



CONCLUSION PAPER AND NEXT STEPS

The Think Forward Summit on 25 February gathered more than 120 academics, European and national policy-makers, consumer-organisation representatives, and leaders from the financial and technology sectors in a “meeting of the minds” to help people make better financial decisions.

The Summit was the official kick-off to the Think Forward Initiative, a multi-year project set up by ING, EMC, Microsoft and The Institute for New Economic Thinking. It brings together different people, disciplines and data to figure out how to help people manage the challenges and risks of the modern era in order to become—and stay—financially and economically fit.

The Summit focused on the consumer and the challenges and unknowns around household decision-making.

Inspiring talks from visionaries including renowned economist and best-selling author professor Noreena Hertz and award-winning economist and professor Annamaria Lusardi sparked the debates held in seven breakout sessions, where participants delved deeper into understanding the issues and identifying priority areas.

Each breakout discussion focused on a specific topic and worked to define specific challenges related to it. Although the societal and regulatory environment was largely treated as a given, one of the breakout sessions was about the challenges around decision-making created by financial institutions, economic policy and consumer regulation. This is summarised in a post-Summit article by Monica Woodley, who moderated that session.

Overarching themes

One overarching theme at the Summit was the need to learn more about differences in people’s (financial) goals, with some having no explicit goals at all, and recognising that preferences and circumstances change over time.

People can set their own financial goals, but the financial industry could perhaps be more effective in facilitating this when necessary. It’s worth investigating how such co-creation might work most effectively, and how people’s diversity and changing needs over time can be better taken into account.

Another clear theme was a need for greater focus on social aspects of economic decision-making, which isn’t fully covered by the two fields of micro- and macroeconomics. People’s goals aren’t framed in isolation but shaped by their families, friends, households and colleagues. This points to a need to bring sociology, psychology, and technology further into the debate.

Breakout sessions

Here is a summary of some of the challenges defined in each of the breakout sessions. These will be further explored and brought back to several core challenges in forthcoming working groups. Note that many points made in one session equally apply to other sessions:

- **Budgeting and spending**

How can we enable people to feel comfortable in the spending and budgeting decisions they make? Should we focus on those who feel they don’t have a grip on their finances? People are social and don’t make decisions

in isolation. Social networks are an important source for obtaining information and advice. At the same time, people are anxious about the quality and trustworthiness of information and the way it’s used. What are the most effective ways of getting information to people in a timely and personally relevant way?

- **Borrowing**

Further research on borrowing decisions is needed. How do people borrow? Why do they borrow? How do people make decisions? People are concerned about the costs of debt, but also about their future access to borrowing opportunities. Different groups in society have different concerns and there’s a need for more granular data, which would help both academics and banks understand different groups’ concerns.

- **Savings, investment and retirement**

More research is needed on goal setting and what financial wellbeing means to different people. How could those differences in wants and needs translate, via co-creation, into relevant products and services?. How can we learn from other industries? What do we know about the quality of expertise of financial professions? How can we ensure that people trust that the decisions they take now will lead to long-term benefits? How can we design trusted, tailor-made and usefully transparent financial products? On savings: what are the pros and cons for people if they consider changing their level of savings in a low interest-rate environment?

- **Financial literacy**

How can individuals be reached in a timely and personally relevant way to keep them financially healthy? Lessons can be learned from sectors such as health, where prevention is seen as better than a cure and where people generally know where to get information. Research is needed into data solutions that can identify signs people are on a negative trajectory. There's a need to explore the use of data, design and information to identify warning signs and triggers. Predictive guidance could potentially help.

Some of the other aspects were: Can ways be found to enhance individuals' financial resilience and coping skills, especially when faced with impactful life events? What are potential and limitations of financial education? What's the role of the individual (coping skills) as well as of society (protection)? How can we effectively improve financial capability? Could money management tools be used more effectively and more widely?

- **Responding to disruptive trends**

Research is needed on how people can get real value out of data while making sure using their data isn't too intrusive. Social sciences can help ensure a smarter use of data by providing guidance for segmenting the consumer in a much more granular way when it comes to spending, saving, borrowing and investing. Smarter use could also be achieved via better use of technology, for example by using visualisation. Another challenge is if a truly open source approach can be built:

a community of people/volunteers contributing technology to a common purpose.

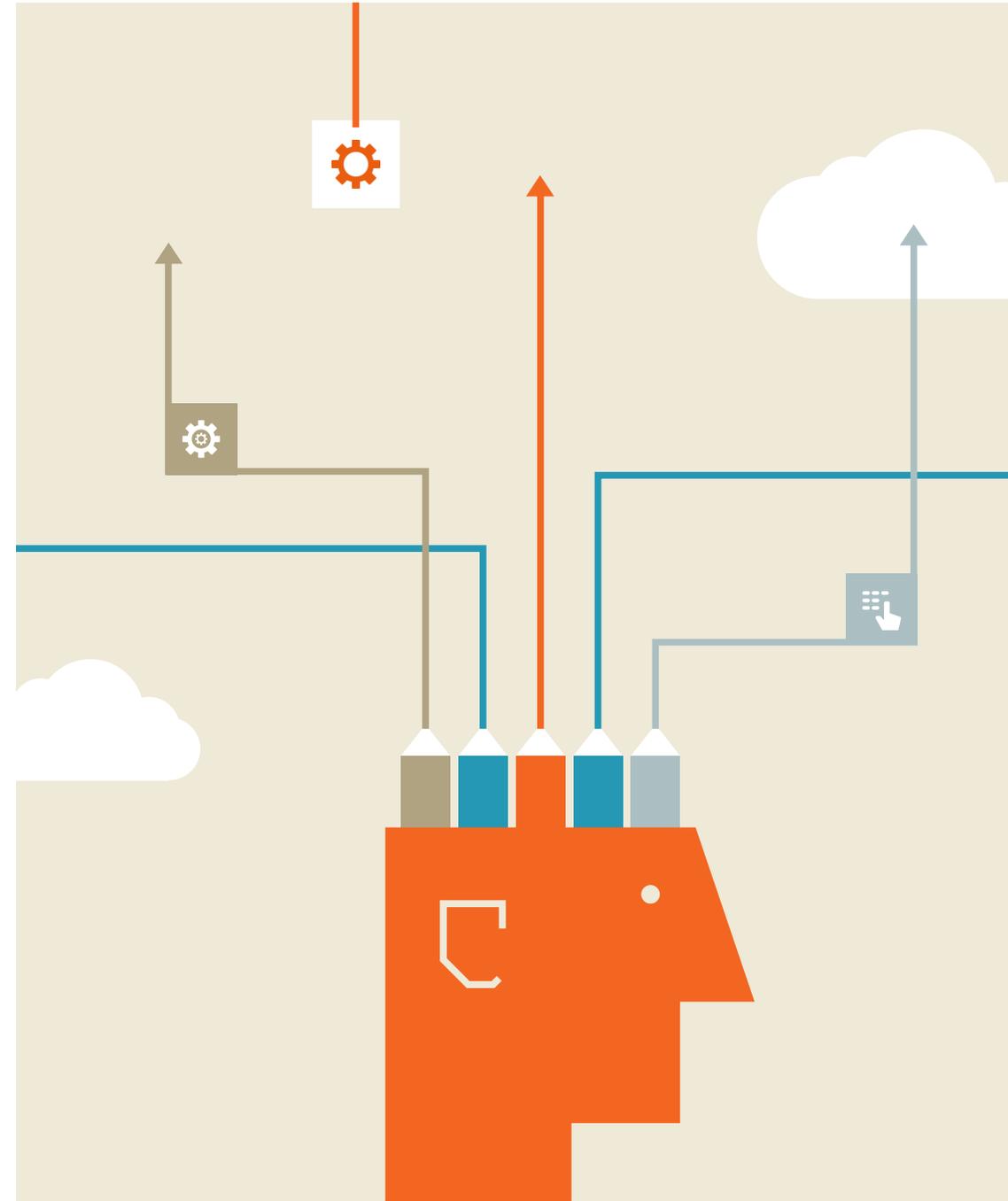
Next steps

The Summit may be over, but the Think Forward Initiative is just beginning. Participants were enthusiastic about continuing with next steps, and about 100 agreed to inject time and energy into future working groups that will explore how to tackle the challenges defined above. They'll consider suggesting research, and possibly also policy recommendations, awareness campaigns and technology projects.

Content based on these working group discussions will be published to continue driving awareness about the Initiative throughout Europe. The Think Forward Initiative's purpose is to empower people to make smarter financial decisions. Ultimately, we aim to make a positive impact on the way people spend their money, on their ability manage their risks and realise their objectives. By the end of 2016, first steps will have been taken and results are expected to be presented at a Think Forward Summit in 2017.

Remember, the Initiative is "open source", meaning that contributions are welcome from those who couldn't attend the Summit and others within the wider network of the organisers and participants.

It's like the African proverb mentioned at the Summit: "If you want to go fast, go alone. If you want to go far, go together."



INITIATED BY: