Financial training


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Connecting to previous presentations

- Moving toward an *Integral Ecology for a Human Economy*
- Sustainable growth, green economy, technology at the service of people
- We have limited resources and we have to use them well
- The crisis is an opportunity to reimagine our future
- The need for financial training
Main message of my presentation

• Financial training is key to meet the global challenges and change the current statistics
• We need to invest in people, in particular our youth and women
• Financial training plays a decisive role in promoting the centrality of the human person
• The link between financial training and financial resilience and financial inclusion thanks to new data collected in the last few years
To get started

A number:

1/3
Financial Literacy across the Globe (S&P Global Finlit Survey)

% of financially literate adults

Only 1 in 3 adults worldwide have basic financial literacy
Low financial literacy even among major advanced economies

Risk diversification is what people know the least and where countries differ the most

Source: S&P Global Finlit
Financial literacy: Age and experience are not good teachers

About 1/3 of Americans know 3 basic financial concepts by age 50 even though many financial decisions are made well before that age.

Source: US 2018 NFCS
The gender gap in financial literacy

% of adults who are financially literate

35% men

30% women

financial literacy is higher among men

financial literacy is higher among women
Financial literacy is low among the young: OECD-PISA data

Financial literacy is like **reading** and **writing**: it is an essential skill to thrive in the 21\textsuperscript{st} century

- Many young people do not have that basic knowledge
- Differences in financial literacy are strongly linked to socio-economic background
Financial literacy and financial inclusion (S&P Global Finlit Survey)
New evidence from the pandemic: financial literacy is a shield to protect against shocks, to make families more financially resilient.
Financial knowledge and wealth inequality

• In countries with well-developed financial markets, financial literacy provides a major advantage

• Financial literacy is a crucial determinant of wealth accumulation

• But also of wealth inequality: **30-40%** of U.S. retirement wealth inequality can be attributed to differences in financial knowledge
Toward a new ecosystem

Building a financially resilient society

• Policy makers should focus on well-being
• Add financial literacy to indicators of well-being
• Toward a more inclusive society
Improving access to financial training

Large and scalable programs

• Financial education in school, follow the example of countries that made financial training mandatory
• Financial education programs in the workplace
• Financial education in the community (libraries, museums, theaters, municipalities, other places where people go to learn)
Financial training is particularly important for girls and women.
Rebuilding better

Short definition of financial literacy: *A vision for the future*

The question is: *Which future do we want to build?*