



MEASURING FINANCIAL LITERACY

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BACKGROUND



Dedicated OECD work through the International Network on Financial Education (INFE)

Dedicated OECD project on financial education since 2002...

- under the aegis of the OECD bodies responsible for financial education

...deepening in 2008 with the creation of the INFE

- Including now over 200 institutions from 114 countries and economies
- Different levels of engagement: Full and regular membership
- Global and regional policy platforms and regular meetings to share good practice, collect data, develop analytical and comparative studies, methodologies, policy instruments and practical guidance on key priority areas related to financial education

... and within the framework of the G20 since 2011

- as a complement to consumer protection, financial regulation and financial inclusion policies



OECD/INFE tools and instruments

The Overall Framework (2012) **OECD/INFE High-level Principles on National Strategies for Financial Education**

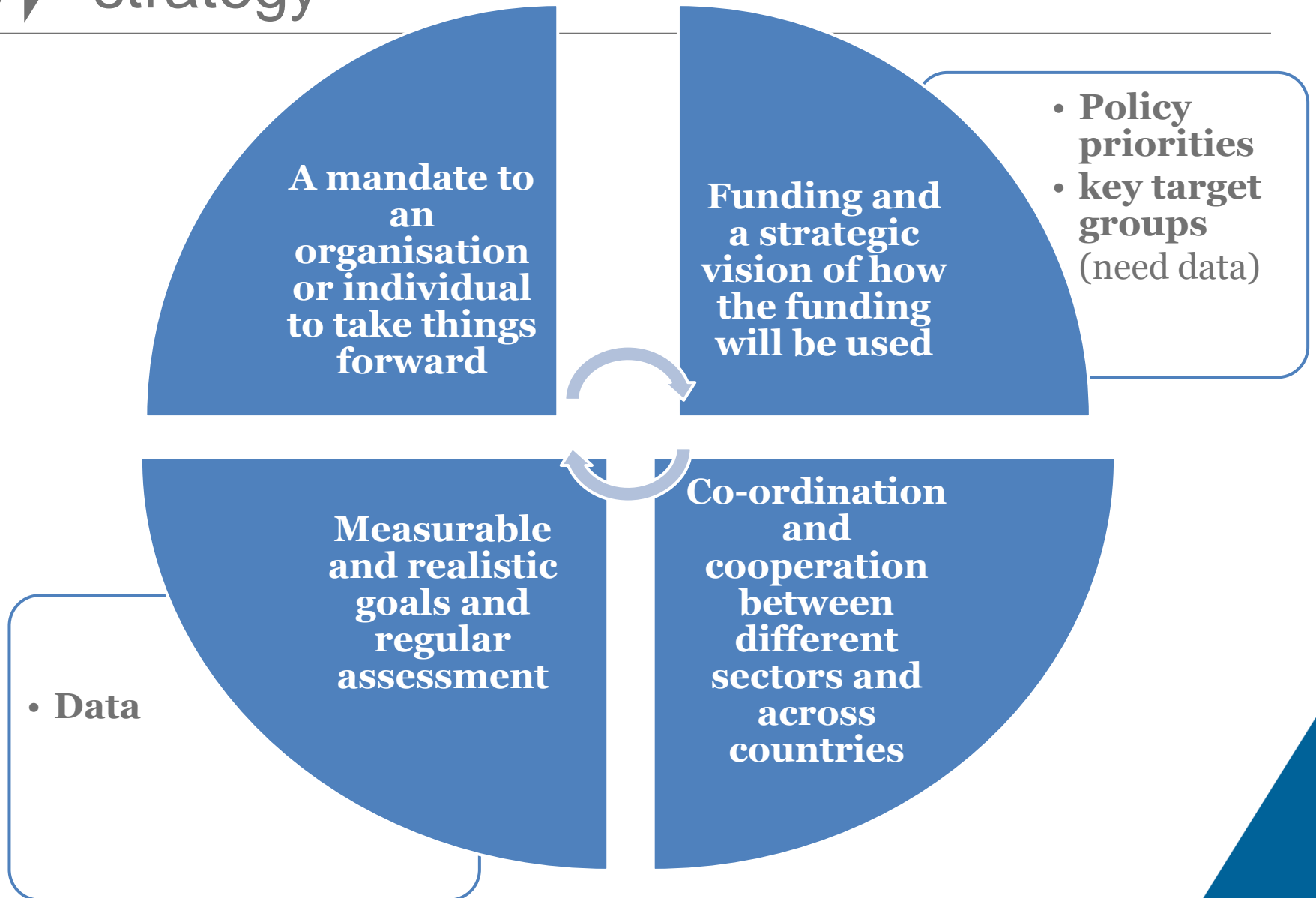
General instruments	Sector-specific Good Practices	Methodological tools	Target Audiences
<ul style="list-style-type: none">• 2005 Principles and Good practices on Financial Education and Awareness• 2015 OECD/INFE Policy Handbook on the Implementation of National Strategies	<p>2008 2 Good Practices for Financial Education relating to Private Pensions & for Enhanced Risk Awareness and Education on Insurance issues</p> <p>2009 Good Practices on Financial Education and Awareness</p>	<ul style="list-style-type: none">• 2011 High-level Principles for the Evaluation of Financial Education Programme• 2015 Toolkit on measuring Financial Literacy and inclusion• Core competency framework for youth	<ul style="list-style-type: none">• 2012 OECD/INFE Guidelines for Financial Education in Schools• 2013 OECD/INFE Policy guidance on addressing women's and girls' needs for financial education



NATIONAL STRATEGIES



Essential components of a national strategy





Practical steps for a national strategy

Mapping of existing resources and stakeholders

Avoid duplication of resources

Identify successful practices

Identify trusted stakeholders

Survey of financial literacy level

Target groups

Needs and gaps

Identify/refine main policy issues

Consultation process amongst key stakeholders

Start elaborating coordination mechanisms

Build trust and consensus

National awareness and communication

Raise awareness

Attract relevant stakeholders

Reinforce buy-in



Potential sources of funding

- Direct government funding
- Departmental budgets
- Levies on the financial service sector
- Money from fees/fines
- In-kind resources (trainers, materials, premises etc)
- Mandated private provision (CSR)



OECD / INFE FINANCIAL LITERACY SURVEY



OECD / INFE survey to measure financial literacy and financial inclusion

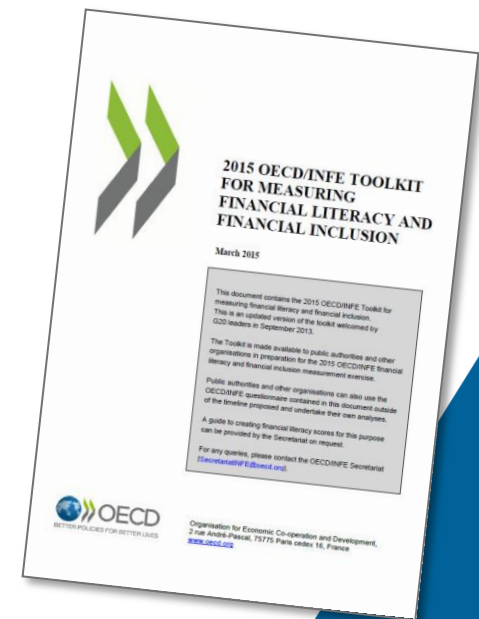
Survey instrument to capture financial literacy...

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

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

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

At their summit in St Petersburg in Sep 13,
'G20 Leaders welcomed and supported its use.





OECD/INFE financial literacy survey

Results **comparable across countries and over time**

Behaviour

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

Fin knowledge

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

Fin attitudes

Propensity to save vs spend, Time preference, etc.

...as well as on its relationship with

Financial inclusion

Financial products awareness, use and recent choice

Socio-demographics

Age, Gender, Education, Work, Income,

Wellbeing; Fraud; self-assessment of financial knowledge



Developing the questionnaire

2009: Review of available national surveys to identify good practice questions, typical content & appropriate methodology for data collection and analysis

Discussions with experts and country representatives to choose the most important questions and the best combination of questions

2010: Widespread piloting

Fine-tuning of questionnaire

Revisited in **2014**; slightly updated for **2015**



Using the Core Questionnaire

Standalone survey tool for use across a wide range of countries

Questions can also be incorporated with a national survey

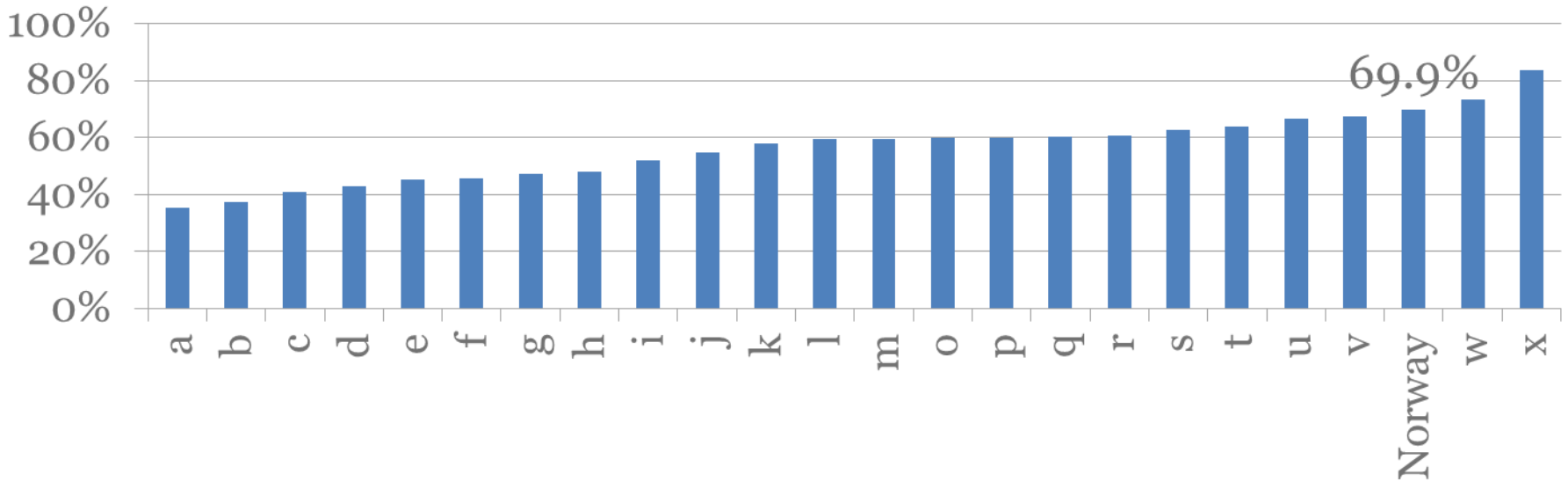
Responses can be analysed alone, or combined to create a score

Survey exercise can be repeated using the same questionnaire to measure changes over time

Data collection can be coordinated with other countries or surveys



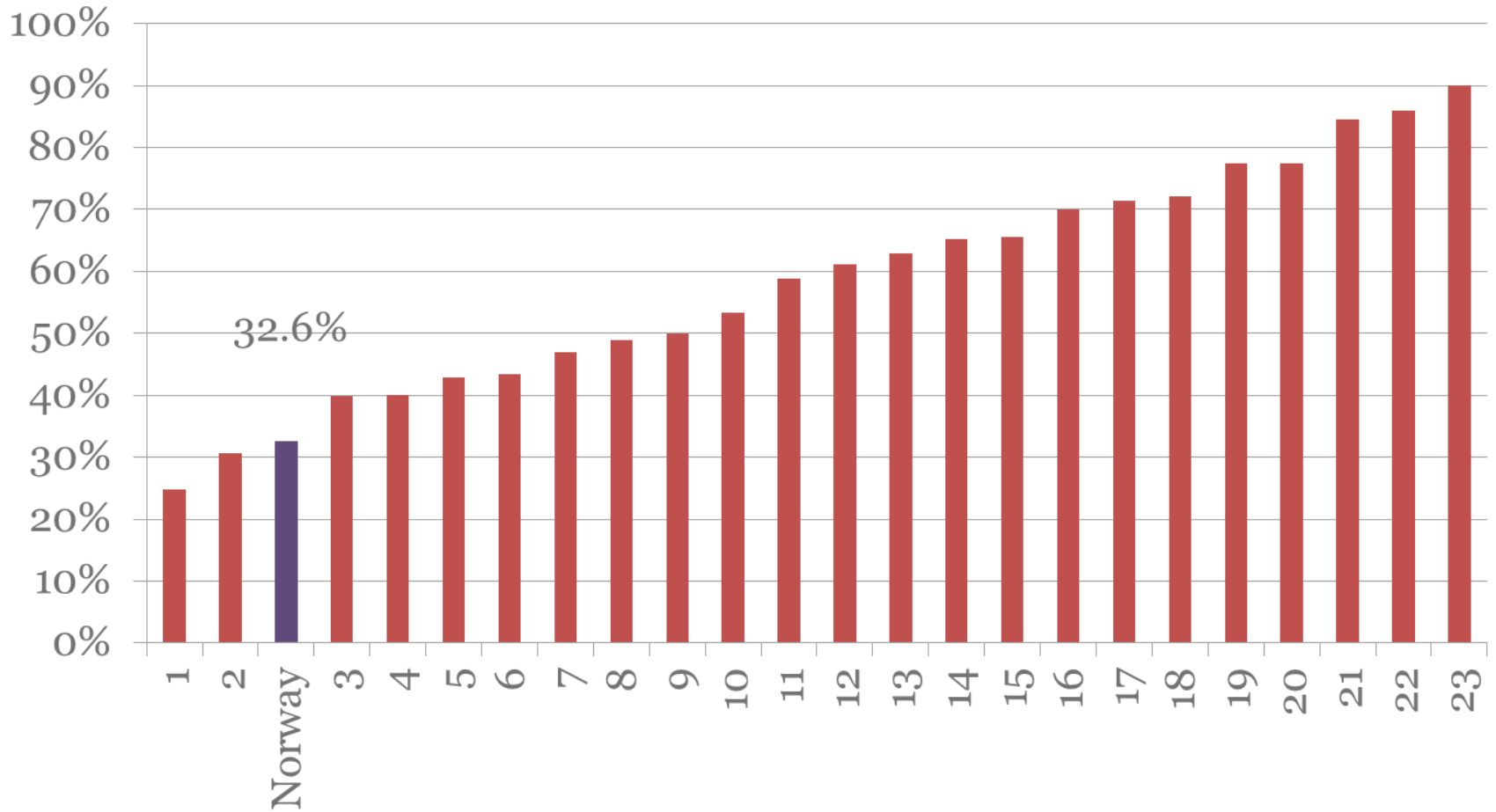
Example results: % scoring 5, 6 or 7 on financial knowledge (score range 0-7)



- Albania, Austria, Belarus, Belgium, Brazil, BVI, Canada, Croatia, Czech Republic, Estonia, France, Hong Kong (China), Hungary, Latvia, Lithuania, Netherlands, New Zealand, **Norway**, Poland, Portugal, Russia, Thailand, Turkey, UK (24 economies)
- Initial results from Europe released April 20th
- More detailed results due in October 2016

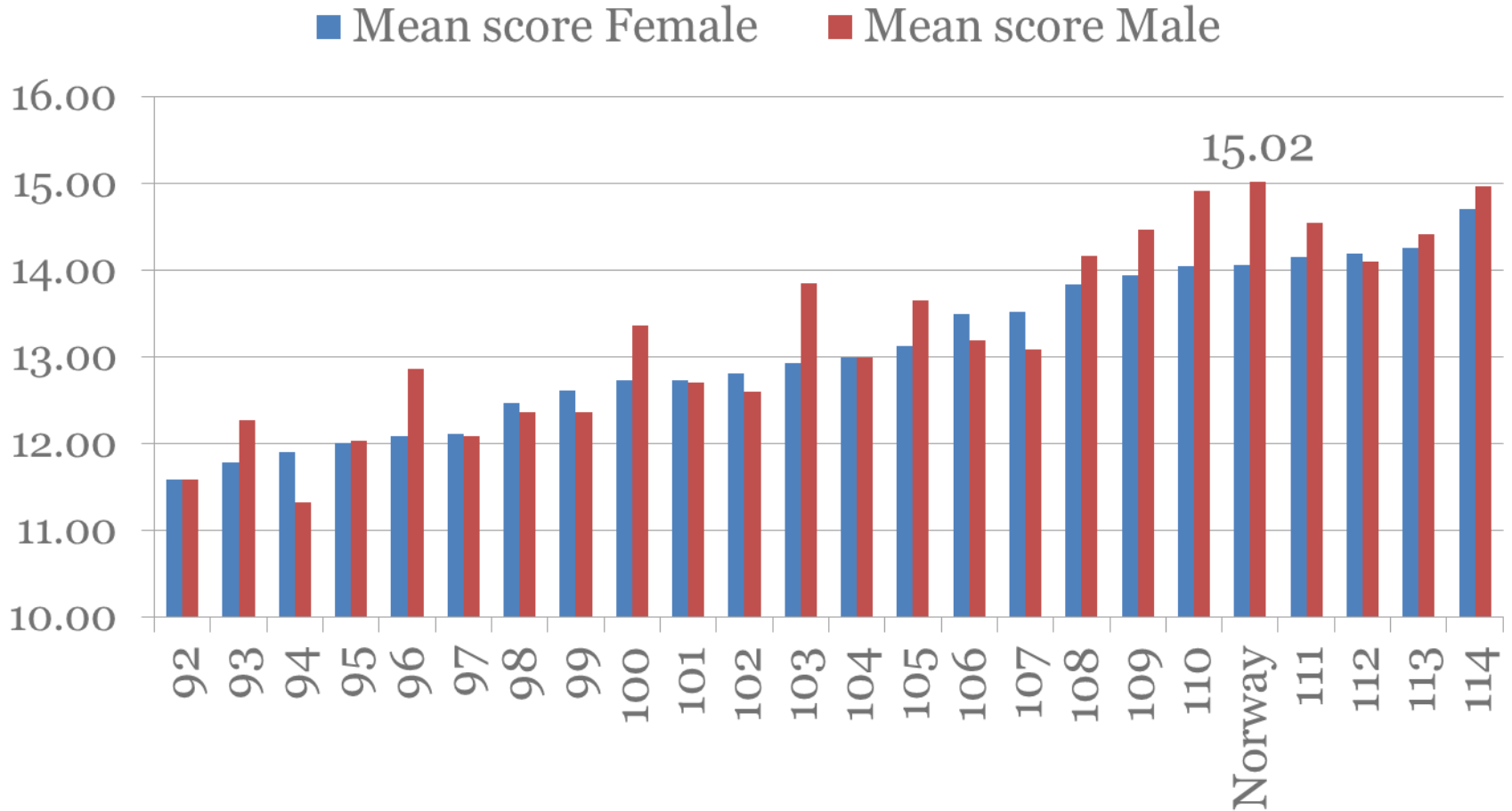


Example results: household has a budget





Example results: average overall score by gender (score range 1-21)





Conclusions

- Financial literacy levels depend on a wide range of factors; some of which can be addressed through financial education
- A national approach provides the greatest opportunity to make a significant difference – combining efforts to reach key target groups and cover main topics
- Policy makers need data to inform and guide financial education, and to monitor progress
- There is no single question that can be used to measure financial literacy, but we can gauge levels through surveys and tests; focusing on the issues that are most relevant
- There are opportunities to learn from other countries: many issues that are relevant around the world – and many of these are being addressed in several countries. The OECD/INFE and co-ordinated measurement exercises help to maximise the benefit of this process



THANK YOU!

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