

The importance of financial literacy

- Strong performance in mathematics and reading do not necessarily mean strong literacy skills.
- Only one in ten students across participating OECD countries and economies is able to tackle the hardest financial literacy tasks.
- About 15% of students, on average, score below the baseline level of performance in the financial literacy scale.
- Gender gaps in financial literacy among 15-year-olds are small, unlike those found in adult populations.

Significance

Financial literacy is an essential life skill, and high on the policy agenda in some countries. Shrinking welfare systems, shifting demographics, and the increased sophistication and expansion of financial services have all contributed to a greater awareness of the importance of ensuring that citizens and consumers of all ages are financially literate. This section looks at how far students have the knowledge and skills essential to make financial decisions and plans for their future, using the results of the PISA 2012 financial literacy assessment, which covers 13 OECD countries, and five partner economies and countries.

Findings

Finance is a part of everyday life for many 15-year-olds: they are already consumers of financial services such as bank accounts with access to online payment facilities and pre-paid mobile phones. Yet only one in ten students can tackle the hardest financial literacy tasks such as analysing financial products or calculating the balance in a bank statement while accounting for transfer fees. About 15% of students on average, score below the baseline level of performance and at best can make simple decisions about everyday spending. Shanghai-China has the highest scores in financial literacy, followed by Flanders (Belgium), Estonia, Australia, New Zealand, the Czech Republic and Poland.

There are wide differences in average performance between the highest- and lowest-performing countries and economies, but only a small proportion (16%) of the variation among countries' mean financial literacy scores is explained by per capita GDP. Among OECD countries a more socio-economically advantaged student scores 41 points higher in financial literacy than a less-advantaged student.

There are no differences in financial literacy scores between boys and girls in most countries covered by the PISA study, except Italy where boys score higher. In OECD countries and economies, there are more top-performing boys than girls, and more low-performing boys than girls, in financial literacy.

In 9 out of 13 OECD participating countries and economies, after adjusting for socio-economic status, students who hold a bank account perform as well as those who do not, while in Flanders (Belgium), Estonia, New Zealand and Slovenia, students who hold a bank account score higher in financial literacy than students of similar socio-economic status who do not. More than 70% of 15-year-olds in Australia, Flanders (Belgium), Estonia, France, New Zealand and Slovenia have a bank account, but in Israel, Poland and the Slovak Republic, fewer than 30% do.

Definitions

Data are from *PISA 2012 Results: Students and Money (Volume VI): Financial Literacy Skills for the 21st Century*.

Information on data for Israel:

<http://dx.doi.org/10.1787/888932315602>.

Going further

For additional material, notes and a full explanation of sourcing and methodologies, see *PISA 2012 Results: Students and Money (Volume VI)*.

Areas covered include:

- Financial literacy skills.
- Links between literacy and numeracy skills.
- Earnings and financial literacy skills.

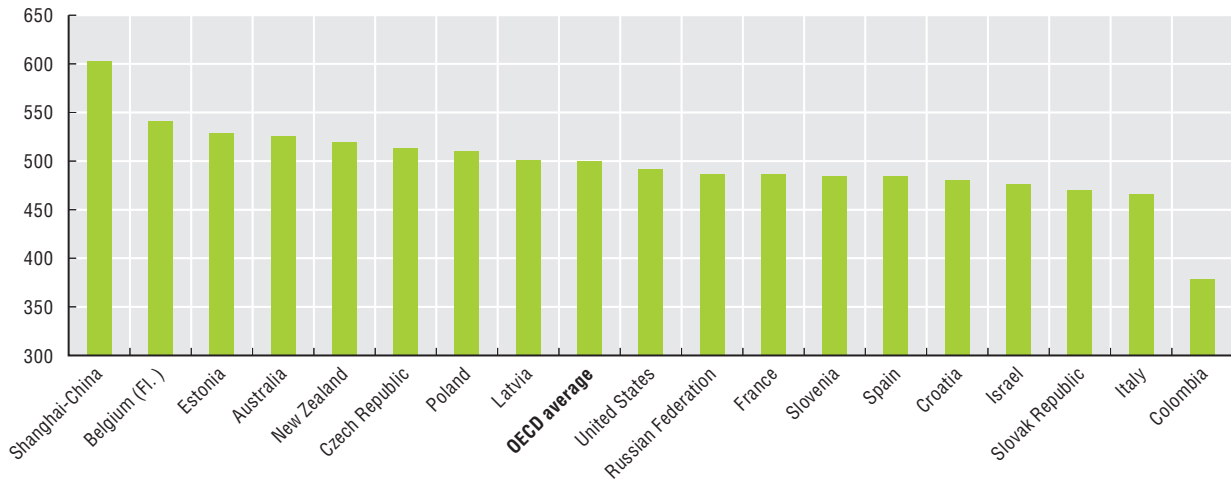
Further reading from OECD

OECD (2014), *PISA 2012 Results: Students and Money (Volume VI): Financial Literacy Skills for the 21st Century*, PISA, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264208094-en>.

OECD (2014), *Financial Education for Youth: The Role of Schools*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264174825-en>.

Figure 6.9. **Financial literacy scores, 2012**

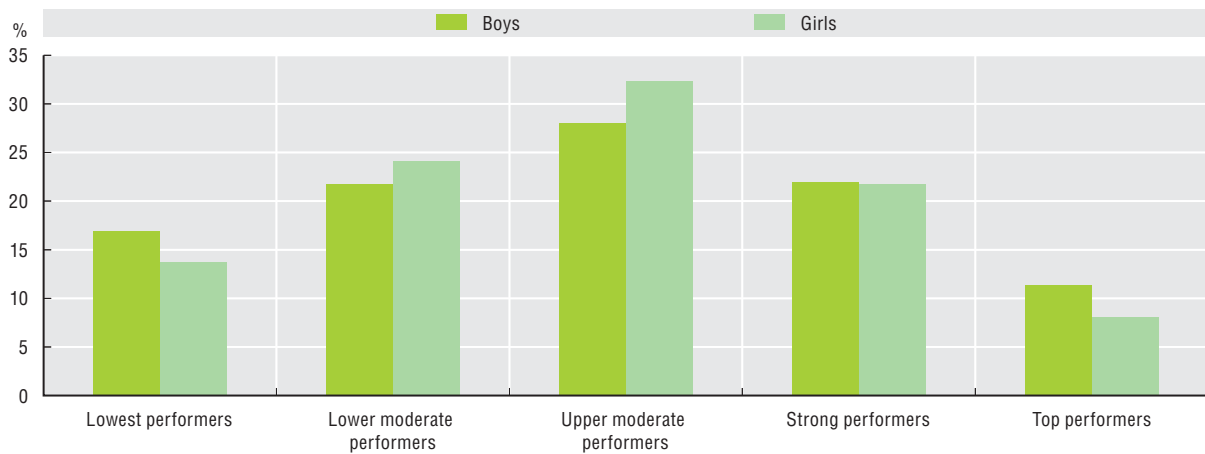
This figure shows the average score in the PISA financial literacy test among participating countries and economies.



Source: OECD (2014), PISA 2012 Results: Students and Money (Volume VI), Table VI.A, available at <http://dx.doi.org/10.1787/888933094944>.

Figure 6.10. **Financial literacy levels by gender, 2012**

This figure shows the average percentage of boys and girls at each level of financial literacy proficiency in 13 OECD countries.



Source: OECD (2014), PISA 2012 Results: Students and Money (Volume VI), Figure VI.3.3., available at <http://dx.doi.org/10.1787/888933094906>.



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