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

2007/2288(INI) - 18/11/2008 - Text adopted by Parliament, single reading

The European Parliament adopted by 634 votes to 12 with 27 abstentions, a resolution on protecting the consumer: improving consumer education and awareness on credit and finance.

The own-initiative report had been tabled for consideration by Iliana Malinova **IOTOVA** (PES, BG) on behalf of the Committee on the Internal Market and Consumer Protection.

For MEPs, 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. The resolution states that raising the level of financial literacy of consumers should be a priority for policymakers both at Member State and at European level.

Parliament welcomes the Commission initiatives in the field of the financial education of consumers, in particular the recent setting-up of the **Expert Group on Financial Education**, and its intention to publish an **online database** of financial education schemes and research in the EU. The Expert Group should have clear responsibilities and powers. It suggests that it be asked in particular to look into the added value of, and best practices in, EU financial education and cross-border financial services.

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 resolution 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 recognise the role of private initiatives, the financial services industry and consumer organisations at both Community and national level in defining the specific needs of target groups for financial education, in identifying the weaknesses and shortcomings of existing education schemes, and in providing financial information to consumers, including through internet-based tools media and educational campaigns, etc. for financial planning.

They stress the need for an ongoing two-way educational process for both sides, that is to say financial advisors and consumers, so as to ensure the provision of accurate information.

The Commission is invited 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.

Parliament encourages the encourages the Member States to:

- include financial education in **the primary and secondary school programmes** developed by the competent institutions,
- 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.