



FIRST RESULTS OF THE OECD/INFE INTERNATIONAL SURVEY OF ADULT FINANCIAL LITERACY COMPETENCIES

Auckland, 12 October 2016

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Outline

The survey instrument

**2015
international
survey
results**

**Selected
policy
conclusions**

Next steps



THE OECD/INFE SURVEY INSTRUMENT



OECD / INFE survey to measure financial literacy and financial inclusion

Survey instrument to capture financial literacy...

- ...a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and individual

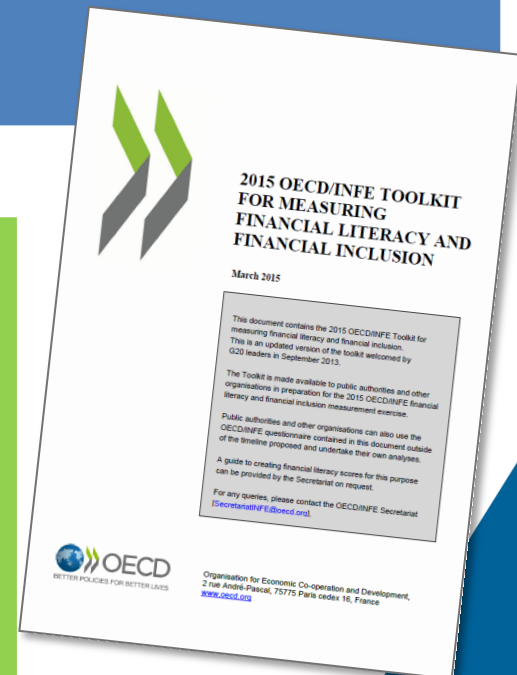
...in a representative sample of adults, and available in a Toolkit

- Questionnaire (core) and optional questions
- Methodological notes; Interviewer briefings



G20 Leaders welcomed and supported its use in 2013

was updated in 2015 to include new areas





OECD/INFE financial literacy survey

Results **comparable across countries and over time**

Fin Behaviour 9Q

Budgeting, paying bills on time, active saving, choosing products, retirement planning

Fin knowledge 7Q

Simple and compound interest, Inflation, time value of money, Risk and return, Risk diversification

Fin attitudes 5Q

Propensity to save vs spend,
Time preference

...as well as on its **relationship with**

Financial inclusion

Financial products awareness, use and recent choice

Socio-demographics

Age, Gender, Education, Work, Income

New areas

Wellbeing; Fraud; Self-assessment of financial knowledge



THE 2015 INTERNATIONAL SURVEY RESULTS: SELECTED FINDINGS

OECD/INFE INTERNATIONAL SURVEY OF
ADULT FINANCIAL LITERACY COMPETENCIES





In brief

30 countries and economies
(including 17 OECD countries) took part.

In total, **51,650 adults aged 18 to 79** were interviewed using the same core questions, in a total of **30 languages**.

Analysis looks at :

- Responses to different questions
- ***Minimum target scores achieved in financial knowledge, behaviour and attitudes***



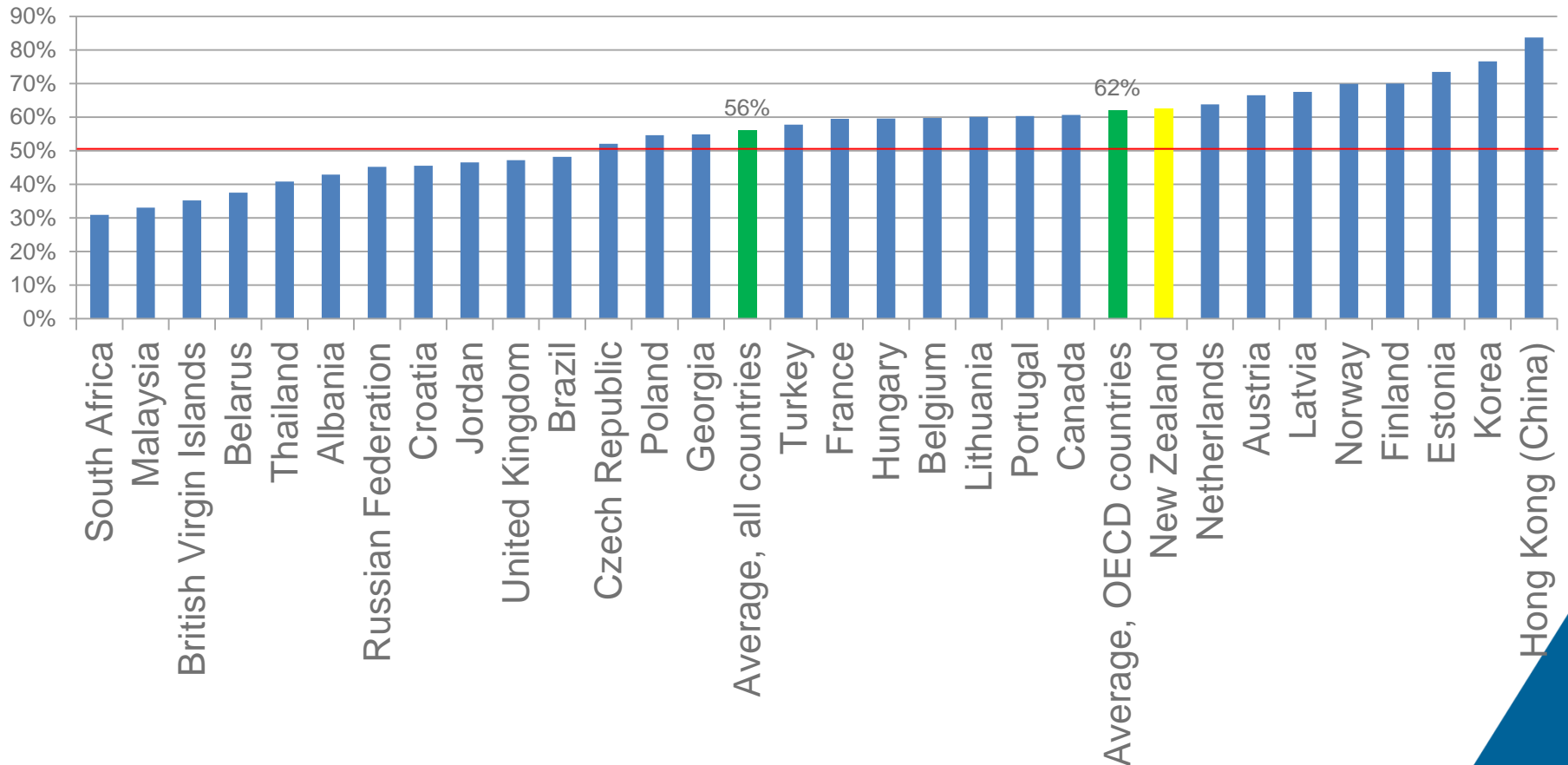
International coverage:
30 countries across Asia Pacific,
Europe, Africa, North and South America

Albania	Jordan
Austria	Korea
Belarus	Latvia
Belgium	Lithuania
Brazil	Malaysia
British Virgin Islands	Netherlands
Canada	New Zealand
Croatia	Norway
Czech Republic	Poland
Estonia	Portugal
Finland	Russian Federation
France	South Africa
Georgia	Thailand
Hong Kong, China	Turkey
Hungary	UK



Many adults are currently unable to reach the minimum target score on **financial knowledge**

On average, just **56%** of adults across participating countries and economies achieved the minimum target score of at least 5 out of 7 (**63%** across OECD countries)





Adults particularly struggle with basic financial knowledge and concepts



On average, only 58% could calculate a **simple interest** on savings (65% OECD)



On average, only 42% of adults are aware of the additional benefits of **interest compounding** on savings (48% OECD)



Only about two in three adults were aware that it is possible to reduce **investment risk** by buying a range of different stocks

Simple interest

- Suppose you put \$100 into a <no fee, tax free> savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money.
- How much would be in the account at the end of the first year, once the interest payment is made?



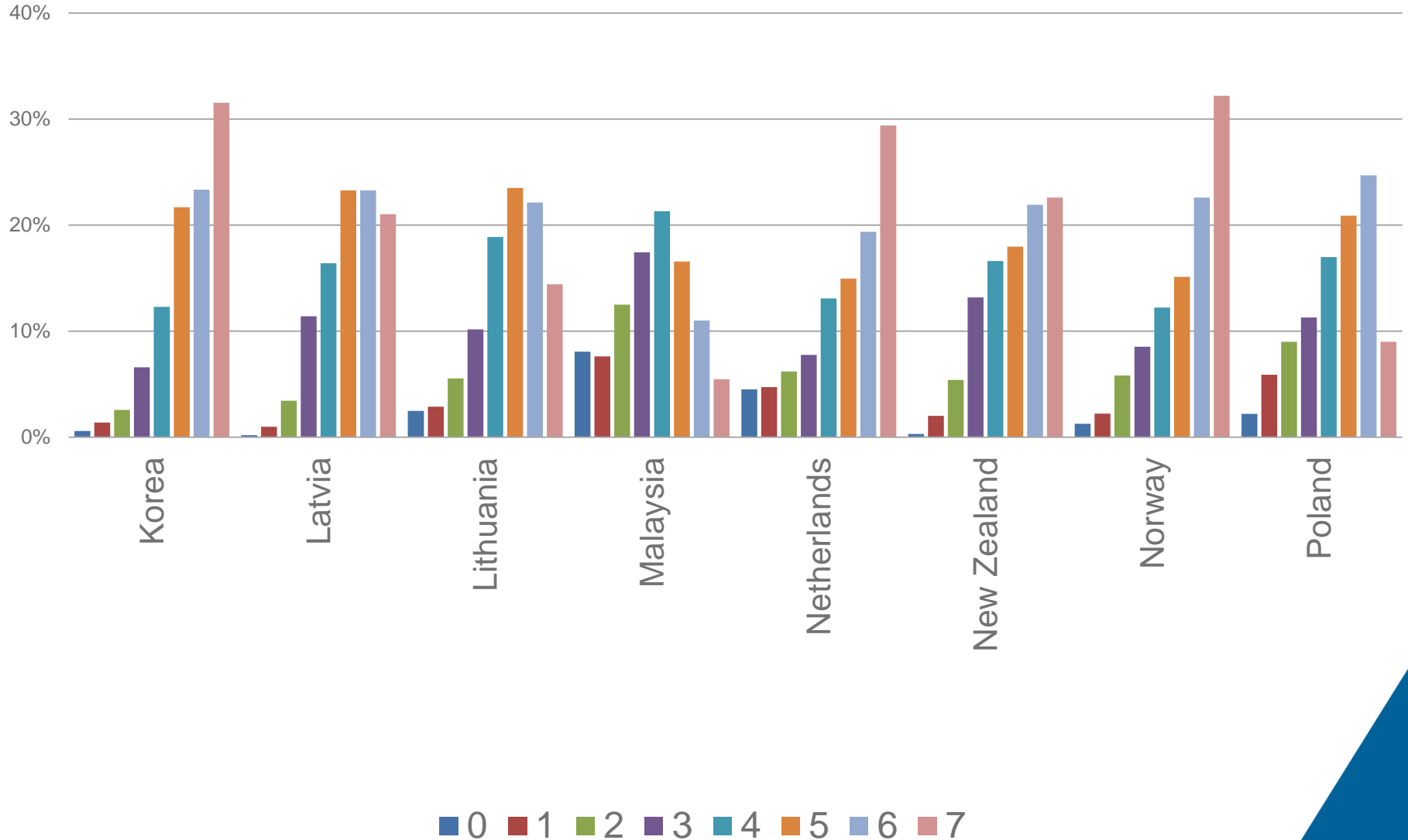
Compound interest

- *and how much would be in the account at the end of five years [add if necessary: remembering there are no fees or tax deductions]? Would it be...*
- **More than \$110**
- **Exactly \$110**
- **Less than \$110**





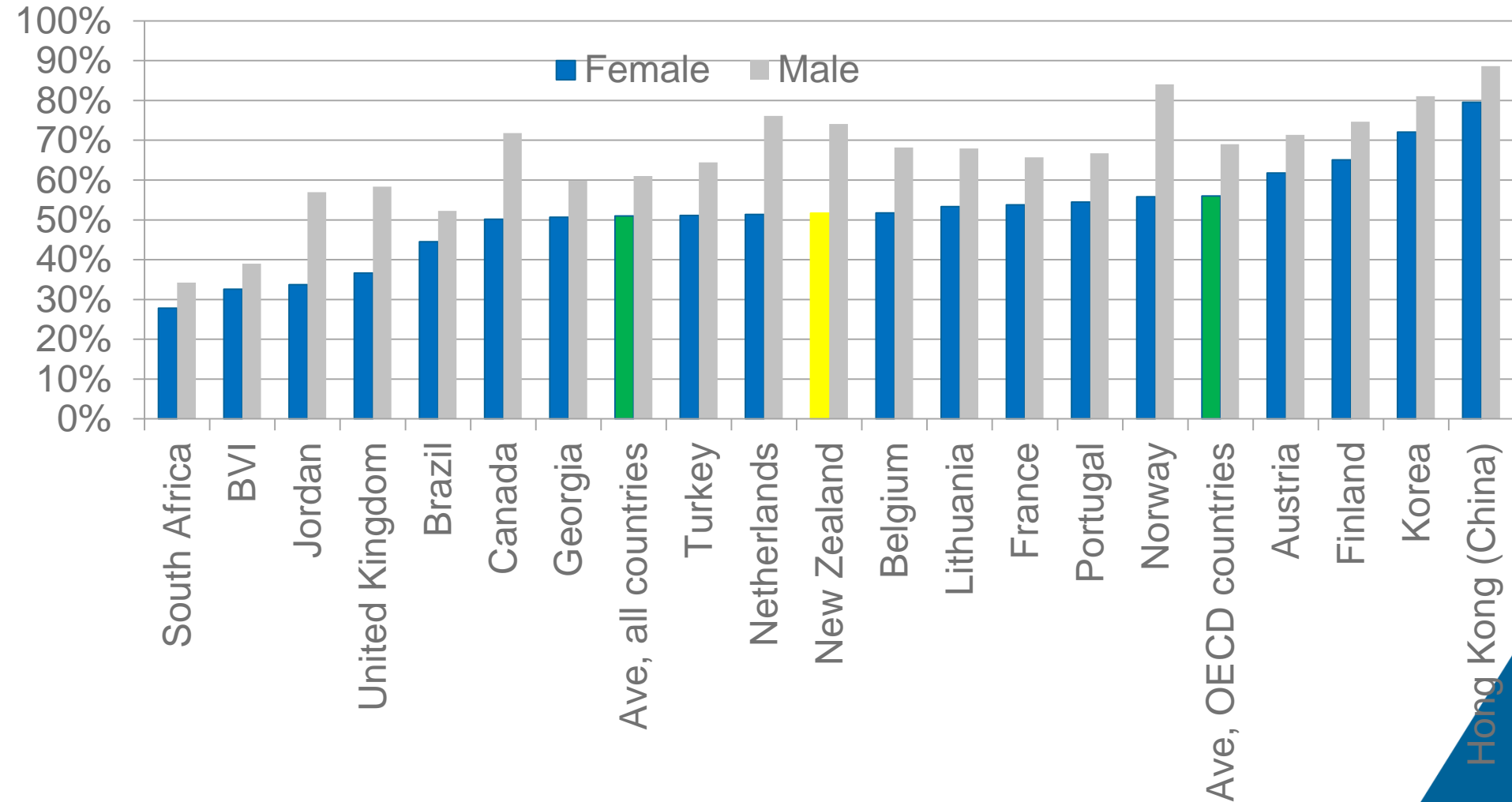
The distribution of knowledge varies





And **women** struggle with financial knowledge more than men, on average, and in many countries

(percentage of women and men achieving target minimum score)

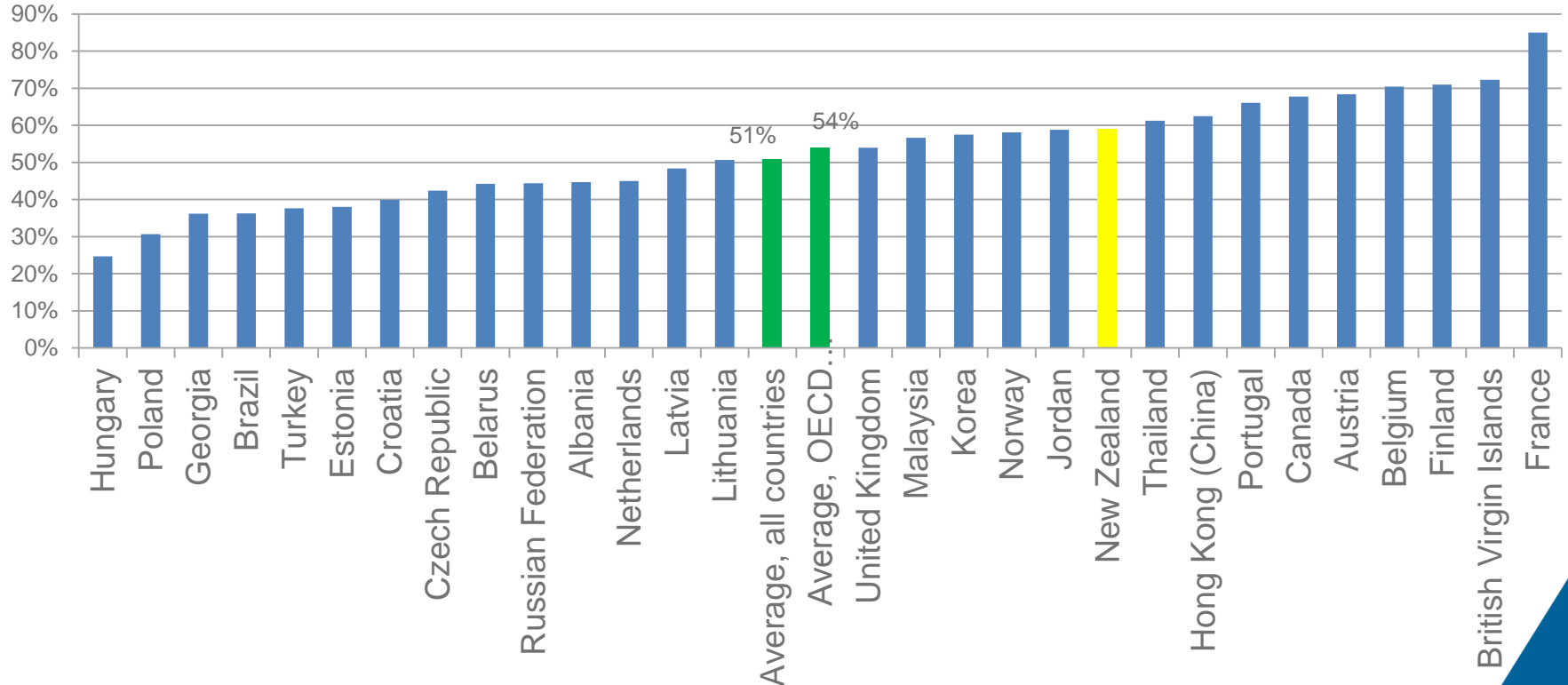


Only statistically significant differences shown



Only about half of adults reach the minimum target score on **behaviour**

Just one in two (51%) respondents across all participating countries and economies achieved the *minimum target score* of at least six out of nine on financial behavior (54% OECD)





There are several beneficial behaviours that are (perhaps surprisingly) uncommon

The **weakest areas of financial behaviour** across these measures appear to be related to **budgeting, planning ahead, choosing products and using independent advice**



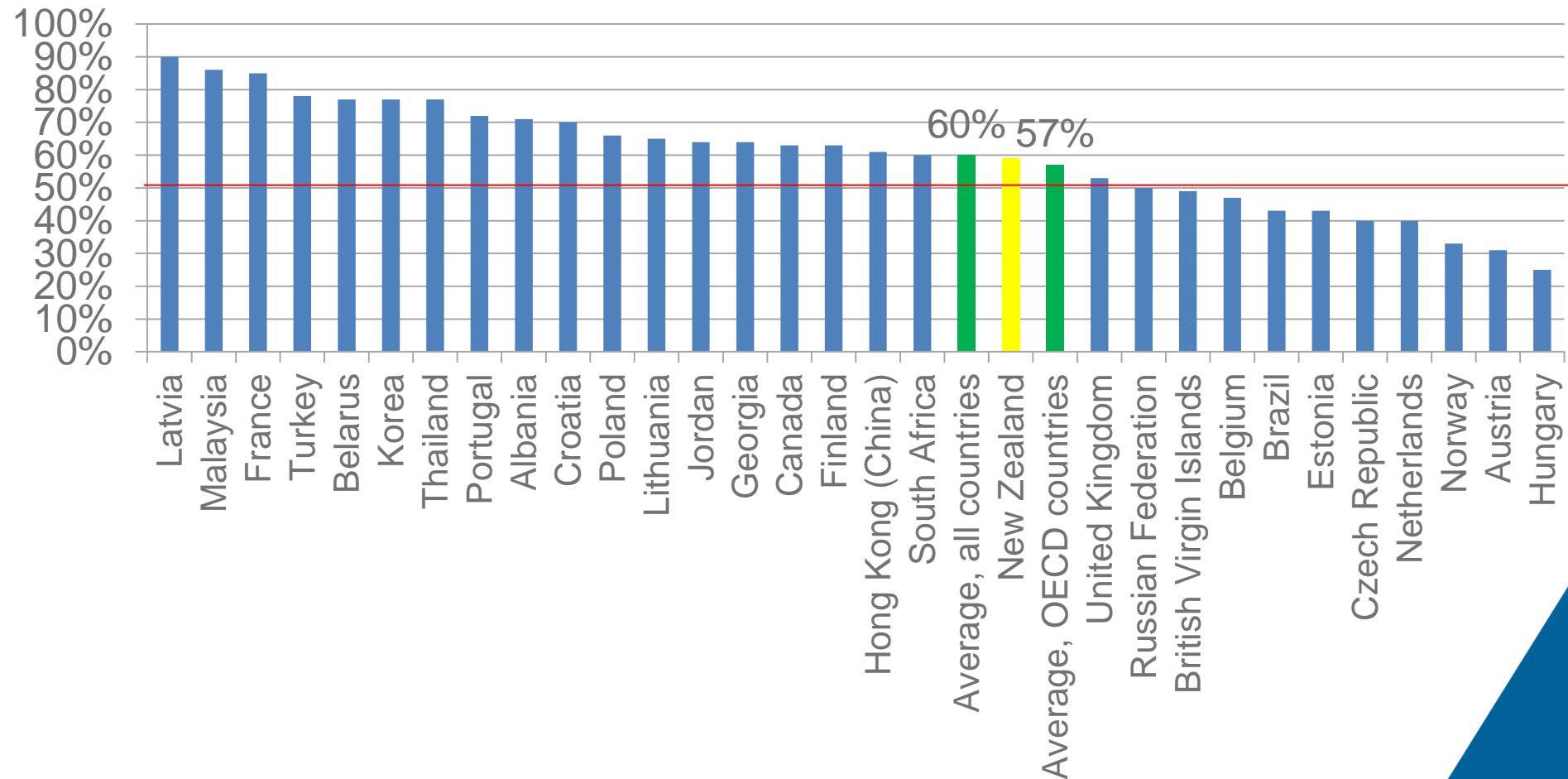
On average, only 60% of adults reported having a household budget (57% OECD); and only about 50% set long-term goals and tried to achieve them (51% OECD)

	BASIC £8.99 / month	BUSINESS £12.99 / month	
Plan name	1 module	1 module	1 module
Stock holder	✓	✓	✓
Farm manager	✓	✓	✓
Insured modules	Multi-plant, gallery, multi-tenants, job roles	Multi-plant, gallery, multi-tenants, job roles	Multi-plant, gallery, multi-tenants, job, job roles
FTP access	✗	✓	✓
Self-liquidation	✗	✓	✓
Shop software	✗	✗	✓
	Forum only	Support team, account manager	Support team, account manager
	London	Full Access	

Among those who had chosen a financial product in the last two years, only 44% made an attempt to shop around on average (46% OECD), and only 19% used independent information (20% OECD)



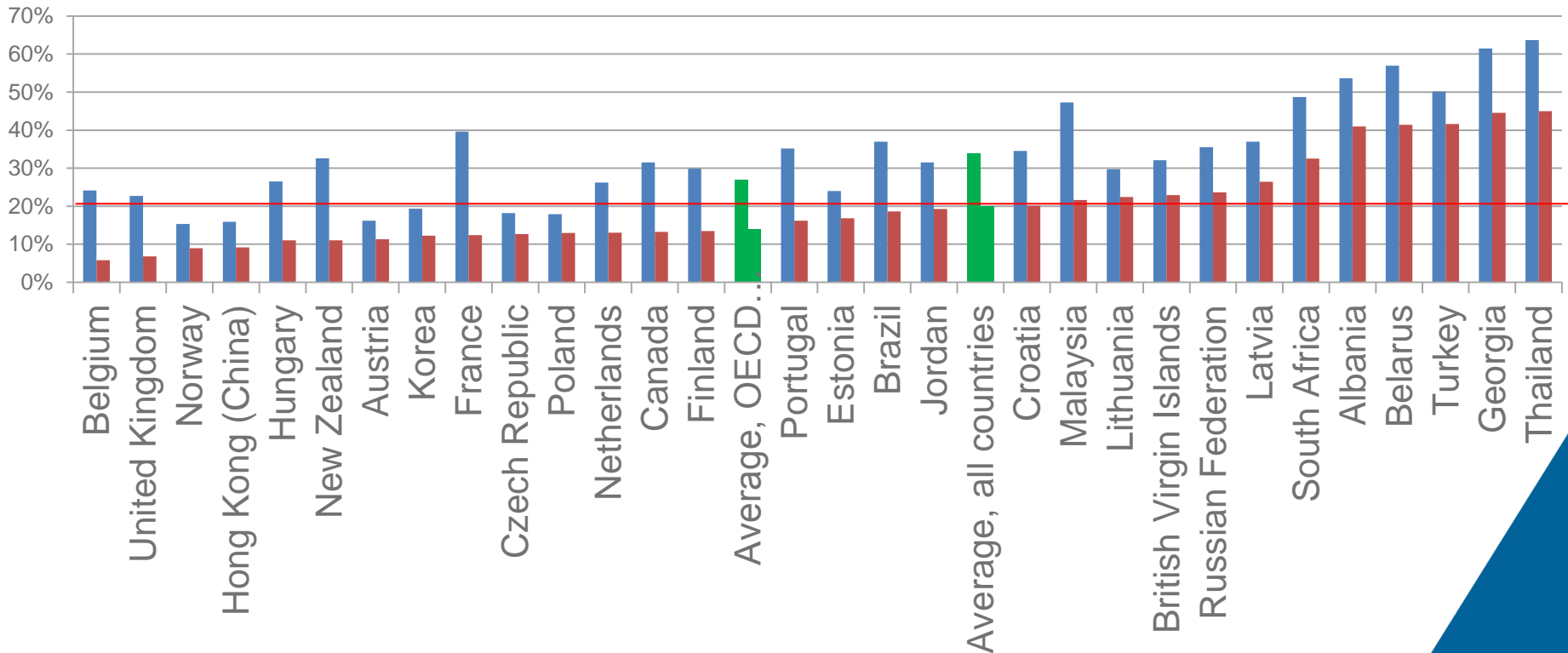
In a number of countries, less than half of respondents have a household budget





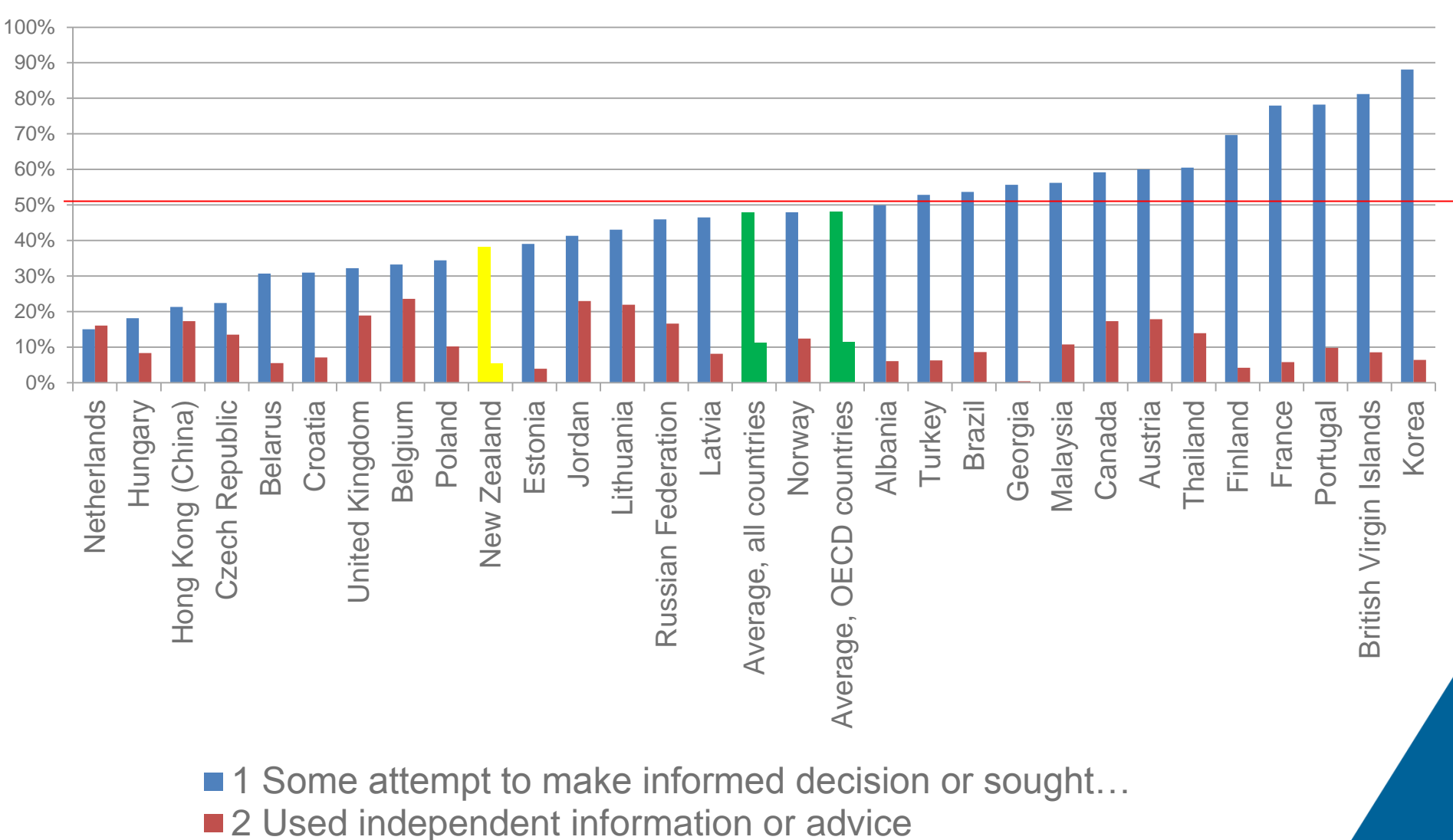
1 in 5 borrowed to make ends meet in the last 12 months, on average

- Respondent reported that their income did not always cover their living costs
- Respondent borrowed to make ends meet (% of all respondents)





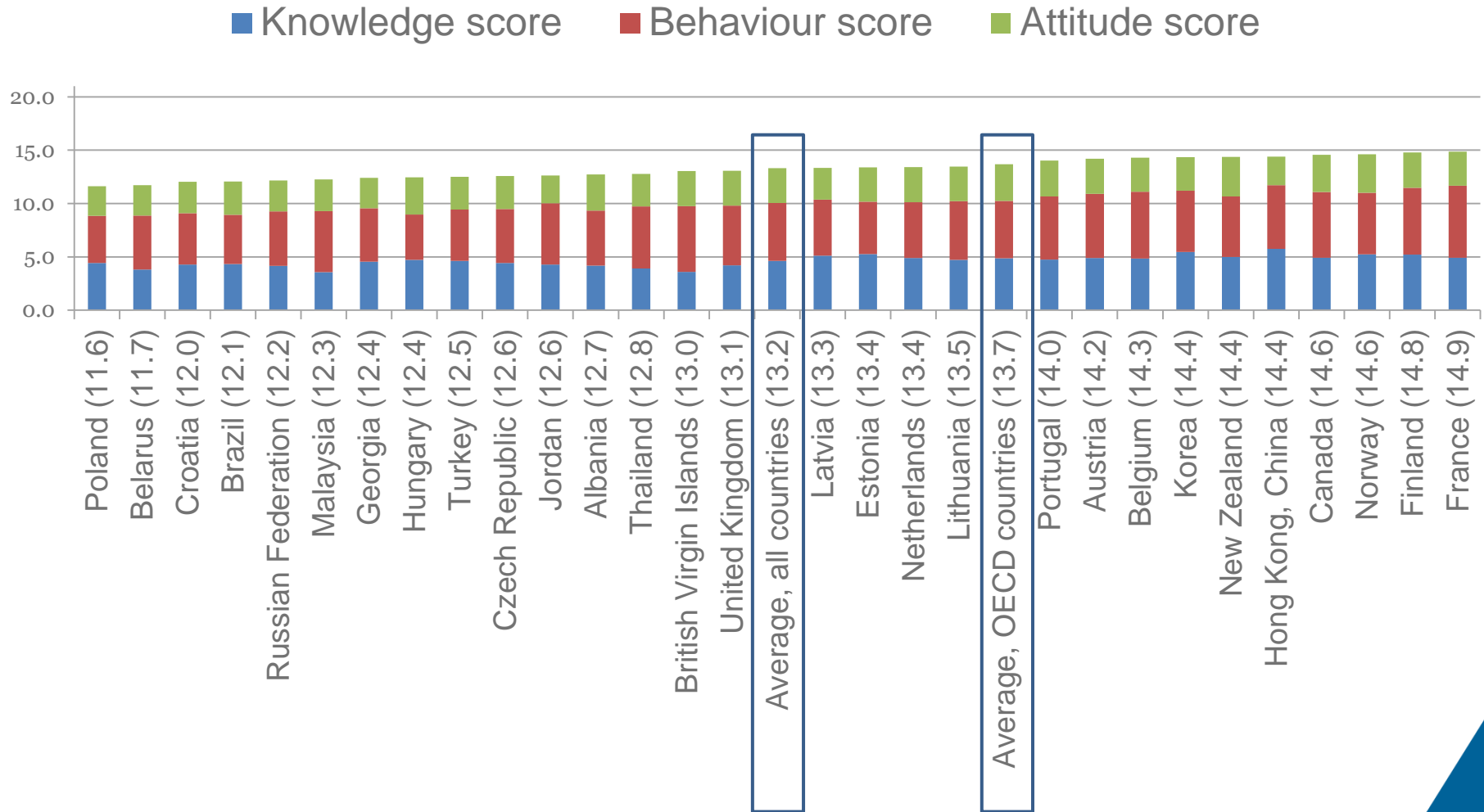
When people choose a financial product they (very) rarely seek **independent advice**





Combining these findings, levels of financial literacy are low

13.2 out of 21, on average on the minimum target score





SELECTED POLICY LESSONS



Selected financial education policy lessons (1): Addressing overall low level of financial literacy

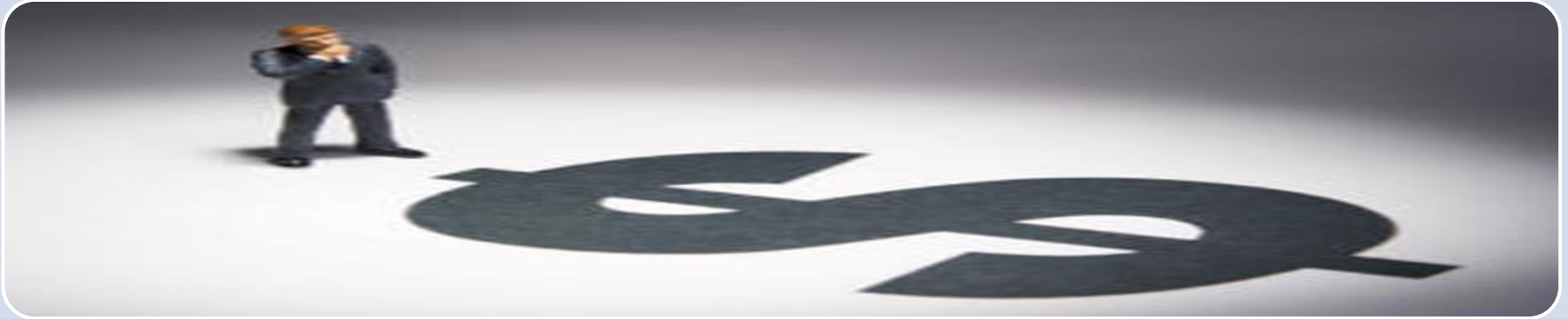


Importance of starting financial education early and ideally in schools

- improve financial knowledge overall
- establish sound habits (budget /long term planning)
- bridge the knowledge gender gaps



Selected policy lessons (2) : **Address adults' weakest behaviors**



Support financial resilience and improve active choices of products

- **Tools to develop budget** and face to face advice on prioritizing expenses and saving
- **Support planning ahead and saving** through a mixture of improved financial knowledge and tools (simulators) as well as nudges (reminders to save and default option)
- **Improve access to information on products** (comparison) and to advice especially in the case of complex investment choices (including for retirement) – prospect of robo advice if properly regulated



Selected policy lessons (3): The broader picture



Role of financial regulation : especially in the area of credit to support responsible use and protect consumers; but also to promote saving for the long-term (pension systems, taxation)



The economic and financial context : The current low interest rate and inflation environment coupled with increased digitalization of finance may have an impact on consumers' attitude and behaviors towards the short term and overreliance on credit.



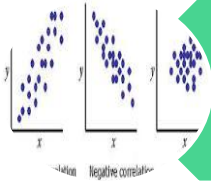
NEXT STEPS



Future analyses



More detailed analysis of gender differences



Analysis of the potential correlation between financial inclusion and financial literacy



Analysis of other target groups, such as the self-employed, older adults, low-income groups



Exploration of the concept of financial well-being



Report on financial literacy across G20 countries



THANK YOU!

www.oecd.org/finance/oecd-infe-survey-adult-financial-literacy-competencies.htm

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www.financial-education.org