



Money Wise: National Strategy 2019
Working together for
the financial fitness
of Dutch citizens





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Introduction

Since 2008, the partners of Money Wise have been working together to make Dutch citizens better financially informed.¹ In 2014, Money Wise launched its second five-year programme with the spotlight on responsible financial behaviour.² A great deal has been achieved in recent years.³ There is much more attention to the importance of personal finances than in the past. Together, the partners of Money Wise have helped a large group of Dutch citizens, enabling them to deal with their daily finances in a better way. People are now making more active preparations for their pensions. Because of the joint efforts of all the partners, most schools now give attention to teaching how to handle money, which means that hundreds of thousands of children are learning financial skills at primary schools, and lessons for secondary and vocational education have become available. Human behaviour is now more often the starting point for government policies, and research has taught us what works and what doesn't.

But we continuously face enormous challenges. The world around us is not standing still. Technological developments have a huge impact on our financial situations.

Statistics Netherlands (CBS) calculates that there are three million financially vulnerable people in this country. Anyone can run into unexpected life events, like suddenly being faced with a big expense, illness, work disability or losing one's job. There is a significant group of Dutch people who are in danger of encountering financial problems because of such an event: for example, those with lower literacy levels, people with temporary or flexible contracts, and people who have difficulty joining the digital age. This means we have to go in new directions. The partners of Money Wise want to announce their ambition of working together to improve the financial fitness of the people of the Netherlands. Money Wise wants to help vulnerable groups prepare themselves for unexpected life events so that they become less financially vulnerable. In addition, Money Wise will continue to concentrate its attention on teaching children and young people financial skills from a young age. Here we want to, first, lay out the most important trends, developments and challenges in the area of financial fitness. Then we will describe Money Wise's new mission and the points that spearhead our approach in the upcoming years.

1 Money Wise (2008). *Actieplan Wijzer in geldzaken* (in Dutch)

2 Money Wise (2008). *Strategisch programma*

3 For an overview of the main points see *website of Money Wise* (in Dutch)



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01. Trends and developments

1. Are people served by convenience?

The fast pace of technological developments, one after the other, has a huge impact on the way we handle money and make financial decisions. On the one hand, money has become less visible, and the on-line economy is growing rapidly. This makes it easier for people to spend money from their comfy chair and more difficult to get a grip on their household pocket-books.



On the other hand, technological developments ensure that there are many more possibilities for support, oversight and insight. Mobile technologies ensure that people have access to their financial data anywhere and any time. More and more financial products are available that help people to automatically save their money, invest, or update their insurance policies to match their personal situation or even their driving style. There are all kinds of smart apps which help people properly structure their household pocket-books. And technological developments that make financial advice available for a larger group of people are also gaining ground.

These are developments that offer new possibilities, but they also bring new challenges. There is a group of people who can't keep up with these developments, with exclusion and financial vulnerability as the potential results.



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2. New economic reality

Policy makers and employers are giving a great deal of attention to sustainable employment. The nature of work is changing because of such things as automation and the use of robots. This transition changes employment relations and the demands placed on employees.



People are changing jobs more often, and more people are self-employed or have fluctuating incomes. According to the government coalition platform, 'permanent will become less permanent and flexible less flexible'. There are more fixed-term contracts and internships instead of 'permanent' jobs.

At the same time, the population is aging: in 2019, 50% of the population was over the age of 50. The pensionable (AOW) age has been raised and people have to keep working longer. Stimulus to get people to participate in the employment process mostly targets those without higher education.⁴ This is also the group who does heavier work. **Financial fitness and financial insight are pre-conditions for sustainable employment and job mobility.**

There is a group of people in the Netherlands who will potentially run in to problems because of these developments. This raises the threat of a two-tiered system in many different areas (work, knowledge, education and income). **A study by PISA (the OECD's programme for International Student Assessment), published in 2017 shows that this split is already visible among young people: 15-year-olds from lower economic brackets tend to score lower in financial competencies.**⁵

4 Money Wise (2018). *Pensioen en duurzame inzetbaarheid* (in Dutch)

5 OECD (2017). *PISA 2015 Results (Volume IV): Students' Financial Literacy*



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3. Three million financially vulnerable people

We are experiencing a period of economic growth, yet at the same time three million people in the Netherlands are financially vulnerable.⁶ A variety of studies have shown that it has become more difficult for a large group of Dutch citizens to make ends meet. And, in this digital age, there is a large group who finds it difficult to keep its own financial administration in order.⁷

Every year 90,000 new people sign up for debt assistance,⁸ while politicians and policy makers are giving more attention to the debt problem. Nonetheless, the subject remains taboo. **The assistance offered is compartmentalised**, partially on account of increasing governmental decentralisation. The result is that people can't find their way to get help. Professionals, too, often can't see the woods for the trees.

There are still 2.5 million Dutch citizens with low literacy levels; **and low-level literacy is frequently the cause of financial problems.**⁹



6 Source: [Statistics Netherlands](#) (in Dutch)

7 Nibud (2018). [Financiële administratie in een digitaal tijdperk](#) (in Dutch)

8 NVVK (2016). [Annual Report](#) (in Dutch)

9 SER (2019). [Samen werken aan taal](#) (in Dutch)



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4. More attention for personal finances

The public attention given to personal finances has risen tremendously in recent years. All the media (newspapers, TV, radio and on-line) have a special section on personal finance. Financial institutions, too, have put more emphasis on promoting responsible financial behaviour. These institutions are making active efforts to educate their customers financially, both during National Money Week and the rest of the year. There is a growing demand for financial advice. Municipalities are more active in the area of debt prevention, increasingly often stimulated by National Money Week. New local and regional networks are being set up to help vulnerable groups get their personal finances better under control.¹⁰

Nonetheless, the assistance offered is compartmentalised, which means people aren't able to find their way to something that could help them right at the moment they need it.

Financial education has been proven effective, as long as it is approached in the right way.¹¹ There is more and more knowledge about what works and what doesn't. But in this area a great deal is still unknown. We see that interventions increasingly make use of insights taken from the behavioural sciences. There are many innovative initiatives – both at home and abroad – that promote responsible financial behaviour, yet at the same time we don't know how effective many interventions really are.

When we look at the results of all these efforts, we see that short-term behaviour improves. Dutch people do better with their daily money matters,¹² are less likely to be late with payments,¹³ and need short-term credit less often.¹⁴ **But long-term behaviour – such as planning, saving for later, setting up buffers,¹⁵ and preparing for life events¹⁶ – scarcely improves or not at all.**

10 For example, Moedige dialoog (Brave Dialogue), Schouders eronder (Shoulders Under) and SchuldenlabNL (Debt Lab NL)

11 See, for example, NIBUD and Money Wise *Effective ways to advance responsible behaviour*

12 NIBUD (2018). *Money matters in practice* (in Dutch)

13 Money Wise (2017). *Monitor of financial behaviour* (in Dutch)

14 CBS (2019). *Statline* (in Dutch)

15 NIBUD (2018). *Money matters in practice* (in Dutch)

16 Money Wise (2017). *Monitor of financial behaviour* (in Dutch)



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5. From self-reliance to reliance

The government is wrestling with a dilemma: give citizens more autonomy or more *guidance*? **Self-reliance is often still the norm, but this simply does not work for a large group of people.¹⁷ The rules and procedures are just too complicated for many people.¹⁸** This means people run into problems, for example by having to pay back excess benefits they received (accidentally or otherwise), or not being able to find the available assistance provisions, or because they don't know how to find their way through a jungle of authorities, rules and complex forms.

In the coming years, the government is expected to offer once more new measures that affect citizens' household pocket-books. Things like adapting to climate will have a big impact on citizens because they may have to invest in the sustainability of their homes. And there is much to be anticipated in areas like healthcare and pensions.

For the partners of Money Wise, this creates the task of translating these developments into something meaningful for individual citizens so that they will be prepared for the forthcoming effects and, if necessary, can take the action required. An individual citizen's financial self-reliance also includes having sufficient 'social capital', and knowing how to find your way to the right person and right authority if you aren't self-reliant.



17 See, among others, the WRR report, *Weten is nog geen doen* (in Dutch)

18 See, among others, the report of the Council for Public Health and Healthcare (RVZ), *Eenvoud loont* (in Dutch)



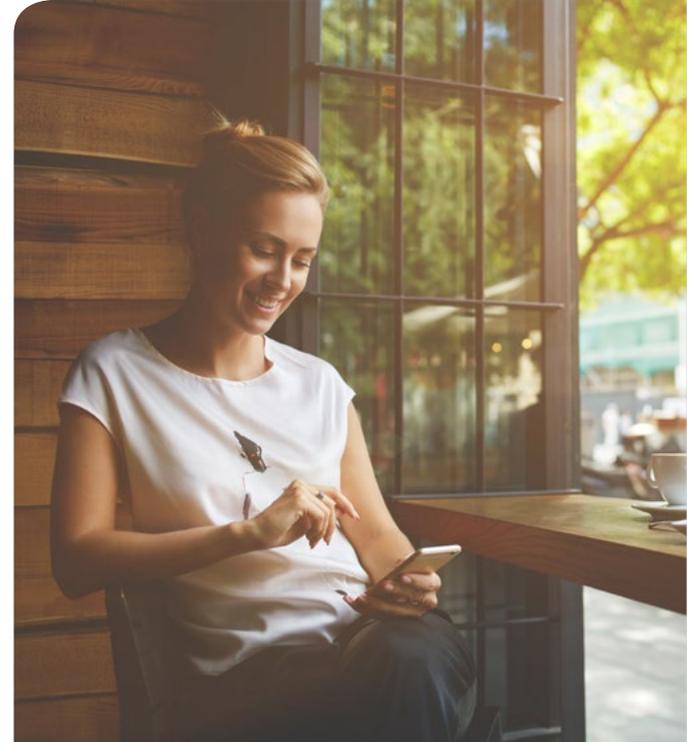
02. Mission and spearheads

The above-mentioned developments and challenges form the motivation for the partners of Money Wise to commit themselves to the platform for the coming five years.

The renewed mission statement reads as follows:

Mission:
Money Wise is *the* platform where partners can join forces to promote the financial fitness of all Dutch citizens.

The platform has launched five spearheads for the coming five years. These spearheads will be worked into concrete plans in the course of 2019.



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1. Financial preparation for the future

Money Wise is committed to **preventing people from encountering financial problems**. Research shows that there are three important components of financial behaviour¹⁹: money management, financial planning, and choice of financial products. We mentioned before that Dutch citizens are getting better at organising their short-term finances. But we see that many people are not prepared for *life events* such as retirement, divorce, or loss of income (e.g. through illness, redundancy, employment disability, caregiver tasks that lead to less work, or aging), although these things could happen to anyone; and one in three in this country doesn't have an adequate buffer to protect against unexpected expenses. Having a buffer is an important pre-condition for preventing financial problems from occurring. For the years ahead, Money Wise is especially gearing towards **preparing households for unexpected expenses and life events**, such as retirement, redundancy, illness and divorce.

Money Wise is taking the role of guide. The platform will help people with practical tips and tools, and guide them to practical, good quality assistance and easily understandable answers to their questions.

Actions:

- The partners of Money Wise commit themselves to ensuring that all the people of the Netherlands – and especially vulnerable groups – have a buffer for unexpected expenses.
- The partners of Money Wise commit themselves jointly to ensuring that during the annual Pension3Days half of those above the age of 55 will take action regarding their pension.
- For each year, Money Wise will select a life event and develop dedicated interventions geared to it, and measure the resulting effectiveness. If successful, these interventions will be ramped up.

19 Money Wise (2013). *Monitor of Financial Behaviour 2013* (in Dutch)



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2. Structurally promoting financial skills at school

Education plays an important role in preventing financial problems. PISA research shows that one in five 15-year-olds in the Netherlands lacks the basic skills to make everyday financial decisions. One of Money Wise's ambitions is to ensure that children and young people are taught financial skills from a young age. **Financial skills must become a structural part of the school curriculum for all branches of the educational system** – and not as a separate subject, but as an integral part of existing subjects and fields of learning. Since its creation, Money Wise has been advocating that the curriculum be structurally modified to include financial skills. The time now seems to be ripe for this; on the initiative of Money Wise, the consortium on financial skills has submitted input to curriculum.nu²⁰ and they have found attentive listeners.

The partners of Money Wise will keep developing their educational activities in tandem for as long as, and to the extent that, this role has not been taken over by others (such as educational publishers). Money Wise will be expanding all its activities in the coming years, from primary through secondary school (and in particular for preparatory secondary vocational education (vmbo), vocational secondary education and special education.

Money Wise wants to be a role model for developing effective educational materials and for working together to reach a wide range of learners. Together, the partners of Money Wise are focusing their attentions on education in order to prevent compartmentalisation and make what's offered more accessible. To do so, more support is being sought at **the local level**, in line with municipal policies in the field of debt prevention.

Actions:

- Money Wise is committed to ensuring that financial skills become part of the school curriculum for all educational streams.
- Together with its partners, Money Wise will effectively develop and disseminate materials for all educational streams which can be used both during National Money Week and at other times of the year. Money Wise and partners are consolidating their efforts in primary education and will make strong endeavours in the coming years to increase support for secondary education in order to reach an equally broad range of learners. In addition, there will be specific attention paid to secondary vocational education.

20 Curriculum.nu is the program for the revision of the school curriculum (primary and secondary schools) launched by the ministry of Education



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3. Attention to vulnerable groups

In the coming years, Money Wise is going to be putting more emphasis on activities for groups that are financially vulnerable. For example people as those with **lower literacy levels, those distanced from the job market, those with a lower socio-economic status and their children, those on fixed-term contracts and/or with fluctuating income, the self-employed, people out of work, computer illiterates, and seniors**. A portion of this target group is already being reached by means of the programme Financially Healthy Employees; now we need to expand this approach to target employers.

Actions:

- Money Wise will use research to map out which groups are in danger of running into financial problems and develop a dedicated action plan based on the findings in 2019 which will be implemented in the following years (2020-2023).
- Money Wise will signal obstacles in the government's policy and institutional practice which lead to problems for financially vulnerable groups.
- Through the programme Financially Healthy Employees, Money Wise will bring extra attention to employees with lower literacy skills, employees who are low-waged and/or have fluctuating incomes, and employees who are encountering declining income (e.g. because of health, age or life event).



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4. Increasing our combined forces

The value of combining forces has proved its effectiveness in recent years. By working together on core projects such as the Pension3Days and the National Money Week, Money Wise and partners have succeeded in helping a large number of Dutch citizens. In order to reach to vulnerable groups, we need to seek out **new collaborations** and strengthen existing ones with, for example, municipalities, employers, and volunteer organisations. We are joining up with those channels in the area of educational information, who already know how to reach vulnerable groups. For example, organisations and networks with other goals, like improving literacy, who are already reaching these groups. And where such channels do not yet exist, Money Wise and partners will be looking for innovative ways of helping people.

Actions:

- Money Wise wants to sign up big employers – in healthcare, for a start – in the programme Financially Fit Employees to ensure that financial fitness gains more attention from employers.
- In the coming years, National Money Week will be used to sign up more municipalities to our broad spectrum of prevention initiatives. The goal is to have at least 100 municipalities visibly participating in National Money Week.

5. Innovation and research

In order to reach and help vulnerable groups, new and innovative methods are needed. Money Wise is stimulating innovations in the areas of financial fitness, both in government policies and in education. Money Wise has initiated and stimulated research into the effectiveness of interventions, and is translating the relevant studies into practice. The results will be actively shared on the platform and beyond.

Actions:

- Money Wise will develop an instrument for measuring financial Fitness with the help of partners' expertise. It will be used to take baseline measurements, with progress monitored twice yearly.
- Money Wise continues to study the effectiveness of interventions and stimulate other parties to do this too and share their findings with each other.
- Money Wiser takes a pivotal role in innovating interventions for advancing financial fitness by initiating and carrying out research, and by stimulating knowledge exchange.



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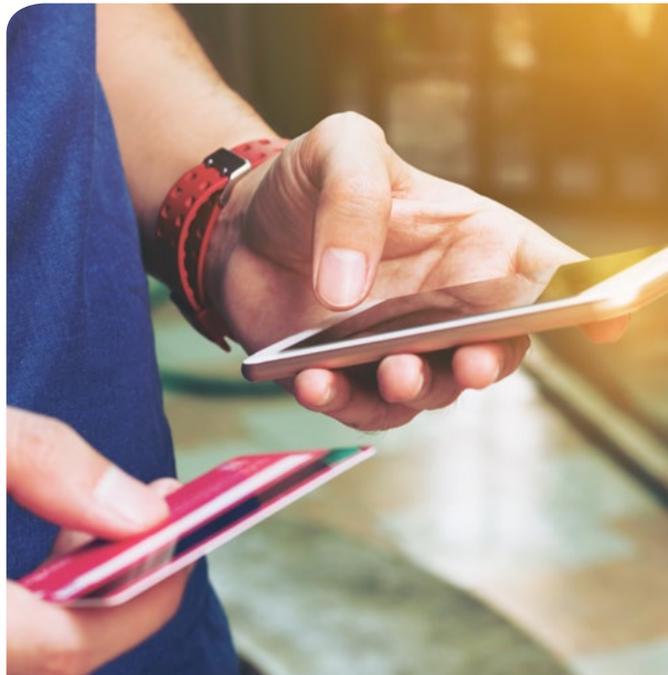
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Money Wise has high ambitions for the coming years. The partners of Money Wise will be putting a lot of energy into realising these ambitions. But we can't do it alone. We call on everyone who can make a contribution to the financial fitness of the people of the Netherlands to join us.



On behalf of the partners of Money Wise,
The members of the steering committee

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Director of Financial Markets, Ministry of Finance

Eelco Dubbeling

Director of the Dutch Banking Association

Gerard Riemen

General Director of the Federation of the Dutch Pension Funds

Richard Weurding

General Director of the Dutch Association of Insurers

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