



Executive summary

Financial literacy is now globally recognised as an essential life skill. Globalisation and digital technologies have made financial services and products more widely accessible and at the same time more challenging. Many young people face financial decisions and are already consumers of financial services, from bank accounts to prepaid debit cards. Financial education is acknowledged as a complement to financial consumer protection, inclusion and regulation, as a way to improve individual decision making and well-being, and to support financial stability and inclusive growth.

The PISA financial literacy assessment provides a picture of 15-year-olds' ability to apply their accumulated financial knowledge and skills to real-life situations involving financial issues and decisions. Beijing-Shanghai-Jiangsu-Guangdong (China), the Flemish Community of Belgium, the participating Canadian provinces (British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island), the Russian Federation, the Netherlands and Australia, in descending order of mean performance, have mean scores above the OECD average.

On average across the 10 participating OECD countries and economies, 22% of students – or more than 1.2 million 15-year-old students – score below the baseline level of proficiency in financial literacy (Level 2). Students performing at this level can, at best, recognise the difference between needs and wants, can make simple decisions on everyday spending, and can recognise the purpose of everyday financial documents, such as an invoice. Some 12% of students score at Level 5 – the highest level of proficiency. These students make complex financial decisions that will be relevant to them in the future. They can describe the potential outcomes of financial decisions and show an understanding of the wider financial landscape, such as income tax.

Students who do well in financial literacy are likely to perform well in the PISA reading and mathematics assessment too, and students who have poor financial literacy skills are likely to do poorly in the other core PISA subjects. But on average across the 10 participating OECD countries and economies, around 38% of the financial literacy score reflects factors that are not captured by the PISA reading and mathematics assessments, and are thus unique to financial skills.

PRACTICAL EXPERIENCE WITH MONEY

Most 15-year-olds have had some experience with money. Over 80% of students in 9 out of 13 countries and economies with available data receive money in the form of gifts. Some 64% of students, on average across OECD countries and economies, earn money from some formal or informal work activity, such as working outside school hours, working in a family business, or doing occasional informal jobs. About 59% of students receive money from an allowance or pocket money, on average across OECD countries and economies.

Data from PISA 2015 reveal that, on average across OECD countries and economies, 56% of students hold a bank account. This average masks significant differences across countries, however, as in Australia, the Flemish Community of Belgium, the participating Canadian provinces and the Netherlands, over 70% of 15-year-old students hold a bank account, but in Chile, Italy, Lithuania, Poland and the Russian Federation, less than 40% of students do. Less than 5% of students in each country/economy reported that they do not know what a bank account is.



Experience with basic financial products is related to students' performance in financial literacy. In Australia, the Flemish Community of Belgium, the participating Canadian provinces, Italy, the Netherlands, Spain and the United States, students who hold a bank account score more than 20 points higher in financial literacy than students of similar socio-economic status who do not have a bank account. The difference in financial literacy scores associated with holding a bank account, after accounting for socio-economic status, is largest (72 score points) in the Netherlands. But PISA results also show that, on average across OECD countries and economies, almost two out of three of the students who hold a bank account do not have the skills to manage such an account and cannot interpret a bank statement (they score below Level 4).

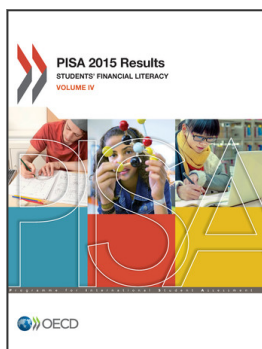
Parents help their children acquire and develop the values, attitudes, habits, knowledge and behaviours that contribute to their independent financial viability and well-being. PISA 2015 finds that, in 10 out of 13 countries and economies with available data, discussing money matters with parents at least sometimes is associated with higher financial literacy than never discussing the subject, after accounting for students' socio-economic status. And financial literacy, in turn, is associated with students' self-reported saving behaviour and with their aspirations for their future. For example, on average across OECD countries and economies, students who score at Level 4 or 5 in financial literacy were more than three times as likely as students of similar mathematics and reading ability but who perform at or below Level 1 in financial literacy to report that they would save to buy an item for which they did not have enough money rather than to report that they would buy the item anyway. Top-performing students in financial literacy were about twice as likely as low-performing students of similar mathematics and reading ability to report that they expect to complete university education.

PISA results also show that:

- Gender differences in financial literacy are mixed, unlike in mathematics and reading. Only in Italy do boys perform better than girls, while girls perform better than boys in Australia, Lithuania, Poland, the Slovak Republic and Spain; there are no gender-related differences in performance in the remaining countries and economies.
- Advantaged students score the equivalent of more than one PISA proficiency level higher in financial literacy than disadvantaged students.
- Immigrant students score 26 points lower in financial literacy, on average, than native-born students of similar socio-economic status.

The PISA 2015 financial literacy assessment highlights some general policy suggestions for all the countries and economies participating in PISA, including:

- Address the needs of low-performing students.
- Tackle socio-economic inequalities early on.
- Provide equal opportunities for learning to boys and girls.
- Help students make the most of available learning opportunities at school.
- Target parents at the same time as young people.
- Provide young people with safe opportunities to learn by experience outside of school.
- Evaluate the impact of initiatives in and outside of school.



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