



## OECD/INFE PROGRESS REPORT ON FINANCIAL EDUCATION FOR MSMEs AND POTENTIAL ENTREPRENEURS

This OECD/INFE Progress Report on Financial Education for Micro, Small and Medium-sized Enterprises (MSMEs) and Potential Entrepreneurs was prepared by the OECD International Network on Financial Education (INFE) Technical Committee and its Expert Subgroup on Financial Education for MSMEs. It has been transmitted to and welcomed by the Global Partnership on Financial Inclusion (GPI) at their September 2015 meetings in Antalya, Turkey. It is now shared with G20 leaders at their 15 November Summit in Antalya. It will then be made publically available for governments and other stakeholders.

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## Introduction

This OECD International Network on Financial Education (INFE) progress report on financial education for micro, small and medium-sized enterprises (MSMEs) and potential entrepreneurs provides an update on the main activities of the OECD/INFE in relation to financial education for MSMEs, including an Issue Note highlighting the importance of the INFE work-stream on MSMEs and its intended direction of work, as agreed by OECD/INFE members.

The content of this report has been reviewed and approved by the INFE for transmission to the G20 and GPMI.

## Main OECD/INFE activities on MSMEs in 2015

- On 5 May 2015, the newly formed OECD/INFE Expert Subgroup on Financial Education for MSMEs held its first meeting in Paris, France, and agreed to the Roadmap contained herein. Their second meeting will be held on 28 September in Kuala Lumpur, Malaysia.
- On 7 May, the OECD and the Global Financial Literacy Excellence Center held a highly successful 'Global Policy Research Symposium to Advance Financial Literacy', focusing on ways of 'Harnessing Financial Education to Spur Entrepreneurship and Innovation'.<sup>1</sup> This symposium looked at available evidence to address cutting-edge policy issues and identify key research directions, as well as practical solutions, with a view to advancing financial literacy for MSMEs. It was attended by high-level international researchers, officials and experts from ministries of finance and education, central banks, regulatory and supervisory authorities, officials of state governments and international organisations, NGOs, and representatives from the academic community, private and civil sectors.

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<sup>1</sup>. Programme can be viewed here:  
<http://www.oecd.org/daf/fin/financial-education/FinLit-Paris-May2015-DraftAgenda.pdf>

## ISSUE NOTE ON FINANCIAL EDUCATION FOR MSMES AND POTENTIAL ENTREPRENEURS

### Background

In 2014 the OECD International Network on Financial Education (INFE) Advisory Board and its Technical Committee agreed that the INFE should focus on financial education for entrepreneurs and small business owners (owners of micro, small or medium enterprises; or MSMEs) through a dedicated Expert Subgroup. It is anticipated that the work of the OECD/INFE will primarily focus on those enterprises that are either micro or small (with a suggested maximum size of 100 employees) as well as potential entrepreneurs.

The work-stream is undertaken as a complement to work developed on small and medium enterprise (SME) financing by the OECD Committee on Financial Markets and the OECD Centre for Entrepreneurship, SMEs and Local Development (CFE), which focuses on supply side issues<sup>2</sup>. As such, it is also expected to inform the global and G20 agenda on SME financing.

The work of the OECD/INFE will build on various OECD outputs, including several high-profile OECD publications and initiatives also supported by G20:

- OECD (2015), *New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments*. *OECD Report to G20 Finance Ministers and Central Bank Governors*
- OECD (2015), *Financing SMEs and Entrepreneurs 2015: An OECD Scoreboard*, OECD Publishing, Paris
- Kaousar Nassr and Wehinger (2014), "Non-bank debt financing for SMEs: The role of securitisation, private placements and bonds", *OECD Journal: Financial Market Trends*, Vol. 2014/1
- G20/OECD High-level Principles on SME Financing (forthcoming)
- OECD Centre for Entrepreneurship, [SMEs and Local Development](#)
- OECD Private Sector Development [SME Policy Index](#)
- OECD/Thailand [Seminar](#) on Financial Inclusion and Financial Literacy in Asia: Session 4 Financial literacy for micro-entrepreneurs and SMEs
- 3<sup>rd</sup> Global Policy Research [Symposium](#) to Advance Financial Literacy: Harnessing Financial Education to Spur Entrepreneurship and Innovation, Paris 7 May 2015

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<sup>2</sup> The OECD/INFE serves the OECD Committee on Financial Markets and the Insurance and Private Pensions Committee both within the OECD Directorate for Financial and Enterprise Affairs (DAF).

## **Membership of the OECD/INFE Expert Subgroup**

The Expert Subgroup consists of the following OECD/INFE members:

- Mr. Agus SUGIARTO (co-leader), Indonesia Financial Services Authority (OJK)
- Mr. Bora ORUÇ (co-leader), Capital Markets Board, Turkey
- Mr. David KNEEBONE, Investor Education Centre Hong Kong, China
- Mr. T.V. RAO, Reserve Bank of India
- Mr. Girraj Prasad GARG, National Institute of Securities Markets, India
- Mrs. Yunita RESMI SARI, Bank Indonesia
- Mr. Kosuke ITO, Permanent Delegation of Japan to the OECD
- Ms. Rose KWENA, Retirement Benefits Authority, Kenya
- Mr. Hong Kyoon CHO, Bank of Korea
- Mr. Javier SUÁREZ LUENGAS, Ministry of Finance and Public Credit (SHCP), Mexico
- Mr. Olaf SIMONSE, Ministry of Finance, the Netherlands
- Ms. Maria Lúcia LEITÃO, Central Bank of Portugal
- Ms. Jelena POPOVIC, National Bank of Serbia
- Mr. Lyndwill CLARKE, Financial Services Board, South Africa
- Ms. Sue LEWIS, Financial Services Consumer Panel, UK

## **Content of the note**

This concept note and roadmap:

- provides background information about micro, small and medium enterprises (MSMEs) (Section I);
- looks at the challenges faced by MSMEs – particularly focusing on micro- and small enterprises - and potential entrepreneurs, and the role of financial education (Section II);
- provides an overview of existing financial education targeted at MSMEs and potential entrepreneurs (Section III);
- sets out a potential roadmap, including time schedule, for the future work of the OECD/INFE and its Expert Group on Financial Education for MSMEs (Section IV).



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## I. INTRODUCTION

The 2015 G20 Turkish presidency has identified the support of small and medium enterprises (SMEs)<sup>3</sup> as a cross-cutting subject to address 'Inclusiveness, Implementation and Investment for Growth'. Priorities include seeking ways of strengthening gender equality in employment, addressing youth unemployment, unlocking private sector investment for SMEs, and integrating SMEs in developing countries into global value chains<sup>4</sup>.

The OECD contributes to the G20 agenda on this issue through both the financial and development tracks (including as an implementing partner of the GPFI). As highlighted in the Background section above, the OECD has built a strong leadership on SME issues and financing, and undertakes a range of regular studies to follow current trends in the creation, growth and demise of enterprises and their access to funding, as well as financing options.

### **Background information on MSMEs**

Micro, small and medium enterprises (MSMEs) make up the majority of enterprises in the world, providing employment and contributing significantly to national incomes (see for example Figure 1). They therefore play an important role in sustainable, inclusive economic growth and development and improved financial stability. Recognising these important benefits, policy makers are seeking both supply and demand side approaches to encourage new entrants and support existing MSMEs.

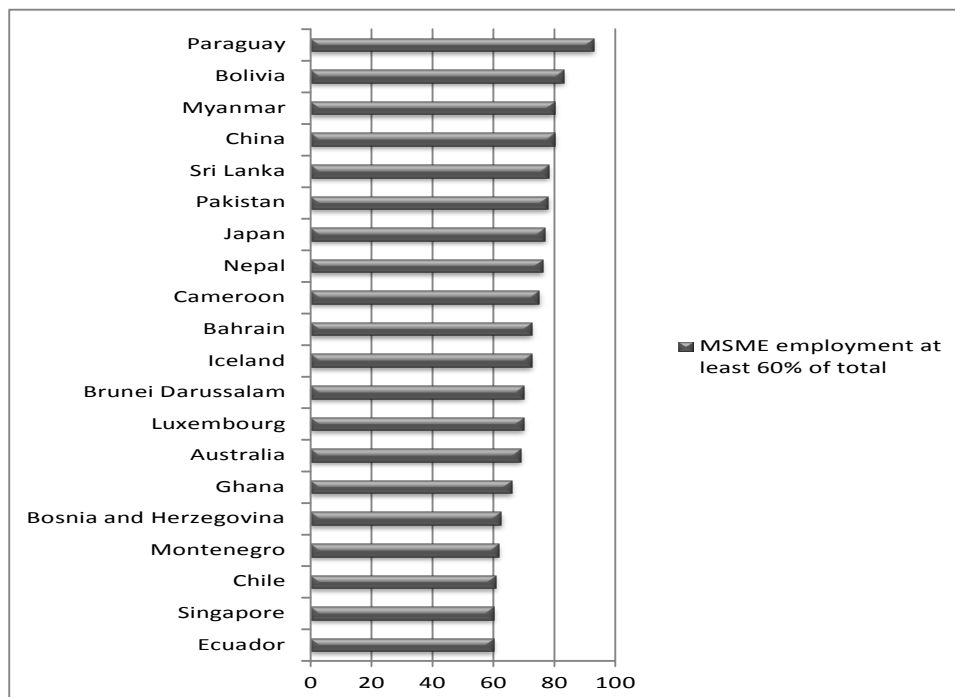
The contribution of MSMEs to inclusive, sustainable growth is possible because entrepreneurship is (at least in theory) open to all, innovative and dynamic. However, there are important barriers to entry for many potential entrepreneurs. Furthermore, MSMEs also have relatively high death rates in many countries (OECD 2014a; see for example Figure 2), which may deter investors or lenders as well as potential entrepreneurs. These two factors may weaken the potential role of MSMEs in ensuring sustainability and should therefore be addressed. In order to harness the potential benefits of MSMEs it is therefore important to a) promote new MSMEs and b) help existing ones to survive and thrive.

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<sup>3</sup> There are several definitions for SMEs. The current OECD approach is to recognise the various definitions in use (OECD, 2005, see SME Outlook 2013 for discussion of the difficulty caused by having no single definition).

<sup>4</sup> Turkish G20 Presidency Priorities for 2015 <https://g20.org/wp-content/uploads/2014/12/2015-TURKEY-G-20-PRESIDENCY-FINAL.pdf>

**Figure 1. Countries with at least 60% of employment provided by MSMEs**



Source: IFC MSME Country Indicators <http://www.ifc.org/msmecountryindicators> (various years)

### **Box 1. Micro, small and medium enterprises**

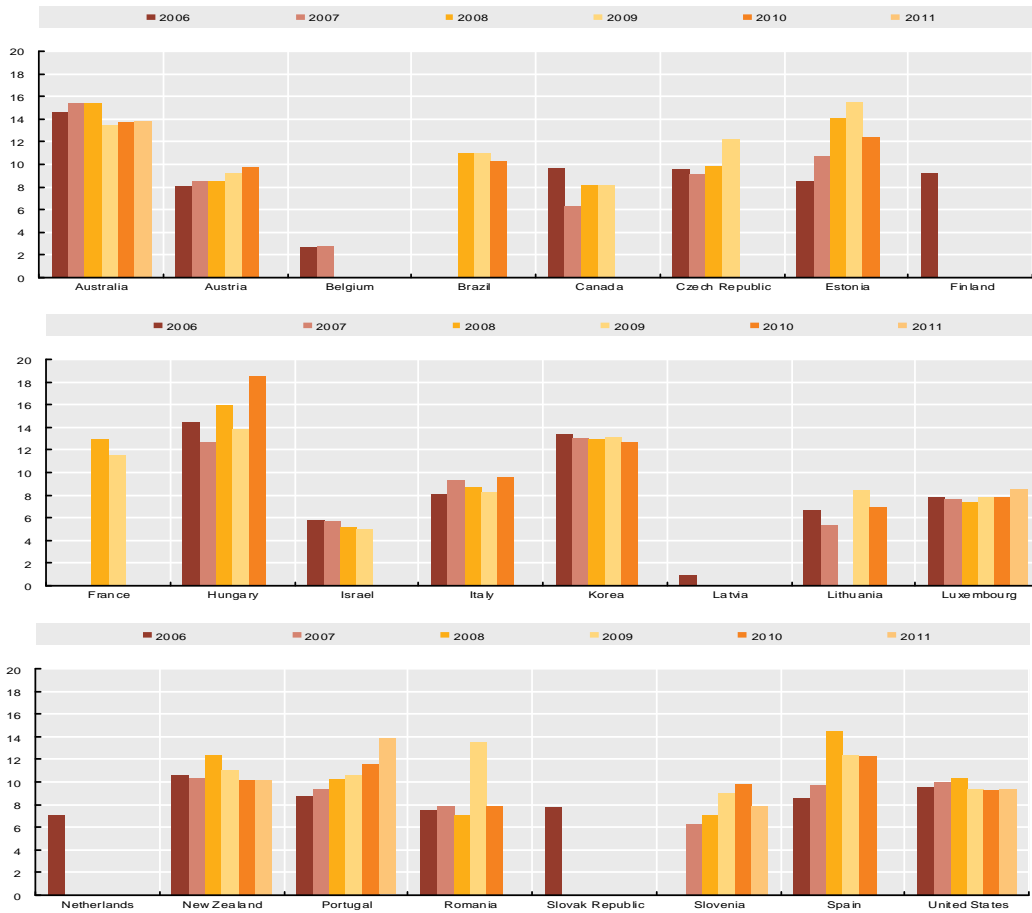
Micro-enterprises are usually defined as having no more than 10 employees. SMEs are independent firms (not subsidiaries), with a relatively small workforce (up to 50 for a small enterprise and typically no more than 250 employees for a medium sized enterprise, although definitions differ).

In many countries, and particularly less-developed economies, micro-enterprises may primarily consist of enterprises with far fewer than 10 employees, such as those run by sole traders or family members, those operating or hiring on an informal or irregular basis, and those that rely on microfinance products.

The focus of this document and the work of the OECD/INFE Expert Subgroup on Financial Education for MSMEs is primarily on micro and small enterprises, and potential entrepreneurs. Potential entrepreneurs are individuals with potential business ideas who are close to taking their ideas to the market.

**Figure 2. Employer enterprise death rate, total economy**

Percentage



Source: OECD (2014), "Death rate of employer enterprises", in Entrepreneurship at a Glance 2014, OECD Publishing. [http://dx.doi.org/10.1787/entrepreneur\\_aag-2014-14-en](http://dx.doi.org/10.1787/entrepreneur_aag-2014-14-en). An employer enterprise is an enterprise with at least one employee.



## II. CHALLENGES FACED BY MSMES AND POTENTIAL ENTREPRENEURS

It is widely recognised that micro, small and medium enterprises (MSMEs) and potential entrepreneurs face various challenges that may prevent them from starting a business, reduce their chance of survival or slow the growth of their business. These include the following supply- and demand-side issues:

- Lack of access to finance caused by supply side factors.
- Financial exclusion caused by lack of awareness of financing options available and other demand side issues.
- Disincentives created by different tax and benefit systems.
- Lack of management skills.
- Lack of general entrepreneurial skills (such as communication, negotiating, innovating, interpersonal and problem-solving skills).
- Lack of specific, sector-relevant skills including vocational qualifications and training.
- Lack of business acumen.
- Lack of financial literacy, including the knowledge and confidence to access various forms of business finance and make decisions in a financial context.

The extent to which these and other challenges impact on MSMEs and potential entrepreneurs varies by the type of entrepreneur, the context and the life-stage of the enterprise. For example, innovative entrepreneurs with entirely new products or services may find it harder to access finance than those seeking to set up a small business in a well-known market, such as car maintenance or gardening. Several challenges are more pronounced in developing countries (where there is a higher propensity to enter the informal economy), such as a lack of access to finance, and the lack of general or specific education and skills. New entrepreneurs in all countries may face particular challenges due to a lack of management skills, whilst more established enterprises may suffer from an inability (or unwillingness) to innovate. Entrepreneurs in different sectors (service, manufacturing, technology or agriculture) may also find themselves more likely to face some of the challenges than others.

The challenges may also combine to create significant, complex barriers: for example a lack of financial literacy compounded with low levels of financial access may significantly restrict an entrepreneur from accessing the necessary funds to expand their business.

It is essential that these challenges are addressed as part of a comprehensive policy approach that seeks to support MSMEs and potential entrepreneurs to realise their goals and maximise their potential. As the G20 note in relation to the first challenge listed above:

*While designing and enforcing an enabling environment and intervention mechanisms in support of SME access to finance, regulators need to keep overarching objectives in mind: ensuring the stability of the financial system, promoting financial literacy and consumer protection, and respecting Anti-Money Laundering (AML) and Combatting the Financing of Terrorism (CFT) regulations (G20 2011).*

The OECD Financing SMEs and Entrepreneurs Scoreboard shows how governments are addressing the first two of these challenges (see Table 1).

**Table 1. Selected government policy responses to improve SME access to finance 2007-2013**

Policy response	Countries
Government loan guarantees	Austria, Belgium, Canada, Chile, Colombia, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Israel, Italy, Japan, Korea, <a href="#">Latvia</a> , Mexico, the Netherlands, Norway, Portugal, Russian Federation, Serbia, <a href="#">Singapore</a> , Slovak Republic, Slovenia, Spain, Switzerland, Thailand, Turkey, United Kingdom, United States,
Special guarantees and loans for start ups	Austria, Canada, Czech Republic, Denmark, Estonia, <a href="#">Latvia</a> , Mexico, the Netherlands, New Zealand, Serbia, <a href="#">Singapore</a> , United Kingdom
Government export guarantees, trade credit	Austria, Belgium, Canada, Colombia, Czech Republic, Denmark, Estonia, Finland, Hungary, Greece, Korea, <a href="#">Latvia</a> , the Netherlands, New Zealand, <a href="#">Singapore</a> , Spain, Sweden, <a href="#">Thailand</a>
Direct lending to SMEs	Austria, Belgium, Canada, Chile, Czech Republic, Estonia, Finland, France, Greece, Hungary, Ireland, Israel, Japan, Korea, <a href="#">Latvia</a> , Norway, Portugal, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Turkey, United Kingdom
Subsidised interest rates	Hungary, <a href="#">Latvia</a> , Portugal, Russian Federation, Spain, <a href="#">Thailand</a> , Turkey, United Kingdom
Venture capital, equity funding, business angel support	Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Israel, <a href="#">Latvia</a> , Mexico, the Netherlands, New Zealand, Norway, Portugal, <a href="#">Singapore</a> , Slovak Republic Spain, Sweden, Turkey, United Kingdom
SME banks	Czech Republic, France, Portugal, Russian Federation, <a href="#">Thailand</a> , United Kingdom
Business advice, consultancy	Colombia, Czech Republic, Denmark, Finland, <a href="#">Latvia</a> , the Netherlands, New Zealand, Sweden, <a href="#">Thailand</a>
Tax exemptions, deferments	Belgium, Finland, Italy, New Zealand, Norway, <a href="#">Singapore</a> , Spain, Sweden, Turkey
Credit mediation/review/code of conduct	Belgium, France, Ireland, <a href="#">Latvia</a> , New Zealand, Spain
Bank targets for SME lending, negative interest rates for deposits at central bank	Ireland, Denmark
Central Bank funding to banks dependent on net lending rate	United Kingdom

Source: OECD (2015), Financing SMEs and Entrepreneurs 2015: An OECD Scoreboard, OECD Publishing, Paris.

Notes: 1) Information for [Latvia](#) and [Singapore](#) added by the OECD/INFE Secretariat in 2015. 2) Additional information on [Thailand](#) provided by the Central Bank. Most of government policies response to improve SME access in Thailand have been done via Specialized Financial Institutions (SFI)

### **The importance of Financial Education for MSMEs and potential entrepreneurs**

Financial education initiatives are designed to promote financial literacy. The OECD defines financial education as follows: “the process by which financial consumers/investors improve their understanding

of financial products and concepts 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”.

Surveys of financial literacy repeatedly indicate that a substantial proportion of the adult population lack basic knowledge and skills and fail to act in their own best interests<sup>5</sup>. Experts also agree that whilst a range of factors are associated with entrepreneurial success, lack of appropriate knowledge and awareness hinder potential entrepreneurs from accessing finance and maximising their business potential<sup>6</sup>.

The MSME policy focus to date has largely centred on the role of financial education in reducing demand-side barriers that prevent MSMEs and potential entrepreneurs from accessing finance. However, it is also apparent that financial education has a broader role to play in supporting all MSMEs and encouraging sustainable entrepreneurship by increasing levels of financial literacy.

Financial education could be useful in helping MSME owners to plan and manage their business finance more efficiently and effectively. This may include identifying ways of funding a start-up idea from existing resources or accessing external finance; but it also includes a range of knowledge, skills and behaviours that will be relevant throughout the business cycle and will help to make MSMEs robust, financially viable and scalable.

By making MSMEs increasingly financially viable and robust, financial education contributes to the resilience of these enterprises. On a broader scale, this can have a positive impact on the reliance and growth of national economies.

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<sup>5</sup> See for example Atkinson and Messy (2012).

<sup>6</sup> As noted in Nassr and Wehinger (2014) p158 ‘The importance of educating and empowering SMEs and in particular raising awareness on the financing options available, beyond the advice usually offered by SME’s “relationship” banks, should not be overlooked’.





### III. GLOBAL ACTIVITY ON FINANCIAL EDUCATION FOR MSMEs AND POTENTIAL ENTREPRENEURS

In many countries, current and potential entrepreneurs have access to a range of information and advice services, and may also have the opportunity to participate in formal training (sometimes depending on their existing qualifications and previous experiences). In some countries, young people also have access to entrepreneurial education in school. The extent to which such provisions incorporate financial education varies, as does the extent to which financial education is available through other means.

#### Mapping international activity in this area

Various international organisations have developed practical tools and programmes to support entrepreneurial learning that include elements of financial literacy. These include short training sessions, media programmes and in-depth entrepreneurial training with financial literacy components.

Several international programmes focus on **young people**, a target group that is particularly high-profile since the global financial crisis and subsequent high levels of youth unemployment in many countries<sup>7</sup>. **Women** are also targeted by a number of organisations. These international activities focus firmly on supporting potential and current entrepreneurs to maximise their potential. They do not seek to move or inform policy, or to measure current levels of financial literacy and track changes and they do not currently reach very large proportions of entrepreneurs within countries.

#### National approaches to financial education for MSMEs

Financial education is recognised as a policy priority in many countries; and strategic approaches to addressing low levels of financial literacy among the general population are becoming increasingly common. According to recent surveys of members, some 58 countries within the OECD/INFE now have a national strategy. Such strategies are designed to increase levels of financial literacy and consumer wellbeing. In some cases priority target groups also include entrepreneurs and small business owners<sup>8</sup>. Furthermore, some countries also include entrepreneurship within their core competency framework on financial literacy for youth<sup>9</sup>.

It should also be noted that SMEs may also have access to financial education through the private or not-for-profit sectors, including their own financial service providers<sup>10</sup>. A meta-analysis of research in

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<sup>7</sup> See <http://www.oecd.org/youth.htm> for further information about the OECD work on youth, and youth unemployment and the Policy Brief on Youth Entrepreneurship, jointly published with the European Commission  
[http://www.oecd.org/employment/leed/Youth%20entrepreneurship%20policy%20brief%20EN\\_FINAL.pdf](http://www.oecd.org/employment/leed/Youth%20entrepreneurship%20policy%20brief%20EN_FINAL.pdf)

<sup>8</sup> See INFE(2014)4/ADD1/REV2 National Strategy Comparative Tables and G20 2011.

<sup>9</sup> See INFE(2014)3/REV2 Core Competencies on Financial Literacy for Youth

<sup>10</sup> See also Valerio, Parton and Robb (2014) for national level programmes.

developing countries suggests that this may be of good quality<sup>11</sup>: successful outcomes from entrepreneurship training have been shown to be correlated with private sector delivery (Cho and Honorati 2013).

### **Content of financial education for MSMEs and potential entrepreneurs**

If financial education for MSMEs and potential entrepreneurs is to tackle more than access to finance, it needs to be wide ranging; addressing topics related to planning, financial risks and the wider financial landscape, for example<sup>12</sup>. This is recognised in the detailed definitions and content descriptions developed by USAID (2009), Bruhn and Zia (2013) and ACCA (2014).

In particular, financial education for MSMEs needs to provide skills and specific information of relevance to this target group. It may also be expected to shape positive behaviours, attitudes and confidence, although attitudes are mentioned less often in the existing literature. Most definitions and descriptions pay particular attention to practical skills; some also mention behaviours and knowledge.

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<sup>11</sup> This may also indicate unobserved differences across programmes, or reflect factors such as an increase in trust in financial service providers.

<sup>12</sup> This is supported by a meta-analysis of programmes in developing countries which shows that financial education is beneficial but that MSMEs benefit most from a comprehensive model (Cho and Honorati 2013).

#### IV. ROADMAP FOR THE OECD/INFE SUBGROUP

Financial education is a complement to financial regulation and (primarily supply-side efforts) on financial inclusion. It has an important role to play in preparing consumers (whether individuals or enterprises) to make the most of available financial services and to fully understand the options available. As such, an integrated approach to financial access and financial literacy is appropriate.

Based on available research and findings, the scope of work on financial education for MSMEs and potential entrepreneurs should encompass financial education programmes designed to increase access to, and use of, finance and those targeted at improving resilience, longevity and growth of new and existing businesses.

##### **Working definition of financial education for MSMEs and potential entrepreneurs**

For the sake of this work stream, a working definition of financial education as it relates to MSMEs and potential entrepreneurs is suggested below, building on the initial OECD Financial Education definition. Whilst the definition does not discuss how financial education needs differ according to the size of an enterprise, the work of the OECD/INFE will primarily focus on micro and small enterprises, and potential entrepreneurs. However, as the definitions of micro, small and medium enterprises vary by country - and in some cases, industry - the decision of how to apply the working definition below should be made at the country level.

*Financial education for MSMEs and potential entrepreneurs takes into account different types of business and stages of enterprises, and refers to the process by which they:*

- *Recognise the interaction between personal and business finance;*
- *Know where to go for help;*
- *Improve their understanding of the financial landscape, products and concepts of relevance; and*
- *Through information, instruction and/or objective advice, develop the skills, knowledge, attitudes and confidence to:*
  - *become more aware of financing opportunities and financial risks and opportunities;*
  - *make informed business plans and related choices;*
  - *manage their financial records, planning and risks effectively over the short and long term; and*
  - *take other effective actions to maximise the potential of their business for the benefit of their enterprise and that of the wider economy.*

## **Describing the content**

As noted in the previous section, most financial education for MSMEs focuses on skills; some programmes also aim to increase knowledge and change behaviour. Below is a first attempt to list important thematic headings. It is anticipated that detailed content will focus primarily on knowledge and skills, whilst also describing certain desirable behaviours and, less frequently, attitudes.

Thematic headings for Financial Education for MSMEs:

- Planning and managing business finances
- Interacting with financial service providers and accessing appropriate financial services and products
- Identifying financial providers or investors, meeting their requirements and accessing funds
- Financial risk management
- Understanding the business, financial and economic landscapes
- General financial literacy of particular benefit (such as understanding interest rates, inflation and exchange rates and their impact on credit, savings and income).

Some of the financial education topics above overlap with formal business education whilst others are more general in nature.

## **Policy framework**

The subgroup has the opportunity to explore in detail how financial education for MSMEs and potential entrepreneurs fits within existing policy frameworks, including national strategies for financial education. This can be used to identify good practices and make policy recommendations. This work would also draw on existing OECD/INFE work on national strategies, as well as broader OECD work on supporting entrepreneurship and SMEs, including Entrepreneurship 360, a joint project with the European Commission that seeks to promote entrepreneurial learning as part of primary, secondary and vocational education<sup>13</sup>.

## **Target groups, scope and delivery methods**

The specific needs of MSMEs and potential entrepreneurs could be considered under a unified heading, addressing the stage of the business within an overarching framework. However, it is also important to recognise that there may also be specific issues that affect certain groups, such as MSMEs in more or less developed economies, women, youth and older adults. It may also be relevant to consider MSMEs in different industries, such as differentiating between the service industry, manufacturing industry and agriculture and those operating in new, innovative fields or established markets.

A focus on different target groups would make it possible to highlight areas of content, or competencies that should be prioritised according to the characteristics of the people being targeted, which, as noted above may be necessary given the large number of topics of relevance to MSMEs more

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<sup>13</sup> <http://www.oecd.org/site/entrepreneurship360/>

generally. A targeted approach may facilitate the development of more relevant materials and delivery methods for certain groups.

The discussion of various target groups can usefully draw on the existing work of the OECD/INFE on financial education related to youth, financial inclusion, vulnerable groups and women. It can also build on the core competencies framework on financial literacy for youth currently being finalised by the Expert Subgroup on Core Competencies.

## **Tools**

Policy makers could benefit from specific tools to better understand the financial education needs of MSMEs and potential entrepreneurs and the gaps in provision. The subgroup could identify existing good practices in this regard and seek to develop a questionnaire that could be used internationally to capture financial literacy across the target groups. This work would build on the OECD/INFE Toolkit to measure financial literacy and financial inclusion and respond to the G20 Finance Policy Guide (2011) recognition that data is a priority, including data on 'output indicators such as quality of services, financial literacy...'.

Additional tools could be developed, potentially including a list of core competencies, a checklist on financial education provision for MSMEs and potential entrepreneurs, and policy and implication guidance.

## **Main direction of work**

The OECD/INFE work-stream on MSMEs will focus on the following main directions of work:

- A broad stocktake of existing financial education for MSMEs and potential entrepreneurs in INFE countries and economies.
  - This will focus on current experiences and effective methods, taking into account country specificities including access to finance.
  - It will explore the extent to which entrepreneurship training includes financial education topics.
  - It will aim to gather information about the extent to which specific financial education programmes and strategies are focused on potential entrepreneurs or MSMEs
  - It will seek evidence of the effectiveness of such financial education programmes, and information about the components of successful programmes.
- A report highlighting the importance of financial literacy for MSMEs and current policy level responses to their needs, drawing on the findings of the stocktake and related desk research. This could include detailed discussion of challenges faced and discuss solutions and the appropriate policy mix.
- Tools for policy makers on how to assess the current levels of financial literacy of MSMEs and potential entrepreneurs and measure change in levels of financial literacy over time and related survey and analysis.
- Guidance for policy makers on setting objectives and developing adapted comprehensive strategies to increase levels of financial literacy among MSMEs and potential entrepreneurs.

The table below summarises the main suggested outputs and schedule for their delivery:

**Table 2. Next Steps**

Type of outputs		Timeline of delivery
Stocktake questionnaire to take stock of current provision of financial education for MSMEs and potential entrepreneurs, gaps in provision, and policy challenges and solutions among INFE members	1. Stocktake questionnaire circulated 2. Report outline and key directions	September 2015 September 2015
Progress reports	3. Progress report for GPFI 4. Progress report for G20	September 2015 November 2015
Report	5. Draft report 6. Finalised report (possibly for G20)	April 2016 September 2016
Methodological tools, evidence and benchmark, contributing to the INFE body of evidence and tools.	7. Draft questionnaire for financial literacy assessment of MSMEs and potential entrepreneurs 8. Possible OECD coordinated survey amongst volunteering countries (and analysis) based on the questionnaire 9. Core competency framework for MSMEs and potential entrepreneurs	May 2016  Course of 2017  2017/18
Policy and Practical Guidance on financial education for MSMEs and potential entrepreneurs	10. Draft policy guidance 11. Checklist for policy makers	September 2016 September 2017

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