

# Promoting responsible financial behaviour in the Netherlands

Experiences, lessons learned and way forward

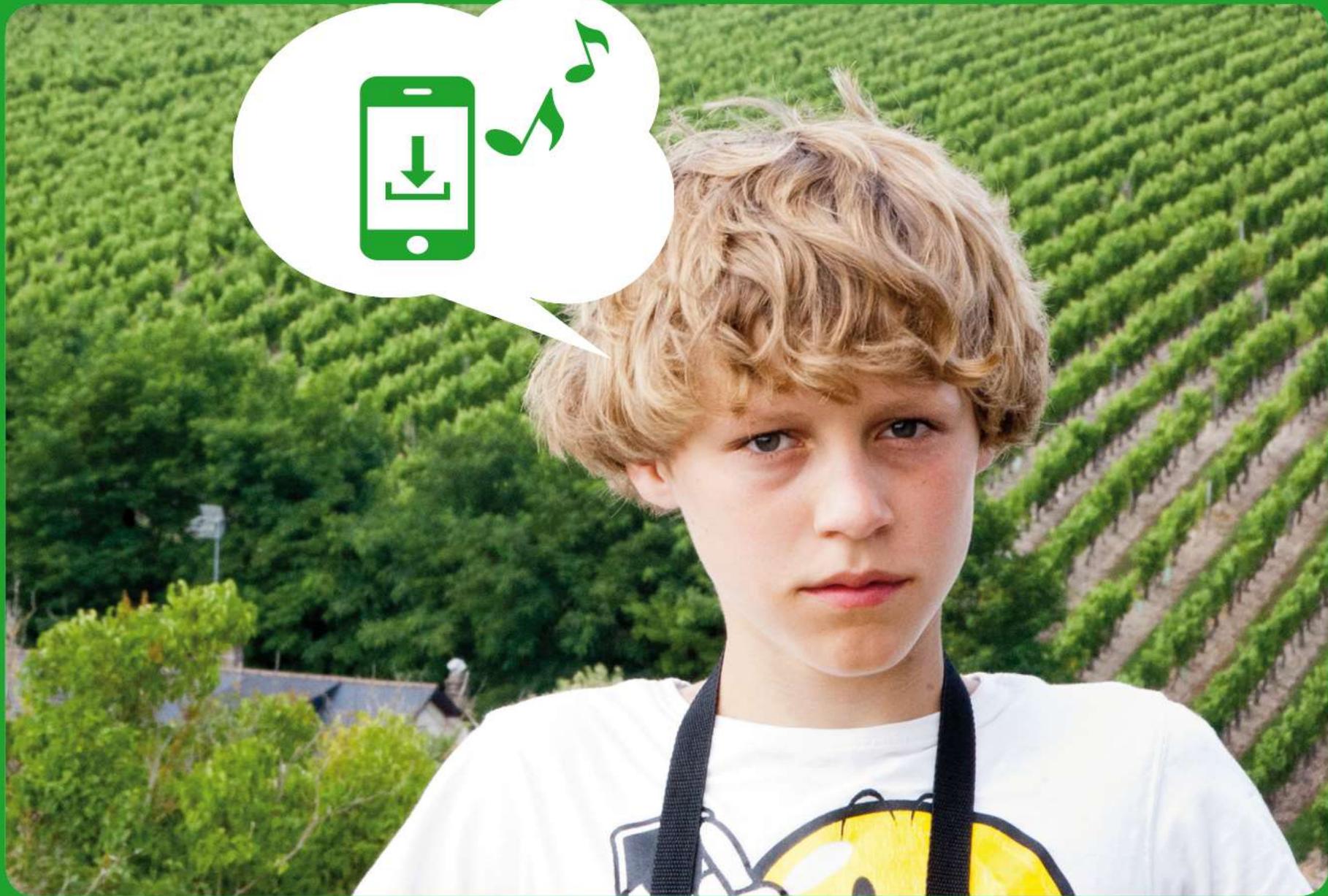
Olaf Simonse



# Key messages

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- 1. It is difficult to overestimate the importance of financial education**
- 2. People behave irrationally, in a systematic way**
- 3. Broad collaboration is needed, and can work**
- 4. Leapfrog, start small, think big**



















# The importance of financial capabilities

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## ... for individual households

- dealing with increased responsibility and complexity
- preventing overindebtedness
- financial resilience and financial wellbeing

# The importance of financial capabilities

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## ... for economies

### **Societal cost**

e.g. Nibud, (2014) “payment arrears cost Dutch society € 11B a year”

### **Stability and growth**

e.g. Lusardi, A. et al. (2013) “financial literacy better equips individuals to deal with macroeconomic shocks”

### **Wealth equality and social cohesion**

e.g. Michaud, P-C. et al. (2014) “> 40% of wealth equality can be attributed to (lack of) financial knowledge”

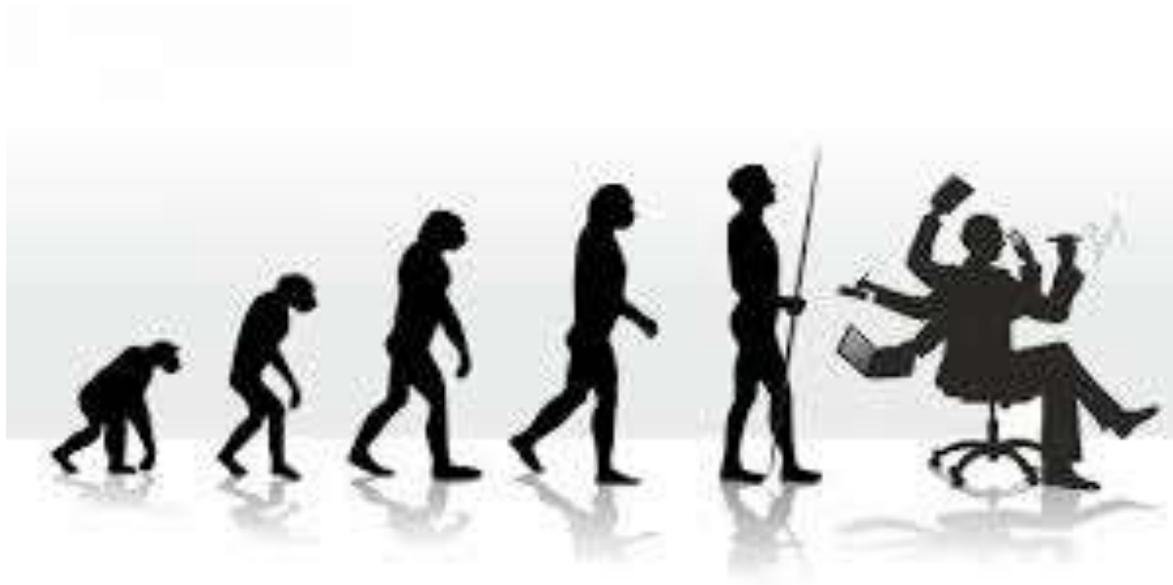
# Key messages

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- 2. People behave irrationally, in a systematic way**
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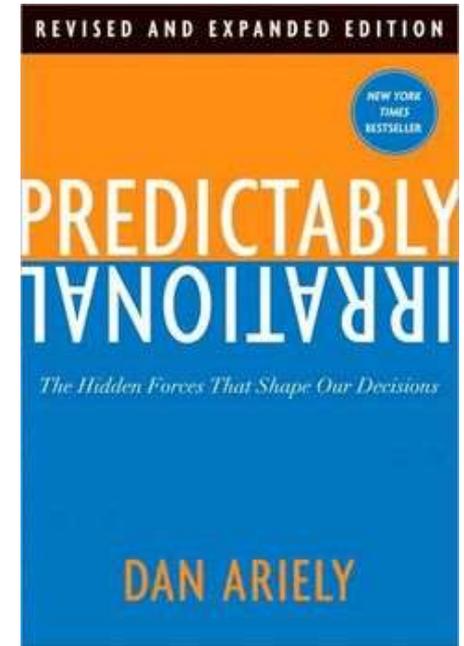
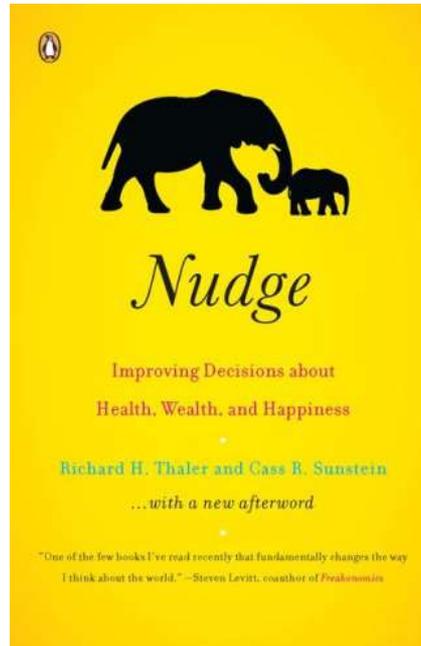
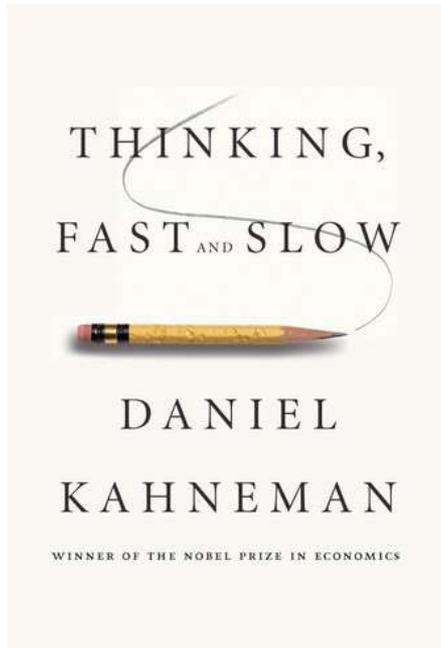
# Human behavior

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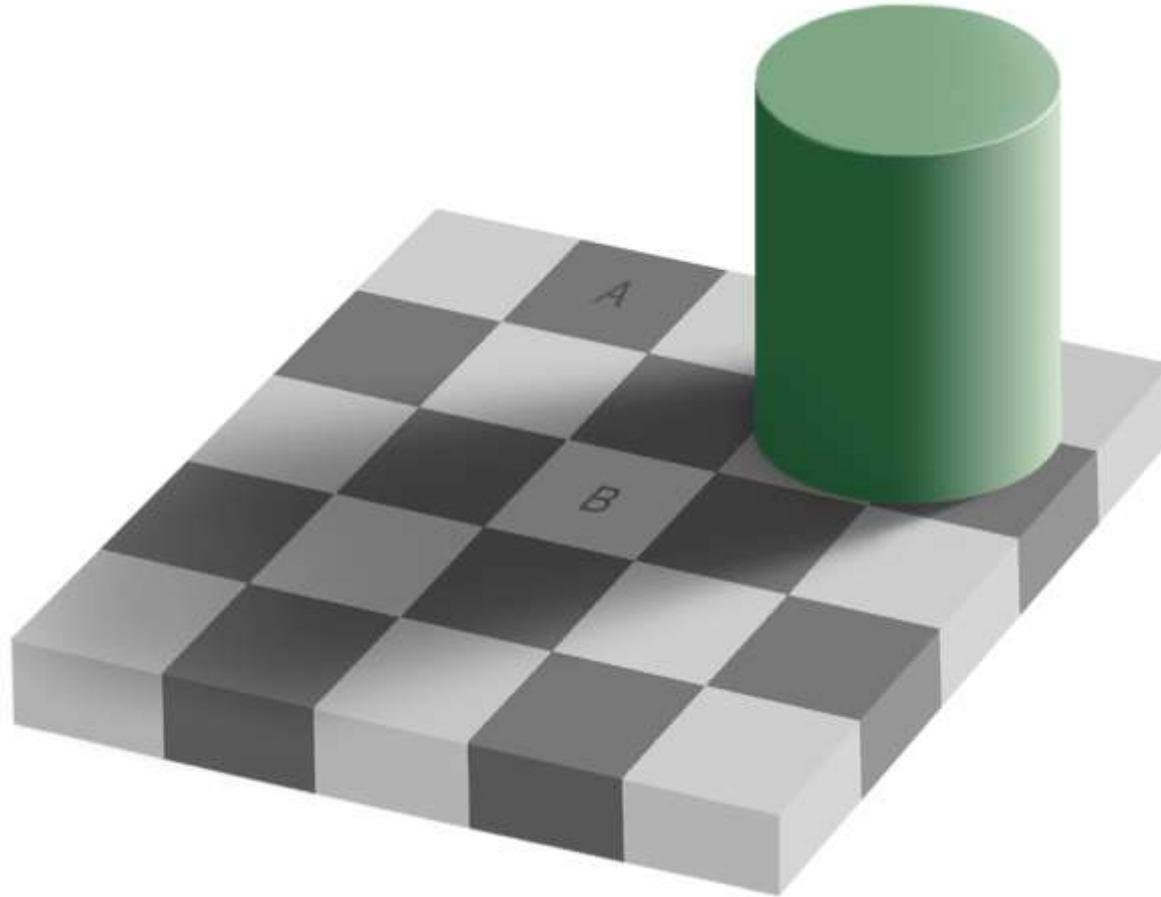
# Humans behave irrationally ... in a systematic way

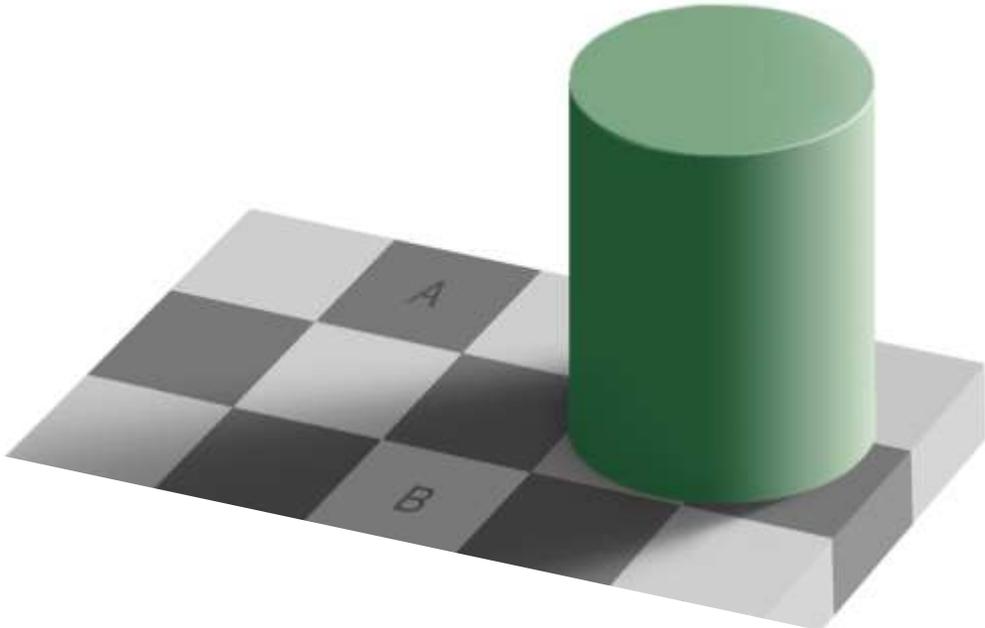
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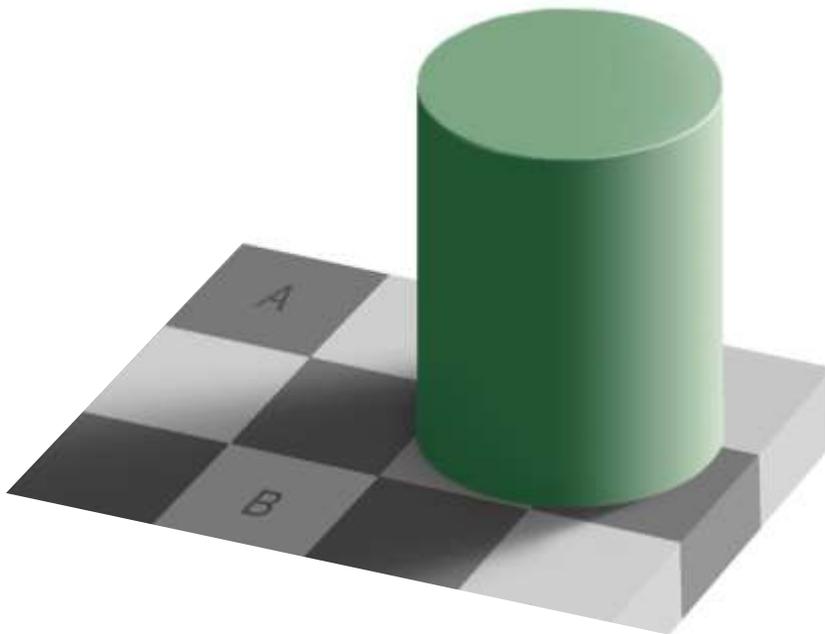


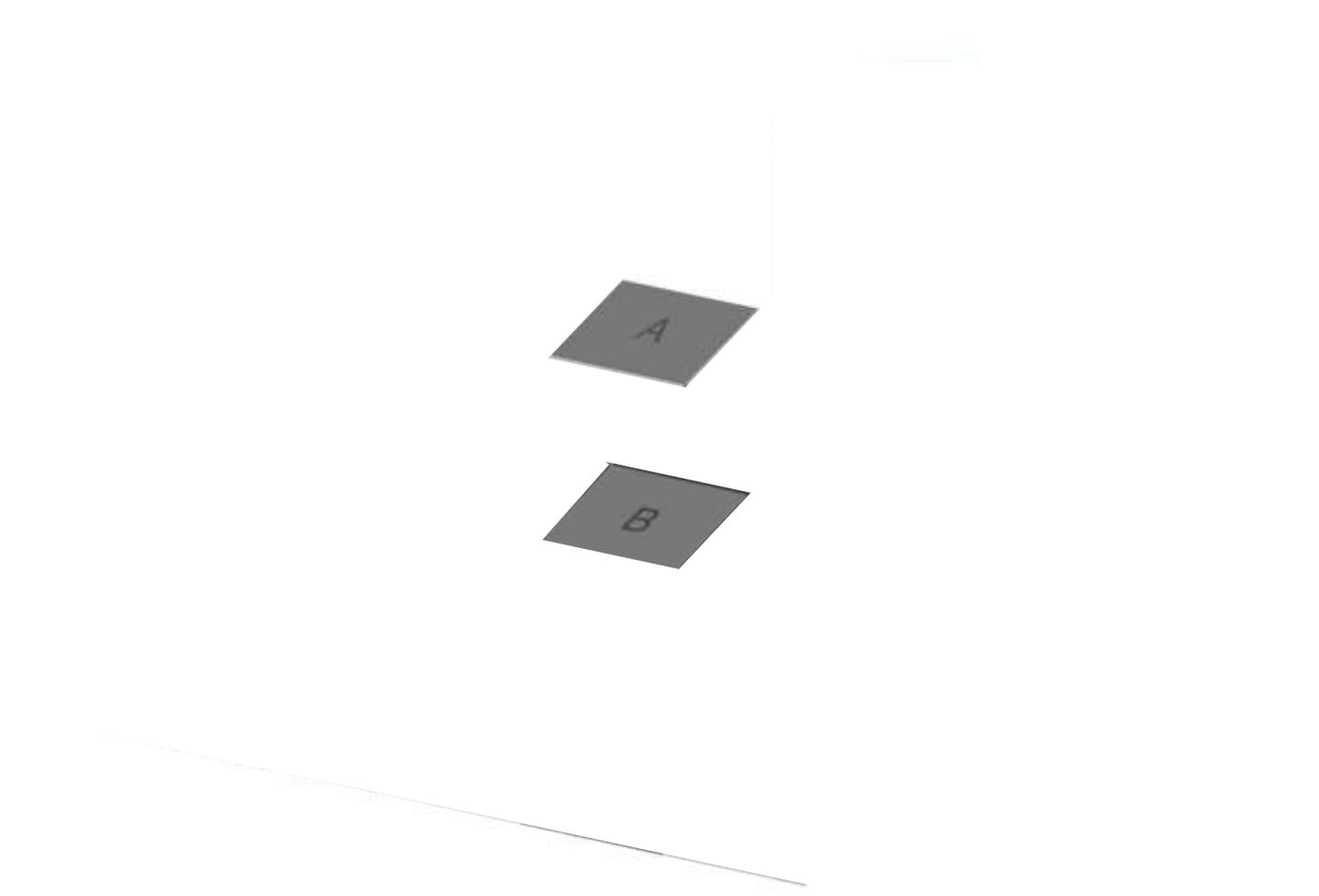
# You don't always see what's there and vice versa

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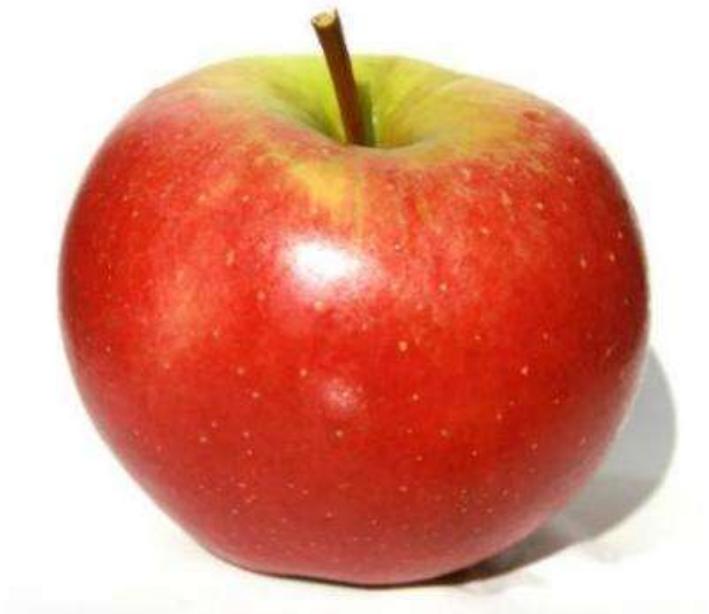




# A small memory test

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Helicopter  
Cows

Apple  
Policeman

Music  
Washing machine

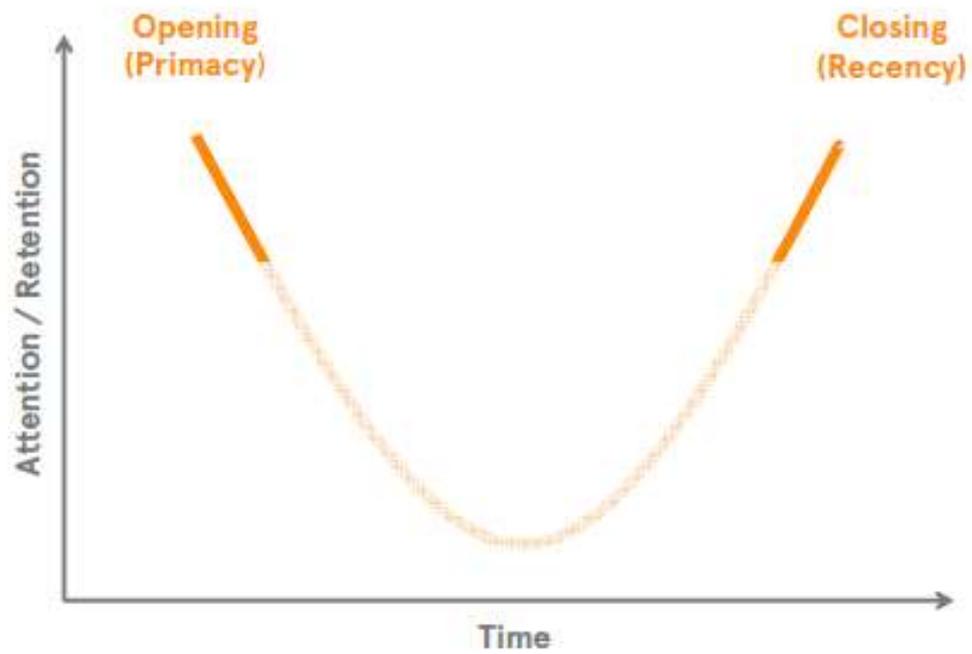
Clock  
Dog



Helicopter  
Cows

Music  
Washing machine

Apple  
Policeman  
Clock  
Dog



# Attention test

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# Another attention test

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# Status quo bias

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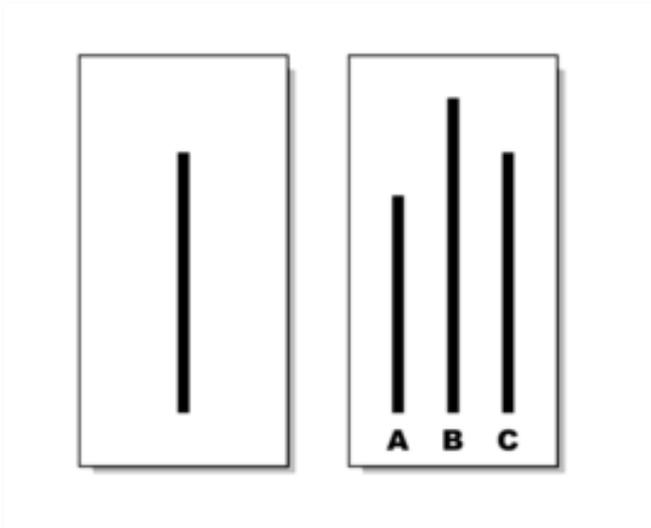
# Stress of choice

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# Social norms

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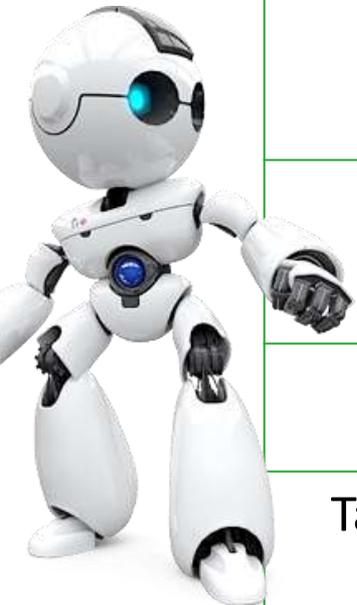


# Question: which situation creates more traffic jams?

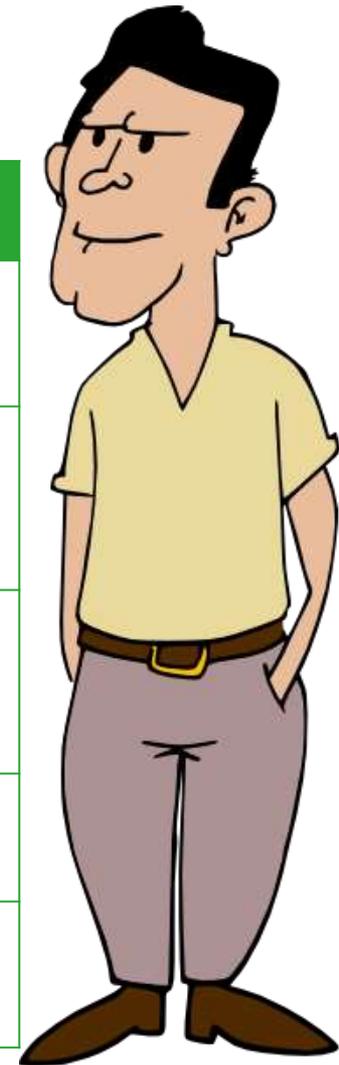
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# Homo economicus versus Max



<i>Homo economicus</i>	Max
Searches for relevant information extensively	Hardly searches for information
Processes information thoroughly	Processes information superficially
Finds financial matters important	Finds financial matters difficult and boring
Plans for the long term	Focuses on the short term
Takes deliberate, rational decisions	Delays and is satisfied with suboptimal outcomes





# International Network for Financial Education

## A

Albania | Angola | Argentina | Armenia | Australia | Austria | Azerbaijan |

## B

Bangladesh | The Republic of Belarus | Belgium | Bhutan | Bosnia and Herzegovina | Brazil | Bulgaria |

## C

Cambodia | Cameroon | Canada | Cape Verde | Chile | People's Republic of China | Colombia | Côte d'Ivoire | Croatia | Czech Republic |

## D

Denmark | Dominican Republic

## E

Ecuador | Egypt | Estonia | Ethiopia |

## F

Fiji | Finland | Former Yugoslav Republic of Macedonia | France |

## G

Germany | Ghana | Greece | Guatemala |

## H

Haiti | Hong Kong (China) | Hungary |

## I

Iceland | India | Indonesia | Ireland | Israel | Italy |

## J

Jamaica | Japan |

## K

Kazakhstan | Kenya | Korea |

## L

Latvia | Lebanon | Lesotho | Libya | Lithuania | Luxembourg |

## M

Macau (China) | Malawi | Malaysia | Malta | Mauritania | Mexico | The Federated States of Micronesia | Morocco |

## N

Namibia | Nepal | Netherlands | New Zealand | Nicaragua | Nigeria | Norway |

## P

Pakistan | Palestinian Authority | Papua New Guinea | Paraguay | Peru | Philippines | Poland | Portugal |

## Q

Qatar |

## R

Romania | Russian Federation |

## S

Saudi Arabia | Serbia | Singapore | Slovak Republic | Slovenia | Sri Lanka | Suriname | Sweden | Switzerland |

## T

Taiwan | Tanzania | Thailand | Trinidad and Tobago | Turkey |

## U

Uganda | Ukraine | United Arab Emirates (Abu Dhabi) | United Kingdom | United States | Uruguay |

## V

Vanuatu | Venezuela | British Virgin Islands (UK) |

## Z

Zambia | Zimbabwe

240 public institutions  
from  
112 economies



# OECD/INFE Tools

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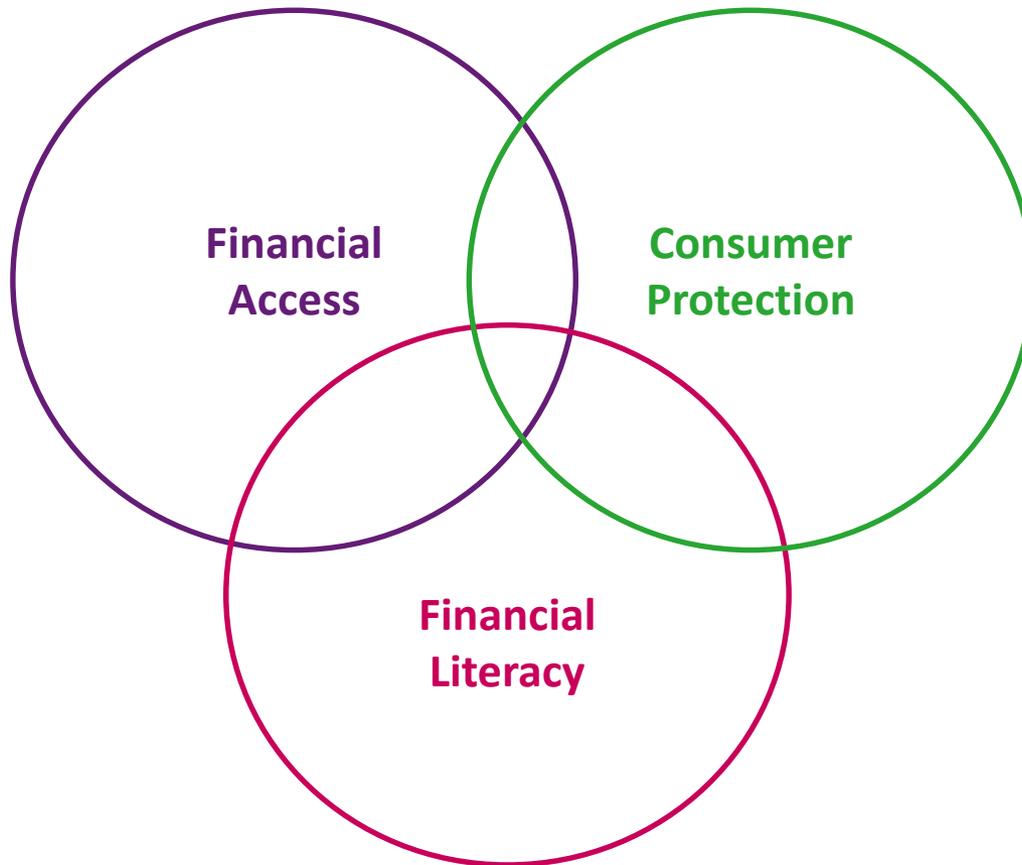


# Financial education rises on the international agenda



# Financial empowerment

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 Money Wise

# Money Wise Mission

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Pooling strengths

# Responsible financial behaviour

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## Financial Behavior Monitor (2013):



# Responsible financial behavior

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# Responsible financial behavior

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- Experience with payments
- Carefulness dealing with Anticipate
- Experience with overdrafts
- Managing expenditures
- Use of credit card
- Focus on the future
- Anticipate life events
- Buffer for unforeseen expenditures
- Saving on a savings account
- Buying simple financial products: comparing product characteristics, terms and price
- Buying complex financial products: comparing product characteristics, terms and price
- Managing financial products



# National Money Week

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**March 14th – 18th, 2016**

# Online

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**Birth date** ● ○ ○ ○ ○ ○ ○

Fill in your date of birth

[Next ›](#)

# Online tools

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## Employment situation

**I am**

Employee

Self-employed

Unemployed

Retired

# Online tools

... you get tips and info about your pension 

Your retirement age is **69 years**

 Make sure your spouse and children are taking care of you when you are old

 Check your current pension at [pensionoverview.nl](https://pensionoverview.nl)

 You have five ways of getting additional pension

 How to use your house as a source of wealth

54.000 users in three days  
94% finish, 45% continue

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# Key messages

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- 1. It is difficult to overestimate the importance of financial education**
- 2. Broad collaboration is needed, and can work**
- 3. Use behavioral insights**
- 4. Leapfrog, start small, think big**