

"Consumer in Financial Crisis: Lessons Learned and Ways Forward"

The importance of financial education and financial advice

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Main aims:

- To increase consumers welfare by promoting a rational planning of family finances
- To prevent overindebtedness

Surplus values

- **Independent/neutral expert center**
- **Target groups - the whole chain:**
 - **Consumers**
 - **Professionals (with direct consumer contacts)**
 - **Policy makers**



After the crisis

- **The (financial, economic, euro) crisis isn't the main cause of financial problems for consumers.**
- **Advantage crisis: more awareness → more willingness to change!**
 - **Consumers**
 - **Financial institutions**
 - **Government(s)**



Money management

Why is it so difficult?

- **More and more responsibilities**
- **Finance is getting more and more complicated**
- **Influence commerce is growing**
- **To keep an overview on your finances isn't easy**



Survey working adolescents

- **16-24 year**
- **90% live with their parents**
- **Minimum income**

1 out of 3 has debts (€900)

**When living on their own:
2 out of 3 have debts (€1585)**



Financial education

A broad approach is necessary:

- Parents
- Schools
- Governments
- Financial companies (banks, insurance)
- *Consumer organisations & NGO's (Nibud)*



It's not wise to stop education at the age of 21.
Changes in our financial situation
may occur every day.



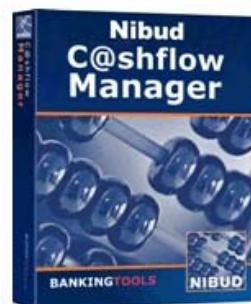
Financial literacy

- **Knowledge of financial rights and duties**
- **Knowledge of (the risks and consequences of) financial products**
- **Ability to hold a grip on your own financial situation, knowing how to keep within your own budget**



Nibud help

- Web information (4 websites)
- Interactive tests & tools
- Helpdesk (free telephone number)
- Media
- Money guides
- Software



Improving financial literacy

Important! Therefore information and financial education is important...



...but it's not the ultimate remedy!



Financial expert?



- **Some financial decisions you only make once (or a few times) in your life**



Financial advisers

For some decisions consumers need the help of professional financial advice.

How do consumers know the reliability of financial advisers?

- **License structure**
- **Transparency in payments**



Accessibility financial advice

- **Sales driven incentives didn't always lead to the best advice**
- **Consumer fees show the real customer**

But be careful with releasing the commission system to soon!



Nibud survey*

Most Dutch people use financial advisers for taking out insurance policies (60-80%).

Important for consumers is:

- **Choice, various offers**
- **Way of payment: most people prefer commissions to consumer fees**

* To be published soon



Incentives

- **Transparency is a first step: let consumers choose between paying by the hour or signing for the commission system**
- **Consult/consumer driven incentives!**



Responsibility consumers

- We must learn them to ask the right questions

Hypotheekadvies gehad?

Check hier of het adviesgesprek
goed is verlopen



www.afm.nl



Simpler products



“Do you have a phone that doesn't do too much?”



More information?

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Nibud learning goals & competences:

[http://www.nibud.nl/fileadmin/user_upload/Docu
menten/PDF/nibud_learning_goals_and_comp
etences.pdf](http://www.nibud.nl/fileadmin/user_upload/Documenten/PDF/nibud_learning_goals_and_comp
etences.pdf)

