

Promoting evidence-based financial education programs

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Topics I will cover

- 1 ▶ The importance of frequent data collection**
- 2 ▶ The importance of evaluation**
- 3 ▶ Evidence from Italy**
- 4 ▶ Some general comments**

Why is frequent data collecting so important?

- Provide an assessment of the financial wellness of families
- Compare data over (short periods of) time
- Provide statistics and information to inform policy and programs
- Provide data to researchers

Frequent data collection also helps in:

- Identifying (new) vulnerable groups
- Experimenting/testing new questions
- Communication tool
- Credibility/Trustworthiness
- Guiding for cost-effective national strategies

The data collection in Italy (2020-2022): panel data collected at yearly frequency



Data is available at www.quellocheconta.gov.it

What is unique about it

- It is a panel data set (following individuals over time)
- It is a large data set (5000 obs)
- Information not available in other surveys (we even asked about knowledge of the Financial Education Committee)
- Cheaper than other methods of gaining information/attention: data is the new currency

A group of experts, including academics, designed the questions

Data and communication



- We made report and data available at the end of Financial Literacy Month
- We did it in a children museum
- We went on TV to talk about the data and the new findings
- Bring attention to financial literacy, for example knowledge of inflation

Measuring financial literacy (the big three)

The Big Three

“Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?”

- ☒ More than \$102
- ☐ Exactly \$102
- ☐ Less than \$102
- ☐ Don't know
- ☐ Refuse to answer

“Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, with the money in this account, would you be able to buy...”

- ☐ More than today
- ☐ Exactly the same as today
- ☒ Less than today
- ☐ Don't know
- ☐ Refuse to answer

“Do you think the following statement is true or false?
Buying a single company stock usually provides a safer return than a stock mutual fund.”

- ☐ True
- ☒ False
- ☐ Don't know
- ☐ Refuse to answer

Financial literacy across topics and over time

Tab.11 - Big three (percentuali di risposte corrette)

	2020	2021	2022
Tassi di interesse	72,8%	70,6%	70,8%
Inflazione	68,1%	67,1%	66,8%
Diversificazione	62,3%	63,3%	63,8%

How much do people know and does knowledge change over time?

We can look at levels and changes over time

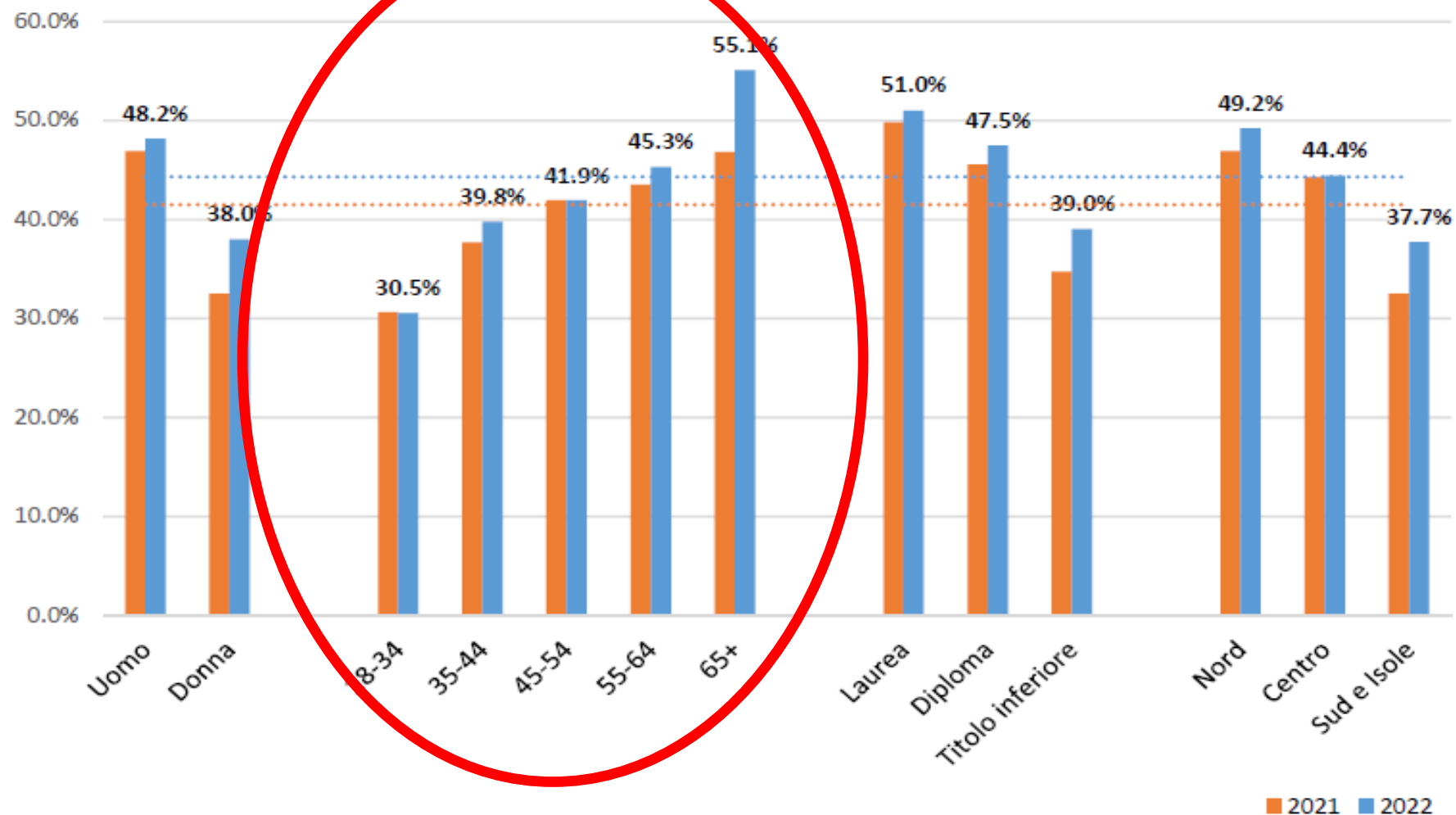
Tab.12 - Big three (percentuale di risposte corrette a tutte e 3 le domande)

2020	2021	2022
44,6%	41,5%	44,3%

Financial literacy is low and does not improve over time

Financial literacy across demographic groups

Fig. 10 - Indice di conoscenza finanziaria ottenuto con le "big three": percentuale di individui con alta conoscenza (risposta esatta a tutte e 3 le domande)



Other useful information (cont'd)

How did people deal with inflation?

Tab. 1B - Quali di questi comportamenti la tua famiglia ha adottato per contrastare i recenti aumenti dei prezzi?

Riducendo i consumi dei beni che considero superflui	54,5%
Mantenendo lo stesso livello di consumo ma acquistando prodotti meno costosi (ad esempio facendo la spesa nei discount o nei supermercati che offrono prodotti meno costosi es. LIDL, MD, Eurospin, ecc)	33,6%
Modificando le proprie abitudini di risparmio	27,1%
Riducendo i consumi dei beni di alimentari più costosi (ad esempio frutta e verdura)	26,0%
Ricorrendo al risparmio accumulato	20,1%
Rinviando/rinegoziando pagamenti (bollette, rate debito, affitto, ...)	10,2%
Chiedendo aiuto/prestito a parenti e amici	6,6%
Chiedendo un prestito a banche e finanziarie	6,1%
Vendendo/impegnando beni di famiglia	4,9%
Chiedendo anticipazione/riscatto del capitale accumulato nelle forme di previdenza complementare	2,6%
Chiedendo il riscatto anticipato della polizza vita	1,9%
Non abbiamo modificato le nostre abitudini	14,6%

Measuring financial fragility

How **confident** are you that **you could come up** with **\$2,000** if an unexpected need arose **within the next month**?

- I am certain I could come up with the full \$2,000.
- I could probably come up with \$2,000.
- I could probably not come up with \$2,000.
- I am certain I could not come up with \$2,000.
- Don't know.

Financial fragility over time

We have looked at how financial fragility changes over time

Tab.5 - *Se dovesse presentarsi una necessità imprevista, quanto ti senti sicuro/a di poter rimediare 2.000 euro entro un mese per farvi fronte?*

	2020	2021	2022
Sono certo che ci riuscirei	34,0%	40,0%	37,6%
Probabilmente ci riuscirei	29,4%	30,2%	31,8%
Probabilmente/sono certo che non ci riuscirei	30,7%	24,7%	24,1%
Non so	5,9%	5,1%	6,5%

Many families are fragile and 2022 has been a difficult year

Other very useful information

Do people know the Committee, Financial Literacy Month, the national strategy?

Tab. 31 - Notorietà del Comitato, del Mese e della Strategia nazionale (valori %)

	2020	2021	2022
Conoscono il Comitato	8,5	9,3	12,1
Conoscono il Mese	12,0	16,3	18,9
Conoscono la Strategia Nazionale	n.r.	n.r.	9,3

Financial literacy month is what people know the most

Other useful information

- How many people know about “sustainable finance” (not many, 50% of Italians have never heard of ESG)
- Demand for financial education in school, in the workplace, in other places
- Whom should the national strategy target

Evaluating a national campaign

- In 2021, we were given funds for a national campaign
- What are its effects?

Very hard to evaluate a national campaign

- While hard, it is necessary
- We asked the best international experts to join us in this effort

The main challenges of the campaign

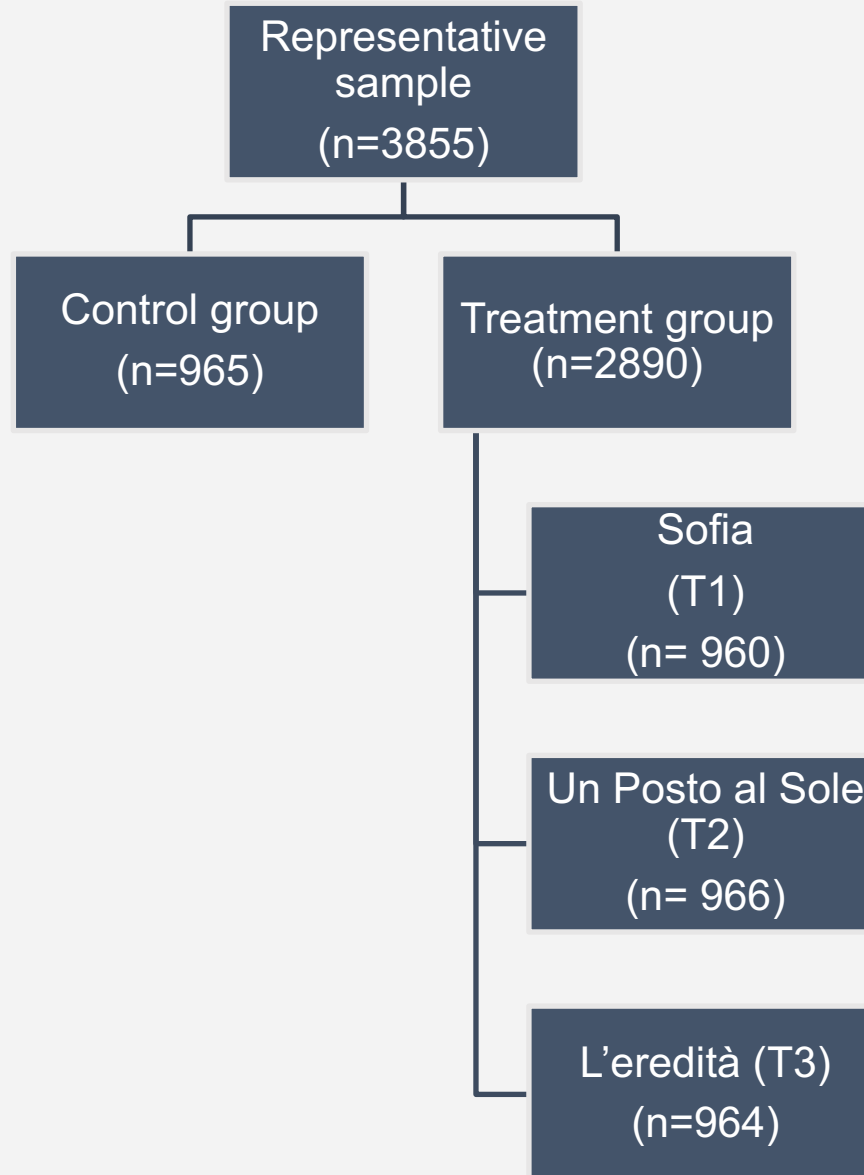
- It is not possible to restrict viewership since the TV initiatives cover the nation, with no variation in TV signal strength, at least in urban areas.
- Other initiatives were in process at the same time (for example, financial literacy month)

The main initiatives of the campaign

We focus on three main initiatives of the campaign (involving a total sample of 3855 subjects)

- «Un Posto al Sole»: a TV fiction (5 episodes)
- «L'Eredità»: a TV game show (8 episodes)
- «Sofia»: radio/TV spot and social media

Methodology



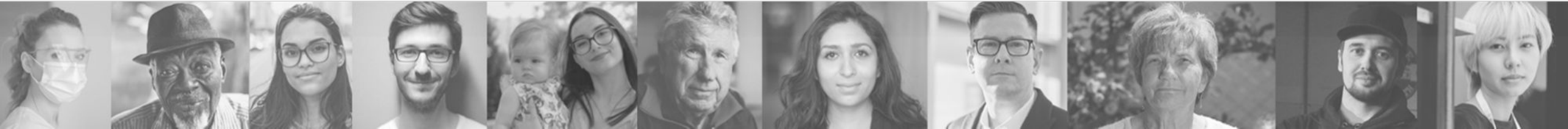
Methodology (cont'd)



What we will do is to compare the treated groups with the control group before and after the campaign.

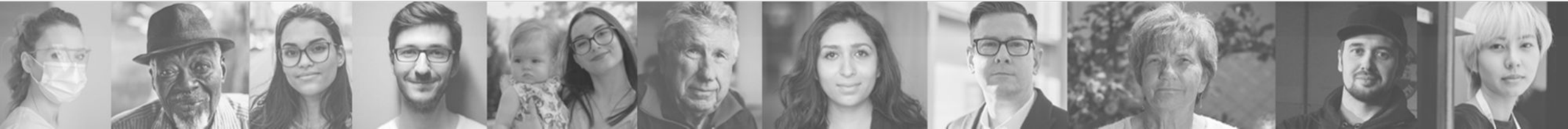
Randomized encouragement design

- We sent reminders about the upcoming event to each treated group to make sure they are «exposed» to the treatment
- To measure compliance, after each event, we sent mini-surveys to each treatment group.



Incentives

- Each participant is paid to take part of the survey, both subjects in the control and the treatment groups.
- In addition, we incentivized participants in the treated groups to be compliant. We used three main criteria to give them extra points:
 - 1) correctness of responses
 - 2) timeliness
 - 3) complete all mini-surveys



Findings

- Findings will be made available in the new year
- We have learned a lot from this work
- Everything should be evaluated in order to have a good allocation of resources

Concluding remarks

- Data and evaluations are critically important for policy and programs
- Need to use scarce resources effectively
- Need to bring the best talents to the financial literacy field

Thank you!

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