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Two-Thirds of Adults Worldwide Are Not Financially Literate and Significant Gender Gap Exists, Finds Global Study

S&P Survey – conducted by Gallup, GFLEC, and World Bank – finds major deficiencies globally in understanding of savings and borrowing; U.S. has large financial literacy gaps across gender, income, and education

WASHINGTON, D.C. Nov. 18, 2015 – In one of the most extensive measurements of global financial literacy to date, the Standard & Poor's Ratings Services Global Financial Literacy Survey (S&P Global FinLit Survey) released today finds that two-thirds of adults worldwide are not financially literate and there is a wide gap between men and women's literacy, including in highly developed countries.

The survey results come from interviews conducted with more than 150,000 adults in more than 140 countries who were tested on their knowledge of four basic financial concepts: numeracy, interest compounding, inflation, and risk diversification. The data were collected in 2014 by Gallup as part of the Gallup World Poll and analytical support was provided by researchers at the World Bank Development Research Group and the Global Financial Literacy Excellence Center (GFLEC) at the George Washington University.

According to the study, the U.S. with a financial literacy rate of 57 percent, trails behind countries such as Germany, Israel, New Zealand, and Norway.

The S&P Global FinLit Survey shows that in almost every country there is a material gap between men and women. Worldwide, there is a five-point gender gap, with 35 percent of men being financially literate compared with 30 percent of women. In the U.S., men's financial literacy averages 10 percentage points higher than women's. Notably, in China and South Africa, there was no gender gap.

The S&P Global FinLit Survey also found that Americans with less education and lower incomes are less financially literate than their counterparts in other developed, wealthy countries. U.S.

adults have a relatively weak understanding of compound interest, the survey found, even though Americans' credit card use is among the highest in the world according to the World Bank Global Findex database.

“We are committed to creating stronger financial markets all over the world,” said Courtney Geduldig, Executive Vice President of Public Affairs at McGraw Hill Financial, parent of S&P. “We believe there are correlations between financial literacy, financial access, and the strength of markets. Addressing financial literacy is a key strategy in building stronger, more accessible and sustainable markets around the globe.”

Additional findings from the S&P Global FinLit Survey include:

- Within the G7 group (Canada, France, Germany, United Kingdom, Italy, Japan, and the United States) of countries, financial literacy varies enormously, from a low of 37 percent in Italy to a high of 68 percent in Canada.
- In the U.S., about 60 percent of adults have a credit card. According to the survey findings, more than a third of these adults have relatively low financial literacy, and 34 percent could not answer the question on compound interest correctly.
- 30 percent of Americans who finance their homes through bank financing could not answer the question on compound interest correctly.
- 61 percent of adults in China do not save for old age. About 72 percent of those non-savers have low financial literacy, according to the survey findings.
- About 47 percent of adults in India – 415 million adults – lack a bank account. Roughly 80 percent of those without bank accounts have weak financial literacy.
- There is wide variation in financial literacy rates across economies in Sub-Saharan Africa. At 15 percent, Angola and Somalia are among the countries with the world's lowest financial literacy rates. At 52 percent, Botswana's rate is the region's highest and comparable with the average of high-income OECD economies.

“With technology spreading the design of innovative banking services and payment methods, it’s critical that we understand who knows what around the world,” said Leora Klapper, lead economist, the World Bank Development Research Group. “My hope is that this data will help policymakers in finding ways to boost financial literacy and consumer protection and help open the door to greater financial inclusion and economic empowerment.”

Annamaria Lusardi, the Academic Director of GFLEC, further noted “This data clearly shows we need to step up the effort to improve financial literacy around the world. And we need to focus on some vulnerable groups, such as women and the young.”

A comprehensive overview of the survey findings can be found at [FinLit.MHFI.com](https://www.mhfi.com/finlit).

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About McGraw Hill Financial:

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