

Guidelines for the Promotion of Consumer Education on Finance: 2002

1. Preface

New initiatives are requested for the promotion of consumer education on finance in Japan.

In the past, competition among financial institutions in Japan has been limited by various restrictions on financial and other transactions. Consequently, consumer options for financial transactions and financial products have been limited and thus the risks commensurately smaller. There has been little need for the consumer to actively gather financial information, and therefore, awareness of consumer education on finance has been low. However, the financial deregulation that began in the 1980s accelerated due to Japan's version of the financial "Big Bang" in 1996, and together with the rapid advance of technological innovations in information and telecommunications, gave rise to the development of new financial transactions and products. During this time, more failures of financial institutions were seen, which means that, although consumers had more choices, they were also required to deal more with diversified risks and assume greater self-responsibility than ever for their own choices and the results of those choices. For consumers to properly assume this self-responsibility, consumer education on finance, --- that is, providing consumers with necessary information and enhancing their ability to make their own choices --- is becoming indispensable.

The June 2000 Financial Council report *A New Financial Framework for the 21st Century* noted the importance of consumer education on finance, and this indication was symbolic of the major changes occurring in the financial environment surrounding consumers.

It goes without saying that the more importance attached to consumer education on finance, the more necessary the appropriate responses to changes in terms of its promotion. In this regard, based on the critical viewpoint that previous methods of promoting the consumer education on finance have remained individual efforts by various organizations and groups, the June 2000 report stated that "First of all, it is vital to conduct consumer education in a systematic and efficient manner, by utilizing the networks of the Central Council for Savings Information and Prefectural Councils for Savings Information, in which entities such as business circles, consumer groups, local governments, and related ministries and government agencies participate." Thus, on the basis of indications made in the report, the Central Council for Financial Services Information (renamed in April 2001; formerly the Central Council for Savings Information) has produced here the following guidelines to contribute to the systematic and efficient promotion of consumer education on finance.

In these guidelines, first, the significance and goals of Japan's consumer education on finance are reaffirmed, and its challenges are identified from an overview of its present status based on results of domestic surveys and on-site interviews conducted in the United Kingdom and the United States. Second, on the basis of the present status and challenges, a basic, desired picture of and future direction for

consumer education on finance are presented in terms of target, breadth and scope, content, promoting entity, and so forth. Furthermore, prioritized future activities are itemized for the Central Council for Financial Services Information (hereinafter, the Central Council) in this basic direction.

These guidelines are supposed to be shared by all those organizations that support the advancement of consumer education on finance in Japan. Although priorities for future activities are limited to those related to the Central Council, it is expected that related organizations other than the Central Council will adequately understand the implications of these guidelines and will act together to contribute to the enhancement of Japan's consumer education on finance.

----- The secretariat of the Central Council is responsible for completing these guidelines. In doing so, the Central Council is much obliged for valuable advice to those experts with deep knowledge in the field, including Mr. Hajime Kanai, Ms. Nobuko Takahashi, Mr. Takao Nishimura, Ms. Sanae Hara, Mr. Akiyoshi Horiuchi, Ms. Michiko Mifune, and Mr. Shoichi Royama; the Financial Services Agency; Cabinet Office; Japanese Bankers Association; Life Insurance Association of Japan; Japan Securities Dealers Association; and other related organizations.

2. Significance and Goals of Consumer Education on Finance

In general, consumer education is considered an important part of the infrastructure for the smooth functioning of the market economy. Among others, consumer education on finance is thought to be of even greater importance.

As noted earlier, this is mainly due to changes in the financial environment that demand more self-responsibility by consumers in financial areas. In addition to this, it is also due to the nature of financial products compared with other general goods. In the case of transactions of general goods or services, consumers often can directly perceive and evaluate the attributes of those goods or services through their five senses. On the other hand, consumers are obliged to perceive and evaluate financial product transactions uniquely through information. In addition, because each attribute of financial products can change significantly corresponding to fluctuations in economic and financial situations, the latest information is always required.

Thus, the importance of consumer education on finance is considered relatively great. Its direct goal is to enhance consumers' rational decision-making ability in financial areas. Through this, the following effects can be expected:

1. Consumers can fully enjoy the benefits of using diverse financial products and services,
2. Education will help prevent finance-related troubles and provide consumer protection, and
3. Education will contribute to the sound, rational management of the household economy, thereby strengthening market mechanisms.

----- In the *Consumer Survey on Finance* (see Appendix 1) of 4,000 consumers nationwide conducted by the Central Council in August 2001, responses to the

question about how consumers want to apply information and knowledge on finance were

- to manage household economy in a sound and rational manner (57.2%),
- to protect oneself against financial troubles and unexpected losses (48.2%),
- to design future financial life plans (45.1%), and
- to enhance the ability to make judgments to act as a self-reliant consumer and member of society (37.3%).

----- In the *Survey on How to Promote Consumer Education on Finance* (see Appendix 2) of consumer education-related organizations and knowledgeable persons in Japan, the major responses to the question about the goals of consumer education on finance were

- to prevent financial troubles proactively and to protect consumers (83.6%),
- to foster self-reliant consumers behaving in accordance with the self-responsibility principle (83.6%), and
- to undertake sound and rational household financial management (71.6%).

-----For overseas examples to use as references for Japan, the British Financial Services Authority stated in its May 1999 paper on *Consumer Education: A Strategy for Prompting Public Understanding of the Financial System*, “the high level aim of consumer education is to help consumers make informed choices and manage their financial affairs better. It should also, through growing consumer pressure, increase competition in financial services markets, leading to innovation, better quality and better value for money.”

Furthermore, Mr. Alan Greenspan, chairman of the U.S. Federal Reserve Board, stated in his April 2001 speech on “The Importance of Education in Today’s Economy” that

- Fostering education that will enable individuals to overcome their reluctance and inability to take full advantage of technological advances and product innovation in the financial sector can be a means of increasing economic opportunity,
- Financial literacy education may help to prevent vulnerable consumers from becoming entangled in some types of financially devastating credit arrangement, and
- Education can help to provide individuals with the financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions for their retirement or children’s education. Such financial planning can help families to meet their near-term obligations and to maximize their longer-term financial well-being.

3. Current State of Consumer Education on Finance in Selected Countries

(1) Consumer Education on Finance in Japan

a) Level of Consumers’ Knowledge and Understanding

Japan’s economic, financial, and social environments are rapidly changing; however, the level of consumers’ knowledge and understanding of finance is not considered adequate to make rational judgments. Although the majority of Japanese have some knowledge about deposits and savings, they do not fully understand

economic and financial mechanisms. Neither do they understand correctly important financial systems such as the deposit insurance system and the removal of blanket deposit insurance. Unable to obtain adequate information on pensions, insurance, and nursing care insurance systems, many people in Japan feel a vague anxiety about the future.

In addition, cases have often been observed that many consumers could have avoided serious financial difficulties if they had known the scheme for obtaining relief from over-indebtedness and the way to cope with dishonest commercial practices for transactions of certain financial products.

----- In regard to the level of consumers' financial knowledge and understanding, the *Consumer Survey on Finance* indicates that the majority of respondents answered that they had "almost no knowledge" on

- investment in securities such as stocks and bonds;
- risks related to investment, such as exchange rate risks on foreign currency deposits and other foreign currency-denominated products;
- systems to protect users and consumers, such as the deposit insurance system and the Law on Sales of Financial Products; and
- financial products.

Also in the *Consumer Survey on Finance*, more than 50% of respondents replied that they "have not heard" about "diversified investment (portfolio)" and "defined contribution pension plan (Japanese version of 401k)." More than 40% replied that they "have not heard" (44.7%) or "have heard, but do not know the details" (41.3%) about the "Law on Sales of Financial Products."

----- To a question about the level of consumers' knowledge and understanding of finance in the *Survey on How to Promote Consumer Education on Finance*, 69.0% of the respondents replied that consumers "have not much" knowledge and understanding.

b) Education System

In Japan, consumer education organizations and financial industry organizations perform consumer education on finance. Also, the Central Council for Financial Services Information actively networks with Prefectural Councils for Financial Services Information and financial life planning and savings advisers and promoters in its activities (from FY2002 on, these advisers and promoters are called "financial services information advisers" and "financial study group leaders."). However, it seems that even now, consumers have not always been fully aware of the activities of the various organizations and groups undertaking consumer education on finance. Furthermore, it also seems that the information provided has not always fully met the needs and matched the knowledge level of consumers, thus casting doubt on whether the education is consistent and systematic. Even in schools, children and students seem to have few opportunities for substantial studies to become equipped with and deepen their understanding of the financial knowledge needed as consumers.

----- To the question "What are your views about the financial information provided by various organizations and companies?" in the *Consumer Survey on Finance*, most respondents replied that

- They “have not seen much information” (38.6%),
- “The content of information is rather difficult and hard to follow” (29.3%), and
- They “have got the impression that a lot of information is written in the interest of financial institutions” (27.3%).

To the question about consumer education on finance at schools, the overwhelming number of respondents (68.5%) replied that, during their primary, secondary, or high school days, they had “seemingly almost none.” Out of those who recalled having received financial education at schools, the majority (56.3%) said that it was “almost of no use.” When examining these survey results, however, it should be taken into account that consumer education at schools was explicitly mentioned for the first time in the 1989 Course of Study.

The present states of financial education in the community, school, and household are referred to more in depth below.

i) Community-Based Financial Education (Provided by the Administrative Organization, Private Groups and Others; See Appendix 3)

Besides the Central Council, many organizations in private sector including financial industry organizations (e.g., Japanese Bankers Association, Japan Securities Dealers Association, Investment Trusts Association), industry public relations bodies (e.g., Japan Institute for Securities Information and Public Relations, Japan Institute of Life Insurance), and consumer education bodies (e.g., National Institute on Consumer Education), and consumer administrative bodies (e.g., National Consumer Affairs Center of Japan, local consumer affairs centers) deal with consumer education on finance in Japan. Their activities include producing and distributing publications (e.g., pamphlets, brochures) and videos, offering lectures, holding teachers’ seminars, arranging essay contests, offering correspondence courses, providing information through the Internet, and offering advice to complaints. However, at this point in time, regarding the information provided through these channels, responses such as “have not seen much information,” “the content of information is rather difficult and hard to follow,” and “have got the impression that a lot of information is written in the interest of financial institutions” are seen in the *Consumer Survey on Finance*.

ii) School-Based Financial Education

The Course of Study, which regulates the basic framework for Japan’s school education, is designed to provide children and students with opportunities to acquire the necessary knowledge on finance and deepen their understanding as consumers at each school level: in primary school, during lessons on everyday life, social studies, homemaking, ethics, integrated study, and special activities; in secondary school, during lessons on social studies (civics section), skills and homemaking (household section), ethics, integrated study, and special activities; and in high school, during lessons on civics (contemporary society/politics and economy), homemaking, integrated study, and special activities. However, each school or the teacher in charge is entrusted with the authority to decide which specific financial lessons or subjects are taught under the Course of Study and under the educational course of the school determined by its school principal based on the Course of Study. Therefore, there seem to be few actual cases

in which studies can be conducted so that children and students may become equipped with and deepen their understanding of the financial knowledge needed as consumers. It might also be interpreted that this state results, for example, from the lack of explicit indication that financial products and services should be dealt with in those study areas on consumers' rights and obligations and on useful tips for consumers.

The Central Council commissions in each prefecture one or two schools for pecuniary education for two years. In these schools, practical applications of and research on the pecuniary education are implemented in classes and elsewhere for children and students to learn sound attitudes toward money and fundamental economic and financial knowledge. However, these cases seem to be few in number.

iii) Household-Based Financial Education

It can also be considered desirable for children to acquire primarily in the household a certain amount of guidance on sound attitudes toward money, finance-related knowledge for everyday life, or financial life planning. However, due to limited educational opportunities to study these contents in schools and to the rapid changes occurring in society, even parents who are supposed to give above-mentioned guidance to children in the household do not always have adequate knowledge and understanding of the issues.

(2) Consumer Education on Finance in the United Kingdom and the United States

a) Structure of Consumer Education on Finance in the United Kingdom

In the United Kingdom, the Financial Services Authority (FSA) is the principal organization for consumer education on finance. In addition to financial supervision, the FSA is legally responsible under the Financial Services and Markets Act 2000 for "promoting public understanding of the financial system." Features of consumer education on finance in the United Kingdom are that

- The FSA publishes guidelines of consumer education on finance,
- The FSA is positively committed to school financial education, and
- The FSA actively uses the Internet website for education.

i) FSA's Guidelines

Section 4 of the Financial Services and Markets Act 2000 delegates legal responsibility to the FSA "to promote public understanding of the financial system." Therefore, the FSA is engaged in consumer education on finance through close cooperation with the Department for Education and Skills for education in schools and with the Department of Trade and Industry for overall consumer education and through active participation in projects of private nonprofit organizations (NPOs) and others. In May 1999, the FSA published detailed guidelines on the promotion of consumer education on finance in which it argued in depth how to promote consumer education on finance in the United Kingdom and other matters including the interpretation of Section 4 of the Financial Services and Markets Act 2000. Because these guidelines are based on responses to consultations with related departments and government agencies, the financial industry, and NPOs, they have gained broad support and have become a driving force for a wide range of activity programs.

ii) Commitment to School Education

The FSA, in cooperation with the Ministry of Education and Skills, has produced a guidance paper on what should be learned at each age group up until graduation from high school. This paper is distributed to all primary, secondary, and high schools throughout the United Kingdom. The FSA has also produced various study materials and side materials that can be used in classes and distributes them at cost.

iii) Enhanced FSA Website

The FSA has launched its own website (“Consumer Help”) to promote consumer education on finance and is making efforts to improve the content by posting brochures and pamphlets, comparative charts of financial products, and other materials. Although the FSA distributes financial education publications at various events, it attaches more importance to the use of the Internet that is capable of providing information to greater numbers of consumers given the FSA’s limited resources.

b) Structure of Consumer Education on Finance in the United States

Features of consumer education on finance in the United States are

- close cooperation and concerted actions between private and public sectors,
- emphasis on pragmatic educational methods, and
- conducting surveys on levels of consumers’ knowledge and understanding of finance.

i) Close Cooperation and Concerted Actions Between Private and Public Sectors

In the United States, the federal and state governments, the Federal Reserve Board, regional Federal Reserve Banks, state universities, nonprofit educational organizations, and consumer groups are linked closely. Each organization or group is not only engaged in its own consumer education but also closely cooperates with others to achieve efficient promotion of activities through measures including cross-board membership, alliances, joint publications, and staff secondment. One example of the cooperation is that many NPOs have established Jump\$tart Coalition for Personal Financial Literacy with the Federal Reserve Board, consumer groups, private companies, and other organizations to promote financial education for youngsters. They are actively engaged in the promotion of concrete projects.

Extension programs at state universities across the country not only play an important role in adult financial education but also contribute to fostering and training leaders and instructors in local areas and at schools.

ii) Emphasis on Pragmatic Educational Methods

In the United States, emphasis is placed on students’ becoming equipped with knowledge through the learning process and gaining the ability to solve problems that they will confront in their everyday lives rather than simply providing them with information. Educational methods include role-playing (i.e., playing certain roles in specific situations) and activities (e.g., discussions, games). Continued efforts have been made to develop these methods and to provide them to education scenes in the area of consumer education on finance. Some examples are that

- *Children and Money*, authored by Rosella Bannister, former director of the National Institute for Consumer Education (NICE), presents pragmatic

- educational methods for preschool and primary school children;
- The National Endowment for Financial Education (NEFE) publishes and distributes nationwide textbooks on finance for high school students;
- The U.S. Securities Industry Association's stock market game is reported to be used widely; and
- The National Council on Economic Education (NCEE) holds teachers' workshops during which various activities allow them to experience methods to effectively teach in the classroom the *Voluntary National Content Standards in Economics*, which are the national standards of economic study content in the United States.

iii) Conducting Surveys on Levels of Knowledge and Understanding of Finance

Full-scale surveys are conducted in the United States on the levels of knowledge and understanding in consumer education on finance. The Jump\$tart Coalition has conducted two surveys targeting high school seniors to gauge their levels of financial knowledge and understanding. Also, the NCEE has conducted four tests since 1964 targeting high school students nationwide regarding their economic knowledge level. Its most recent test covered more than 7,200 high school students. Organizations conducting these surveys and tests have proposed improvements of school curricula and educational methods based on analyses of the results.

(3) Challenges for Consumer Education on Finance in Japan

Based on Japan's current state and the examples of the United Kingdom and United States in the area of consumer education on finance, the analysis of challenges in Japan's case identifies following four points.

a) Improving Awareness of the Social Implications and Importance of Consumer Education on Finance

Knowledge of the economy and finance and knowledge allowing individuals to act as self-reliant consumers are indispensable for those living in a free-market economy in order to make wise choices based on accurate information and to live rich lives based on their own judgments. Particularly in Japan, the social implications and importance of consumer education on finance seem to be increasing more than ever, given that, since the 1980s, accelerated financial deregulation and technological innovations have broadened the scope of choices of financial products and services. However, the general recognition level of consumer education on finance is not yet considered adequate.

----- This point is explicitly demonstrated in the *Consumer Survey on Finance* in that 33.1% of respondents chose, as the reason why they have "almost no knowledge" of financial products or of the economic and financial systems, the answer "have invested funds mainly in deposits and savings with principals guaranteed and have not anticipated any bankruptcies or collapses of financial institutions."

----- In the *Survey on How to Promote Consumer Education on Finance*, 63.8% of respondents answered "because the awareness in society of the importance of consumer education on finance has been insufficient" as the reason for

consumer lack of financial knowledge and understanding.

b) Establishing Guidelines for Consumer Education on Finance and Curricula¹ for Systematic Studies

No guidelines have been set up in Japan for the systematic implementation of consumer education on finance. Consequently, no organic linkage of activities is found between various entities engaged in this education. Furthermore, the absence of curricula that indicate achievements at each study level is one of the reasons why consumer education on finance is not taught in depth in school. It is also conceived that this absence of curricula has given rise to, for instance, the fact that individual activities conducted by related organizations do not necessarily suit consumers' needs or knowledge level adequately.

----- In the *Survey on How to Promote Consumer Education on Finance*, 64.7% of respondents gave, as one of the “problems and challenges existing in consumer education on finance in Japan,” the answer “consumer education on finance is conducted neither systematically nor efficiently.”

----- That many respondents answered “the content of information is rather difficult and hard to follow” in the *Consumer Survey on Finance* might be because there is no systematic education being undertaken corresponding to each age group.

----- In the *Survey on How to Promote Consumer Education on Finance*, to the question whether or not consumer education on finance should be provided according to the development level of individual age groups, 95.7% of respondents answered that “the education contents should be varied, for example, when the education needs to be conducted on the basis of age group and development level.”

c) Strengthening Cooperation and Concerted Actions with Other Related Organizations

The Central Council has been working to strengthen cooperation and concerted actions with other related organizations and groups in order to promote its everyday activities, in addition to producing consumer education materials, inviting speakers to lecture programs and study meetings, and extending its own website links. However, the system of cooperation has not yet proven adequate. Concerned organizations and groups will be required to cooperate more than ever to improve the effectiveness of individual activities and to avoid the duplication of activities among them. For instance, their cooperation will be indispensable, either to fix the framework that will allow the National Consumer Affairs Center of Japan and local consumer affairs centers to bring back their incoming information on consumers' complaints and consultation to consumer education, or for consumer education on finance to infiltrate more into school education scenes.

¹*Curricula* here refer not to the Course of Study stipulated by enforcement regulations of the School Education Law but instead to courses on study content systematically composed and arranged in a way to readily facilitate understanding. This interpretation applies hereafter in this report.

----- In the *Survey on How to Promote Consumer Education on Finance*, 50.9% of respondents replied that they “think [it] very important” and 45.7% “think [it] important” to have ties and mutual cooperation among organizations and groups engaged in consumer education on finance.

d) Conducting Research and Analyses to Ensure Systematic and Efficient Consumer Education on Finance

In its *Public Opinion Survey on Household Financial Assets and Liabilities* (conducted yearly and titled the *Public Opinion Survey on Savings and Consumption* until FY2000), the Central Council continually surveys consumer levels of recognition of the deposit insurance system, perception of self-responsibility, and other items. Meanwhile, the National Institute on Consumer Education of Japan conducts the *Consumer Economics Test*, which surveys economic and legal literacy levels in consumers’ everyday lives. However, no specific surveys other than the Central Council’s *Consumer Survey on Finance* done in August 2001 have been undertaken to determine level of understanding of and need for systematic and efficient implementation of consumer education on finance.

4. Japan’s Desired Consumer Education on Finance

(1) Target (Who Should Receive Consumer Education on Finance?)

Consumer education on finance should address all residents in Japan. This is because people actually live in the environment in which Japan’s Big Bang in 1997 sped up the financial deregulation that had gradually been implemented over the previous 20 years, thus giving rise to new financial products successively emerging in the markets and to self-responsibility for decision-making being required of individuals. Therefore, everyone in any social group is expected to increase his or her own financial knowledge level.

----- Internationally, a tendency is observed that institutions engaged in consumer education on finance have limited their targets. For example, the FSA has “children, students, and people with relatively poor opportunities of education” as targets; the New York Fed “high school students”; and the Consumer Federation of America “middle- to low-income earners.” In Japan’s case, however, taking into account speedy changes in its financial environment, it is considered necessary that organizations and groups dedicated to consumer education on finance eventually cover all the people.

----- In this regard, the overwhelming majority of respondents (92.2%) in the *Survey on How to Promote Consumer Education on Finance* indicated “basic financial education closely related to everyday life, targeting all the people, including children.”

(2) Breadth and Scope (What Should Be Covered?)

Japan’s consumer education on finance will mainly include the knowledge (e.g., of pensions, insurance, the tax system, contracts, consumer protection laws) necessary for individuals to live a sound economic life based on financial life planning, in addition to the knowledge of financial products and services. Furthermore, the awareness of

self-responsibility required of a self-reliant consumer should be included in the coverage of consumer education on finance.

----- In this regard, the majority (64.1%) of respondents in the *Consumer Survey on Finance*, in reply to the question “What kind of information and knowledge on finance do you think is useful to your everyday life?” answered “information and knowledge on the institutional aspects of social systems such as nursing care insurance, pensions, and tax systems.” Regarding desired information areas, 67.9% mentioned “pensions,” 51.3% “deposits and savings,” 47.4% “insurance,” and 35.6% “taxes such as inheritance tax.”

----- Also, in the *Survey on How to Promote Consumer Education on Finance*, regarding financial knowledge and understanding thought to be required of consumers,

- 85.3% of respondents pointed out “whereabouts and content of risks of financial products and transactions,”
- 65.5% indicated “awareness of the self-responsibility required of self-reliant consumers,”
- 55.2% answered “appropriate ability to select financial products and so forth,” and
- 49.1% said “scheme of consumer protection and basic legal system in financial areas.”

(3) Contents (How Should the Information Be Presented?)

As noted earlier, Japan’s consumer education on finance must focus on having all residents acquire a broad scope of financial knowledge. To this end, it is hoped that criteria systematically categorizing study content to be acquired at each learning level would be presented.

These criteria are expected to provide (i) study content to leaders and instructors; (ii) model cases of how to advance studies to learners; and (iii) a rough measure to grasp learners’ progress to educational institutions, including schools. Also, identifying the relationship between those systematic financial study criteria and the Course of Study and other existing useful study materials is considered to contribute to the promotion of consumer education on finance.

These criteria are also considered to be of use to locate all financial educational activities of various entities into one system.

The Central Council formulated the *Curricula for Improving Understanding of Finance (by Age Group)* (see Appendix 4) by roughly classifying five target areas of consumer education on finance: (i) the mechanisms of economy and consumer behavior, (ii) the value and function of money and the mechanisms of finance, (iii) the content of financial products and services, (iv) financial life planning, and (v) consumer self-reliance. Meanwhile, criteria for systematic study content should also be organized by adult attainment level and by type of employment (e.g., self-employed, employers), this being an applied form of criteria for adults, in addition to the basic curricula by age group.

-----As mentioned earlier, in the *Survey on How to Promote Consumer Education on Finance*, an overwhelming number of respondents (95.7%) replied “Some differentiation should be taken into account in the implementation of consumer education on finance according to characteristics of a targeted group. That is, the education should be equal and uniform throughout the whole nation when it should be, and the education contents should be varied, for example, when the education needs to be conducted on the basis of age group and development level.”

(4) Place (Where Should the Education Be Conducted?)

It is desirable that consumer education on finance be conducted by making the best use of three different education opportunities: in schools, in the community, and in the household. School education has the advantage of targeting most of children and students in Japan. However, considering the various problems confronted by those who have already finished school, there is a need to promote consumer education on finance in the community. It is also desirable that assistance be given in the household to equip its members with financial knowledge.

(5) Means

There are many means for consumer education on finance, including supporting regional study groups and school education (e.g., holding leaders/instructors’ seminars, providing study materials), organizing correspondence courses and open seminars, holding lecture meetings, and providing information through websites. Educational activities need to be conducted in diverse ways and through diverse channels by combining and mixing the above-mentioned means. When doing so, each educational activity should be clearly positioned in the context of the entirety of activities, bearing in mind the study criteria discussed earlier, to create synergy. In particular, providing information through websites should be effectively used, as it potentially could be a tool strongly supporting educational activities in schools, in the community, and in the household.

-----When asked, in the *Consumer Survey on Finance*, how they preferred financial information and knowledge to be provided,

- 79.2% of respondents answered “through mass media such as newspapers, magazines, and TVs”;
- 44.6% indicated “through brochures, leaflets, and videos”; and
- 27.5% said “through the use of information technology such as the Internet.”

(6) Promoting Entity

As pointed out earlier, cooperation and concerted actions among the various related ministries, government agencies, organizations, and other groups need to be strengthened to promote Japanese consumer education on finance effectively and efficiently.

In promoting the cooperation and concerted actions, the Central Council for

Financial Services Information is expected to initially play a core role for the present, as the June 2000 Finance Council report states that “First of all, it is vital to conduct consumer education in a systematic and efficient manner, by utilizing the networks of the Central Council for Savings Information and Prefectural Councils for Savings Information, in which entities such as business circles, consumer groups, local governments, and related ministries and government agencies participate.”

-----When asked, in the *Survey on How to Promote Consumer Education on Finance*, what roles they expected the Central Council to play, 66.4% of respondents answered “role as a public body for consumer education on finance through its neutral and fair standpoint” and “role as a body providing cross-industry financial information and knowledge about banking, securities, insurance, and other areas, through its cross-industry status.”

-----Also, when asked in the same survey what activities they expected the Central Council to strengthen in terms of consumer education on finance,

- 73.3% of respondents answered “producing and distributing materials about a wide range of financial products and services, written from its neutral and fair standpoint and covering banks, securities, insurance, and other areas in a cross-industry manner”;
- 66.4% indicated “disseminating basic financial education for children in cooperation with such entities as the Ministry of Education, Culture, Sports, Science and Technology”;
- 55.2% said “disseminating information on a wide range of financial systems such as the deposit insurance system, the Law on Sales of Financial Products, and the pension and insurance systems.”

-----Meanwhile, in the *Consumer Survey on Finance*, in response to the question on roles they expected the Central Council to play by conducting activities of public relations and consumer education on finance from neutral and fair standpoint,

- 53.9% of respondents answered “role as a body designed to protect consumers against a variety of financial troubles”;
- 45.2% indicated “role as a public body for consumer education on finance through its neutral and fair standpoint”;
- 33.2% said “role as a body providing cross-industry financial information and knowledge about banking, securities, insurance, and other areas, as a consequence of its member composition that covers various private and public sectors.”

5. Future Priorities of the Central Council for Financial Services Information

On the basis of the above-described desired image of the Japanese consumer education on finance, it is expected that the organizations and other groups concerned with consumer education on finance will work actively in their own activity areas and from their own standpoints while mutually collaborating. In this context, the Central Council for Financial Services Information (See Appendix 5) will contribute to the systematic and efficient promotion of consumer education on finance by emphasizing the following activities.

----- The Central Council annually determines and publicizes activity policies for the upcoming fiscal year at its general assembly. Until now, activity policies for consumer education on finance have been classified as following three pillars:

- providing economic and financial information services,
- encouraging financial life planning, and
- disseminating pecuniary education.

The next section outlines specific activities to be prioritized that the Central Council's secretariat has defined from a medium- to long-term perspective, based on the basic framework of the three pillars.

(1) Promoting Curricula-Based Systematic Education

To provide consumer education on finance to all residents in Japan in a broad, efficient, and effective manner, the Central Council will continually make efforts to expand its activities beyond those areas such as schools for pecuniary education (for children and older students) and Financial Life Planning and Savings Districts (for consumers), which were renamed "Financial Study Groups" in FY2002, as well as to enhance the quality of these activities.

As a tool in this endeavor, the Central Council will further elaborate on the *Curricula for Improving Understanding of Finance (by Age Group)*. For school education, new curricula-based study materials (i.e., materials to be distributed to children and older students, leader and instructor manuals, and collections of practical case studies) also will be developed.

----- In the enhancement of the quality of activities of Financial Life Planning and Savings Districts, the Central Council will revise the existing *Study Curricula (Example)* (see Appendix 6 for proposed revisions) according to the *Curricula for Improving Understanding of Finance (by Age Group)* and also will produce new study materials (i.e., materials for learners, leader and instructor manuals, and collections of practical case studies).

(2) Fostering and Training Leaders and Instructors

a) Strongly Encouraging Teachers Through Opportunities Such as Seminars

The content covered by consumer education on finance can quickly become outdated because of institutional changes and other factors, and this is highly likely to impede the progress of consumer education on finance in schools. The Central Council, therefore, will hold seminars for teachers who are expected to promote consumer education on finance on site in schools and will offer maximum support to teachers' education activities.

b) Strengthening Training of the Front-Line Leaders and Instructors for Adult Education

The Central Council has provided seminars to financial life planning and savings advisers, who were renamed "financial services information advisers" or "financial study group leaders" in FY2002, and intends to enhance the content of these seminars in the future.

(3) Strengthening Cooperation and Concerted Actions with Related Organizations and Other Groups

a) Strengthening Lobbying to Related Ministries and Government Agencies for School Education

The Central Council intends to strengthen lobbying to the Ministry of Education, Culture, Sports, Science and Technology; prefectural education boards; and schools, as their cooperation is indispensable for the broader use of the *Curricula for Improving Understanding on Finance (by Age Group)* and related study materials, particularly on site in schools. In addition, it is conceived that consumer education on finance must be presented more clearly in the Course of Study so that it may take root in school education. Thus, the Central Council will lobby the Ministry of Education, Culture, Sports, Science and Technology and other related government agencies in this direction.

b) Establishing the Forum for Consumer Education on Finance

The Central Council has already set up working meetings of its member organizations (called “Council Member Organization Gatherings”) to discuss, when necessary, matters such as the ways its activities ought to be. In the future, these meetings will be positioned as forums for consumer education on finance, where practical opinions about its promotion in Japan will be exchanged.

c) Concerted Activities of Consumer Education on Finance, Such as Joint Production of Publications with Related Organizations and Other Groups

The Central Council has conducted joint initiatives with related ministries and government agencies, and other groups for activities such as developing study materials, holding lecture meetings, and implementing essay contests. It has endeavored to obtain as good results as possible from these activities, ensuring the accuracy of the information it provides and its appropriate applications. The Central Council will undertake similar efforts in the future, making the most of the forums.

d) Promoting Consumer Education on Finance Using Case Studies of Troubles

Complaints and inquiries from consumers concerning financial issues are handled by business organizations such as the Japanese Bankers Association and the Japan Federation of Bar Associations, in addition to the National Consumer Affairs Center of Japan and local consumer affairs centers across the country.

Taking into account the rapidly changing financial environment and the growing need for proactive consumer education to prevent financial troubles, the Central Council will exchange information more closely with the Cabinet Office, the National Consumer Affairs Center of Japan, business organizations, the Japan Federation of Bar Associations, and other groups and will endeavor to provide information, focusing on actual case studies of financial troubles.

e) Exchanging Information and Views with Similar Overseas Organizations

Regarding the ways to promote consumer education on finance, the Central Council will exchange information and views with similar major organizations in the United Kingdom, the United States, and elsewhere to continue using overseas cases for references.

f) Lobbying Academics and Experts

The Central Council will provide opportunities for leading academics and experts to publicize research results on consumer education on finance and to promote exchanges of information and views in related academic societies such as the Japan Society of Monetary Economics. This is to help strengthen the framework of cooperation and assistance to consumer education on finance by leading academics and experts.

(4) Adopting Multifaceted, Efficient Means of Education That Match Current Needs

a) Enhanced Use of the Internet

The Central Council has so far posted on its website contents of its own activities and publications. In addition, in fall 2001, it set up a “school education support program site” on the website, providing users with a table that illustrated supporting activities to financial education in schools, in cooperation with the Financial Services Agency of Japan and other private groups, and had this site linked with corresponding sites of other domestic groups engaged in financial education in schools. In this regard, the number of “hits” to the Central Council’s website has increased sharply, reaching 400,000 per month in November 2001.

The Central Council will endeavor to deepen and expand the Internet links with these related ministries and government agencies, and groups. At the same time, it will implement consumer education in which the features of the Internet will be used as much as possible, posting on its website items such as interactive study materials, databases of related materials, and simulation tools useful for financial life planning.

b) Use of Diverse Media and Tools

In the past, the Central Council has used diverse media and tools ranging from books to pamphlets, videos, lectures, a website, cable television, newspapers, magazines, and so forth. In addition to enhanced use of these channels, the Central Council will examine what effective new media, if any, can positively be used, considering their anticipated effects.

(5) Conducting Basic Surveys on Consumer Education on Finance

The Central Council will conduct basic surveys regularly (approximately once every 3 years) to accurately grasp the levels of knowledge and understanding of residents in Japan concerning finance and to undertake consumer education on finance that meets the real needs of the times and of the Japanese people.