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**Permanent Secretary**

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The work on pensions reform in the late 2000s made us realise that there was a dearth of understanding of how the pension system worked – a state of play that resulted in many a person making important yet uninformed decisions about their retirement.

In the work on the 2010 pensions reform, our counter parts from the World Bank underlined that the experiences of the financial crash in 2008 could, to a large extent, been far less damaging if people had a far more better understanding of financial capability. The World Bank were then proposing that financial capability awareness and education becomes an integral part of pension reform. The pension strategy group adopted this World Bank recommendation – indeed a full chapter was dedicated to this important element.

Whilst the recommendations on this matter were accepted little was in fact done. Indeed, recognising once again the importance of financial capability the 2015 pension strategy group re-emphasised the importance of complementing pension reform with a broader financial capability education reform. This resulted in my Office presenting, following public consultation, a national strategy on financial capability which was accepted by the government.

My Office was assigned responsibility for its implementation. I am pleased to say that much has been done and that the financial capability platform we set up, which we branded as GEMMA, has become sufficiently credible that enabled it to establish important partnerships with institutions such as the Central Bank of Malta and the University of Malta.

Implementation in itself is a process of learning. One of the lessons we learnt with GEMMA is that whilst national based communications strategies are important they are not on their own enough. Through GEMMA's own initiatives as well as understanding of lessons learnt by GEMMA's counterparts overseas, we recognised that our current approach had to be complemented by more direct interventions where we, working with appropriate representatives, coach the target group we working with on financial capability.

We piloted this approach last year. GEMMA teamed up with the Mental Health Service within the Ministry of Health and the HSBC Malta Foundation to develop a financial capability programme for persons with mental health conditions. A pilot was carried out in the last quarter last year. After a post implementation review, all parties agreed that, subject to a number of improvements, the programme should become a permanent feature in preparing people with mental health conditions in re-integrating within the community. The coaching programme will initiate in April this year. This is an initiative which we will be speaking more about together with the Ministry of Health later this year.

Following this success we approached the Chamber of SMEs to see whether together we can adopt this concept for the provision of financial capability coaching to self employed persons. To us, self employed persons are considered to be a vulnerable group. Self employed persons are more likely to decide to pay a lower social security contribution during their working life. This results from the wrong perception by self employed persons that the social security contribution is a tax. Paying less, thus, translates in more income retained by them; and less 'taken' by government.

The result, however, of this myopic view is a serious compromise of financial wellbeing when they retire. We see this daily: self employed persons strongly shocked on the receipt of their first pension income.

The Chamber of SME's concerns with regard to self employed persons and small business owners include the difficulties many face in separating business and personal finances, in dealing with banks and positioning themselves for investment for growth, in lack of knowledge with regard to the administration of taxes amongst others.

For this purpose GEMMA and the Chamber of SMEs are entering into a formal strategic partnership so that together we embark on a coaching programme to increase the financial capability of self employed persons and small business owners.

I am confident we will be successful in achieving this object.