



# THE CONTRIBUTION OF THE OECD TO ARGENTINA'S G20 PRESIDENCY: EMPOWERING FINANCIAL CONSUMERS IN THE DIGITAL AGE

OECD/CVM Centre on Financial Literacy and Education in LAC

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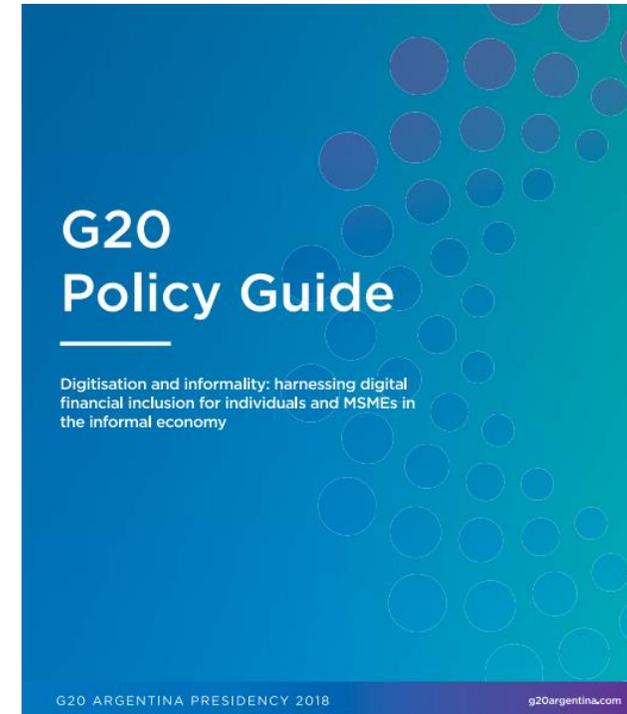


# Inclusive finance and digitalisation: OECD/INFE, G20/OECD Task Force and Argentina's G20 priorities

Issues of inclusive finance and digitalisation of financial services for financial consumers are key priorities for the OECD/International Network on Financial Education and the G20/OECD Task Force on Financial Consumer Protection and

Work developed by the OECD/INFE and the Task Force on financial education and financial consumer protection supports the implementation of the **G20 Principles on Digital Financial Inclusion**

The Policy Guidance Notes support the priorities of the Argentinian G20 Presidency in 2018 and contributed to the development of the **G20 Policy Guide on informality and digitisation**





## FCP and FE: complementary policy agendas to enable financial inclusion in the digital environment

Providing access to financial products and services alone is not enough

Requires appropriate level of **financial consumer protection** to ensure fair treatment and safety of people's money

And **financial education** to give people the knowledge, skills and confidence to make informed and appropriate choices

OECD is the global leader for policy development on financial consumer protection and financial education – high on the policy agenda since the Financial Crisis





## Role of the OECD

OECD supports the G20 financial inclusion agenda by:

Acting as an **implementing partner for the GPF**, along with other international organisations

**Actively supporting the policy agenda**, especially in terms of financial consumer protection, financial literacy and SME finance

**Providing fora for discussion** of issues and trends with country representatives, academics, industry and other experts; and

**Undertaking research and/or developing policy guidance**; including via the GPF or following a mandate by the G20

**Technical assistance projects and regional networks** (OECD/CVM Centre)



## Digitalisation in LAC: opportunities and challenges

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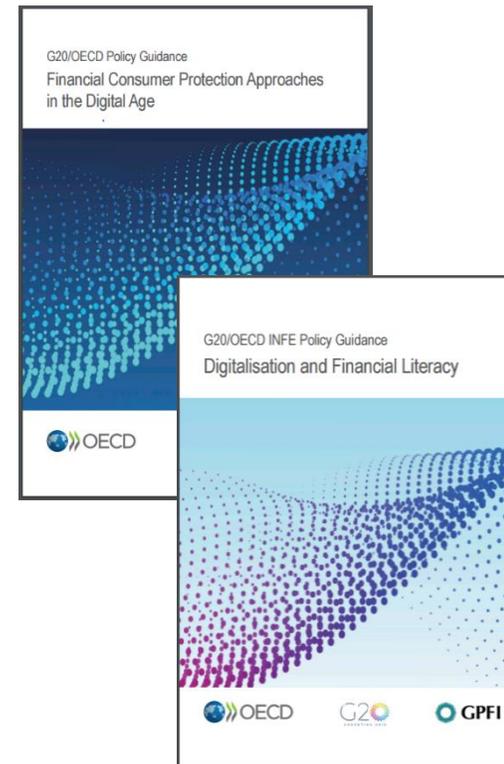
- Mobile subscriber rates across the region continue to increase → 60% of population by 2020
- Active mobile money accounts : from less than 1 million in December 2011 to more than 10 million today
- **At the same time around 300 million people are digitally excluded** and unable to enjoy the socioeconomic benefits that mobile internet can bring (*lack of digital skills and of financial literacy can exacerbate exclusion*)
- Digitalisation can reduce costs and enable banks to offer services to the unbanked or underbanked who might not be profitable with the high costs of traditional banking: improving access and equality **but consumers must be equipped to benefit**



# Recent G20 deliverables: empowering financial consumers in the digital environment

## New policy guidance on FCP and FE for the digital environment

- Developed as deliverables in support of the Argentinian Presidency 2018
- Support the GPFi and the implementation of the G20 High Level Principles on Digital Financial Inclusion
- Provide action-oriented and practical guidance for policy-makers
- **Delivered to the meeting of G20 Finance Ministers and Central Bank Governors in July 2018**





- **The Policy Guidance Note on Digitalisation and Financial Literacy**
  - prepared by the OECD/INFE Secretariat in accordance with the Roadmap of the Working Group on Digital Financial Literacy
  - includes input from GPMI members as well as the G20 Argentina Presidency
  - [Supports the implementation of Principle 6 of the G20 High-level Principles for Digital Financial Inclusion](#)
  - Addresses the implications of digitalisation:
    - across the financial sector (banking, insurance, investments, savings)
    - for individuals and entrepreneurs
  - Provides non-binding international policy directions to policy makers and relevant stakeholders



## Rationale behind the development of the Guidance

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New opportunities for consumers and MSMEs

But also new risks: market driven, regulation and supervision driven, consumer driven



Lack of, or uneven, consumers/small businesses trust in DFS, the financial system and technological innovation.

New types of exclusion for certain categories of the population due to the possibilities offered by big data and digital profiling

Over-indebtedness of particular groups that might become over-reliant on easy access to online sources of credit

Increased customer vulnerability to phishing schemes, account hacking and data theft among other things



## OECD/INFE Policy Guidance Note: a tool for policy makers

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Offers concrete priority policy actions in 5 key areas:

- **Developing a national diagnosis** of the impact of digital finance on individuals and entrepreneurs
- **Ensuring coordination** between public authorities and private and not-for-profit stakeholders involved in financial literacy and innovation to support coordinated messages and approach
- **Supporting the development of core competencies** on digital financial literacy of consumers and entrepreneurs
- **Supporting effective delivery** of financial education through digital and traditional means and address the needs of target audience through tailored approaches
- **Facilitating and disseminating evaluation** of financial education programmes addressing DFS





## About supporting the development of core competencies

Identification of specific core competencies to empower and protect consumers in the light of the possible challenges and risks created by the digitalisation of finance (all core competencies included in the G20/OECD Framework are necessary for a safe and beneficial use of DFS)

- Build trust and promote beneficial use of DFS and related technological innovation
- Protect consumers and small businesses from vulnerability to digital crime
- Empower consumers to counter new types of exclusion due to the misuse of data sources, including data analytics and digital profiling
- Support consumers at risk of over-reliance on easy access to online sources of credit



# Policy Guidance Note on Financial Consumer Protection in the Digital Age

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## The **Policy Guidance Note on Financial Consumer Protection in the Digital Age:**

- has been prepared by the OECD Secretariat through the G20/OECD Task Force on Financial Consumer Protection, based on input from Task Force members, GPMI members and other key stakeholders as well as the G20 Argentina Presidency
- addresses the application of Principle 2 and 4 of the G20/OECD High-Level Principles on Financial Consumer Protection, as primary area of focus
- [supports the implementation of Principle 5 of the \*G20 High-level Principles for Digital Financial Inclusion\*](#)
- addresses the implications of digitalisation for financial consumer protection across the financial sector (banking, insurance, investments, savings)
- provides non-binding action-orientated policy guidance and approaches, including practical examples, to policy makers and relevant stakeholders



## Content

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### Role and capacity of oversight bodies:

- staying on top of market developments and trends
- adaptation of regulatory and supervisory tools to the digital environment
- ensuring the right resources and capabilities
- responding to technology driven innovation while maintaining appropriate consumer protections

### Disclosure and transparency

- evaluation of disclosure regulations in the context of digital financial services
- embed an understanding of consumer decision-making
- using data insights to explore alternatives to disclosure
- testing and explore new ways to make disclosure more effective and consumer-centric



## Going forward

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The OECD through its OECD/INFE and Regional Projects will continue to support interested economies in the **implementation of the two Policy Guidance Notes**

The OECD/INFE Working Group on Digital Financial Literacy will in particular deepen research in the field and address other pressing issues such as **personal data use, digital exclusion, and digital delivery of FE** to promote safe use of DFS



THANK YOU !

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