as the cost of the item when making a decision to buy an item on credit</p> <p><b>Carefully considers</b> the likelihood that interest free credit can be repaid in full before the end of the interest free period and the consequences of not doing so</p>
<p><b>Confident</b> to decline unwanted credit that is offered with a purchase</p>	

<ul style="list-style-type: none"> <li>all options to 'buy now, pay later' [including basic utilities in many instances] are a form of credit</li> </ul>	
<p><b>Aware that</b></p> <ul style="list-style-type: none"> <li>income such as bonuses, windfalls or gifts may not be taken into account when calculating disposable income for credit purposes</li> <li>credit providers may seek information about a borrower's ability to repay and that this may include accessing a credit score collected by a third party</li> <li>a positive credit score can increase the likelihood of accessing credit and reduce the cost of credit</li> <li>the methods used to create credit scores may change over time</li> <li>providers may react differently to the information contained in a credit score</li> </ul> <p><b>Knows</b></p> <ul style="list-style-type: none"> <li>what factors are taken into account in a credit score</li> <li>how to access information on personal credit score and who to speak to in case of discrepancies</li> </ul>	<p><b>Asks</b> which information is being used to assess ability to repay credit</p> <p><b>Takes into account</b> the ways in which certain actions and behaviours will impact on a credit score [including actions monitored through big data where relevant]</p> <p><b>Takes steps</b> to improve credit score if necessary</p>
<p><b>Aware</b> that some credit providers may require a guarantor to cover credit payments in the event of default</p> <p><b>Understands</b> the social and financial implications of asking someone to become a guarantor and the responsibility it brings when credit repayments are not made</p>	<p><b>Takes into account</b> the social and financial implications of asking someone to be a guarantor</p>
<p><b>Aware</b> that it may be possible to renegotiate a credit agreement</p>	<p><b>Takes steps</b> to stay informed about market changes when repaying credit and considers renegotiating unfavourable or unaffordable arrangements</p>



## VIII. DEBT AND DEBT MANAGEMENT

a) Awareness, knowledge and understanding	b) Skills and behaviour	c) Confidence, motivation and attitudes
<b>Underpinning competencies</b>		
<p><b>Understands</b> the potential burden of being indebted</p> <p><b>Recognises</b> the relationship between current debt levels and financial well-being now and in the future</p> <p><b>Knows</b> where to go for help to reduce debt burden [when necessary]</p>	<p><b>Takes early action</b> to avoid or minimise debt problems</p>	<p><b>Motivated</b> to resolve issues related to credit before debt becomes a burden</p>
<b>Core competencies</b>		
<p><b>Knows</b> how to manage debt repayments</p> <p><b>Understands</b> that</p> <ul style="list-style-type: none"> <li>• debts can accrue from unpaid bills as well as from the use of credit</li> <li>• there is usually an additional cost incurred for late payment of bills and credit</li> </ul>	<p><b>Prioritises</b> bills and credit repayments over discretionary spending</p> <p><b>Takes steps</b> to avoid falling behind with payments even if circumstances change</p>	<p><b>Accepts responsibility</b> for debt and debt management</p>
<p><b>Knows</b> where to go for help in the case of problem debts</p> <p><b>Understands</b></p> <ul style="list-style-type: none"> <li>• that certain debts may have to be prioritised over others if they become unmanageable</li> <li>• the implications of failing to repay secured credit</li> <li>• that consumers have rights and responsibilities when managing debt</li> </ul>	<p><b>Informs</b> creditors before the due date of a repayment if it is impossible to pay</p>	<p><b>Confident</b> to speak to relevant parties to discuss debt management and repayments</p>
<p><b>Understands</b></p> <ul style="list-style-type: none"> <li>• why it is important to manage the ratio of [household or individual] debt to income</li> <li>• the implications on credit scores of failing to pay debts</li> </ul>	<p><b>Makes an informed decision</b> before accessing additional credit to repay current debts</p>	

### C. Risk and reward

*This content area includes core competencies relating to identifying risk, creating financial safety nets and balancing risk and reward. It covers the risks inherent in certain financial products, and other kinds of risk that may impact on personal and household financial well-being such as damage caused by flooding or earthquakes or the loss of household income through ill-health, disability or death of a family member.*

#### I. IDENTIFYING RISKS

##### a) Awareness, knowledge and understanding

##### b) Skills and behaviour

##### c) Confidence, motivation and attitudes

#### Underpinning competencies

**Aware** of risks in a financial context, including those inherent in products and those that can be insured against  
**Aware** that certain risks can be reduced through positive actions

**Considers the risks** of significant external issues that may impact on personal financial well-being [including for example environmental, health-related, science, security or economic factors]

**Motivated** to identify own risk tolerance  
**Confident** to make own assessment of risks without being unduly influenced by marketing or news items [avoiding availability bias]

#### Core competencies

**Aware** of the

- financial implication of longevity
- risk of being reliant on the income received by other people
- potential for political, economic and financial uncertainty to affect investment portfolios
- ways in which external shocks [such as extreme weather, catastrophes or terrorism] may have a financial impact

**Knows**

- that there may be a large financial risk to being uninsured for large cost events
- why it is important to insure against low probability, high cost events

**Aware** of the (possible) risks related to financial products, including

- making inappropriate product choices
- using variable interest rate products
- committing to fixed interest rates in a variable interest rate environment.

**Assesses** the financial risks associated with personal decisions and life choices  
**Considers** the risks of significant projects or purchases  
**Takes into account**

- the risk of changes in circumstance including job loss or increased outgoings
- the risk of losing some or all household income through ill-health, disability or death of a family member
- the risks associated with different financial products

**Motivated** to mitigate risks when necessary  
**Confident** to make considered decisions when risks become apparent

<ul style="list-style-type: none"> <li>taking out products in foreign currencies</li> </ul>		
<b>Aware</b> of the availability of data and other information that may help in the assessment of risks	<b>Applies</b> knowledge and available information to assess risks	<b>Motivated</b> to understand available information, including statistics when considering risks
<b>II. FINANCIAL SAFETY NETS AND INSURANCE</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Knows how to</b> <ul style="list-style-type: none"> <li>create a financial safety net such as rainy day savings</li> <li>calculate how long it will take to build a safety net that could cover three month's income</li> </ul> <b>Understands</b> the role of insurance in managing risk	<b>Has</b> a financial safety net, or a plan to create one	<b>Motivated</b> to create a financial safety net and purchase insurance against adverse events or outcomes with a financial consequence where relevant
<b>Core competencies</b>		
<b>Understands</b> <ul style="list-style-type: none"> <li>that some financial risks can be managed without insurance</li> <li>the implications of being uninsured or over-insured</li> </ul> <b>Knows</b> <ul style="list-style-type: none"> <li>when insurance is a legal obligation</li> <li>which insurance products are designed for which situations</li> </ul>	<b>Considers</b> the benefits of insurance when risks have been identified <b>Uses</b> appropriate insurance products <b>Periodically checks</b> that insurance held is still providing adequate cover <b>Claims</b> on the appropriate insurance if necessary	
<b>Knows</b> the circumstances under which the government will support individuals or households in financial difficulty	<b>Builds and maintains</b> an adequate financial safety net through savings and other financial products as necessary	
<b>III. BALANCING RISK AND REWARD</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Knows</b> that if there is a high chance of making money on an investment there is also likely to be a high chance of losing money	<b>Identifies</b> the potential financial risks and rewards related to a decision that needs to be made	<b>Cautious</b> about being attracted to high rewards without first taking into account the associated risks.
<b>Core competencies</b>		
<b>Understands</b> the	<b>Compares</b> the risk and reward of different financial products	
<ul style="list-style-type: none"> <li>relationship between risk and potential reward</li> </ul>		

- purpose of investment diversification

**Takes into account** the need for asset growth and financial security when considering the risk of investment

**Considers** the risk of using credit for discretionary spending

#### D. Financial landscape

*Financial landscape relates to the characteristics and features of the financial world. It covers the overarching framework of regulation and consumer protection, as well as rights and responsibilities and the use of education, information and advice. Financial products and services are also flagged as a specific topic within this content area, highlighting the core competencies required to make appropriate choices. Other topics include awareness of - and protection from - scams and fraud, understanding of taxes and public spending and the impact of external factors on personal financial security or well-being.*

### I. REGULATION AND CONSUMER PROTECTION

#### a) Awareness, knowledge and understanding

#### b) Skills and behaviour

#### c) Confidence, motivation and attitudes

#### Underpinning competencies

**Understands** the roles of relevant financial regulators and financial authorities

**Knows** that financial service providers have a duty to treat consumers fairly

**Checks** that a financial service provider is covered by relevant regulation, supervision and [where relevant] insurance before buying a product

**Motivated** to choose appropriate, trustworthy financial service providers

#### Core competencies

**Knows** about deposit insurance funds, the amounts that are covered and the limitations of such insurance

**Aware** that some financial products and services may be informal and unregulated

**Takes note of**

- information about financial service providers that have contravened regulation or treated consumers unfairly
- changes to financial regulation and consumer protection and their potential impact

**Aware** of redress mechanisms for unsatisfactory service or products

**Knows** how to complain about financial products and services to a relevant body

**Makes a complaint** to the relevant body when necessary

**Confident** to make a judgment on the level of service and protection provided by a financial service provider

**Prepared** to seek redress if things go wrong

**Understands** that some aspects of consumer protection rely on the consumer taking note of information provided

**Keeps** statements and contracts, and records conversations and actions relating to potential maltreatment from financial service providers

II. RIGHTS AND RESPONSIBILITIES		
a) Awareness, knowledge and understanding	b) Skills and behaviour	c) Confidence, motivation and attitudes
<b>Underpinning competencies</b>		
<b>Knows</b> that financial consumers have rights and responsibilities	<b>Takes into account</b> individual rights and responsibilities as a financial consumer	<b>Values</b> the rights of financial consumers
<b>Core competencies</b>		
<b>Knows and understands</b> the rights and responsibilities of financial consumers	<b>Reads</b> the small print when choosing financial products <b>Informs</b> financial service providers of changes in circumstance where relevant or contractually obliged to do so	
<b>Knows and understands</b> the rights and responsibilities of consumers who fail to pay specific bills, including taxes and utilities	<b>Ensures</b> that creditors are aware of all relevant factors that may impact repayments <b>Applies</b> for help to pay or defer specific bills in times of need [where available]	
<b>Understands</b> the responsibilities of a guarantor	<b>Makes an informed decision</b> about agreeing to accept the responsibility of being a guarantor in order for someone to obtain a loan or rent a property	
III. EDUCATION, INFORMATION AND ADVICE		
a) Awareness, knowledge and understanding	b) Skills and behaviour	c) Confidence, motivation and attitudes
<b>Underpinning competencies</b>		
<b>Aware</b> that <ul style="list-style-type: none"> <li>there are various sources of information about financial products and services</li> <li>it is [usually] possible to access education or advice about financial matters</li> <li>some sources of education, information and advice may not be impartial</li> </ul>	<b>Takes steps</b> to be an informed consumer	<b>Confident</b> in own ability to recognise trustworthy sources of education, information and advice

<b>Core competencies</b>		
<b>Knows</b> that it is possible to improve an individual's financial literacy and financial well-being	<b>Develops</b> <ul style="list-style-type: none"> <li>a habit of life-long learning to improve all aspects of financial literacy and financial well-being</li> <li>personal strategies and uses tools to minimise traits that impede financial well-being</li> </ul>	<b>Motivated</b> to learn and remember important facts and information about financial matters <b>Confident</b> to <ul style="list-style-type: none"> <li>research financial matters and critically assess the information provided</li> <li>educate own children about money matters [where relevant]</li> </ul>
<b>Knows</b> where to find information on financial matters <b>Aware</b> <ul style="list-style-type: none"> <li>of the role of independent financial advice and knows when it may be useful</li> <li>that advisors may have different opinions</li> </ul>	<b>Makes use of</b> tools designed to provide information or advice when making financial decisions <b>Uses</b> an independent source of financial information and advice when necessary	<b>Confident</b> <ul style="list-style-type: none"> <li>to apply lessons learned previously when making new financial decisions</li> <li>to seek information or choose an independent financial advisor when necessary</li> </ul>
<b>Aware</b> of the benefit of talking about financial matters with a wide range of trusted individuals	<b>Talks</b> with trusted family and friends about money matters in an open and honest way <b>Discusses</b> relevant money issues when talking to professionals	<b>Confident</b> to <ul style="list-style-type: none"> <li>talk with others about money matters</li> <li>draw a conclusion from varied suggestions or recommendations</li> </ul>
<b>IV. FINANCIAL PRODUCTS AND SERVICES</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Aware</b> of the different types of financial products and services available (including those delivered via digital means) <b>Knows</b> which features are the most important to consider when choosing financial products and services	<b>Actively</b> seeks information on the important features of a financial product when making a choice <b>Chooses and uses</b> appropriate financial products and services from among those available (which may include those delivered via digital means)	<b>Confident</b> to be able to make an informed decision about using a traditional or new type of financial product or service
<b>Core competencies</b>		
<b>Knows</b> whether there is a universal right to basic formal financial products or services	<b>Periodically reassesses</b> the suitability of financial products held <b>Demands</b> high quality financial products and services	<b>Confident</b> to <ul style="list-style-type: none"> <li>ask financial service providers questions about their products and services</li> <li>assess the level of trust that can be invested</li> </ul>

		<ul style="list-style-type: none"> <li>in a particular financial service provider</li> <li>negotiate terms with financial service providers when necessary</li> </ul>
<p><b>Knows</b> that the financial product or service that is appropriate for an individual depends on a number of personal [and household] factors which may include economic, cultural, ethical or religious preferences</p> <p><b>Aware</b></p> <ul style="list-style-type: none"> <li>of financial service providers offering relevant products in the local area or online that some products are designed to meet cultural, ethical or religious criteria, such as shariah compliant products</li> </ul>	<p><b>Aims</b> to choose financial products and services that are consistent with personal preferences</p>	
<p><b>Aware</b></p> <ul style="list-style-type: none"> <li>that financial products [such as savings, credit, pensions or insurance depending on national circumstances] may be offered through non-financial organisations such as schools, employers, shops, religious groups or leisure clubs</li> <li>of the potential risks of using informal products [and ways of reducing these if necessary]</li> </ul>	<p><b>Takes note</b> of relevant financial products and services offered through non-financial organisations and makes an informed decision about their suitability</p>	
<p><b>Conscious</b> of the role of advertising in promoting certain types of financial product or service</p> <p><b>Knows</b> that financial services may charge for their services in a variety of ways</p>	<p><b>Takes steps</b> to make objective decisions about the value of an advertised financial product or service</p> <p><b>Takes into account</b> the potential cost of redeeming financial products in the event of a change of circumstance</p> <p><b>Seeks</b> advice or information about products and services that appear to be useful but complex</p>	<p><b>Motivated</b> to</p> <ul style="list-style-type: none"> <li>request better service or compensation in the event of dissatisfaction</li> <li>change providers in the event of poor service or uncompetitive prices</li> </ul>
<p><b>Knows</b> that financial services change and evolve over time</p>		



<b>V. SCAMS AND FRAUD</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Knows</b> <ul style="list-style-type: none"> <li>about the risks of financial scams and fraud</li> <li>how to spot signs that something or someone may not be genuine</li> </ul>	<b>Takes practical steps</b> to keep all personal data, financial information, passwords and pin numbers secure	<b>Confident</b> to question whether communications, offers and recommendations may be fraudulent
<b>Core competencies</b>		
<b>Understands</b> the importance of keeping personal data, financial information, and security information (including passwords and pin numbers) secure	<b>Stays informed</b> about recent developments in terms of scams and fraud <b>Makes an effort</b> to scrutinise communications, offers and recommendations and consider whether they are genuine <b>Speaks</b> only to verified representatives of financial institutions	<b>Accepts</b> that a previous decision or action was made in error in the light of information suggesting a scam or fraud <b>Motivated</b> to learn how to avoid scams and fraud
<b>Knows</b> who to report suspected scams and frauds to	<b>Reports</b> suspected scams and frauds to the relevant bodies even if not personally a victim	<b>Confident</b> to say if it becomes apparent that a scam or fraud has taken place
<b>VI. TAXES AND PUBLIC SPENDING</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Understands</b> why taxes are collected and how they are used	<b>Pays</b> taxes and/or claims tax refunds as appropriate	<b>Accepts</b> that it is important to pay taxes owed
<b>Core competencies</b>		
<b>Aware</b> of current levels of basic taxes such as income tax and goods tax	<b>Monitors</b> personal obligations and rights in light of tax and public spending policies	
<b>Knows</b> how to check tax obligations <b>Aware</b> of the existence of deferred tax obligations where relevant	<b>Keeps in mind</b> all tax obligations when budgeting and making longer-term plans	
<b>Aware</b> of different tax treatments for various financial products held such as mortgages, pensions or savings	<b>Takes into account</b> tax treatments when choosing financial products	

<b>VII. EXTERNAL INFLUENCES</b>		
<b>a) Awareness, knowledge and understanding</b>	<b>b) Skills and behaviour</b>	<b>c) Confidence, motivation and attitudes</b>
<b>Underpinning competencies</b>		
<b>Understands</b> how economic factors such as recession or high inflation can affect aspects of personal financial status and wealth	<b>Follows</b> news of events that may impact on personal financial security or well-being	<b>Confident</b> to make changes to financial plans as necessary in light of external factors
<b>Core competencies</b>		
<b>Understands</b> that changes to policies on issues such as state benefits, pension reforms or employment laws can have an impact on personal financial decisions and plans <b>Knows</b> which are the main bodies with an influence on the national economic and financial system	<b>Makes changes</b> to financial plans when necessary based on an assessment of the impact of external factors	

## **ANNEX 1 MAPPING EXISTING FRAMEWORKS**

### **National competencies frameworks on financial literacy**

Core competencies frameworks on financial literacy for adults are not yet widespread, but a handful of authorities within the OECD/INFE have developed a framework for adults or for youth and adults combined (see Table 1). Some other stakeholders, such as the Department for Health and Human Services in the US have also created valuable frameworks for programme designers working with particular groups of adults.

#### ***What is the purpose of these frameworks?***

Core competencies frameworks for adults have been developed for a variety of reasons. Some are primarily designed as learning frameworks. In other cases, the frameworks appear to be more goal-oriented - describing the outcomes that would benefit individuals.

The Armenian framework, for example, seeks to create a baseline for development and implementation of financial education programmes and the Adult Financial Capability Framework from the Basic Skills Agency in the UK also guides teaching and learning. In the Netherlands, Nibud has created a document summarising the competencies that form the basis of the work on financial literacy, which is also intended to be used to inform measurement and evaluation. Some are designed with several purposes in mind: for example, the Investor Education Centre in Hong Kong recognises that a framework can also improve clarity and visibility of financial literacy issues amongst the wider community and help to identify potential gaps in current provision.

#### ***Which content and competencies are defined in existing frameworks?***

The OECD/INFE youth framework (and the OECD PISA Financial Literacy Assessment Framework which provided the original structure) organises competencies across for content categories: 'money and transactions', 'planning and managing finances', 'risk and reward' or 'the financial landscape'. Other frameworks use similar categories but arranged in a variety of ways – for example the Netherlands look at keeping track; sensible spending; looking ahead; choosing financial products deliberately; possessing sufficient knowledge. In some countries the focus is primarily on content that maps to a subset of categories used in the youth framework: for example Japan talks about family budget management, life planning, understanding, selection and use of products and appropriate use of outside expertise which primarily map to planning and managing finances and the financial landscape.

Drawing on the OECD definitions for financial education and financial literacy, the youth framework considers the following three competency categories:

- awareness, knowledge and understanding;
- confidence, motivation and attitudes; and
- skills and behaviour.

These categories are also widely used to describe the different aspects of financial literacy and develop measurement tools. For example, the results of the OECD/INFE measurement exercise are reported according to the three categories; the Armenian framework categorises competencies as knowledge, skills, attitude and behaviour; Hong Kong describes components as knowledge and skills, attitudes, motivations and behaviours and South Africa's framework looks at characteristics and traits; knowledge and attitude and behaviour.

### ***How are the core competencies presented?***

As noted when developing the youth framework, a comprehensive framework can be difficult to represent in a readable way. The additional content required for adults increases this challenge; although existing frameworks highlight ways of finding a compromise. The majority of frameworks and national strategy documents tabulate information about core competencies. The New Zealand financial literacy framework (2013), for example, describes adult competencies in terms of skills, knowledge and understanding in a tabulated format and then provides illustrations and information about any underpinning numeracy skills that are considered necessary.

Nibud in the Netherlands and both the US Assets for Independence resource centre and the US Institute for Financial Literacy reflect the various core competencies using simple bullet point lists under key headings.

In Ireland, an innovative, interactive online learning framework is available, and made accessible to a larger range of learners through the provision of audio as well as text. This framework combines exercises for adult learners with an overview of financial matters.

### ***Indicating progression***

The youth framework describes foundational outcomes 1, 2, 3 and recommends that the framework is first read horizontally, in order to understand how the competencies may develop. It may be more challenging to acquire the competencies in the 3<sup>rd</sup> column than those in foundational outcome 1, and it may be impossible to achieve them without first acquiring those in the previous columns.

A similar approach has been used on some adult competency frameworks. The Singaporean MoneySENSE framework for adults uses a two dimensional conceptualisation of five capabilities across three tiers of content. The tiers are arranged in increasing complexity, from basic money management, through financial planning to investment know-how. The adult financial capability framework developed by the UK Basic Skills Agency looks at basic, developing and extending levels of competencies; whilst the South African framework looks across three categories of financial planning and then incorporates a section dedicated to 'increasing mastery over personal finances'

### ***Target groups and life-stages***

The range of competencies needed by different adults is likely to vary depending on their circumstances, experiences and preferences. Some frameworks take this into account when presenting core competencies.

### *Target groups*

Some adult frameworks focus on specific target groups. The frameworks listed in Table 1 include those targeted at vulnerable groups such as adults with low levels of basic skills.

### *Life stages*

National strategies for financial education often take a life stage approach to addressing financial literacy or organising resources (for example, Australia; Hong Kong, China; US; see The OECD/INFE Policy Handbook on National Strategies for Financial Education for further information). Typical life stages mentioned in national strategy documents include living independently, the arrival of a first child, promotion and retirement. Certain negative life stages are also relevant, such as job loss, divorce or widowhood.

The frameworks listed in Table 1 do not highlight the core competencies required at different life stages, with the exception of those that cover different age groups, such as youth and adults; however the UK has developed a separate outcomes framework for parents and one for teachers<sup>3</sup>.

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<sup>3</sup> See <http://www.fincap.org.uk/outcome-framework>

**Table 1. Core competencies frameworks for adults and related documents**

Country	Institution	Title and link	Year developed / revised	Target
Armenia	Central Bank of Armenia	The Financial Competency Matrix for Adults	2014	Adults
Czech Republic	Ministry of Finance	Financial Literacy Standards <a href="http://www.mfcr.cz/assets/en/media/Financial-Literacy-Standards.pdf">http://www.mfcr.cz/assets/en/media/Financial-Literacy-Standards.pdf</a>	2007	Adults and secondary school students
Hong Kong	Investor Education Centre	Hong Kong Financial Competency Framework <a href="http://www.hkiec.hk/web/common/pdf/fcf/hkfcf_booklet.pdf">http://www.hkiec.hk/web/common/pdf/fcf/hkfcf_booklet.pdf</a>	2015	All
Ireland	National Steering Group on Financial Education	Financial Competencies Framework <a href="https://www.nala.ie/what-we-do/remove-barriers/financial-literacy">https://www.nala.ie/what-we-do/remove-barriers/financial-literacy</a>	2009	Adults
India	Reserve Bank of India (RBI) & National Centre for Financial Education (NCFE)	Financial Literacy Guide <a href="https://www.rbi.org.in/financialeducation/FinancialLiteracyGuide.aspx">https://www.rbi.org.in/financialeducation/FinancialLiteracyGuide.aspx</a>	2013	Adults
India	RBI and NCFE	Financial Literacy for people newly introduced into the financial system <a href="https://rbidocs.rbi.org.in/rdocs/content/pdfs/FLS14_0115SB_I.pdf?">https://rbidocs.rbi.org.in/rdocs/content/pdfs/FLS14_0115SB_I.pdf?</a>	2015	Recently included
Japan	Committee for the Promotion of Financial Education	Financial Literacy Map <a href="http://www.shiruporuto.jp/e/consumer/">http://www.shiruporuto.jp/e/consumer/</a>	2015 (2 <sup>nd</sup> edition)	All
Netherlands	Nibud	Handling money properly: Backgrounds with the competences for financial empowerment <a href="https://www.nibud.nl/wp-content/uploads/Handling-money-properly.pdf">https://www.nibud.nl/wp-content/uploads/Handling-money-properly.pdf</a>	2012	Adults
New Zealand	CFFC	Financial Literacy Competency Framework (for Adults) <a href="http://www.cffc.org.nz/assets/Documents/Financial-Literacy-Competency-Framework.pdf">http://www.cffc.org.nz/assets/Documents/Financial-Literacy-Competency-Framework.pdf</a>	2013	Adults
New Zealand	CFFC	National Strategy for Financial Capability <a href="http://www.cffc.org.nz/assets/Uploads/National-Strategy-for-Financial-Capability-June-2015.pdf">http://www.cffc.org.nz/assets/Uploads/National-Strategy-for-Financial-Capability-June-2015.pdf</a>	2015	All
Portugal	Ministry of Education and National Council of Financial Supervisors	Core Competencies for Financial Education in Kindergarten, Basic Education, Secondary Education and Adult Learning and Training <a href="http://www.todoscontam.pt/SiteCollectionDocuments/CoreCompetenciesFinancialEducation.pdf">http://www.todoscontam.pt/SiteCollectionDocuments/CoreCompetenciesFinancialEducation.pdf</a>	2013	All

Country	Institution	Title and link	Year developed / revised	Target
Portugal	Ministry of Economy and National Council of Financial Supervisors	Core Competencies for Financial Training of Micro, Small and Medium-sized enterprises <a href="http://www.todoscontam.pt/SiteCollectionDocuments/RFF_PMEs_EN.pdf">http://www.todoscontam.pt/SiteCollectionDocuments/RFF_PMEs_EN.pdf</a>	2016	Entrepreneurs, business owners and managers
Singapore	MoneySense <sup>a</sup>	MoneySENSE Core Financial Capabilities Framework <a href="http://www.moneysense.gov.sg/en/~/_media/Moneysense/IFL/Core%20Capabilities%20Framework.ashx">http://www.moneysense.gov.sg/en/~/_media/Moneysense/IFL/Core%20Capabilities%20Framework.ashx</a>	2012	All
South Africa	Financial Services Board	Financial Competency Framework	2014	Adults
United Kingdom	Money Advice Service	Adults Outcomes Framework <a href="http://www.fincap.org.uk/outcomes_adults">http://www.fincap.org.uk/outcomes_adults</a>	2015	Adults
United States	Department for Health and Human Services (Assets for Independence program)	Core Competencies for Financial Education <a href="http://idaresources.acf.hhs.gov/page?pageid=a04700000C4RmT">http://idaresources.acf.hhs.gov/page?pageid=a04700000C4RmT</a>	2010	Participants in the Assets for Independence program
United States	U.S. Department of the Treasury	MyMoney Five Principles - <a href="http://www.mymoney.gov/mymoneyfive/Pages/mymoneyfive.aspx">http://www.mymoney.gov/mymoneyfive/Pages/mymoneyfive.aspx</a> edition	2011	Adults
United States	Consumer Financial Protection Bureau	Financial Well-Being: The Goal of Financial Education - <a href="http://www.consumerfinance.gov/data-research/research-reports/financial-well-being/">http://www.consumerfinance.gov/data-research/research-reports/financial-well-being/</a>	2015	Adults
European Union	Lifelong Learning Programme	Financial Literacy Competences for Adult Learners <a href="http://www.alice.ch/fileadmin/user_upload/alicech/dokumente/sveb/projekte/FinLiCo_Schlussbericht_EU.pdf">http://www.alice.ch/fileadmin/user_upload/alicech/dokumente/sveb/projekte/FinLiCo_Schlussbericht_EU.pdf</a>	2012	Adults

<sup>a</sup> MoneySENSE brings together industry and public sector initiatives.

## OECD INTERNATIONAL NETWORK ON FINANCIAL EDUCATION

OECD governments officially recognised the importance of financial literacy in 2002 with the launch of a unique and comprehensive project. In 2008 the project was further enhanced through the creation of an International Network on Financial Education (INFE). The OECD/INFE has high-level membership from over 240 public institutions - including central banks, financial regulators and supervisors, ministries of finance and ministries of education - in over 110 countries. Members meet twice a year to share country and member experiences, discuss strategic priorities and develop policy responses. More information is available at [www.financial-education.org](http://www.financial-education.org)