

# Executive Summary on Hong Kong Financial Education Landscape Research





## Introduction: Improving Financial Literacy through Financial Education

- 1 Organisation for Economic Cooperation and Development (OECD), an international platform for advocacy in financial education, has defined financial literacy as ‘a combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.’ (Atkinson and Messy, 2012:14).
- 2 Financial literacy can be strengthened through financial education. Defined by the OECD, financial education refers to “the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being” (Organisation for Economic Co-operation and Development, 2005).
- 3 Improving financial literacy through financial education has also been considered an alternative approach to poverty reduction. With the goal of tackling asset poverty, financial education helps improve vulnerable groups’ financial literacy to make sound money decision from daily money management know-how to choosing the right investment product. With proper concepts of money management delivered, financial education serves as a service intervention which helps the poor to acquire and practice money management skills, build their own assets, tangibly improve their financial outcomes and to get out of poverty with strengthened financial security.
- 4 Awareness of the importance of financial education is gaining momentum among policy makers across the globe. The OECD Council developed and adopted the “*Recommendation on Principles and Good Practices for Financial Education and Awareness*” in 2005, which outlines the key principles and good practices in delivering financial education. Key principles include:
  - ▶ Financial education should be considered as financial capacity building based on proper financial information and instruction with the ultimate goal of improving one’s financial well-being;
  - ▶ Financial education should be delivered in a fair and unbiased manner with coordination and efficiency;
  - ▶ Financial education should be institutionalized into regulatory and administrative framework;
  - ▶ The role of financial institutions in delivering financial education and awareness should be promoted;
  - ▶ Financial education programs should be designed to meet the needs and the financial literacy level of target audience;
  - ▶ Financial education should be regarded as a life-time, on-going and continuous process.



- 5 The above principles offer international benchmarking for this study to assess the landscape of financial education in Hong Kong, which help us to explore whether Hong Kong:
- ▶ Has initiatives provide sufficient and balanced financial information and instruction with the ultimate goal of improving one's financial well-being;
  - ▶ Has financial education delivered in unbiased manner and meet the needs of different stakeholders, with co-operation and co-ordination;
  - ▶ Has financial institutions, as well as stakeholders of other sectors, delivering financial education;
  - ▶ Has financial education initiatives tailor-made for audiences of different financial needs and backgrounds, especially the vulnerable groups such as low-income families;
  - ▶ Has on-going initiatives with sustainability rather than programs which are one-off in nature.

## Putting Financial Education in Hong Kong's Context

- 6 As an international financial center, Hong Kong has developed a financial system with stability and integrity to attract capital and inflow of investment all over the world. With the well establishment of the financial infrastructure, the stock market capitalization of Hong Kong came 6th largest in the world in 2014.
- 7 Although Hong Kong has great achievements in developing her financial market, unlike other international financial centers such as U.S., U.K., Australia and Singapore, there is still no strategy to offer a direction for engaging different stakeholders to develop financial education in the city.
- 8 Tailored national strategies of financial education, based on dedicated national assessment, help offer framework to steer financial education at a policy level, allow the development of articulated roadmaps with measurable and realistic objectives to promote a smoother and more sustainable co-operation between interested parties and stakeholders and avoid duplication of resources. Therefore, a national strategy is crucial to identify national high-priorities issues to promote financial education strategically.
- 9 Without a national strategy, however, different stakeholders still contribute their efforts in providing various initiatives to improve the financial well-being of their targets in Hong Kong. Yet, there is no full picture to illustrate the city's situation and the development of financial education.
- 10 At the same time, Hong Kong is an affluent society, yet poverty and deprivation abounds. According to the latest official statistics, before policy interventions, the city's poverty rate hits 19.6% (before policy intervention) and the total number of poor households in Hong Kong reached to 550,000. Apart from the conventional threefold approaches for poverty reduction, namely promoting opportunity among the poor, creating a social safety net and offering public services, the society is also exploring alternative ways for poverty alleviation and prevention, including financial education for the low-income families.

## Research Objectives & Methodology

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- 11 In view of the international experience in strengthening financial literacy by having the best practices in financial education, and exploring the possibility to have financial education in Hong Kong as a mean to combat poverty, a landscape research has been conducted by the Hong Kong Council of Social Service with the support from the Citigroup:
- ▶ to review the financial education in Hong Kong (from January 2008 to August 2015); and
  - ▶ to explore the possibility of promoting financial education as a mean of poverty reduction.
- 12 The landscape research adopted an integrated research design to collect both quantitative and qualitative data to depict the multi-dimensional landscape of financial education, which includes:
- ▶ Documentary review such as academic literature review and research reports which illustrate overseas experience in promoting financial education, as well as curriculum review to map the financial education delivered in overseas and local schools;
  - ▶ Desktop research to review the financial education initiatives conducted in the period of January 2008 to August 2015;
  - ▶ Nineteen in-depth interviews with major stakeholders in financial education, including government officials, funders, program organizers, teachers, and social workers;
  - ▶ Two focus group discussions with low-income families identify their needs and perception towards financial education;
  - ▶ Two roundtable discussions with funders and program organizers to identify the needs of vulnerable groups and to explore possible ways to improve their financial literacy;
  - ▶ A territory-wide public poll on the financial management of young adults at work and their needs in financial education;
  - ▶ A media search to study whether newspapers, being one of the major print media in disseminating information related to personal finance and money management, has fulfilled its functions in improving the population's financial literacy.
- 13 For the desktop research, both online and offline methods were adopted to collect information on financial education initiatives. Online sources include websites and online materials provided by banks, insurance companies, industry association, investment companies, regulators, non-governmental organizations, media (electronic, print and social media) and education sector, while offline sources include submission of information about financial education initiatives by agency members of the Hong Kong Council of Social Service (436 NGOs providing social services in Hong Kong), and the print publications and brochures provided by the financial education providers the research team had approached.



- 14 Initiatives not for financial education but promotion of financial planning, banking, insurance, investing, lending services are excluded in this research.
- 15 Categorization of organizers, themes, target beneficiaries, mode of delivery, program sustainability and evaluation and assessment are conducted through identifying major keywords in materials that correspond to the concepts mapped in the research design.
- 16 The categorization includes:
  - ▶ **Organizers** of the collected initiatives by their business nature, including the government department, regulator, non-government organizations, education sector, financial agencies as well as media. It helps to illustrate who the key driver(s) of financial education in the city is.
  - ▶ **Target Beneficiaries** of the collected initiatives. The initiatives are categorized by their target groups to illustrate who are the most concerned groups in the landscape of financial education in Hong Kong, and who are being neglected.
  - ▶ **Theme** of the collected initiatives. With the categorization of the theme of the initiatives by their content and main message delivered, it helps to provide a larger picture of the main foci of financial education in Hong Kong, and whether the coverage of the theme is balanced to offer the audiences the knowledge they need for their financial wellbeing.
  - ▶ **Format of Delivery.** The initiatives are categorized by whether they are offered in one-way or in face-to-face/interactive way. For the latter, it provides room for the organizer to offer more in-depth trainings and interventions which accommodate the needs of the audiences in an interactive manner.
  - ▶ **Mode of Delivery.** The initiatives are categorized by whether it is carried out by sole organizers, or it is a collaborative move. It helps to show whether multi-organizer collaboration is widely applied in the city.
  - ▶ **Scale by number of participants.** The categorization can help to illustrate whether effort are made for offering different scales initiatives.
  - ▶ **Program Sustainability.** By categorizing the initiative into one-off or on-going in terms of program sustainability, it helps to illustrate the effort Hong Kong society made in providing sustainable, ongoing and continuous financial education.
  - ▶ Whether the initiative has **Evaluation and Assessment.** It can help to review whether the organizers have an understanding of the outcomes and impacts of their interventions, and whether public disclosure of the evaluation results has been a common practice among the organizers. Such practice can also help to build up a knowledge sharing platform in Hong Kong.

Table 1.  
Items covered in the desktop research

Dimension(s)	Specifications	Dimension(s)	Specifications
Organizers	Finance – Banks	Format of initiatives	Activities – Talks/ Seminars
	Finance – Insurance companies		Activities – Events & Exhibitions
	Finance – Investment Banks / Asset Management		Activities – Competitions / Award Schemes
	Finance – Industry association		Activities – Programs with multiple activities
	Finance – Others e.g. information providers, asset management companies		Media – TV program / Radio program
	Regulators		Media – Social media (e.g. Facebook / Youtube)
	Government bodies		Print publication – Booklets / Leaflets
	Non-governmental organizations		Textbook / School resources
	Education institutions		Website & Online tools
	Media		Mobile apps
Themes	Money management (saving, spending, budgeting)	Mode of delivery	Sole delivery
	Values and attitude towards money		Collaborative
	Investment related (concepts, tips, planning, risk control)	Frequency	One-off
	Insurance (concepts, tips, planning)		On-going
	Credit and Debt		Unknown
	Resource management (concepts, tips)	Evaluation	Evaluated
	Retirement protection (MPF, retirement planning)		No evaluation
	Financial planning (concepts, tips)		No evaluation result found
Financial planning (goal-setting)			
Consumers' rights & responsibility			
Target Beneficiaries	General public		
	Specific targets – Students (Kindergarten, Primary, Secondary, Tertiary)		
	Specific targets – Low-income groups		
	Specific targets – Young adults		
	Specific targets – Elderly		
	Specific targets – Investors and Organizers' customers		
	Specific targets – Investors		
	Specific targets – Parents		
	Specific targets – Teachers		



- 17 While in-depth interviews were arranged to explore the picture behind the landscape - driving forces in delivering financial education, the keys in collaboration and whether the current initiatives target poverty reduction are explored in a detailed manner. Snowball sampling was used during the process to further engage with major stakeholders under different categorizations of this study.
- 18 Media search attempts to answer what kind of financial-related information that newspapers, the chosen mainstream print media for the media search in this study, helps disseminate. It also intends to assess whether the existing information related to money, finance and wealth management help improves the financial literacy in accord to the recommended principles and good practices advocated by OECD.
- 19 A public poll was carried out to study the wealth management and financial needs of a specific target group which is not being significantly engaged in current financial education initiatives. With this purpose, the Steering Committee of this research recommended to study the characteristics and need of young adults in Hong Kong, to assess whether their needs in financial education are being catered and explore the service gaps of this specific target group.

## Overview of Hong Kong Financial Education Landscape

- 20 A total of 389 initiatives have been conducted between January 2008 and August 2015.
- 21 The current financial education initiatives are mainly driven by non-governmental organizations (47.6%) and business sector (35.0%). For the detailed breakdown of the latter, banks account for 10.8% while insurance companies organized 10.5% of total identified initiatives.

Chart 1.

### Organizers identified in the financial education initiatives by sectors and business nature (n = 389)

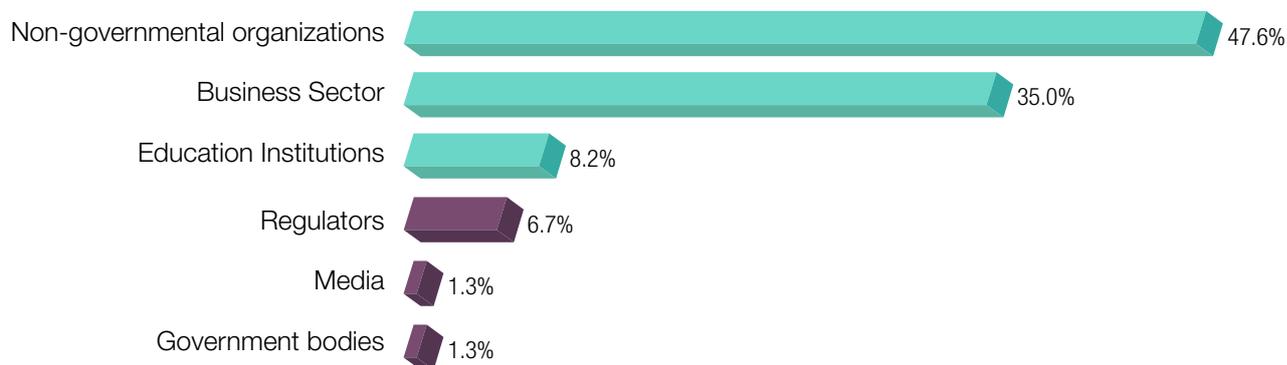
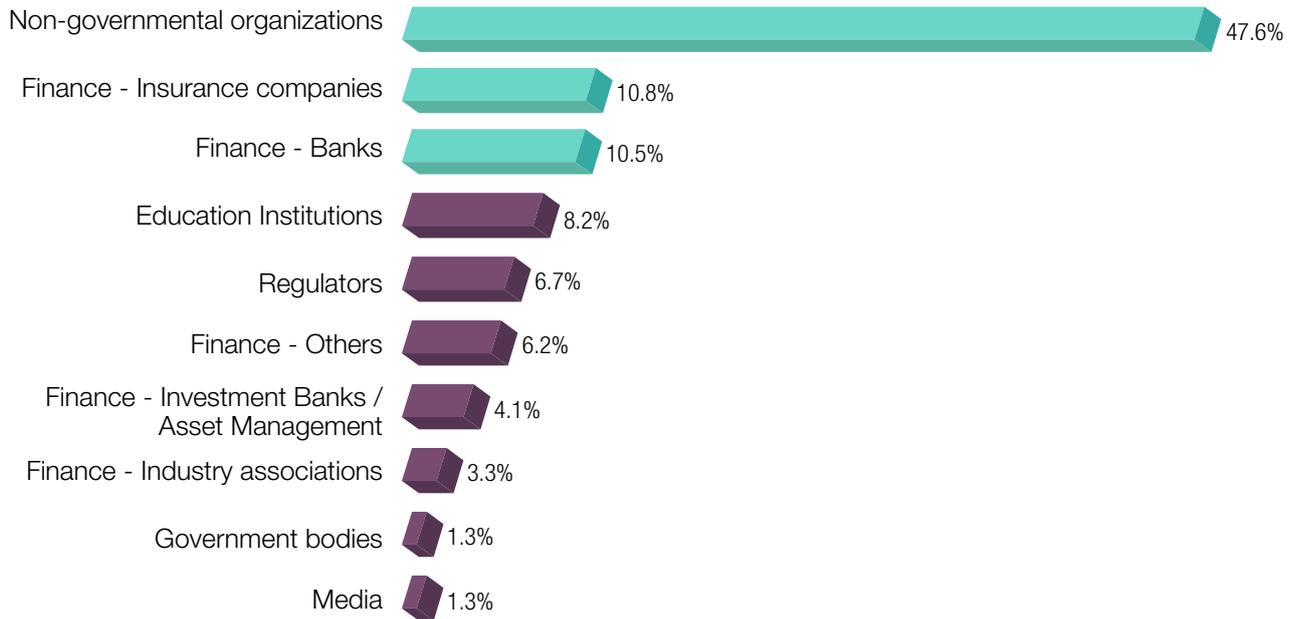


Chart 2.

Organizers identified in the financial education initiatives by sectors and business nature (n = 389)



22 The top 3 foci of financial education lie in investment-related (concepts, tips and planning) (32.0%); money management know-how (saving, spending and budgeting) (25.8%) and financial planning (goal-setting) (15.0%).

Chart 3.

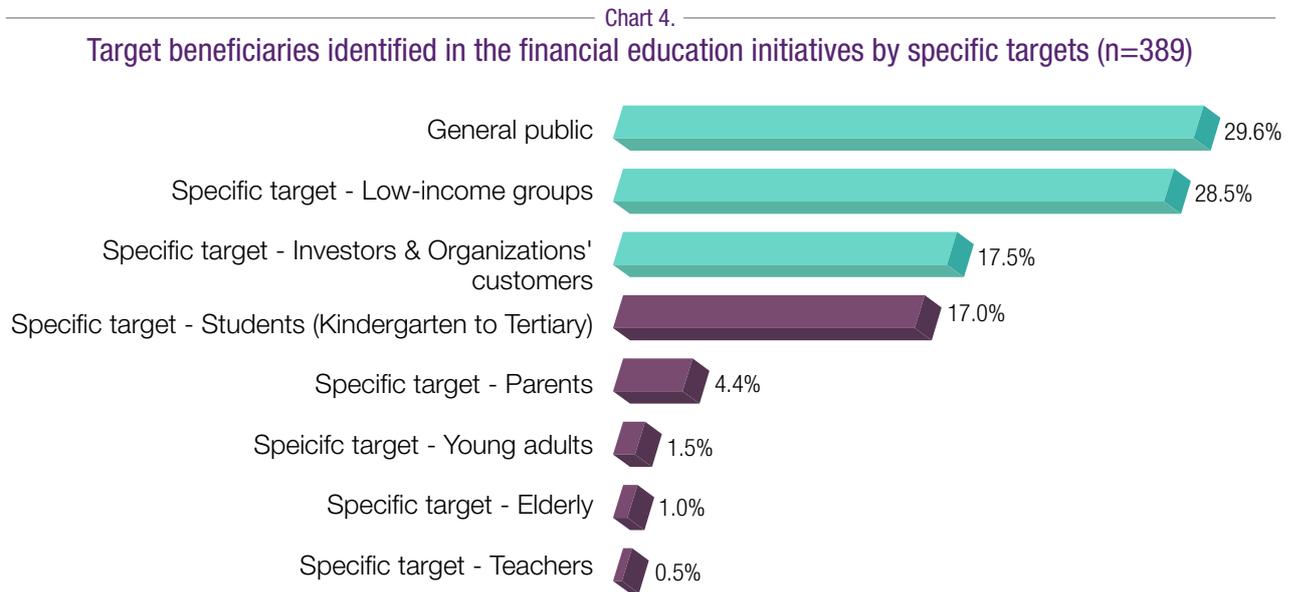
Themes identified in the financial education initiatives by focus of the initiatives (n= 791)\*



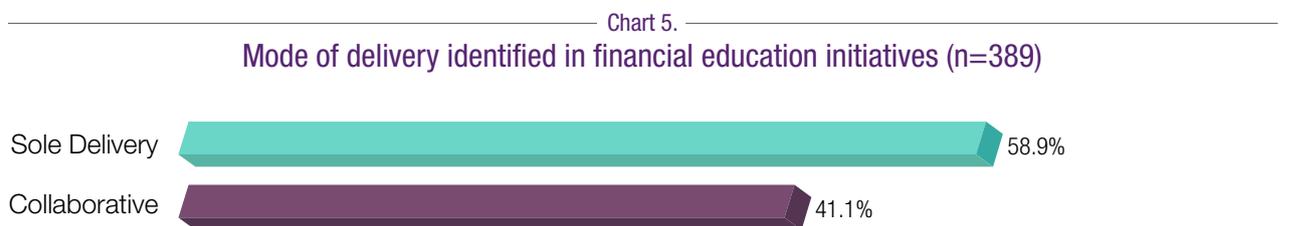
\*Initiatives may cover more than one theme. The total number of themes identified is thus more than 389.



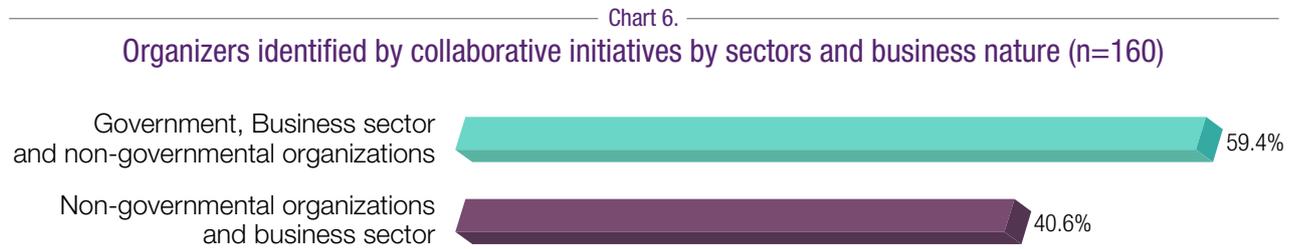
- 23 In terms of target beneficiaries, a greater number of initiatives target general public (29.6%), followed by low-income groups (28.5%) and investors & organizers' customers (17.5%).



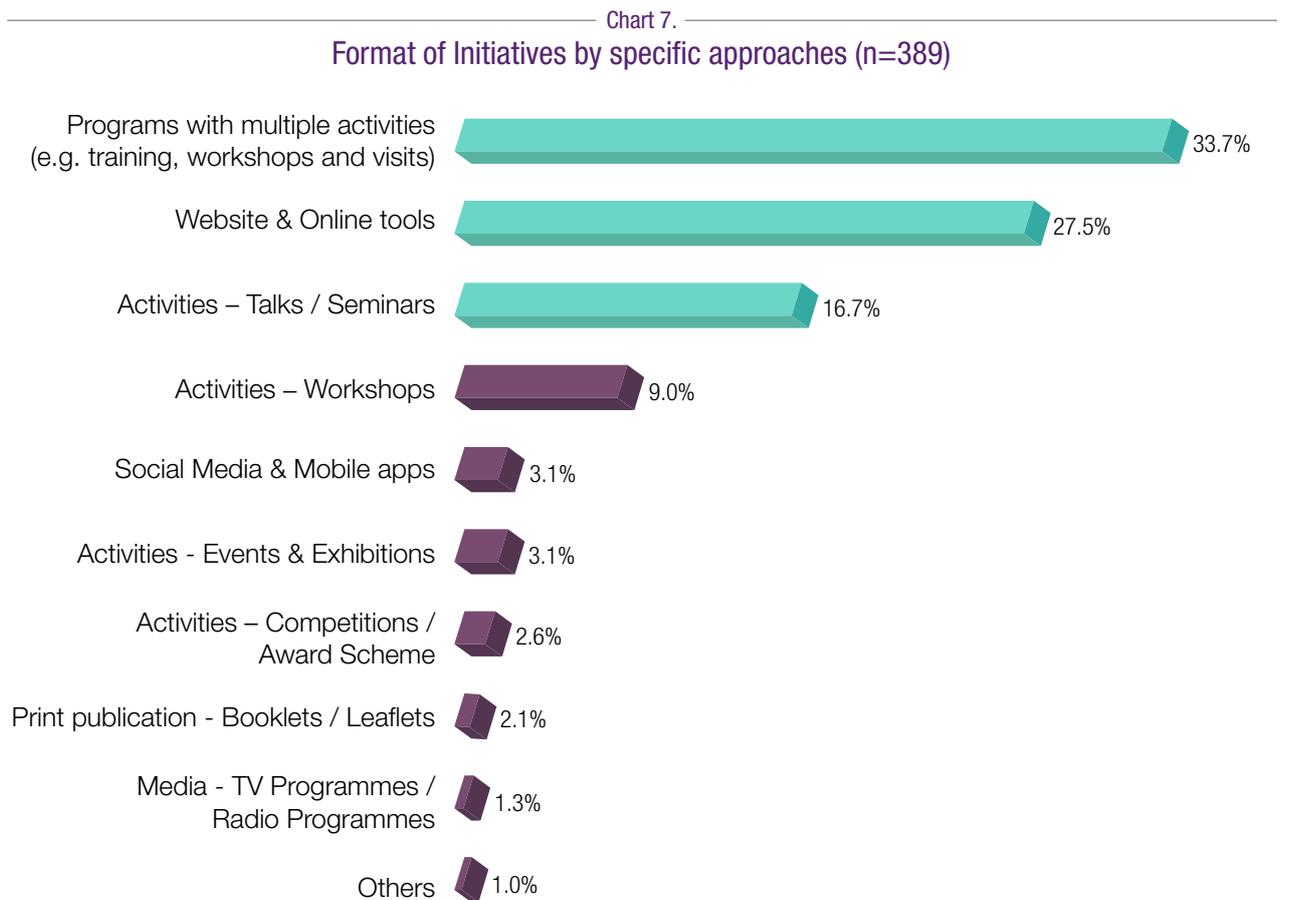
- 24 It is worth mentioning that low-income groups, ranked as the second major target beneficiaries, are largely due to the launch of government-driven Child Development Fund (CDF) projects. Money management and financial planning (goal-setting) are covered in the personal development plan to accumulate their financial assets and management their money wisely.
- 25 If the CDF initiatives are excluded, only 16 out of 294 initiatives (5.4%) are programs dedicated to low-income groups to improve their financial literacy and money management know-how.
- 26 Analyzing the major approaches in delivering financial education, it is found that 58.9% initiatives are solely provided by an organization while 41.1% of initiatives are collaborative in nature.



27 A further breakdown of data illustrates that the major collaboration is made between government departments, the business sector and non-governmental organizations (59.4%), followed by the business sector and non-governmental organizations (40.6%).



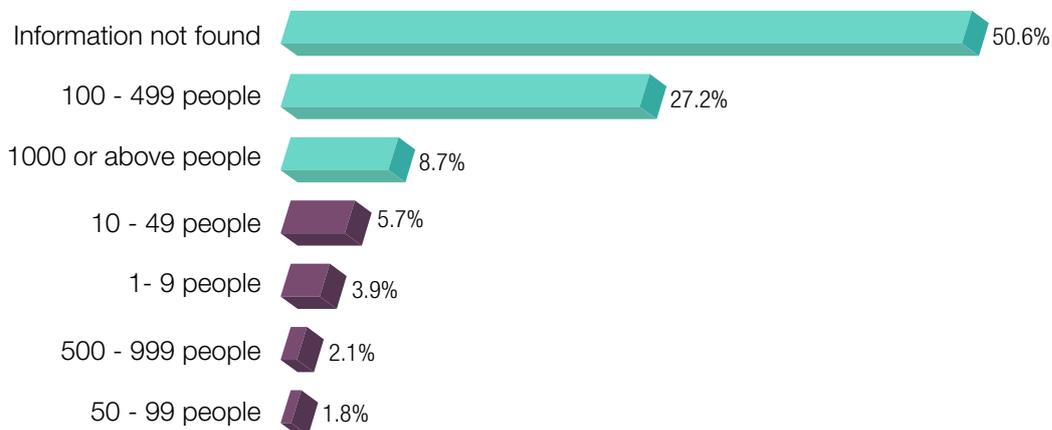
28 Interactive delivery in various approaches is found in 65% of the identified initiatives while one-way delivery of financial education account for 35%. A further breakdown of delivery tools illustrates that resources focused for the most part on program with multiple activities (33.7%), website and online tools (27.5%) and talks/seminars (16.7%).



- 29 Half of the identified initiatives (50.6%) do not disclose information about the scale of initiative in terms of number of people reached. 27.2% of initiatives reached 100 to 499 people while 8.7% of initiatives targeted 1,000 people or above.

Chart 8.

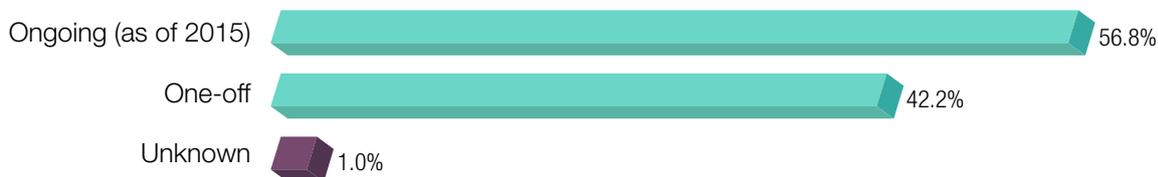
Number of participants per financial education initiative by number of people reached (n= 389)



- 30 It is found that 56.8% of the identified financial education initiatives are ongoing while 42.2% are one-off in nature.

Chart 9.

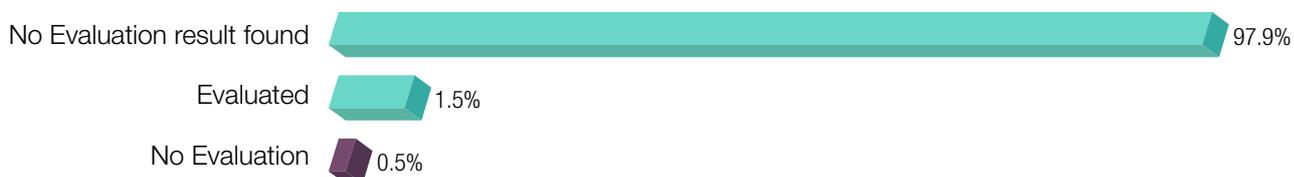
Number of ongoing and one-off initiatives identified as of 2015 (n=389)



- 31 Among the 389 financial education initiatives in Hong Kong, only 1.5% of initiatives reported evaluation and assessment. Among the evaluated initiatives, only one evaluation is publicly disclosed. No public information concerning evaluation and assessment is found among the 97.9% of identified initiatives.

Chart 10.

Number of financial education initiatives by evaluation and assessment (n=389)



## Practice Wisdom of Current Initiatives

- 32 Findings reveal that collaboration between business and social service sector in promoting financial education helps ensure the credibility of knowledge delivered and neutrality in delivery without hidden agenda related to promotion of financial services.
- 33 Views captured in in-depth interviews and roundtable point out that direct engagement is crucial to identify the financial needs of target beneficiaries. By understanding the daily life experience and socio-economic characteristics of target groups, it helps deliver relevant financial education which is able to meet the literacy level and the context of everyday life. The study also identifies in-direct engagement approach which children are directly engaged while their parents are indeed the primary targets. By encouraging parents to deliver financial concepts to their children, such 'train-the-trainer' approach offers parents insights to reflect their retirement planning and wealth management.
- 34 Some stakeholders engaged in the study share the importance of pilot programs with feedbacks from the service users and evidence-based evaluation. The practices are significant in catering the needs of targets and ensure knowledge acquisition with opportunities of practical application given.
- 35 Whether the content of the financial education links to the daily life of the participants is the key for deeper engagement. Financial education initiatives should facilitate the target group(s) to be aware of the importance of financial literacy associated with their daily lives and life planning, thus facilitate and foster behavioral changes.

## Financial Education in Schools

- 36 School, as the most important platform for knowledge generation, transfer and dissemination, is another key area this study covers.
- 37 Contrary to the practices adopted by Australia, United Kingdom and United States, which have officially embedded financial education into national curriculums through legislation, there are no centralized or mandatory curriculums that cover financial education in Hong Kong.
- 38 Nonetheless some concepts of money and personal finance are scattered into a several subjects in curriculums of primary and secondary education, including General Studies of primary curriculum, Life and Society (elective subject with school-based curriculum) for junior secondary, Liberal Studies (compulsory subject), Business, Accounting and Financial Studies (elective subjects) for senior secondary.
- 39 To fill the gap, other learning opportunities (OLE) to improve students' financial literacy are available with the efforts made by teachers, social workers, and professionals of business, industry associations and the support from Education Bureau.



- 40 The problems of having financial education scattered in subjects are multi-faceted. First, without a centralized curriculum, financial education is not an on-going or continuous process for students to master financial concepts at different learning stages. Adding to that, financial education remains as a low priority for teachers – who are not confident enough to teach about financial education as no related training was offered to prospective teachers. Given the tight teaching schedule and tremendous workload, as financial education is not exam-related, it is not surprising that financial education has not been a pressing item on schools' agenda. Besides, despite that fact that personal finance has been covered in a discipline-specific subject in senior secondary curriculum, it is apparently not for every student though financial literacy shall be a cultivated life skill for all.
- 41 Unlike the school-setting in primary and secondary schools, knowledge acquisition in universities or tertiary institutions becomes more discipline-specific. Personal finance, investment and trends of financial markets are mainly accommodated to students majoring in Business and Finance. There is no course related to personal finance that requires mandatory enrollment, which does not favor the non-finance majors in acquiring essential knowledge, skills and attitude towards money and personal financial management upon joining the labor force whereas they will come across major money decisions ranging from loan repayment, MPF management, saving for different life goals and investment for wealth management.

## Financial Education for Specific Target Groups: Young Adults

- 42 Apart from illustrating the landscape of the financial education initiatives in the city, the study also explore the needs and interventions for the specific target groups which may be neglected, including young adults and low-income families.
- 43 Recognizing the financial needs of young adults are yet to be explored as shown in the desktop research, curriculum review and in-depth interviews, a telephone survey was commissioned to the Centre for the Advancement of Social Sciences Research (CASR), Hong Kong Baptist University. The survey was conducted by real interviewers with randomly selected target individuals from 21 August to 21 September 2015 to capture the pattern of wealth management and financial needs of young adults (18 – 40 years old) in Hong Kong. Analysis of the survey shows that:
- Financial knowledge acquisition: only 33.7% of the respondents reflected that their school or teacher taught them financial knowledge when they were in school, learning “Building money saving habit” (84.0%) and “Formulating expenditure budget” (63.3%) and “Wise spending and distinguishing needs and wants” through “subject curriculum” (56.7%) and “school talk” (51.6%).

Chart 11.

When you were in school, did your school or teacher teach you any financial knowledge? (N=815)

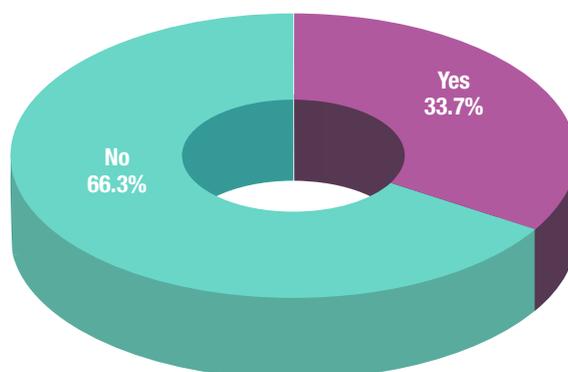
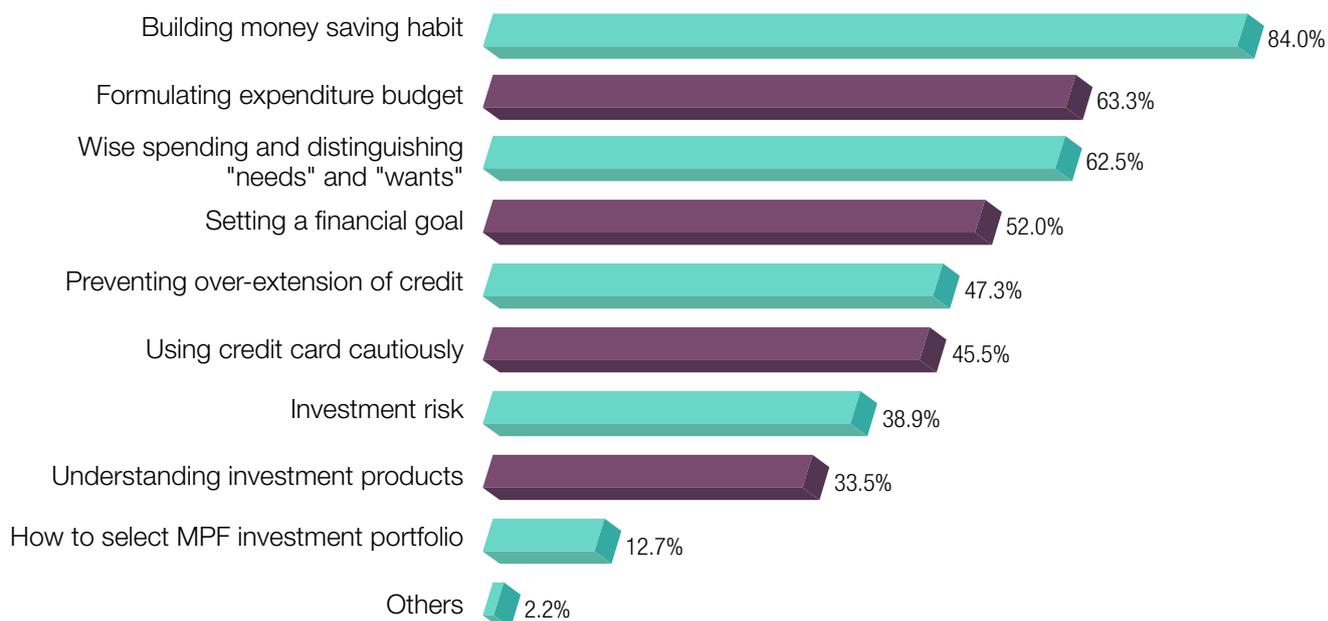


Chart 12.

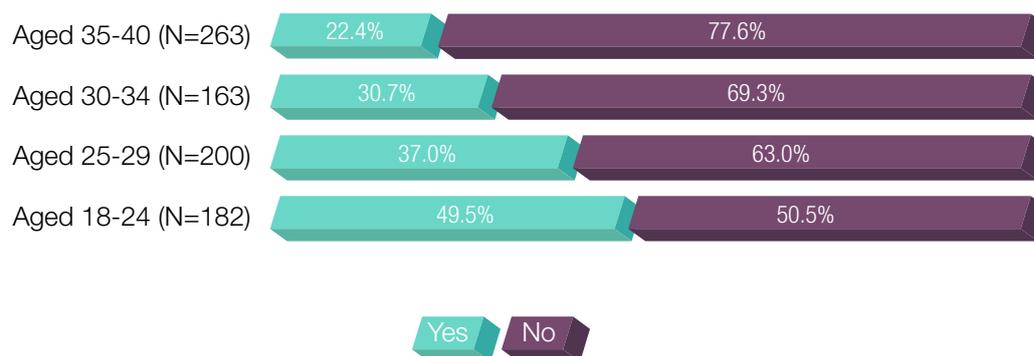
What did your school or teacher teach you on financial knowledge? [Multiple responses] (N=275)



- More opportunities to receive financial education at school for the younger generations in recent years, as indicated in the survey findings. Most respondents having 5 years working experience or below acquired financial knowledge from their school, which accounted for a much higher percentage than the other groups with more full-time working experience.

Chart 13.

When you were in school, did your school or teacher teach you any financial knowledge? (by age groups) (N=808)



- Without school as a platform to acquire financial knowledge after graduation, most of the respondents learnt “Building saving habit” (72.5%) and “Using credit card cautiously” (58.7%) from their “Friend/ Colleague” (60.0%), “Media”(57.2%) and “Family member” (51.1%).

Chart 14.

**Did you acquire any financial knowledge after graduation? [Multiple responses] (N=815)**

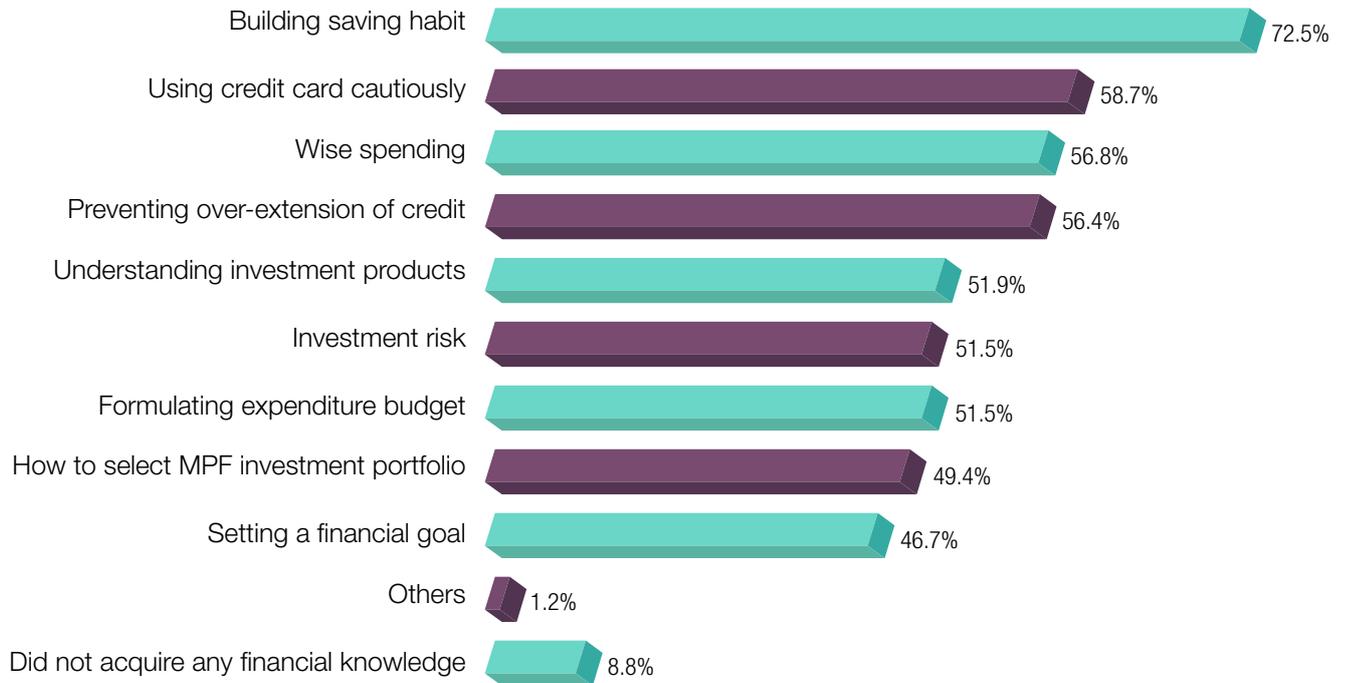
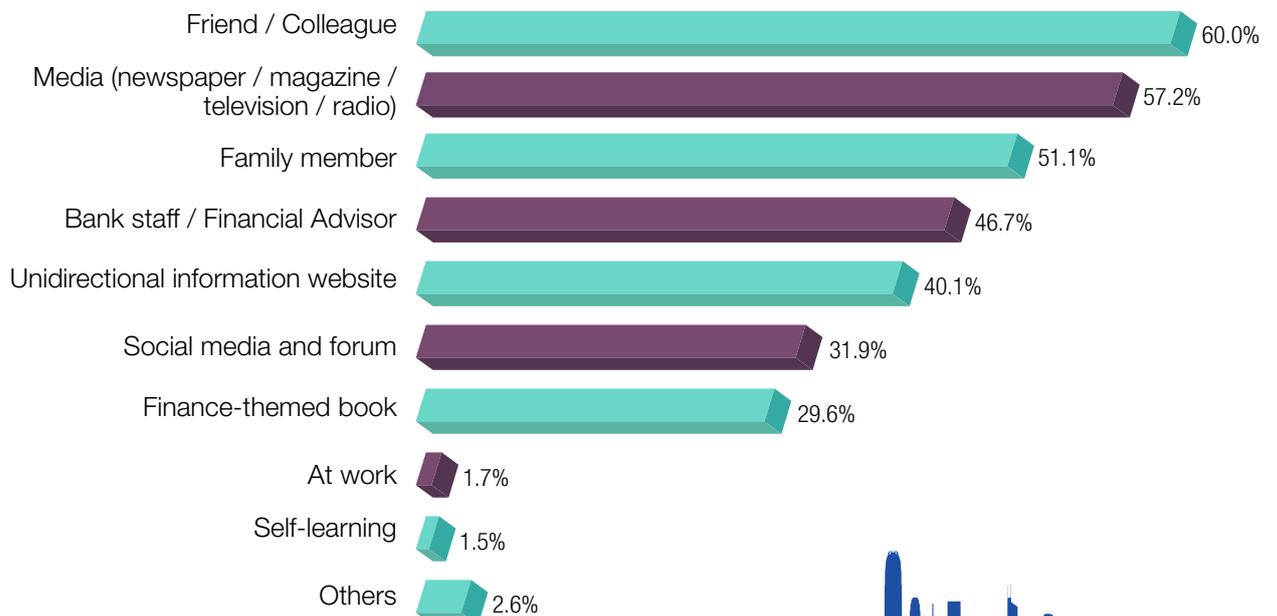


Chart 15.

**How did you acquire the above financial knowledge? [Multiple responses] (N=743)**



- ▶ Saving: The vast majority of respondents (92.8%) reported to have money saving habit which demonstrates outstanding willingness to save. Of these respondents, 86.9% of them pointed out that “Saving for rainy day” was the primary reason why they cultivated the habit, which was followed by “Achieving future goal” (66.9%) and “As retirement expenses” (49.5%). Among the respondents who did not have money saving habit, most of them stated the reason was “all money spent to meet the basic necessities of life” (76.3%) and “No saving due to the expenses beyond the basic necessities of life” (47.5%).

Chart 16.

Do you have money saving habit? (N=815)

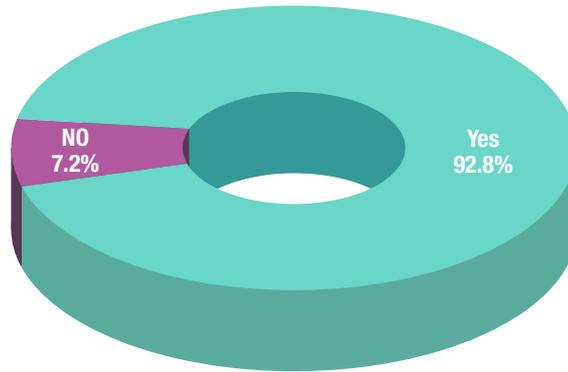


Chart 17.

Why do you have money saving habit? [Multiple responses] (N=756)

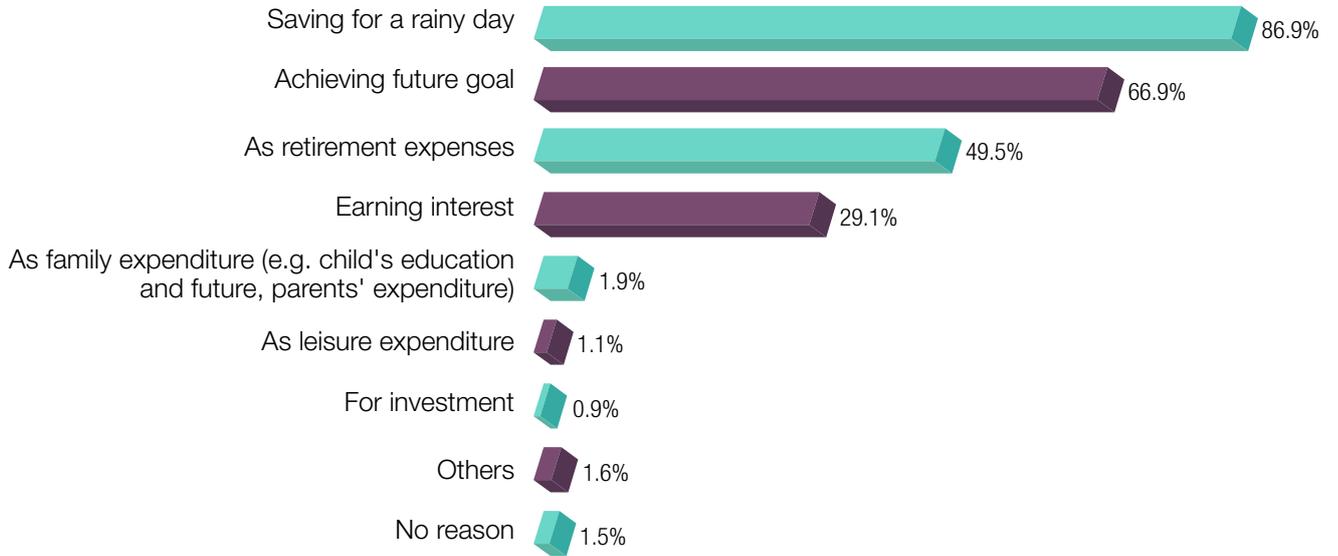
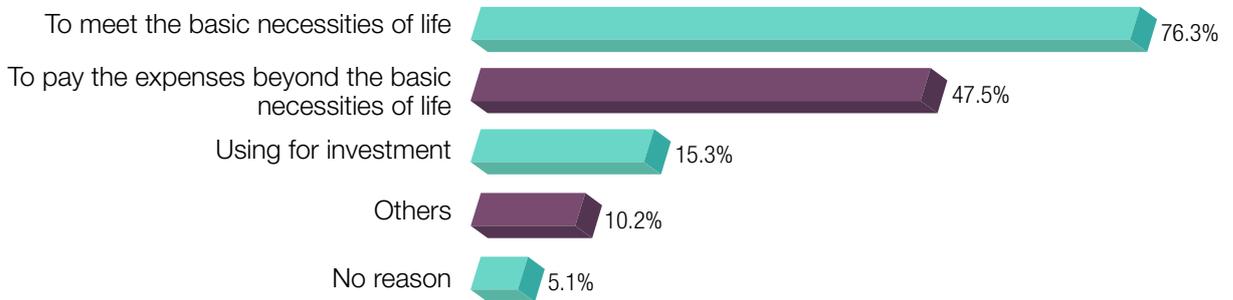


Chart 18.

Why don't you have money saving habit? [Multiple responses] (N=59)



- Budgeting: As for personal budgeting planning, it is found that more than half of the respondents (56.3%) did not have habit on formulating budgeting plan. There is a positive correlation between education level and the habit and budget planning. Of the respondents who did not have habit on formulating personal budget plan, the major reasons reflected were that they had the plan on their mind (60.1%) and it was troublesome to do the planning (50.8%).

Chart 19.

Do you have habit on formulating personal budget plan? (N=815)

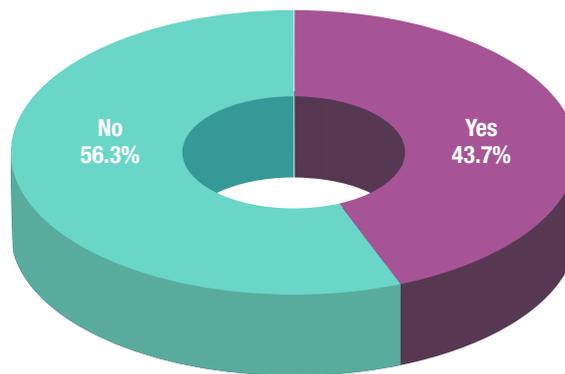


Chart 20.

Why don't you have habit on formulating personal budget plan? [Multiple responses] (N=459)

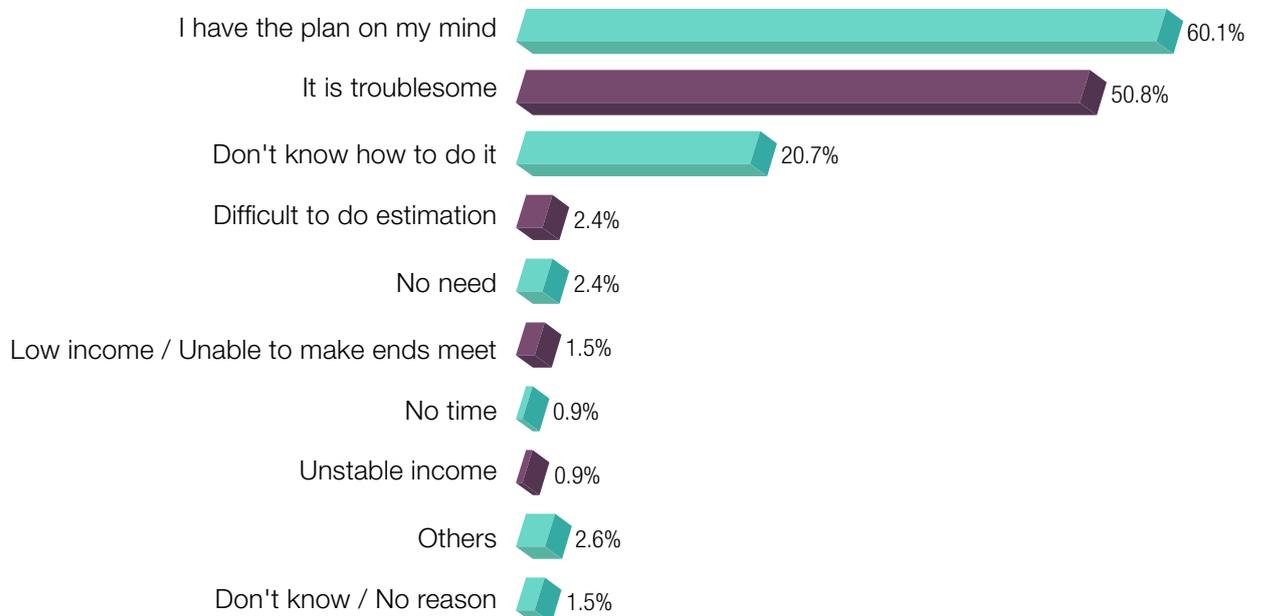
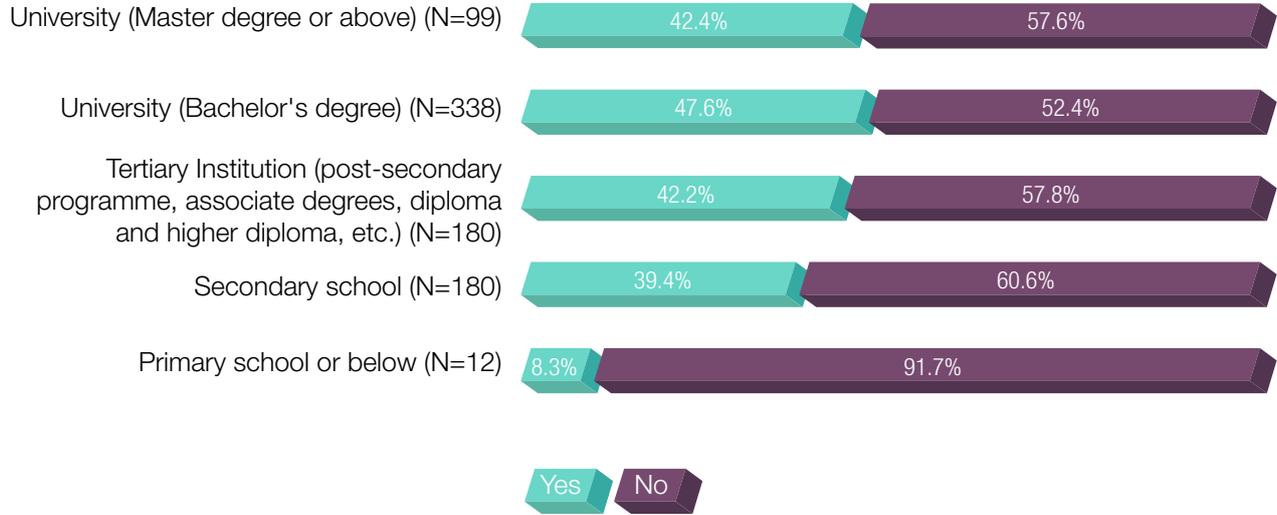


Chart 21.

Do you have habit on formulating personal budget plan? (by education level) (N=809)



- Investment habit and knowledge: The survey found that about 70% of the respondents had investment and the top three investment items are stocks (45.6%), funds (34%) and foreign currencies (30.1%). Overall, “Investment risk management” (28.8%) and “Basic understanding of investment products” (28.5%) were the two aspects that the respondents mostly want to enhance on investment knowledge. Of the respondents who did not invest, the main reason was they did not know how to invest (50.6%), worried about the financial loss (46.9%) or did not have surplus money (46.4%). This indicates that in terms of investment, young adults would like to acquire more knowledge on risk management and how to differentiate different investment products.

Chart 22.  
Do you invest in the following item(s)? [Multiple responses] (N=815)

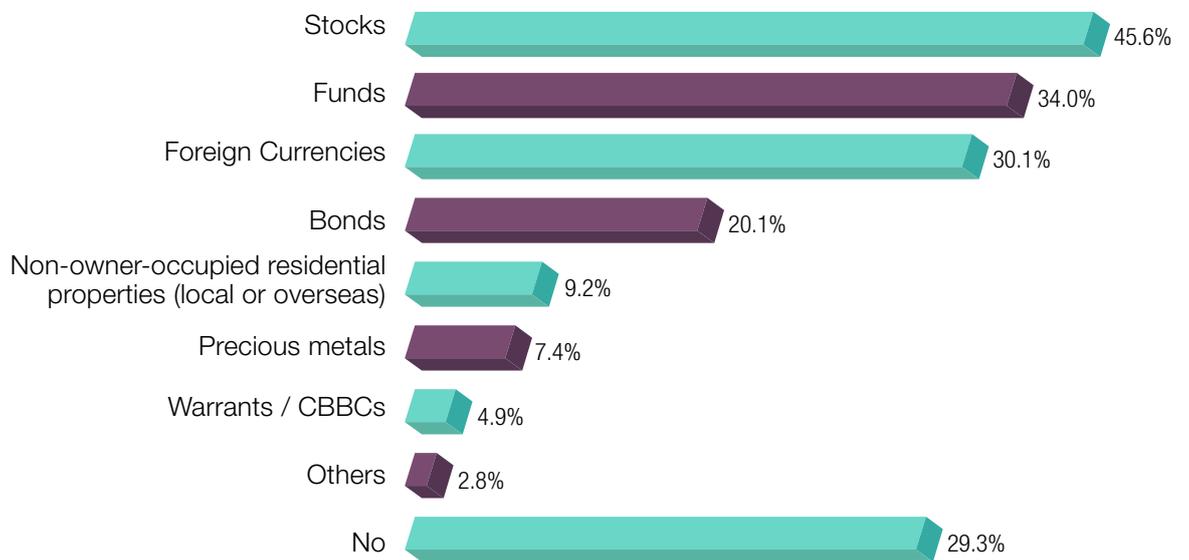


Chart 23.

Why don't you invest the above item(s)? [Multiple responses] (N=239)

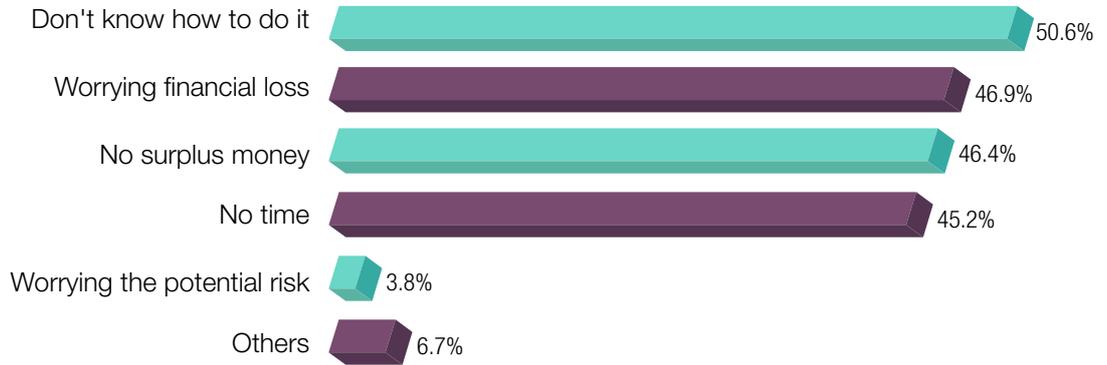
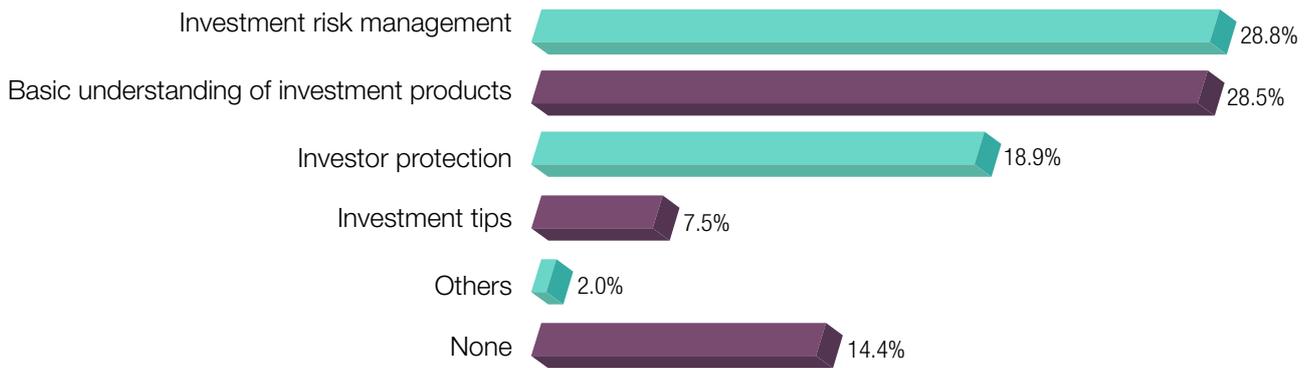


Chart 24.

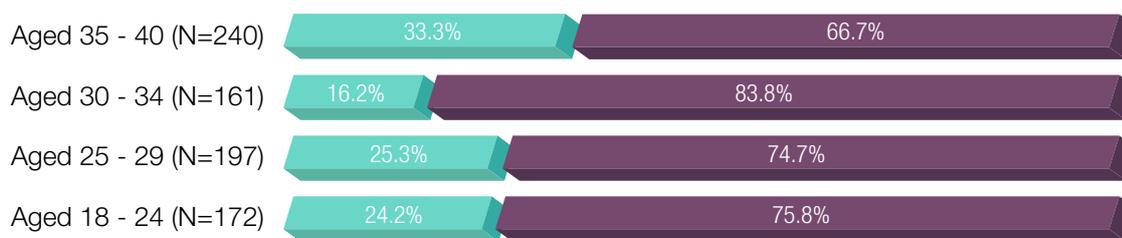
Which aspect do you mostly want to enhance on investment knowledge? (N=815)



- ▶ Mandatory Provident Fund (MPF) scheme management and knowledge: The survey found that the percentage of respondents aged 35 – 40 who have no concern when choosing MPF schemes are 33.3%, which is the highest among the age groups. This age group is supposed to have the longest period to contribute and stay in the scheme. However, a rather significant portion of this group of young adults do not consider any factors when choosing MPF schemes which are indeed highly relevant to their retirement protection.
- ▶ Relatively speaking, a larger percentage of respondents aged 18 - 24 do not know how to handle the benefit of the MPF account from their previous job among the age groups, followed by those aged 35 – 40. Knowledge gaps in MPF management are also identified. For those who have MPF account, “How to understand the performance in return of the fund” (56.5%) as the most-want-to-enhance aspect and the second most selected item was the “Performance of a trustee” (51.8%).

Chart 25.

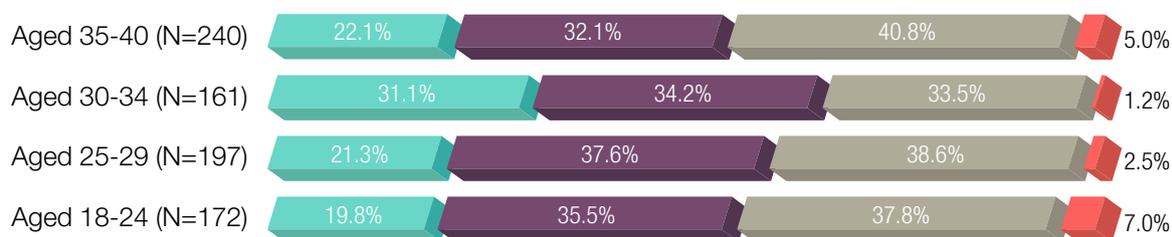
### What do you concern when you choose the MPF scheme? (by age groups) (N=808)



-  I have no concern when choosing MPF schemes
-  Have concerns when choosing MPF schemes (e.g. trustee performance, risk, fees and charges, etc.)

Chart 26.

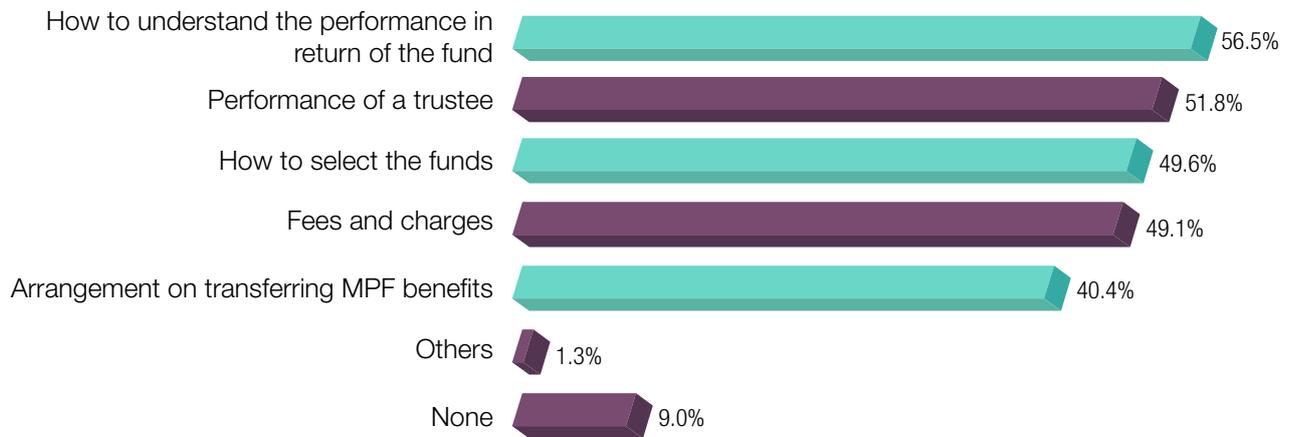
### When you changed your job, how did you handle your benefit of the MPF account from your previous job? (by age groups) (N=808)



-  Yes, transfer to an account in another scheme of your own choice for continuous investment
-  Yes, transfer to your contribution account in the scheme of your new employer
-  No, keep in the original scheme for continuous investment
-  Don't know

Chart 27.

Which aspect(s) do you most want to enhance on the knowledge of MPF?  
[Multiple responses] (N=774)



- Life event and further acquisition of financial knowledge: To achieve their life goals, about half of the respondents thought financial knowledge on “Building money saving habit” (55.2%), “Wise spending and distinguishing needs and wants” and “Formulating expenditure budget” (43.7%) would help them to achieve their goal. It is worth mentioning that about 29% of the respondents reflected that they could not think of any aspect on financial knowledge that would help their goal achievement.

Chart 28.

In the coming 3 years, do you forecast there will be any life events?  
[Multiple responses] (N=815)

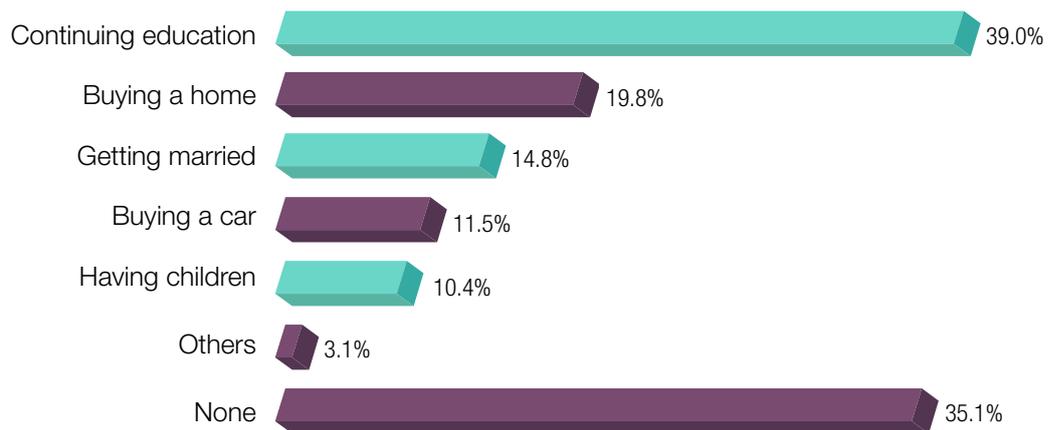
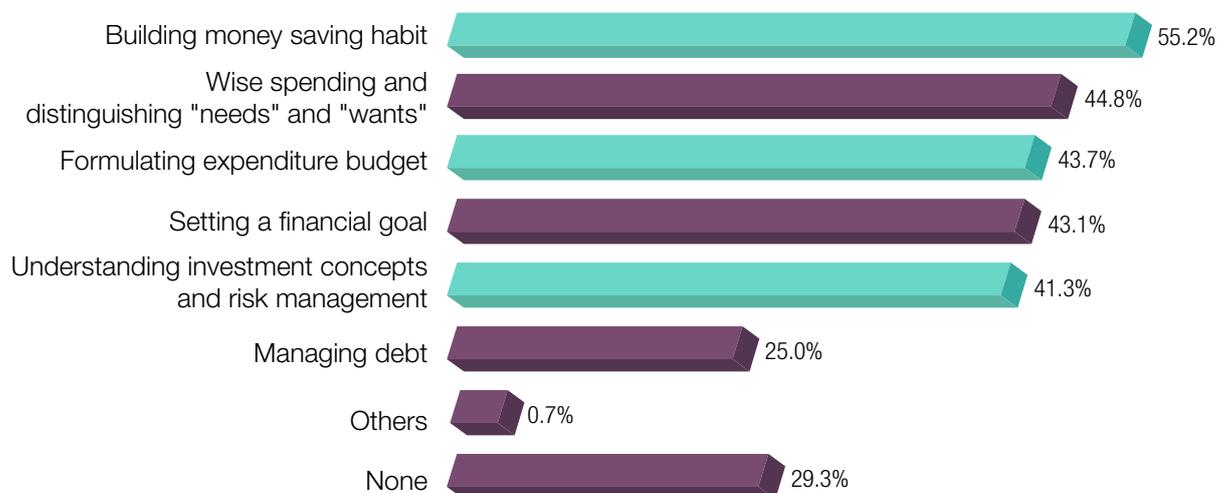


Chart 29.

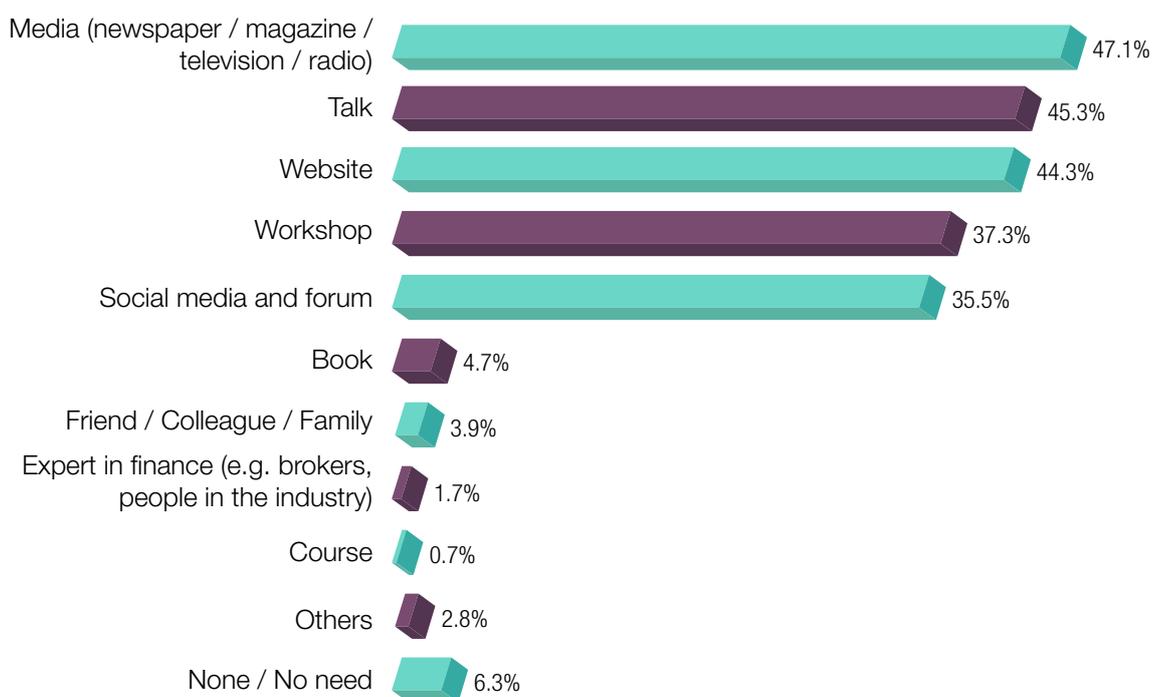
Which of the following financial knowledge will help you to achieve the above goal(s)?  
[Multiple responses] (N=815)



- Preferred channels for acquiring financial knowledge were “Media (newspapers/ magazine/ television/ radio)” (47.1%), “Talk” (45.3%) and “Website” (44.3%). In this regard, fostering financial literacy through active use of mainstream media such as newspapers, television and radio can be further encouraged to engage young adults and the public.

Chart 30.

What is(are) your preferred channel(s) which financial knowledge can be acquired?  
[Multiple responses] (N=815)



- 44 The findings of public poll illustrate young adults' experience and opinions towards wealth management and their concerned financial needs. Young adults in Hong Kong in fact do not start from nothing in terms of financial knowledge acquisition in school or after graduation. The majority of young adults saved regularly and has a strong sense of saving for emergency. Yet, comparatively speaking, with the OECD framework as a reference, they have weaker awareness towards MPF management which is closely related to their retirement planning and protection. Moreover, attitude, knowledge and practical skills of budgeting need to be further polished as more than half of the respondents do not formulate and execute budgeting. They also cannot relate how financial education and the improved financial literacy can play a role at life events and goal achievement. The weak linkage between personal development and financial literacy should be further strengthened through more awareness-building and public engagement.

## Financial Education for Specific Target Groups: Low Income Families

- 45 Low-income families are defined as households living below Hong Kong's official poverty line and the recipients of Comprehensive Social Security Assistance (CSSA), the social security net of Hong Kong. Echo with the international experience, those groups in Hong Kong face mounting pressure over cash flow as a result of low wages and costly essential expenses such as housing, monthly bills and children' education expenses.
- 46 For groups who live in economically deprived conditions (CSSA households and low-income households living in private rental flats), they barely associate financial education with investment or other related concepts but immediately show skepticism on how financial education can be applicable when they have no extra money to manage. Some of them display hostility towards financial education as they have no extra money to manage. Financial education is something they find irrelevant to master. Yet, it is noteworthy that investment is only one of the wide-ranging themes on the broad spectrum of financial education emphasized by OECD. Financial education goes beyond investment and covers daily-life money management, financial planning, retirement protection, investment and resource management. In this aspect, financial education is highly relevant to the financial well-being of every individual when it comes to forming financial or resource management decisions in daily life and at different life events.
- 47 Low-income families attempt to cut their expenses by all means; especially mothers are experts in daily money management. Yet, they find it challenging to engage other family members in money issues, for instance, establish common financial goals, reduce unnecessary and family budgeting to ensure family's financial well-being. Saving then becomes a challenging task to combat asset poverty, even though all would agree that saving is a crucial habit to accumulate wealth and prepare for the future.



- 48 It is found that the deprived group of low-income families displays greater vulnerability towards debt when they have no savings to cope with immediate financial shocks that requires a certain amount of money. It certainly illustrates another dimension of saving – it serves as financial cushion which better prepares low-income households in face of financial shock such as huge medical expenses.
- 49 For low-income households with relative stable income and living in public housing, as their income are relatively higher and more stable, and bear less burden in housing, they display greater interest in financial education, particularly wealth accumulation through saving and investment products related to their children' education and personal development. Some can afford to buy 'Education fund'. However, the investment decision made rely heavily on the advice from bank staff or people from their social circles and they have no idea about the potential risks involved in the investment.
- 50 The misconceptions they have towards investment products expose the vulnerability of the low income groups in making investment decisions. For them, investment is akin to gambling which is risk-taking and luck plays a prominent role in successful investment decisions.

## The Role of Media in Disseminating Financial Education

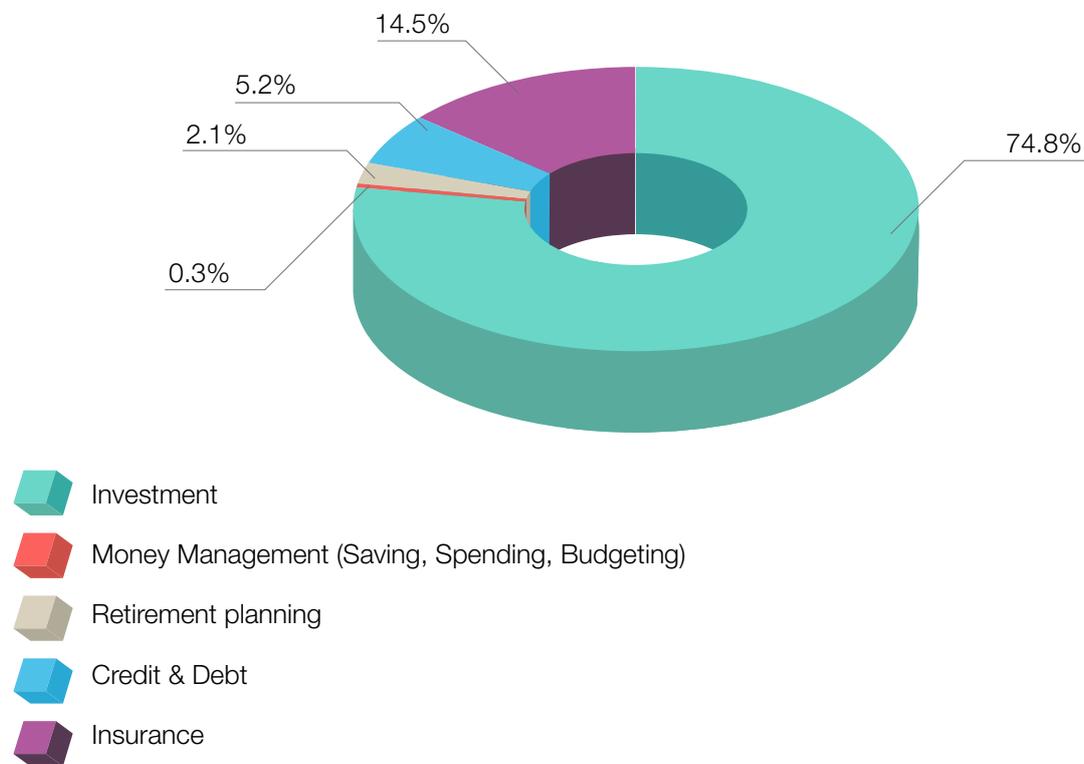
- 51 A media search has been carried out to review how the Chinese mainstream media, newspapers (finance and money news) of print media as the chosen sampling frame in this study, frame and illustrate the information on money management, investment, mortgages, financial goals, insurance and retirement protection in the period January 2008 to December 2014.
- 52 Keywords are used in the media search to identify themes related to the components of financial literacy with reference to OECD's definition of financial literacy and financial education, including Money Management know-how, Financial planning, Credit Management, Debt Management, Investment, Insurance, Retirement planning and Resource Management.
- 53 Both header and content of the news are included for content analysis. The term “理財” in Chinese (financial literacy) are included together with the listed keywords in order to have precise, accurate and relevant search results that fit into the context of financial education.
- 54 Promotion of financial services and information not related to financial education are excluded, for instance the update of a corporate's business.
- 55 Among the total number of 439,600 piece of news covered, 96,883 pieces of related news were identified in January 2008 to December 2014, account for approximately 22% of the total financial news coverage.

56 Analysis of media search unfolds that:

- ▶ Coverage of money and financial news are tilted to financial products and tips in wealth accumulation through investment (74.8%), particularly stocks (30%) and bonds (22%);
- ▶ Coverage related to basic concepts of money management know-how, e.g. saving, rational spending and budgeting only account for 0.3%;
- ▶ Concepts and tips related to credit & debt management (5.2%) are not commonly covered;
- ▶ Comparatively speaking, coverage regarding concepts and practical skills of risk control (16.5%) is limited.

Chart 31.

News with concepts of financial education covered 2008 – 2014 (N=96,883)



## Implications of Research Findings

### Hong Kong is in need of a Centralized Strategy and Co-ordination in Financial Education

- 57 Without a centralized strategy, Hong Kong still has quite a number of initiatives on financial education. Reviewing the landscape of financial education in Hong Kong, the themes of financial education has been significantly tilted to investment-related concepts, tips and planning. Beyond investment and money management, initiatives that cover Mandatory Provident Fund, retirement planning, wise use of credit, debt management, risk control and prevention are relatively rare.
- 58 Such findings imply that there has been an imbalanced coverage over a broad spectrum of financial-related issues advocated by OCED's defined financial education.
- 59 Financial education indeed goes beyond wealth accumulation and investment. A continuous process of financial education in attitude, skills and knowledge, is crucial in helping individuals to budget, manage their income, save, invest, and avoid becoming victims of fraud.
- 60 Therefore, without a centralized strategy and holistic approach in identifying the high priorities in Hong Kong's financial education, together with adequate resources and supporting policies, it is likely that financial education results in an imbalanced coverage due to lack of information, co-ordination, as well as unmatched supply and demand in financial education.
- 61 At such, due to limited capacity, absence of a coherent framework and a well defined 'financial well-being' in Hong Kong's context, program funders and organizers can only cater for the needs that they observe or expertise that they can contribute in delivering financial education, resulting in an imbalanced coverage in Hong Kong's financial education. The organizers need a mapping mechanism for better co-ordination and resource matching to create synergies, and react to fulfill the needs of the neglected target groups.
- 62 There is no credible and consolidated platform for the organizers to exchange views and share local best practices, which hinder the development of financial education in Hong Kong.

## More Collaborative Initiatives Should Be Encouraged

- 63 Cross-sector collaboration, as emphasized by the OECD, harness the strengths and enthusiasm of stakeholders from different sectors, is a key to delivering coordinated financial education and enhancing the public's financial well-being. It is found that in the in-depth interview, the synergy between business and non-governmental organizations sector helps make advantages of the two parties. However, analyzing the major approaches in delivering financial education, it is found that over half of the identified initiatives are solely provided by single organization. Further collaboration should be promoted to enhance the effectiveness of financial education.
- 64 Among the identified collaborative initiatives, the key drivers are business and finance sector, especially banks and insurance companies as well as non-governmental organizations. In order to encourage more cross-sectoral collaboration, the role of the government should be taken into further consideration.

## Interactive Delivery in Financial Education is Crucial

- 65 As revealed in the in-depth interviews, interactive delivery provide room for the organizer and instructors to cover important financial concepts that are more complex and abstract to understand, no matter it is online or offline. The OECD also recommends this kind of delivery to allow interactive and effective communication for participants to acquire concepts placed in their learning context.
- 66 Recognizing there is a diversity of delivery formats, interactive delivery in various means is found in 65% of the identified initiatives while one-way delivery account for 35%. Whether the ratio of former should be raised, especially in accommodating the needs of the neglected groups, should be discussed.

## Schools, an Under-used Platform for Delivering Financial Education

- 67 Primary and secondary curriculum mapping illustrates that elements of financial education have been scattered in subjects that are school-based and discipline-specific in nature. Besides, financial education is not coherently delivered throughout primary and secondary education. Financial education thus appears to be disconnected and the delivery is optional in local curriculum. Even for compulsory core subjects, such as the Liberal Studies for senior secondary students, the coverage over personal finance is very limited and largely subject to teachers' choice and whether it is a hot topic in the open examinations (the Hong Kong Diploma of Secondary Examination).



- 68 Despite teachers generally recognize that financial education is essential to equip students in making informed money decision with improved financial literacy, frontline teachers express a number of concerns in delivering financial education. They generally do not receive formal training courses on financial literacy which they find no confidence in delivering financial education. The packed curriculum and the culture of specialized teaching also hinder teachers to take role in delivering financial literacy training. Worse still, financial education has been a low priority in schools as it is not examined, and higher priorities are given to issues like discipline, civic and moral education, life and career planning.
- 69 To fill the service gap, stakeholders of different sectors are eager to engage schools to deliver financial education to students. . Yet, without a coherent strategy and policies to embed financial education into school curriculum and illustrate the importance of financial education for students, schools show hesitation in the engagement. Even for the participating schools, financial education is most likely to be delivered through one-off and uncoordinated workshops, seminars and experiential activities, making program assessment and follow-up difficult.

## Specific Targets that Require Due Attention

- 70 Findings show that initiatives that target specific needs of young adults (who just leave school and join the labor market) and low-income groups are relatively rare.
- 71 For young adults, the public poll has found that there have been more opportunities to receive financial education at school for the younger generations in recent years. Yet, the demand for financial education is still significant. In terms of money management, young adults generally cultivate strong habit of saving and have the awareness of saving for the rainy days. However, they display a comparatively weaker awareness towards MPF management which is highly relevant to retirement protection. Concretely speaking, budgeting, investment risk management and basic understanding of investment products are three concerned themes that young adults would like to acquire more knowledge on, showing their major knowledge gaps in financial education. Mainstream media (television, radio, newspapers and magazines) as well as talks are two most desirable channels for financial knowledge acquisition, which offer insights for financial education providers to adopt proactive media engagement to reach more target beneficiaries.

- 72 However, upon graduation and joining the labor force, there is a gap in formal financial literacy training for young adults, given friends, colleagues and media are the most common channels for the young adults to receive financial knowledge after graduation. Despite the fact that getting to work is the crucial timing when they need to take informed money decisions ranging from saving, budgeting, financial planning, use of credit, student loan repayment and even MPF management. It seems that “just-in-time” financial education, interventions right before they get to manage money and make key financial decisions, is rare in Hong Kong’s context. That said, the financial needs of young adults are not being adequately catered with reference to the number of initiatives identified. Such finding may imply that, given the limited intervention to equip their financial literacy, it may increase their vulnerability in financial risk and even social mobility of young adults.
- 73 As illustrated by the landscape, poverty alleviation has not been given a significant amount of attention in current financial education initiatives. Government-driven Child Development Fund projects focus more on intangible asset-building through nurturing children from disadvantaged background in setting personal goals and developing positive attitudes. At such, the potential of utilizing financial education as a mean of poverty alleviation is yet to be explored.
- 74 Financial needs of population living in poverty are not cast in stone. For chronically poor households receiving CSSA, the pressing issue is to strengthen their financial security through emergency saving or create extra sources of income. Another intervention is debt education to avoid struggling with debt and dragging further into poverty. For poor households with more stable income and less financial burden in housing, the major goal is staying out of poverty and avoid trapped into poverty again. Emergency saving, risk control in investment, insurance and MPF are themes worth delivering to enhance their financial security and reduce the vulnerability against financial risks.
- 75 Low-income groups have been found display hostility towards financial education. They find it hard to relate financial education with their daily life when there is no extra money to manage. They find it offensive to discuss financial education when they are struggling with asset poverty. This indicates that their perception towards financial education is limited to financial resources and investment. Such finding implies that financial education should be placed in their daily context and to be introduced in a broader manner – financial education is not only tantamount to investment but cover money and resource management that cater their financial needs in reducing expenses and resource allocation for family’s planning and children’s development. The ability to engage other members of social network, to get access to information about community resources, and utilize the free existing resources are all essential competencies to reduce expenses, cope with financial stress and allocate resources saved for children’ development.



## The Role of Media in Financial Information Dissemination

76 The media search that covers news in print Chinese newspapers reveals the relative limited coverage over money management, retirement protection, risk control and wise use of credit. The newspapers, a major type of print media in Hong Kong, does not appear to have properly fulfilled the role of disseminating comprehensive financial information essential to improving one's financial well-being and assisting individuals to make informed and sound financial decisions covering the wide spectrum of financial related concepts. The imbalanced coverage requires the collaborative efforts of various stakeholders such as journalists, columnist and professional in business and finance to shape the norm of delivering proper, neutral and practical information related to money and finance.

## Recommendations

77 In view of the identified gaps in Hong Kong's financial education, this study makes the following recommendations requiring the attention and efforts by stakeholders of different sectors to improve the coordination and delivery of current initiatives, develop services and intervention for the neglected groups, as well as to monitor and promote the development of financial education in Hong Kong.

## Enhancing 'Hong Kong Strategy for Financial Literacy' (HKSFL)

78 The Investor Education Centre (IEC), a public organization to promote Hong Kong's population financial literacy, launched 'Hong Kong Strategy for Financial Literacy' (HKSFL) and 'Hong Kong Financial Competency Framework' in late November 2015. The Framework has laid down the definitions of the key concepts and goals of financial education that suits Hong Kong's circumstances. However, the findings of this study suggest that further discussions and actions should be taken to:

- ▶ Reposition financial education as a life-long, continuous and sustainable process essential for financial decision making at different life stages;
- ▶ Identify major knowledge gaps (high priorities in financial literacy) to be filled through financial education;
- ▶ Assess the needs, in an in-depth manner, of the identified neglected target groups for providing more targeted financial education support;
- ▶ Enrich the competence framework by outlining different learning outcomes of financial literacy for not only schoolchildren and adults, but also other different specific groups with special consideration of their unique social economic backgrounds and needs;
- ▶ Identify standardized, specific and measurable outcome indicators to assess and track changes of the general public's financial literacy so to evaluate, and adjust if necessary, the strategy.

## Enhancing 'Hong Kong Financial Competency Framework' to cater the financial needs at different life stages

79 Another key area needs to be tackled is the lack of a coherent framework of financial education which fits the circumstances of Hong Kong. The findings of the study suggest that good financial education should offer timely, relevant financial knowledge, skills and advice before people make informed financial decisions. The Hong Kong Financial Competency Framework proposed by the Investor Education Centre has adopted a target-group approach that only specifies the learning outcomes for school children and adults. This study however shows that financial literacy is also life-stage specific, learning outcomes of different target groups could be specified with reference to their financial needs at different life stages. Hence, there is room for further development of the framework. The ultimate goal is to empower people to become competent and financially literate to make informed financial decisions. The framework can provide:

- ▶ Apart from learning outcomes that students should demonstrate in the primary and secondary education, it should also cover the content relevant to kindergarten education, thereby serves as a comprehensive and coherent reference for Education Bureau and schools to incorporate important and necessary financial concepts and knowledge in lessons;
- ▶ Reference for financial education providers and program organizers to design their interventions for their targeted beneficiaries with special reference to their unique social and economic backgrounds and needs;
- ▶ Ideas for the general public to be aware of what kind of financial knowledge and concepts they should be able to master at different life stages;
- ▶ To facilitate the formation of an administrative platform to coordinate resource mapping and information sharing for stakeholders involved in financial education;
- ▶ The framework should have guidelines to regulate financial education initiatives to ensure credibility and neutrality of financial information and advice. Programs and services that involve the promotion of financial services and products should be excluded and cannot be named as initiatives under the name of financial education.

80 Enrichment of the framework based on the above suggestions requires collaborative inputs from existing financial education program organizers, as well as experts from financial sector, schools and social service sector.



## Establish a Coordinating Platform for Enhancing Cross-sectoral Collaboration

- 81 A platform coordinating different stakeholders from different sectors shall be established. Resources and working partners in promoting coherent financial education for the public can then be mapped and made accessible for different stakeholders. Such a platform can be maintained and coordinated by Investor Education Centre, as the organization with a mission to promote the financial literacy of Hong Kong. It is also believed to be a neutral and credible organization with publicly recognized position to take up the initiative.

## Foster the Cross-sectoral Collaboration by Unleashing the Potential of Social Service Sector and Schools in Delivering Financial Education

- 82 Research findings reveal that social service sector and schools, as the platforms for delivering financial education, are underused. Further actions are needed to utilize and unleash their potential in delivering financial education.
- 83 First and foremost social workers and teachers should be actively engaged to understand the importance of financial literacy and why schools and social service organizations are desirable settings for financial education. In addition to this, basic capacity-building initiatives should be provided to social workers and teachers so that they can master the fundamental information and knowledge for them to provide financial education. They should also be informed of the available working partners and resources in delivering financial education.
- 84 Recognizing the packed school curriculum, it is advised that financial education can be embedded in Other Learning Experience and career planning programs. Synergy between schools, non-governmental organizations and financial experts should be encouraged to provide ‘train-the-trainer’ capacity building and ensure credible delivery of financial-related knowledge and skills. Information and support for schools and social service organizations to identify and line up with partners with credibility is crucial and necessary.
- 85 As for social service sector, financial education can be considered as a new area of recurrent service catering the unique financial education needs of different target beneficiaries. Given the existing subvention from the government, rooms are limited for developing new services for financial education. The existing initiatives of the social service sector are mainly supported by the funding from the private sector. Whether the government can inject new resources, in terms of financial and personal support to the existing social services to develop and scale up service for nurturing financial literacy of different target groups is therefore important and crucial. As a start, the government should engage the social service sector in assessing the needs of the vulnerable groups and formulating the service development plan with a projection of the resource needed.

## Supports for the Neglected Vulnerable Groups with High Financial Needs

- 86 It is recommended that further baseline researches, especially the longitudinal ones, should be carried out to understand and keep track of the attitude, skills and knowledge towards money matters among specific targets that display higher financial vulnerability – low-income groups, young adults and elderly.
- 87 The respective consumption patterns of the vulnerable groups also worth detailed examination. These studies will provide insight in answering the question of what kind of financial education different specific targets may need. They may also help shape the engagement strategies; thereby design the tailor-made financial education relevant to their daily life context.
- 88 Some agencies of the social service sector are helping in nurturing the financial literacy of the target beneficiaries, but they may need further support in better handle the negotiation with other family members to achieve family financial goals and in turn improves family's financial well-being. While 'train-the-trainer' approach is adopted to train up the beneficiaries to disseminate the financial concepts to other people with similar social-economic backgrounds, the approach can be further developed to help equip the target beneficiaries in influencing other family members.
- 89 Other than teachers and social workers, parents are also ideal agents in delivering financial education to their children. Recognizing the 'train-the-trainer' approach and schools as under-utilized platform for financial education, more capacity-building initiatives can be offered to equip parents the strategies to communicate with their children about important financial issues as well as proper financial education knowledge and skills. Deeper engagement with parents can also help to facilitate behavioral and attitudinal changes of the parents.



## More Proactive Engagement with the Printed Media should be Initiated by Financial Education Providers

- 90 Mainstream media plays a vital role in disseminating financial-related information and knowledge to people. This study has found that information or news about financial education is predominantly related to investment in Hong Kong local Chinese newspapers. Such imbalanced coverage limits the public's access to a more comprehensive financial information that are pivotal in improving one's financial literacy to make wise decisions in money management, financial planning, investment and risk control, etc.
- 91 A wider and more balanced coverage over proper financial education, as emphasized by OECD, offer the general public with appropriate information to make wise financial choices, understanding the risks, and ultimately improve financial well-being. To shape the norm that financial education is seemingly tantamount to stocks and investment, it is recommended that financial education organizers and providers shall take a more proactive role in media engagement by providing proper concepts and practical skills in a wide spectrum of topics such as money management, risk management, goal-setting and financial security through writing columns and op-ed articles in printed media or organizing media events to engage the media as strategic partner in shaping the norm. The shaping requires stable and coherent collaboration between financial education specialist, journalists, columnists and professionals in banking and finance with shared vision in improving the population's financial literacy.

## Forward-looking

- 92 Investor Education Centre, a dedicated organization to promote Hong Kong's population financial literacy, launched the 'Hong Kong Strategy for Financial Literacy' (HKSFL) in 2015. The move is a being late but still good start for improving Hong Kong populations' financial knowledge and capability. Yet, further actions are needed with evidence support to develop the competence framework in financial literacy, as well as explore the service gaps for necessary follow up interventions.
- 93 This landscape study provides reference for the Council of Social Service, as well as the social service sector and the Hong Kong society, to understand where Hong Kong is and what Hong Kong needs for enhancing the existing financial education initiatives, which help us to take further actions to response to the existing Hong Kong Strategy for Financial Literacy, as well as fill the explored service gaps.



Title : Executive Summary on Hong Kong Financial Education Landscape Research

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Publishing Date : Jan 2016

