Protecting the consumer: improving consumer education and awareness on credit and finance

2007/2288(INI) - 07/10/2008

The Committee on the Internal Market and Consumer Protection adopted an own-initiative report drafted by Iliana Malinova **IOTOVA** (PES, BG) on protecting the consumer: improving consumer education and awareness on credit and finance.

The report notes that the ‘sub-prime mortgage’ crisis illustrates not only the dangers of inadequate information for borrowers but also the lack of understanding and knowledge of such information leading to consumers being insufficiently concerned about the risks of insolvency and excessive debt. Raising the level of financial literacy of consumers should be a priority for policymakers both at Member State and at European level.

For MEPs, the objective of educating and raising the awareness of consumers as regards finance and credit is to improve consumers' awareness of economic and financial realities with a view to understanding economic commitments and avoiding unnecessary risk, excessive debt and financial exclusion. Training and the provision of information should allow consumers to take an independent approach, based on their own judgement, to the financial products that are offered to them or that they are considering using.

The Commission is invited, in cooperation with the Member States, **to develop, at EU level, educational programmes in the field of personal finances**, based on common rules and principles which can be adapted to the needs of, and applied in, all Member States, setting benchmarks and promoting the exchange of best practice.

The report recommends that financial education schemes focus on important life-planning aspects such as basic saving, debt, insurance and pensions. Moreover, to be efficient, the financial education programmes must be **tailored to the needs of specific target groups** (and, where appropriate, personalised) according to a mix of criteria such as age, income and level of education.

MEPs call on the Commission to:

- increase **budget line 17 02 02** to finance activities at EU level aiming at improving consumers' financial education and financial literacy;
- contribute to **raising awareness at EU level through supporting the organisation of national and regional conferences**, seminars, media and awareness campaigns as well as educational programmes with cross-border participation, in particular in the field of retail financial services and household credit/debt management;
- further develop and upgrade the **Dolceta website** and to provide this service in all official languages and include a link to the online database it intends to set up of existing regional and national financial education schemes;
- set up **information campaigns** in order to raise the awareness of consumers of their rights under EU legislation in the sphere of the provision of financial services.

The report encourages the Member States to:

- include financial education in **the primary and secondary school programmes** developed by the competent institutions,
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- pay special attention to the educational needs of **pensioners** and persons at the end of their professional career, who may be at risk of financial exclusion, and also to **young people** starting their professional career who are faced with the challenge of determining how to make appropriate use of their new income;
- establish a **network for financial education** in which both the public and private sector take part, and to encourage cooperation and dialogue between all actors;
- set up training programmes in economics and financial services for **social workers**, since they are in contact with persons at risk of poverty or excessive debt.