

## MEDIA RELEASE



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
Organizaç o Internacional das Comiss es de Valores  
Organizaci n Internacional de Comisiones de Valores

IOSCO/MR13/2014

Madrid, 29 May 2014

### **IOSCO consults on strategic framework for Investor Education/Financial Literacy**

The International Organization of Securities Commissions today published a consultation report on the [\*Strategic Framework for Investor Education and Financial Literacy\*](#), which describes IOSCO's role in promoting investor education and financial literacy and its strategic approach to both.

IOSCO has long recognised investor education as a key strategy for enhancing investor protection, promoting investor confidence and fostering investor engagement in financial planning and decision-making. Investor education is complementary to the traditional tools of regulation, supervision and enforcement, and is included in IOSCO's Principles for securities regulation.

The organization believes the need for investor education and financial literacy has never been greater than today. As the financial marketplace continues to evolve and innovate, investment products are becoming increasingly complex and financial services increasingly diverse. Greater understanding of key financial concepts is required on the part of retail investors to understand and evaluate the choices available to them and to avoid financial fraud. Strengthening investor education and financial literacy programs also is essential at a time when responsibility for saving and investing for retirement is shifting from the employer to the individual in many jurisdictions.

In response to these challenges, the IOSCO Board approved the establishment of the Committee on Retail Investors in June 2013. The Committee's primary mandate is to conduct IOSCO's policy work on retail investor education and financial literacy. Its secondary mandate is to advise the IOSCO Board on emerging retail investor protection matters and conduct investor protection policy work as directed

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by the IOSCO Board. The Committee is Chaired by Howard Wetston, Chair of the Ontario Securities Commission, and Leonardo Pereira, Chair of the Comissão de Valores Mobiliários of Brazil, is Vice-Chair of the Committee.

“The creation of this IOSCO Committee is a recognition of the growing importance of investor education and financial literacy,” said Leonardo Pereira. “As regulators, we understand the critical need to arm investors with the financial skills and knowledge they need to invest with confidence in the financial sector. We continually strive to ensure that our regulatory and supervisory actions in the area of investor protection are visible and produce tangible results for investors.”

“Investor education and financial literacy is a shared responsibility - for investors, industry and regulators alike. This international Committee is essential in pulling together and considering, at a global level, the best thinking and research by our members in the field of financial literacy,” said Howard Wetston. “Today, we have published a new strategic framework, which will guide our efforts in establishing investor education initiatives that are impactful, substantive and ultimately empower investors.”

Since 2001, IOSCO has published a number of reports surveying members on investor education and financial literacy initiatives. The reports cover topics such as approaches taken by members with respect to investor education and the challenges faced by members.

The report published today identifies practices currently used by members of the Committee on Retail Investors to address these and other issues, in an effort to help guide the wider IOSCO membership in developing and enhancing their own investor education and financial literacy programs.

To develop its programs and initiatives, the Committee on Retail Investors will draw on findings from fact-based research, as appropriate. This could include primary and secondary research, investor outreach and consultations. Research may also include empirical testing to determine, for example, the effectiveness of investor education and financial literacy strategies, programs, tools and other materials, and their effect on individual investor behaviour.

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The Committee also will focus on findings from the field of behavioural economics and finance, which financial educators are beginning to use to identify the psychological barriers to investment and to develop educational strategies. At its June 2013 meeting, the IOSCO Board agreed to build upon the learnings of behavioural economics in IOSCO's approach to regulatory work going forward.

The report includes appendices on behavioural economics and other findings related to financial decision-making and a behavioural economics literature review.

To further improve the framework, IOSCO asks stakeholders to convey their comments on this high level paper **by 31 July 2014 COB CET**.

## NOTES FOR EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in more than 115 jurisdictions and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 32 securities regulators. Mr Greg Medcraft, Chairman of the Australian Securities and Investments Commission, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Nigeria, Ontario, Pakistan, Peru, Portugal, Quebec, Romania, Saudi Arabia, Singapore, South Africa, Spain, Switzerland, Trinidad and Tobago, United Kingdom and the United States.
3. The Growth and Emerging Markets Committee (GEMC) is the largest Committee within IOSCO, representing 75 per cent of the IOSCO membership. Mr. Ranjit Ajit Singh, Chairman, Securities Commission, Malaysia, and Vice Chair of the IOSCO Board, is the Chair of the GEMC. The Committee endeavors to promote the development and greater efficiency of emerging securities and futures markets by establishing principles and minimum standards, providing training programs and technical assistance for members and facilitating the exchange of information and transfer of technology and expertise.

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## 4. IOSCO aims through its permanent structures:

- to cooperate in developing, implementing and promoting adherence to internationally recognized and consistent standards of regulation, oversight and enforcement in order to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
- to exchange information at both global and regional levels on their respective experiences in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation. OSCO, the leading international policy forum for securities regulators, is recognized as the global standard setter for securities regulation

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