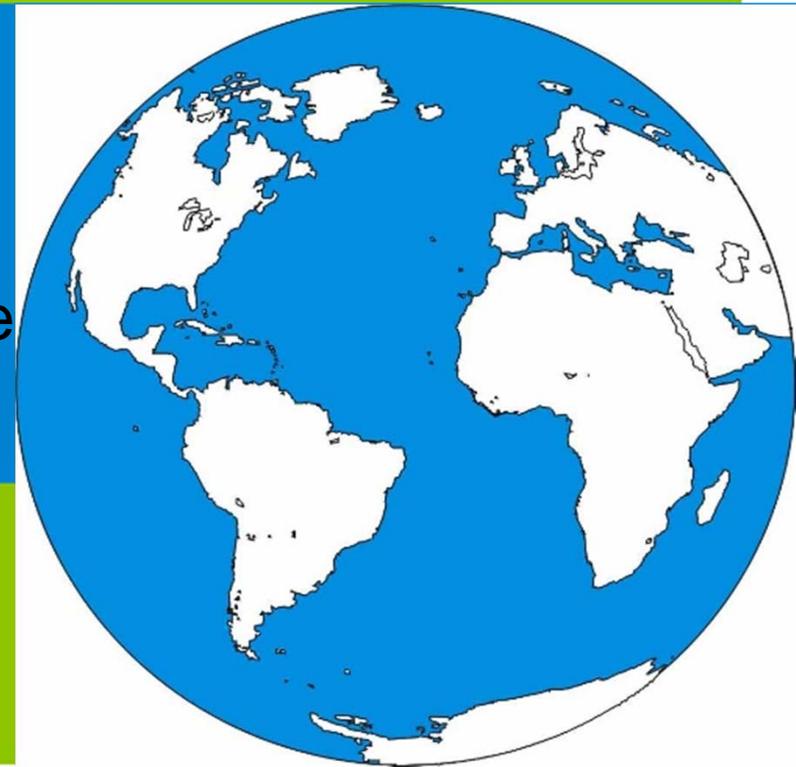


Jump\$tart Coalition for Personal Financial Literacy
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PISA FINANCIAL LITERACY ASSESSMENT

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PISA?



Relevance

Financial education in schools

Financial education in school is critically important:

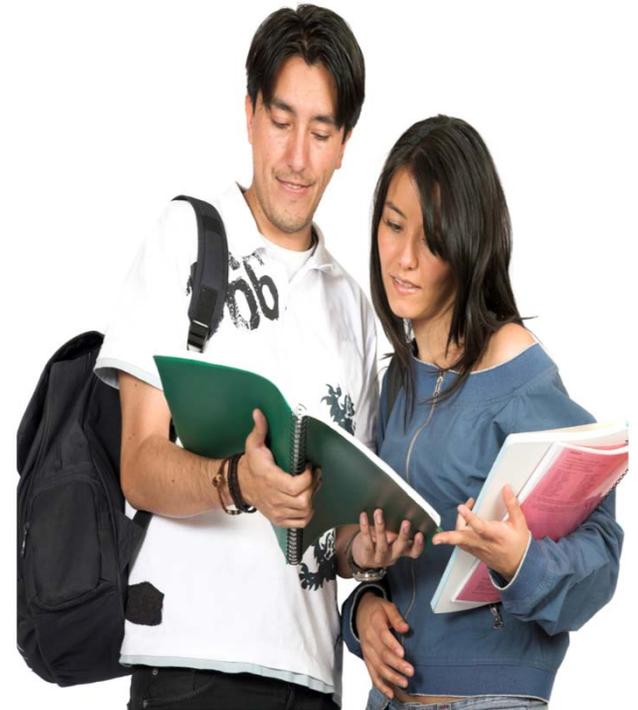
- **Investment in higher education is one of the most important decisions the young face**
 - **Young people need to understand the weight of this decision**
- **Education in school provides a basis on which to build**
 - **Easier to do financial education later in life**
- **Educated youth can grow into responsible citizens**
 - **Economic news is consistently on front pages of newspapers. Building informed voters.**

Evidence across countries

Financial Literacy around the World Project

Even in countries with well developed financial markets, level of financial knowledge is low

- Young people (18+) do not seem to master basic financial concepts
- Wide differences among demographic groups



Programme for International Student Assessment (PISA)

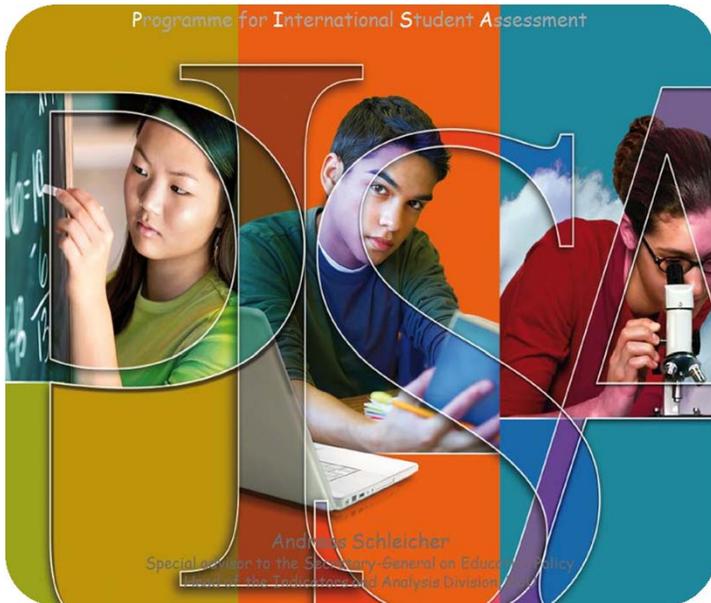
Are students well prepared for future challenges?

Can they analyze, reason and communicate effectively?

Do they have the capacity to continue learning throughout life?



Every three years the OECD Programme for International Student Assessment (PISA) answers these questions and more. It assesses to what extent students near the end of compulsory education have acquired some of the knowledge and skills essential for full participation in society.



Financial literacy module in 2012

New data in 2012

➤ **18 countries participated in the 2012 Financial Literacy Assessment**

Australia, Belgium (Flemish Community),
Shanghai-China, Colombia, Croatia, Czech
Republic, Estonia, France, Israel, Italy, Latvia,
New Zealand, Poland, Russia, Slovak Republic,
Slovenia, Spain, and the United States

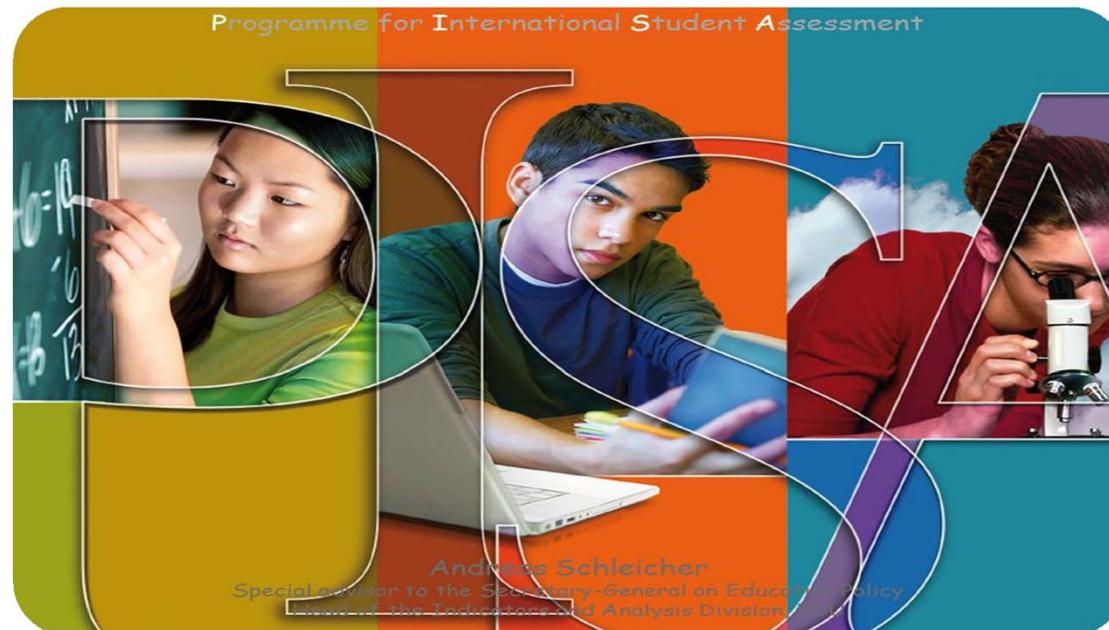
Data will be released on July 9, 2014

PISA in 2012

New module on financial literacy in 2012

- *PISA 2012 is the first large-scale international study to assess the financial literacy of young people*
- *The framework is the first step in constructing a financial literacy assessment of international scope by providing an articulated plan for developing items, designing the instrument and providing a common language for discussion of financial literacy.*

PISA 2012 FINANCIAL LITERACY ASSESSMENT FRAMEWORK



Fin Literacy Assessment Framework

A multiple year project

- **A group of experts was put together by the OECD to design the 2012 module on financial literacy:**
- **They represented many countries and many stakeholders (Treasury departments, central banks, regulators, practitioners, academics)**
- **Experts worked on the module for about 2 years**



Definition of financial literacy

*“Financial literacy is **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.**”*

Organizing the domain

A model for organizing the domain

1. Content:

The areas of knowledge and understanding

2. Process:

Approaches and mental strategies

3. Contexts:

Situations in which the knowledge and understanding are applied

Organizing the domain: Content

Main components

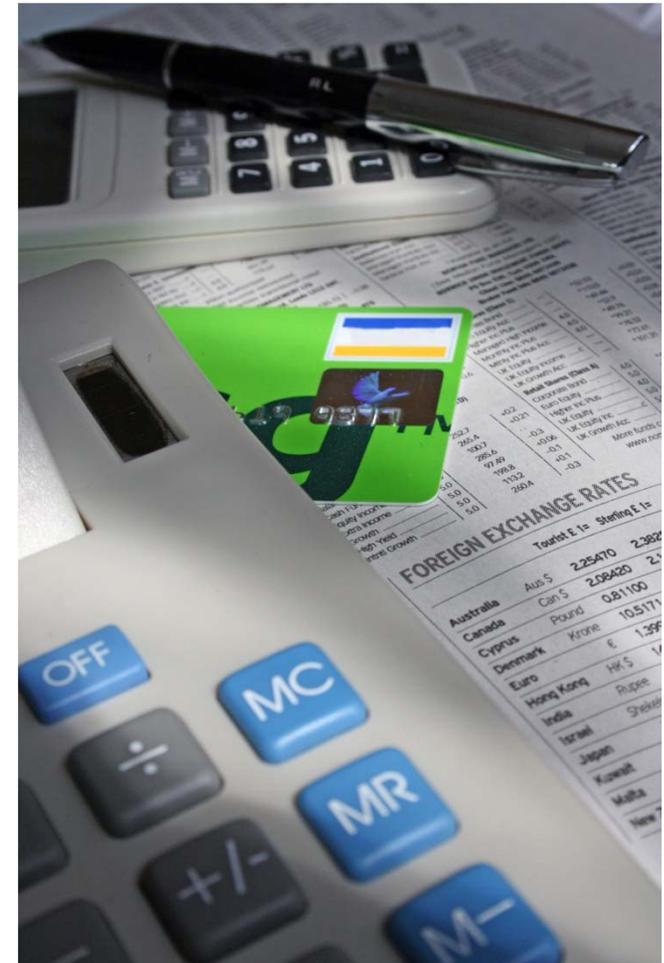
- 1. Money and transactions**
- 2. Planning and managing finances**
- 3. Risk and reward**
- 4. Financial landscape**



Organizing the domain: Processes

Four components

1. Identify financial information
2. Analyze information
3. Evaluate financial issues
4. Apply financial knowledge and understanding



Organizing the domain: Context

Main components

1. Education and work
2. Home and family
3. Individual
4. Society



Non-cognitive factors

Other factors to consider

- 1. Access to information and education**
- 2. Access to money and financial products**
- 3. Attitudes and confidence about financial matters**
- 4. Spending and saving behavior**



The need for data

Using the new 2012 module

- **Educators, policy-makers and researchers need high quality data to inform financial education strategies**
- **Data is also needed for the implementation of a financial literacy strategy**
- **Existing national surveys often do not cover high school students**
- **Possible to compare with other countries**

A great tool

Using the data

- **All countries can now use a new tool made available by the OECD**
- **New data collection is 2015**
- **Important to collect data over time**
- **International comparisons can be made richer by adding more countries**

Demand side: Strong preference for fin educ

Overwhelming support for financial education

Survey of ING in 11 countries finds overwhelming support for financial education to be taught at school:

- **Poland: 96%**
- **UK: 94%**
- **Netherlands: 93%**
- **Italy 91%**
- **Spain: 85%**

Contact information

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