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?”

“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…”

“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.*”

- More than $102
- Exactly $102
- Less than $102
- Don’t know
- Refuse to answer

- More than today
- Exactly the same as today
- Less than today
- Don’t know
- Refuse to answer

- True
- False
- Don’t know
- Refuse to answer
Financial literacy across topics and over time

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tassi di interesse</td>
<td>72,8%</td>
<td>70,6%</td>
<td>70,8%</td>
</tr>
<tr>
<td>Inflazione</td>
<td>68,1%</td>
<td>67,1%</td>
<td>66,8%</td>
</tr>
<tr>
<td>Diversificazione</td>
<td>62,3%</td>
<td>63,3%</td>
<td>63,8%</td>
</tr>
</tbody>
</table>
How much do people know and does knowledge change over time?

We can look at levels and changes over time.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>44.6%</td>
<td>41.5%</td>
<td>44.3%</td>
<td></td>
</tr>
</tbody>
</table>

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)
How did people deal with inflation?

<table>
<thead>
<tr>
<th><strong>Tab. 1B - Quali di questi comportamenti la tua famiglia ha adottato per contrastare i recenti aumenti dei prezzi?</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Riducendo i consumi dei beni che considero superflui</td>
<td>54,5%</td>
</tr>
<tr>
<td>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)</td>
<td>33,6%</td>
</tr>
<tr>
<td>Modificando le proprie abitudini di risparmio</td>
<td>27,1%</td>
</tr>
<tr>
<td>Riducendo i consumi dei beni di alimentari più costosi (ad esempio frutta e verdura)</td>
<td>26,0%</td>
</tr>
<tr>
<td>Ricorrendo al risparmio accumulato</td>
<td>20,1%</td>
</tr>
<tr>
<td>Rinvio/rinegoziando pagamenti (bollette, rate debito, affitto, ...)</td>
<td>10,2%</td>
</tr>
<tr>
<td>Chiedendo aiuto/prestito a parenti e amici</td>
<td>6,6%</td>
</tr>
<tr>
<td>Chiedendo un prestito a banche e finanziarie</td>
<td>6,1%</td>
</tr>
<tr>
<td>Vendendo/impegnando beni di famiglia</td>
<td>4,9%</td>
</tr>
<tr>
<td>Chiedendo anticipazione/riscatto del capitale accumulato nelle forme di previdenza complementare</td>
<td>2,6%</td>
</tr>
<tr>
<td>Chiedendo il riscatto anticipato della polizza vita</td>
<td>1,9%</td>
</tr>
<tr>
<td>Non abbiamo modificato le nostre abitudini</td>
<td>14,6%</td>
</tr>
</tbody>
</table>
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.
We have looked at how financial fragility changes over time.

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

Many families are fragile and 2022 has been a difficult year.
Do people know the Committee, Financial Literacy Month, the national strategy?

Financial literacy month is what people know the most.

<table>
<thead>
<tr>
<th>Tab. 31</th>
<th>Notorietà del Comitato, del Mese e della Strategia nazionale (valori %)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Conoscono il Comitato</td>
<td>8,5</td>
</tr>
<tr>
<td>Conoscono il Mese</td>
<td>12,0</td>
</tr>
<tr>
<td>Conoscono la Strategia Nazionale</td>
<td>n.r.</td>
</tr>
</tbody>
</table>
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

Representative sample (n=3855)

Control group (n=965)

Treatment group (n=2890)

Sofia (T1) (n=960)

Un Posto al Sole (T2) (n=966)

L’eredità (T3) (n=964)
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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