

Measuring Financial Literacy: A Global Perspective

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Prof. Annamaria Lusardi
Global Financial Literacy Excellence Center (GFLEC)

United Nations | Transforming Education Summit

#TransformingEducation



We need to measure
growth and success

Measuring financial literacy

- We can measure financial literacy with only **3 or 5 questions**
- We have **global data** about financial literacy
- We can **gauge changes** over time

THE **BIG THREE** QUESTIONS

**Test your financial
literacy knowledge!**

The first global financial literacy survey

- The largest, most comprehensive, global measure of financial literacy
- Interviewed more than 150,000 adults age 15+ in more than 140 countries
- GFLEC partnered with the World Bank, Gallup, and S&P Global
- The data was collected in 2014



The S&P Global FinLit Survey

- The survey covers the universal and fundamental topics at the basis of financial decision-making:

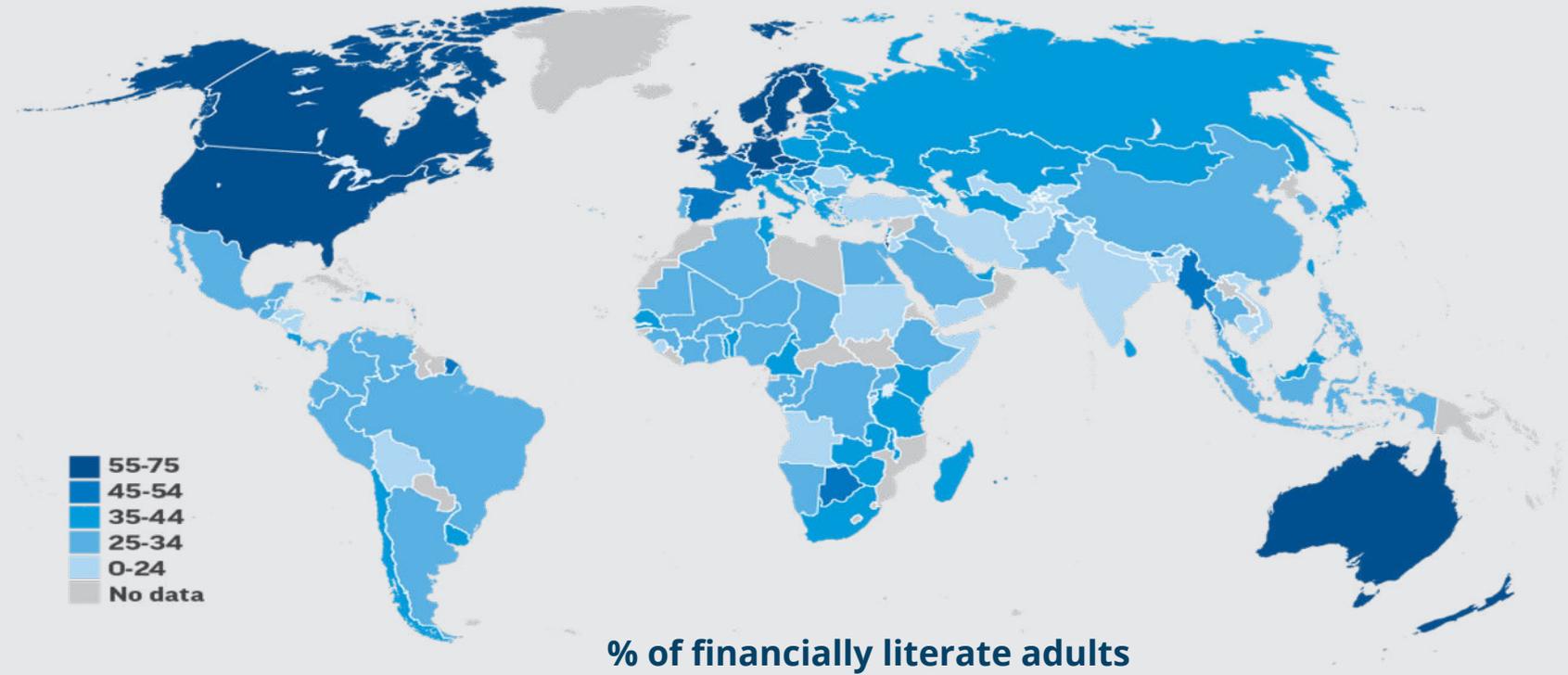
- **Numeracy**
- **Interest compounding**
- **Inflation**
- **Risk diversification**

Being financially literate:

Able to answer 3 out of these 4 topics correctly

An initial measure: financial literacy across the globe

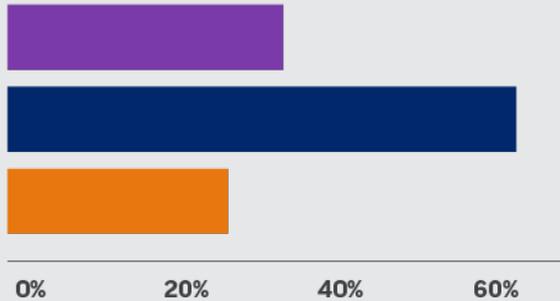
Only 1 in 3 adults worldwide are financially literate



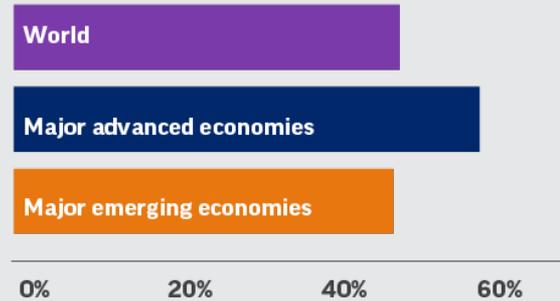
Financial literacy by topic

% of adults answering correctly

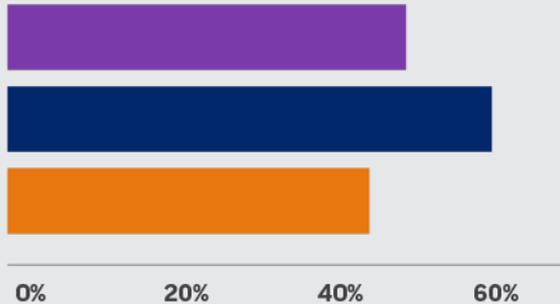
RISK DIVERSIFICATION



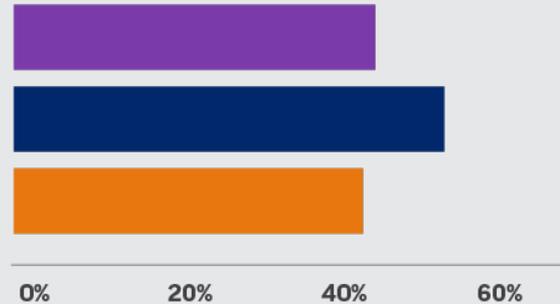
NUMERACY (INTEREST)



INFLATION



COMPOUND INTEREST

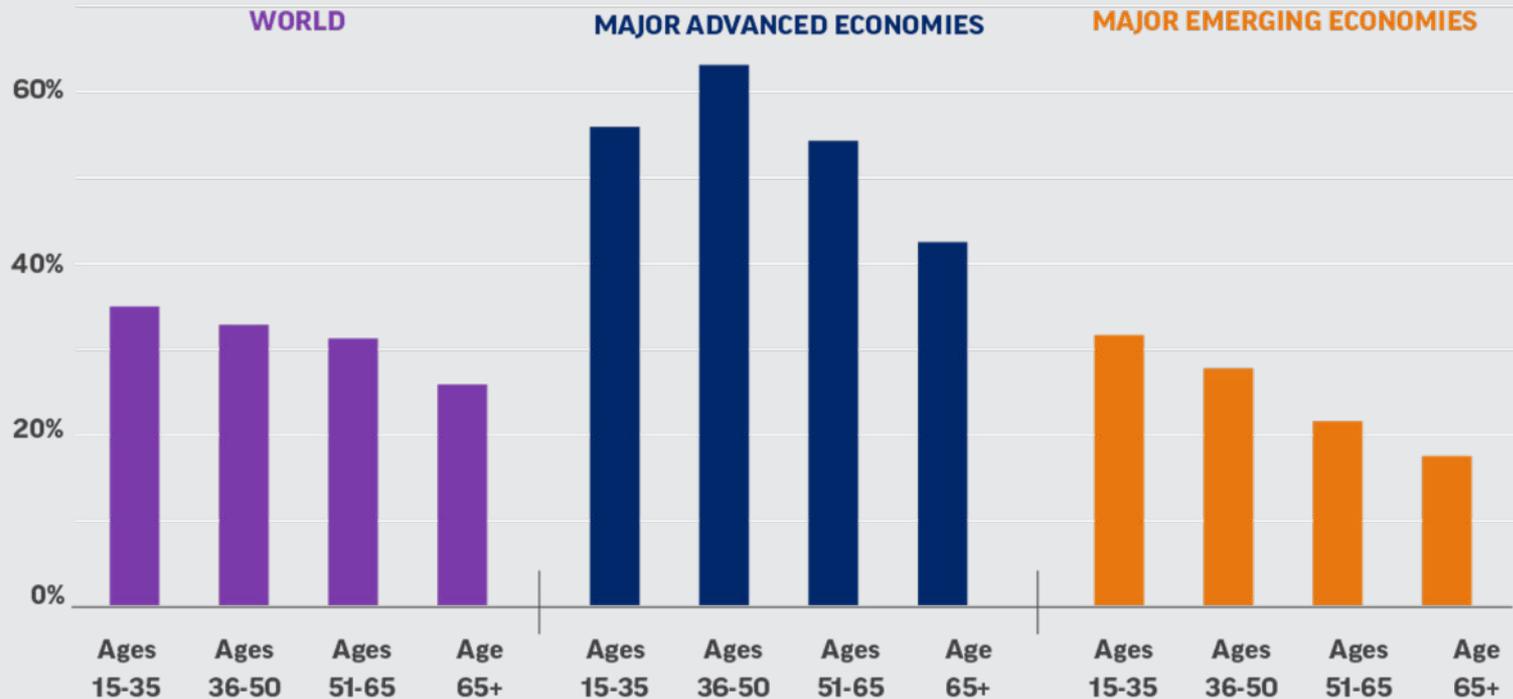


Inflation and simple interest/numeracy are what people know most across countries.

Risk diversification is what people know the least.

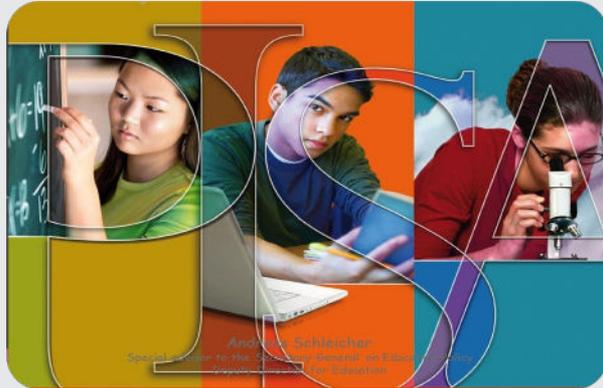
Financial literacy over the life cycle

Percentage of financially literate adults



OECD 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?

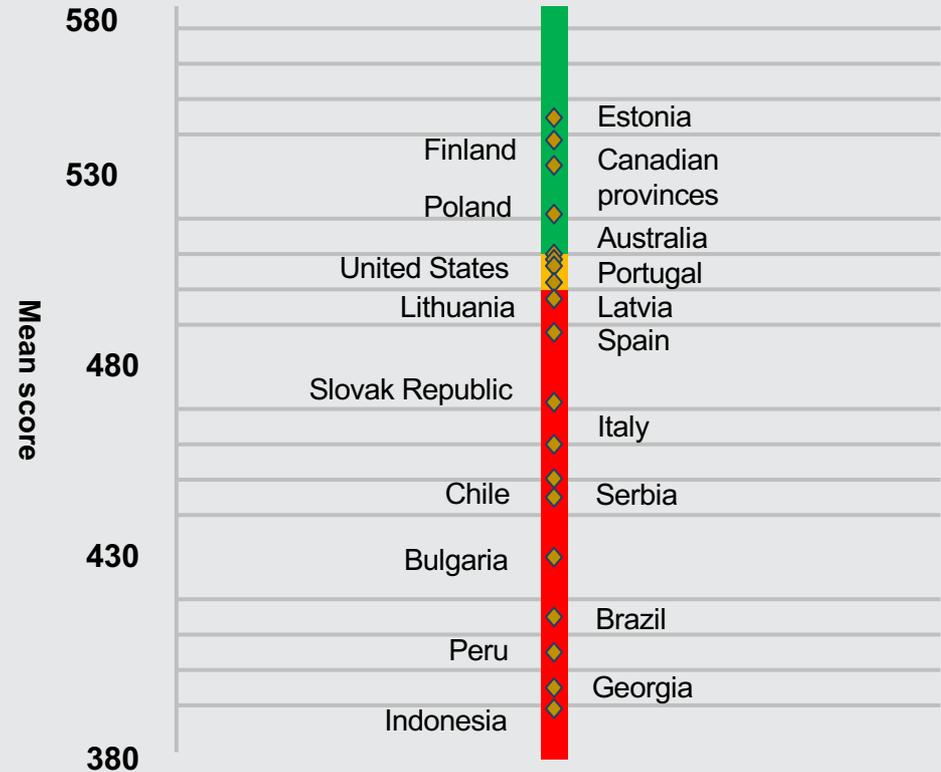


Since 2000, every three years the OECD Programme for International Student Assessment (PISA) answers these questions and more. It assesses to what extent students near the end of compulsory education have acquired the knowledge and skills essential for full participation in society.

Average performance of 15-year-olds in financial literacy (2018 PISA)

Strong performance in financial literacy

**Average performance
of 15-year-olds in
financial literacy in
2018 PISA**



Low performance in financial literacy

What the measurement says

- Financial literacy is very low around the globe
- Risk diversification is what people know the least
- Financial literacy is unequally distributed

Leveraging the findings

- To inform policy focused on transforming education
- To define priorities in national strategies
- To promote universal access to financial education
- To efficiently focus financial education investment on vulnerable groups

Concluding remarks

Financial literacy is like reading and writing

- It is an essential skill for the 21st century
- As it was not possible in the past to participate in society without being able to read and write, so it is not possible to thrive in today's society without being financially literate
- Everyone deals with finance, and finance is sufficiently complex that we cannot leave it to individuals to learn by themselves.



GFLEC

GLOBAL FINANCIAL LITERACY
EXCELLENCE CENTER

A stylized yellow logo for a 10-year anniversary. The number '10' is rendered in a bold, sans-serif font. The '1' is a simple vertical bar. The '0' is a thick, rounded shape with a slight curve at the bottom. The word 'YEARS' is written in a smaller, yellow, sans-serif font inside the lower right portion of the '0'.

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(202) 994-7148 | gflec@gwu.edu | www.gflec.org