

# PISA

## Students' financial literacy: results from PISA 2015

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**Financial Literacy and Education  
Commission**

Washington DC

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# Globalisation and digital technologies have made financial products and services more widely accessible but also more challenging

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- More challenging financial choices
  - The spread of digital financial services opens up new opportunities for financially excluded people to access the formal financial system...
  - but also exposes consumers to new security threats and risks of fraud that are compounded when low financial literacy is combined with poor digital skills and low cyber security awareness
- More financial risks
  - Increased life expectancy, less welfare protection, more “individualized” pensions, and more uncertain economic and job prospects due to digitalization, technological change, globalization
- Growing inequality

# Financial education is a complement to financial consumer protection, inclusion and regulation

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- More challenging financial choices
  - The spread of digital financial services opens up new opportunities for financial inclusion, but also provides more people to access the formal financial system

Financial literacy

Consumer protection and regulation

- Increased financial literacy, less welfare protection, more individualised pensions, and more uncertain economic and job prospects due to digitalisation, technological change, globalisation
- Growing inequality



# Financial literacy in PISA

Knowledge and understanding of financial concepts and risks...

...and the skills, motivation and confidence to apply such knowledge and understanding...

...in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life



# What does financial literacy mean for the lives of 15-year-olds?

**Balance their priority and plan what to spend money on**

- ...if they go to the cinema, will they still have enough money for the bus fare home? Or would it be better to buy pizza and invite friends home?

**Remember that some of the purchases have ongoing costs**

- ...a games console will need new games, a motorbike will need fuel, tyres and services

**Being alert to possible fraud**

- ...Some emails that look like they came from their bank might not be legitimate, they should know what to do if they are not sure

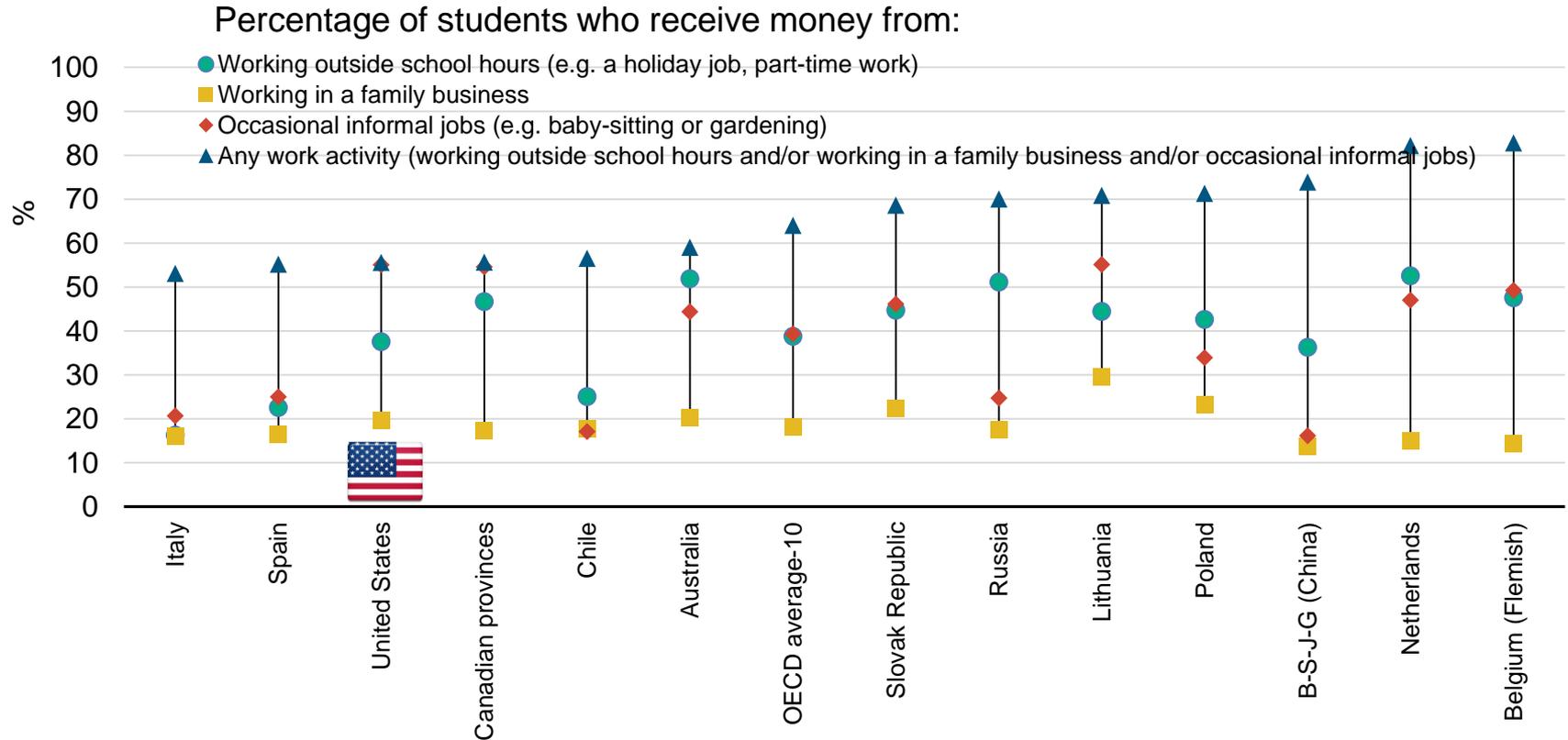
**Knowing what risk is and what insurance is meant for**

- ...If their phone gets stolen, they should ask their parents if it is covered by their household insurance

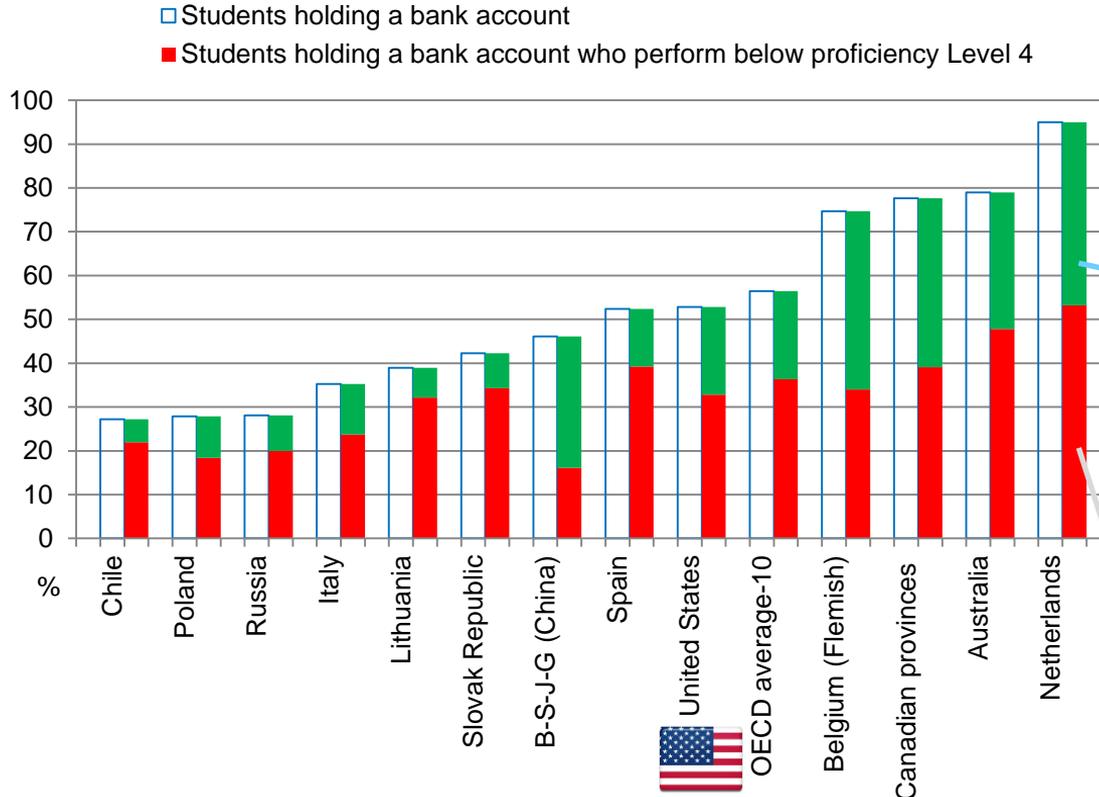
**Make an informed decision about credit**

- ...they should know that if they buy a computer on credit they will have to pay interest on the loan, on top of the advertised price for the compute

# Some 64% of students earn money from some formal or informal work activity



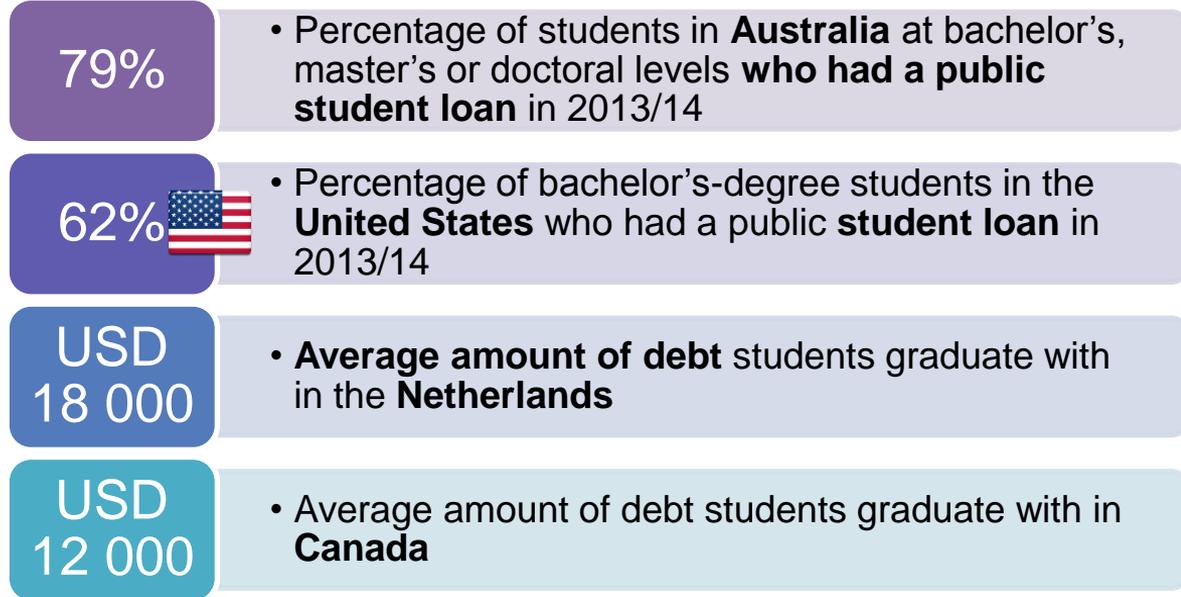
# Often two out of three of the students who hold a bank account do not have the skills to manage such an account



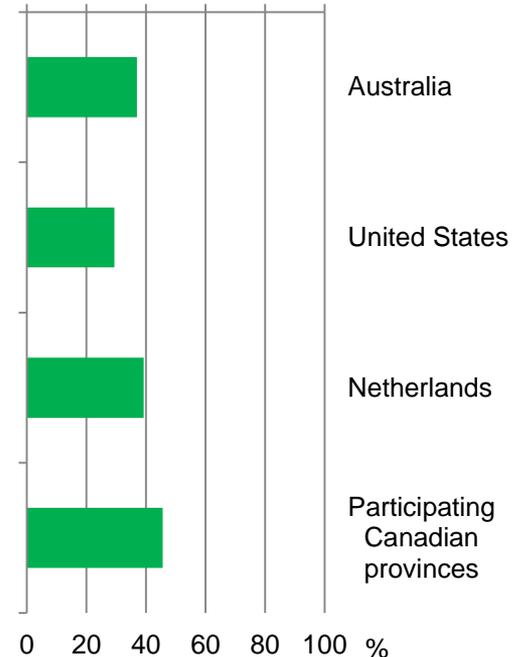
At Level 4, students can apply their understanding of complex financial concepts, interpret and evaluate financial documents such as a bank statement, and make financial decisions taking into account longer-term consequences, such as understanding the overall cost implication of paying back a loan

Students who have a bank account but do not reach proficiency Level 4

# In some countries, students nearing the end of compulsory education will soon decide whether to take a student loan

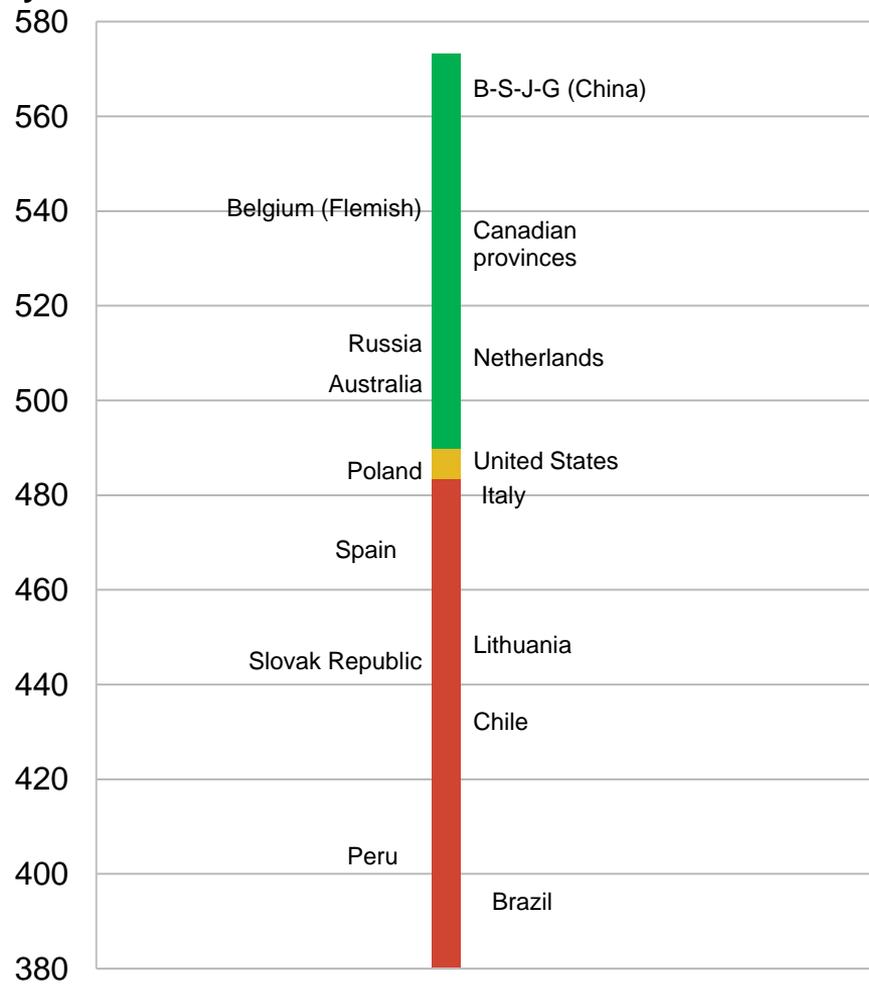
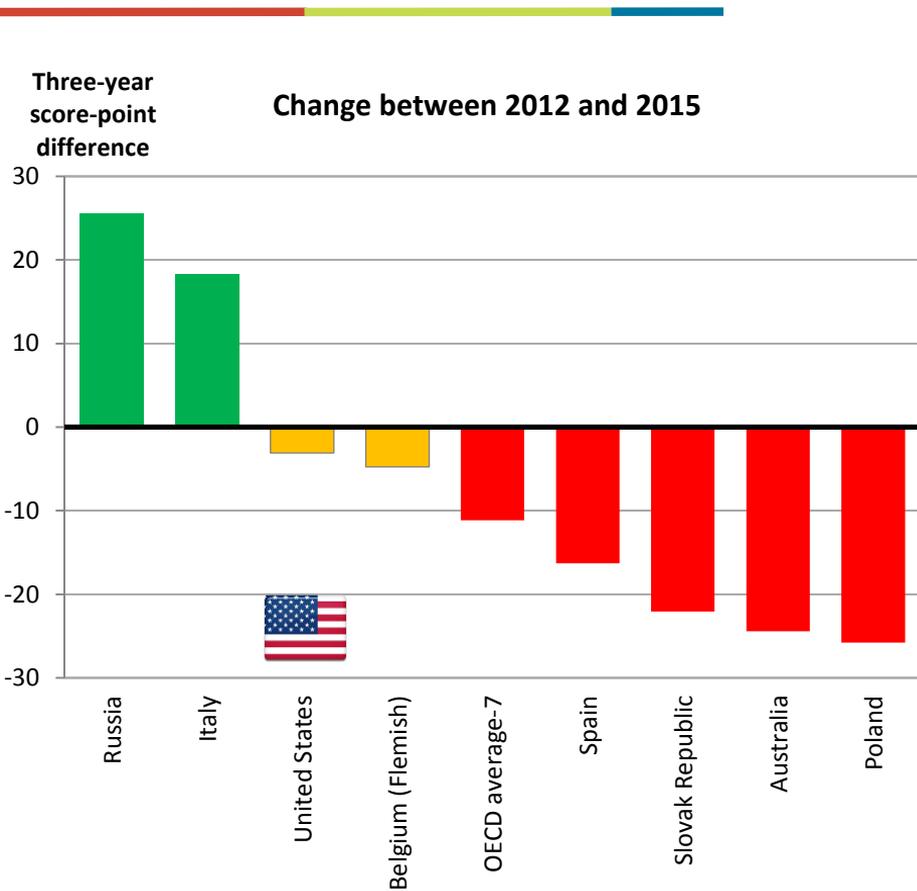


Percentage of 15-year-old students who perform at Level 4 and above



# Mean performance in financial literacy

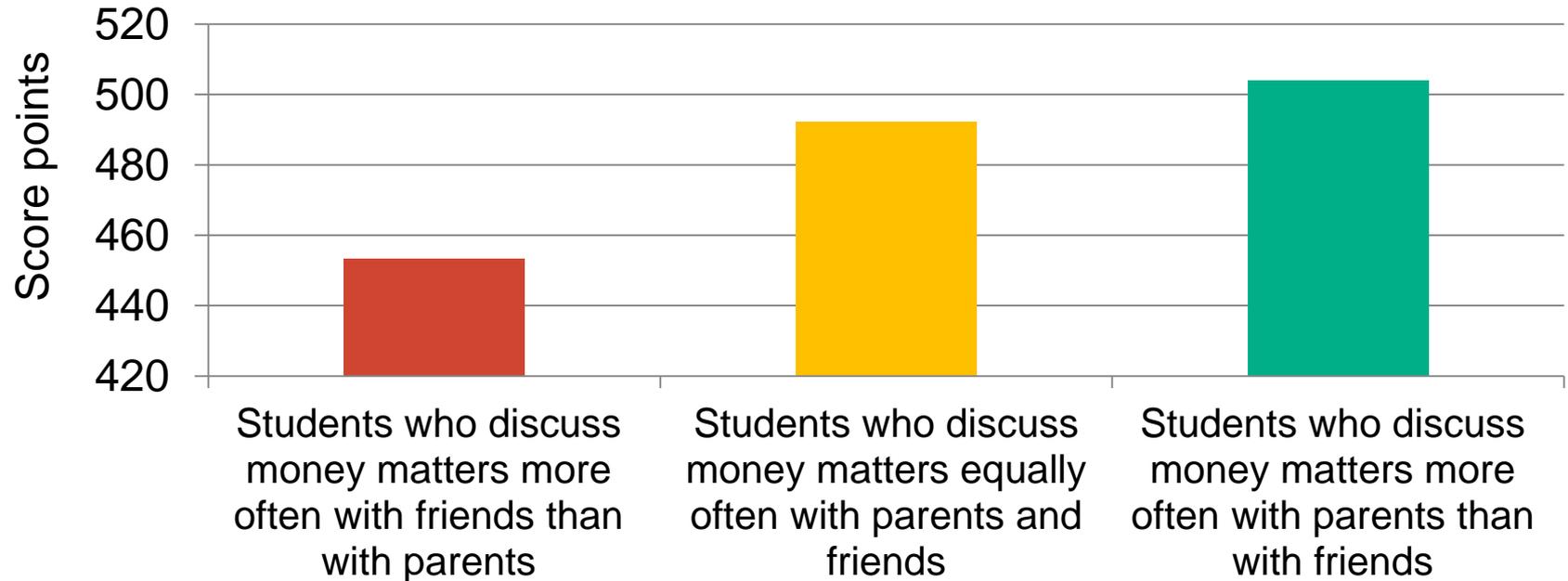
Mean financial literacy score



# Relationships matter:

Figure IV.5.2

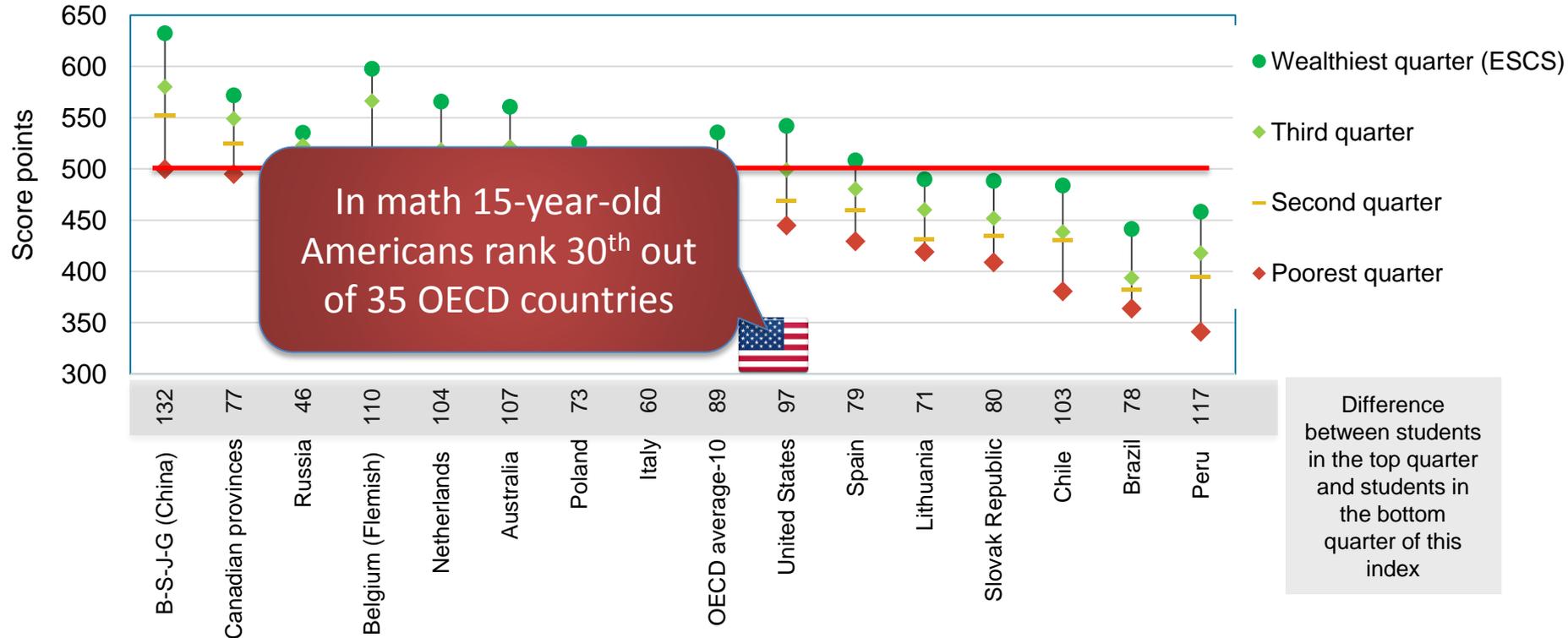
Financial literacy, family and friends (after accounting for social background)



# Socio-economically advantaged students score 89 points higher in financial literacy than disadvantaged students, on average across the OECD, equivalent to almost three school years

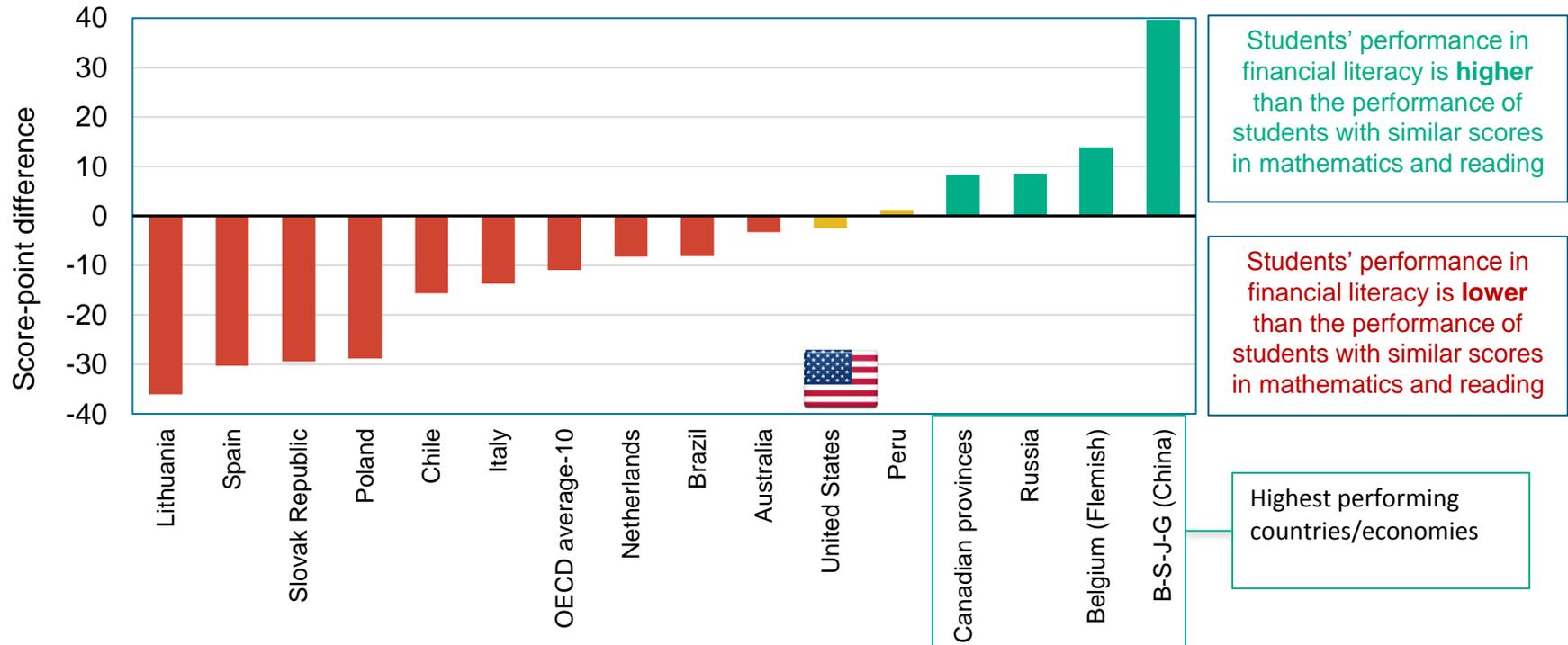
Table IV.4.11

Mean score, by quarters of the PISA index of economic, social and cultural status (ESCS)



# Financial literacy skills is more than reading and math

Difference between the actual financial literacy score and the score predicted by students' performance in mathematics and reading



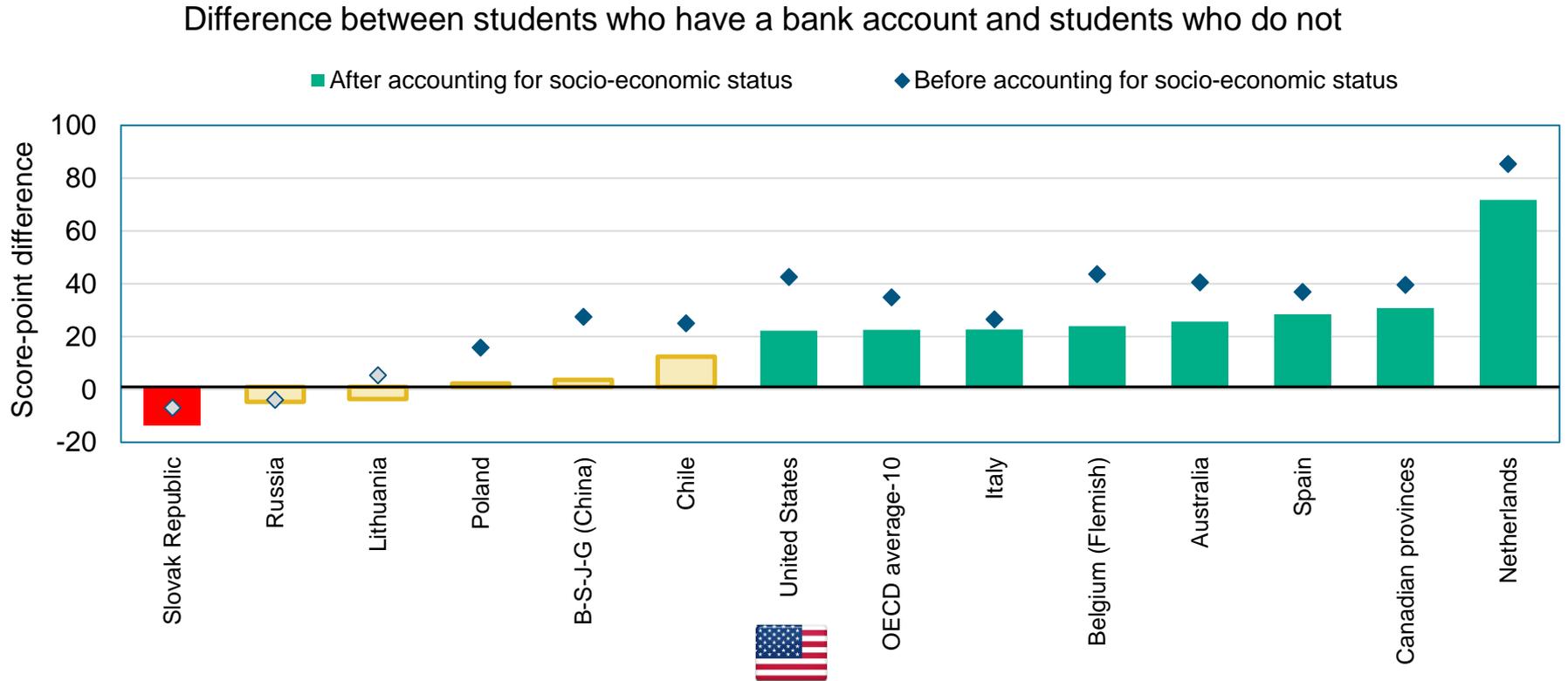
# Learning by doing

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Students develop financial and economic understanding, skills and habits not only through talking to parents and observing their behaviour, but also via personal experiences and learning by doing

# On average, students who hold a bank account perform better in financial literacy than students of similar socio-economic status who do not have a bank account

Figure IV.5.5



# Other findings

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- Boys are more likely than girls to be involved in regular work activities, and to receive money in exchange for work, while girls in some countries and economies are more likely than boys to receive money in the form of allowances or gifts
- Socio-economically advantaged students are more likely to receive money from occasional informal jobs, such as babysitting or gardening, and from gifts than disadvantaged students. Disadvantaged students are more likely to earn money by working outside of school hours than advantaged students

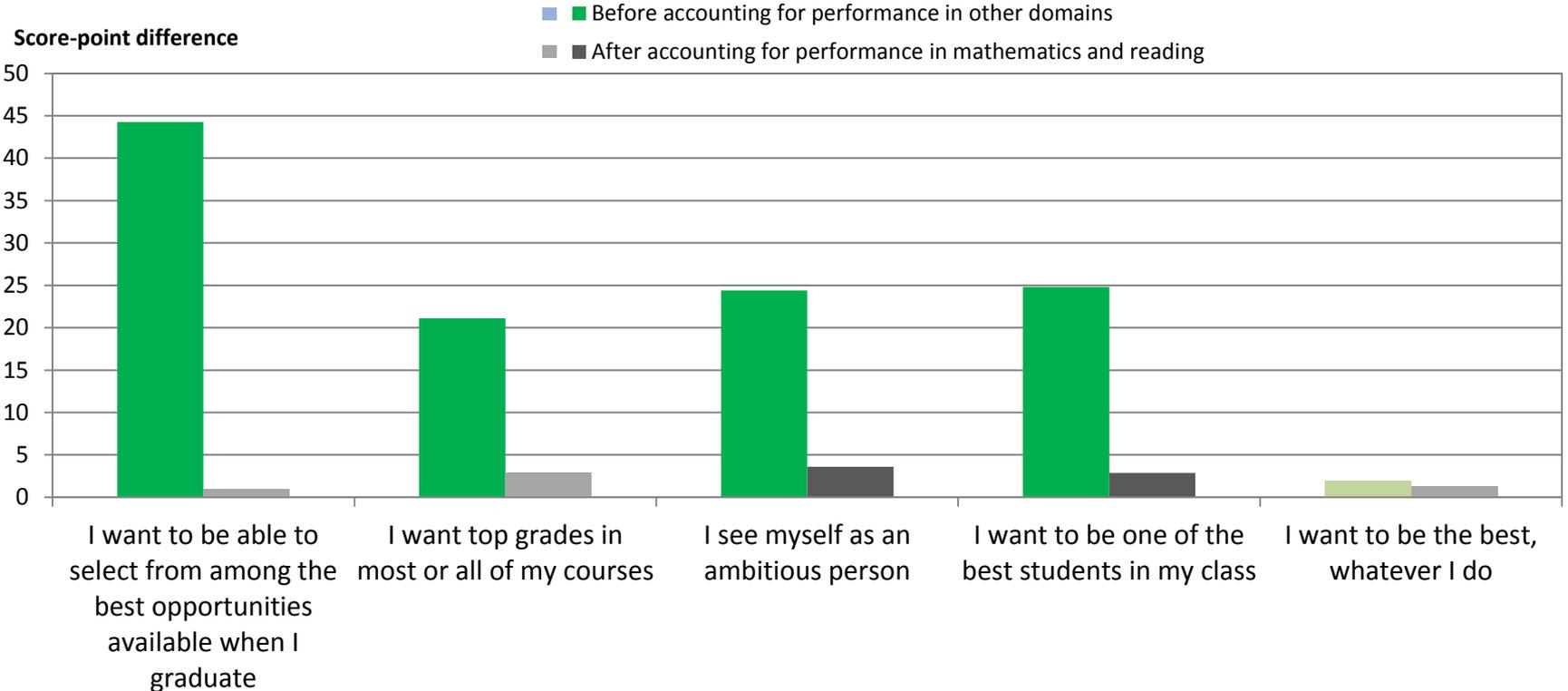
# Students' financial literacy is associated with understanding the value of saving

(after accounting for math and reading and social background)



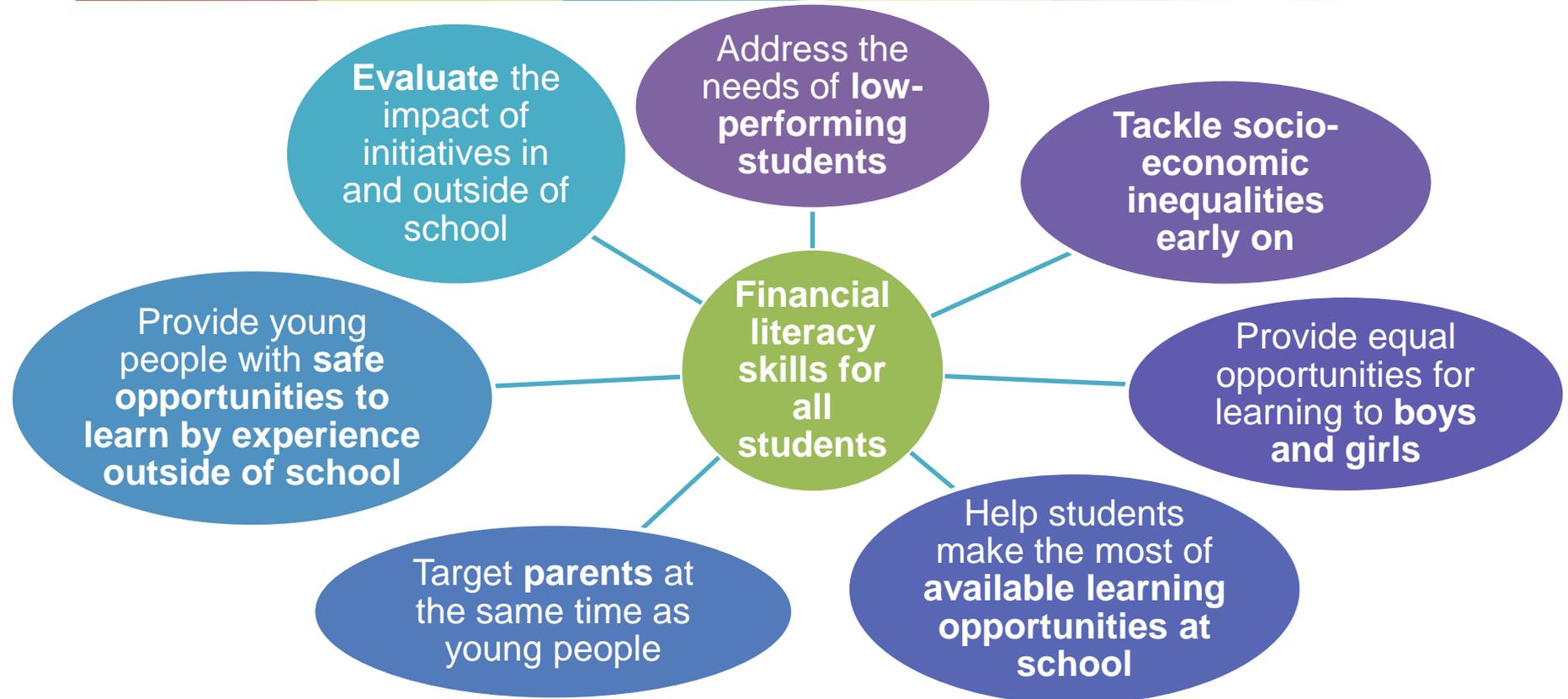
High performing students are more than three times as likely as low-performing students in financial literacy to choose the statement "Save up to buy it" rather than "Buy it with money that really should be used for something else", after accounting for performance in mathematics and reading and other characteristics.

# Financial literacy and student motivation



# A multifaceted policy agenda

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# National strategies for financial education

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- Over 50 countries have or are developing a financial education strategy that...
  - recognizes the importance of financial education – including possibly through legislation – and defines its meaning and scope
  - involves the co-operation of different stakeholders as well as the identification of a coordinating body
  - establishes a roadmap to achieve specific and predetermined objectives within a set period of time
  - provides guidance for individual programmes in order to efficiently and appropriately contribute to the national strategy

# Initiatives in school

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- Several countries started introducing financial literacy elements in the school curriculum into existing subjects, built teacher capabilities and developed instructional materials
- Some examples for evaluating financial education in school (Brazil, Italy, Spain, US)

# Out of school initiatives

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- Videos, competitions, interactive tools, events (money weeks, savings day), museums, serious games
  - ...complementary to school initiatives
  - ...can reach out-of-school young people
  - ... participation of non-profits and private sector can bring resources, but also up-to-date experience on financial issues
  - ...needs to be integrated in national strategies

# Thank you

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Find out more about our work at [www.oecd.org/pisa](http://www.oecd.org/pisa)

- All publications
- The complete micro-level database

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