

## **Panel #5: Role of Education**

*Moderated by John Tierney,  
Managing Director, Options Industry Council*

### Main topics of the panel:

1. Review of previous discussion in Burgenstock (2001)
2. Sectors needing education/information and their requirements
3. Means of providing education
4. External v. internal educators
5. Funding
6. Opportunities for co-operation

Panel members agreed that education is one of the key-stones of the market and on the importance of different types of education in order to increase public awareness.

*Rod Gravelet-Blondin* from JSE Securities Exchange explained that in South Africa they are facing problems of the level of understanding of people and oftentimes people are suspicious about the activities of exchanges. In order to overcome this situation Rod emphasized the importance of being available at all hours, at no cost. Rod explained that their exchange went into the countryside to meet with people in small groups in order to facilitate one-on-one type education. Sometimes they asked banks to accompany them which provided legitimacy to the exchange in front of the farmers.

*Is education a function of the government?* – the question was asked. Panel members agreed that it is a function of the government but not for financial reasons but as a commitment. And governments need to recognize this! *Manoj Devadasan* from the Malaysian Derivatives Exchange told the panel that in Malaysia the Securities Commission runs the brokers' exam. He told that maybe exchanges need to go back to schools and suggest including "exchange education" in the curriculum. *John Tierney* explained that in South Korea the Korean Securities Dealers' Association conducted a training program which involved 118,000 people! This has made a major success of the Korean stock index options contract which traded over 800 million contracts in 2001 and is the biggest volume currently traded. He also mentioned the active role of the Australian Stock Exchange in education.

Krisztina Kasza told the panel that in Hungary 3 years ago the dream of most high school kids was to become a broker. With the two exchanges booming, brokers made fortunes and lives extraordinarily good lives. With the crisis of 1998 and the decrease of exchange volumes, the tendency has stopped, it is difficult to attract enough people to start a broker education course! In this particular case education needs reinforcement.

Regarding options education the panel agreed that options are used by wealthier, better educated people who are comfortable with using technology and who base their trades on information gathering.

An important aspect of education is to educate people that exchange trading is far from speculating. It is risk management, hedging and a technique of avoiding losing money!