



EUROPEAN SAVINGS BANKS GROUP

INTERVIEW WITH ALEXANDRE LAMFALUSSY

## Baron Lamfalussy supports the European Stock Market Training

### Baron Alexandre Lamfalussy

Alexandre Lamfalussy is one of the leading central bankers of his time. He was a member of the Delors Committee for the Study of European Economic and Monetary Union, the General Manager of the Bank for International Settlements and the first President of the European Monetary Institute. He also presided the "Committee of Wise Men on the Regulation of European Securities Markets", which led to the definition of a new EU regulatory process, the Lamfalussy procedure.

### What were the key elements that motivated your decision to give your support to the European Stock Market Training?

I am strongly convinced that learning about money should be part of students' curricula around Europe. The A, B, C of finance management is a key element which needs to be further promoted to turn our children into informed citizens. And this is particularly true in today's world, where financial products have reached a high-level of complexity and where people increasingly need to make long-term investment decisions.

An initiative such as the European Stock Market simulation exercise proposed by ESBG looked particularly attractive in this respect, as it provides students with a practical insight into the functioning of markets. It is not an end in itself, but it comes as a support to illustrate the economics and financial "traditional" classes. It is therefore an ideal complement to theoretical courses and offers students a concrete learning experience. I believe that active involvement of students in this practical tool is a strong asset to attract their interest and reach the education purpose.

As a strong supporter of Europe, I also particularly valued the pan-European aspect of this initiative. I sincerely encourage other markets to get involved so that more pupils can benefit from this great experience!

### What do you think is the value of financial education projects directed at youngsters?

Financial education for youngsters is a required step to understand the basics of money management, and develop sound financial habits to expand their opportunities for the rest of their lives. The aptitude and ability to manage financial resources – to budget, save, invest, borrow etc- contributes to their integration in today's social and working life. It also helps youngsters grow into



ESBG

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mature financial services consumers, able to ask relevant questions and make adequate choices, best suited to their needs and expectations.

When it comes specifically to financial markets, on which the Stock Market simulation focuses, the exposition to basic portfolio investment principles, such as the trade-off between risk and return, long-term decisions and portfolio diversification, is particularly welcomed. Students will not become financial market experts after their experience, but they will be aware of the risks involved by stock markets transactions and have a better idea of the fundamentals of a prudent investment policy. This will be particularly useful for their future as citizens, in the light of the growing diversity of investment products proposed and of their long-term implications.

### How do you think should business players be involved in financial education initiatives?

Financial institutions, acting in partnership with public authorities, have I think a great responsibility to contribute to the improvement of financial literacy of the public in general, far beyond the scope of their clientele. This is a joint responsibility that all actors involved share, to help consumers make critical financial choices for their own future, and for their families, in a wise and informed manner.

I have to say that in this respect, European savings banks through the European Stock Market programme and many other initiatives, demonstrate their joint and long-standing commitment to bring a return to society and demonstrate their socially responsible approach to banking activities and practices.

This is a win/win situation, in a long-term perspective: by demanding products more responsive to their needs, well-informed financial services consumers will encourage improvement in quality of the financial offer, innovation of products and services, leading to increased competition in financial and banking markets.

### What would be your key recommendations to the teams and students taking part to the Training for a successful outcome ?

Partner with your classmates, define your strategy based on updated information, balance your decisions between risk and return and have fun !

#### **About the European Stock Market Training**

Since 1998, the European Savings Banks Group's (ESBG) member banks in several European countries have developed partnerships with local schools to contribute to financial education of pupils aged 14-18. This programme, called the European Stock Market Training, consists in the management, over a period of 10 weeks, of a virtual portfolio of securities through the Internet. This pan-European initiative has proved a successful learning tool to help students get an insight view of how economies and financial markets work in practice. Based on team work and as a multi-lingual project, it is also a resourceful pedagogical support for teachers (more information from [www.stockmarket-training.com](http://www.stockmarket-training.com)).

The 2006 edition, which ran from October till mid-December 2006, was honoured by the Patronage of Baron Lamfalussy, a prominent EU financial markets figures. It involved approximately 250, 000 students in more than 40, 000 teams from 7 different countries – Austria, France, Germany, Italy, Latvia, Luxembourg, Spain.