



Findings of the 2012 FSC/OECD INFE National Baseline Survey on Financial Literacy

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Presentation Outline



- Background & Purpose of the Study
- Design & Execution of Study
- Main Findings
- Q & A



Background & Purpose



- Globally, financial literacy is being recognized as a core skill
- FSC partnered with OECD-INFE
- As part of a programme towards the establishment of a National Financial Literacy Programme (NFLP) in Jamaica
- Developed a baseline study – similar to 14 countries across 4 continents to ...
 - Determine a measure of FL that can provide national benchmarks
 - Define levels of FL to enable policymakers to identify needs and gaps
 - Provide a basis for comparison of FL across countries



Design & Execution of the Study



- Adopted & Adapted survey instrument developed by OECD (used in other 14 other countries across 4 continents in 2010/11)
- Pilot study (small sample in K&SA)
- Engaged students from tertiary institutions
- Stratified sample (parish-capitals-major towns...)
- Sample size = 1000
- Data collected over 2-3 weeks – July 2012
- Debriefing session



Main Findings

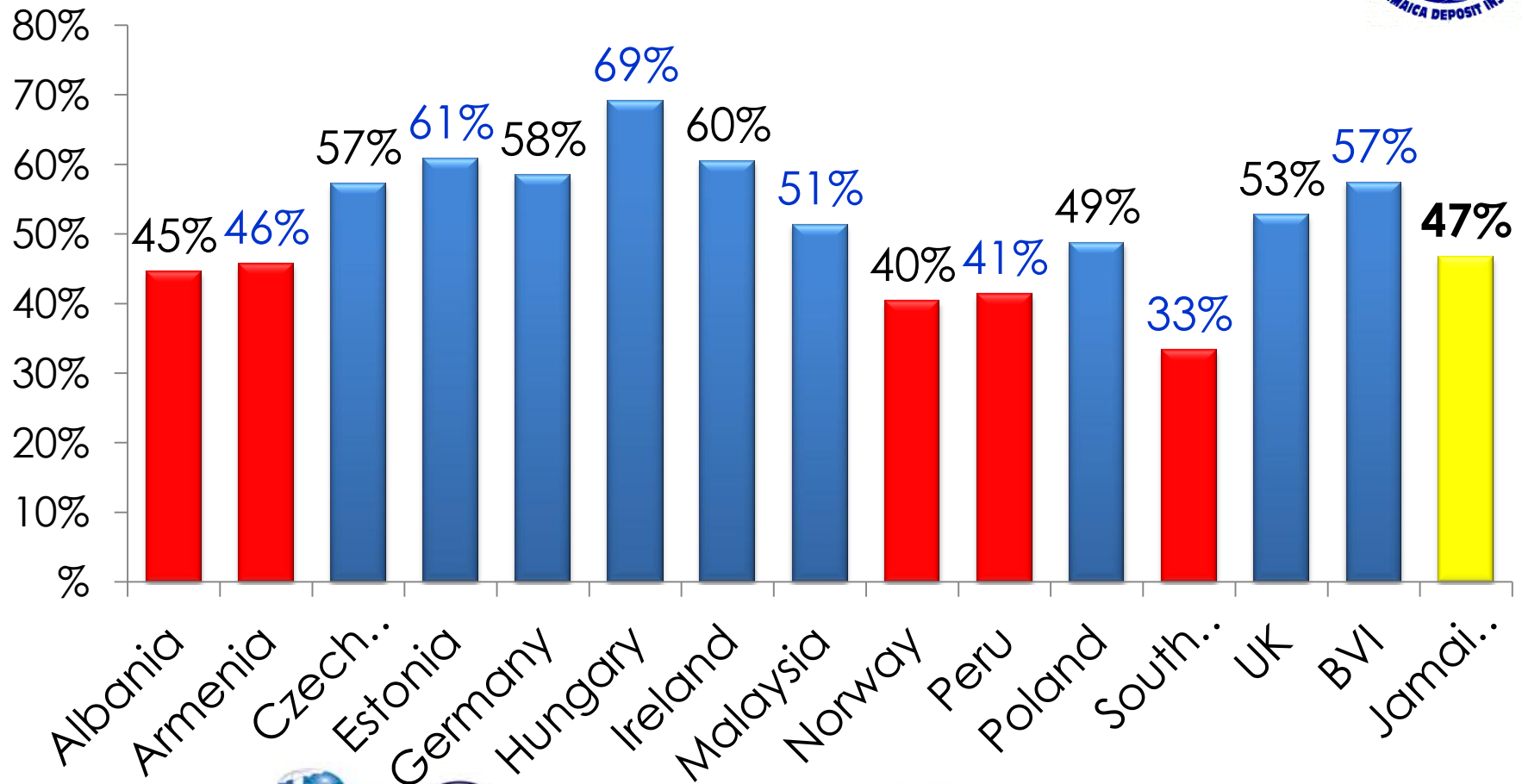


Financial Knowledge (FK)

- Financial literacy of Jamaicans comparable to other participating countries in some areas
- In the area of financial knowledge, less than half of Jamaicans gained a high score (correctly answering 6/8)
- Jamaicans appear to have particular difficulties with the concept of time value of money and identifying (and calculating) the impact of interest compounding on savings



FK: Percentage scoring 6 or more



Main Findings...

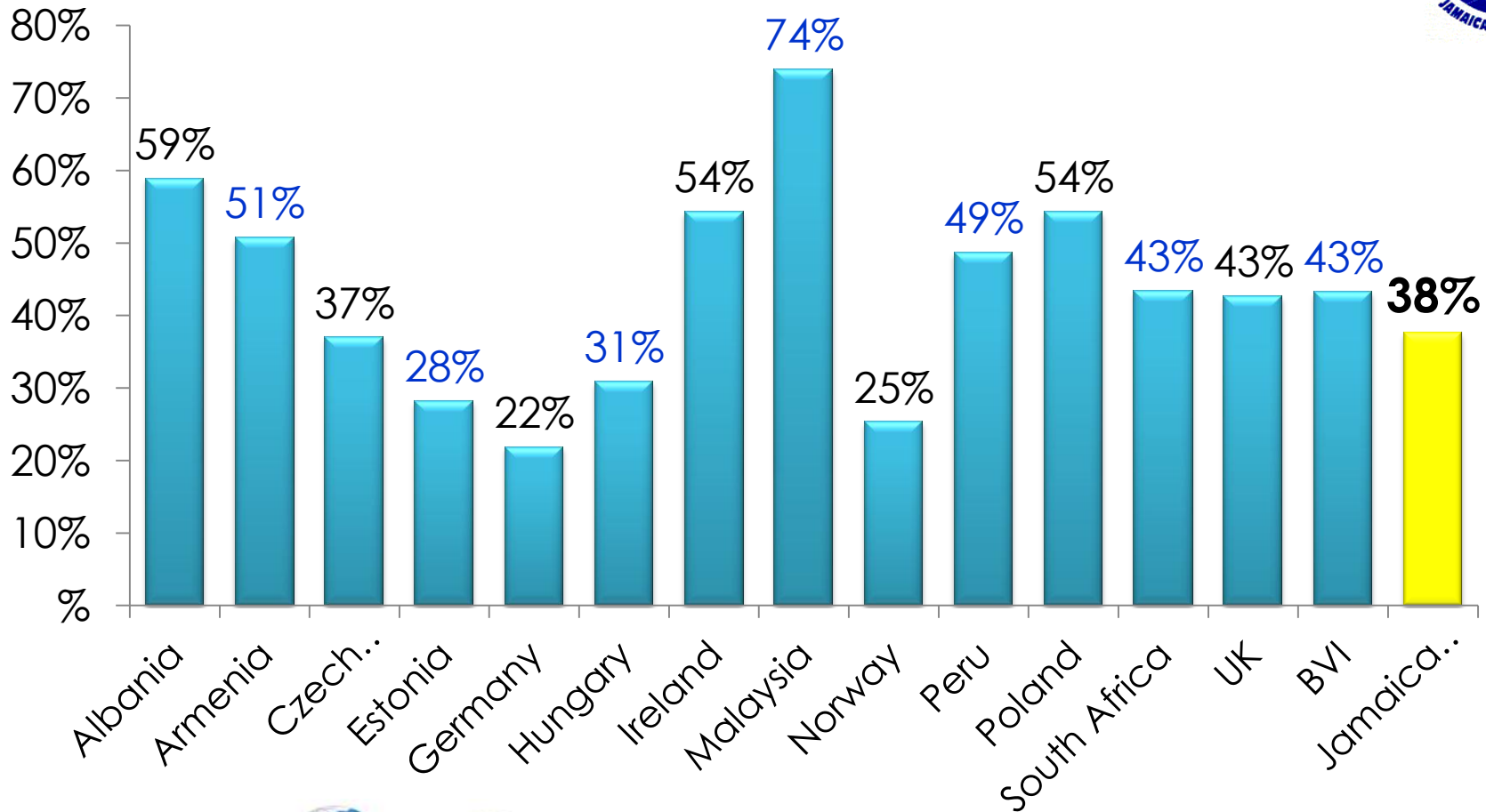


Financial Behaviour (FB)

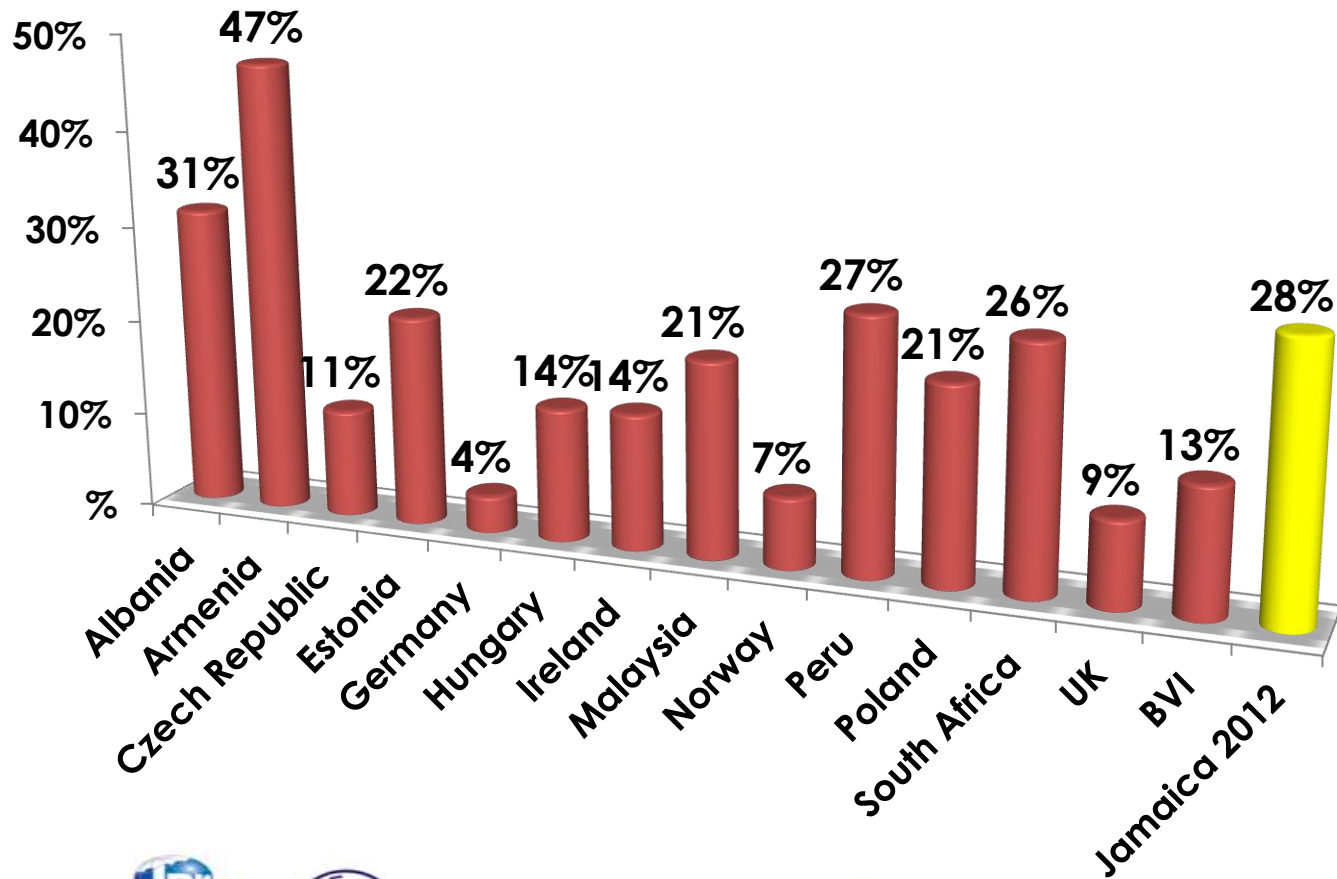
- Approx 60% of Jamaicans achieved a high score (6/8).
- Jamaicans are relatively good at setting long term goals and engaging in active saving compared to other countries
- Jamaicans seem relatively less skilled in short-term money management, especially when it comes to monitoring personal financial affairs (such as paying bills on time, and avoiding the use of credit to make ends meet).
- Compared to the other countries, Jamaicans appear to be relatively good at engaging in active saving and at making *some* attempt at choosing financial products appropriately



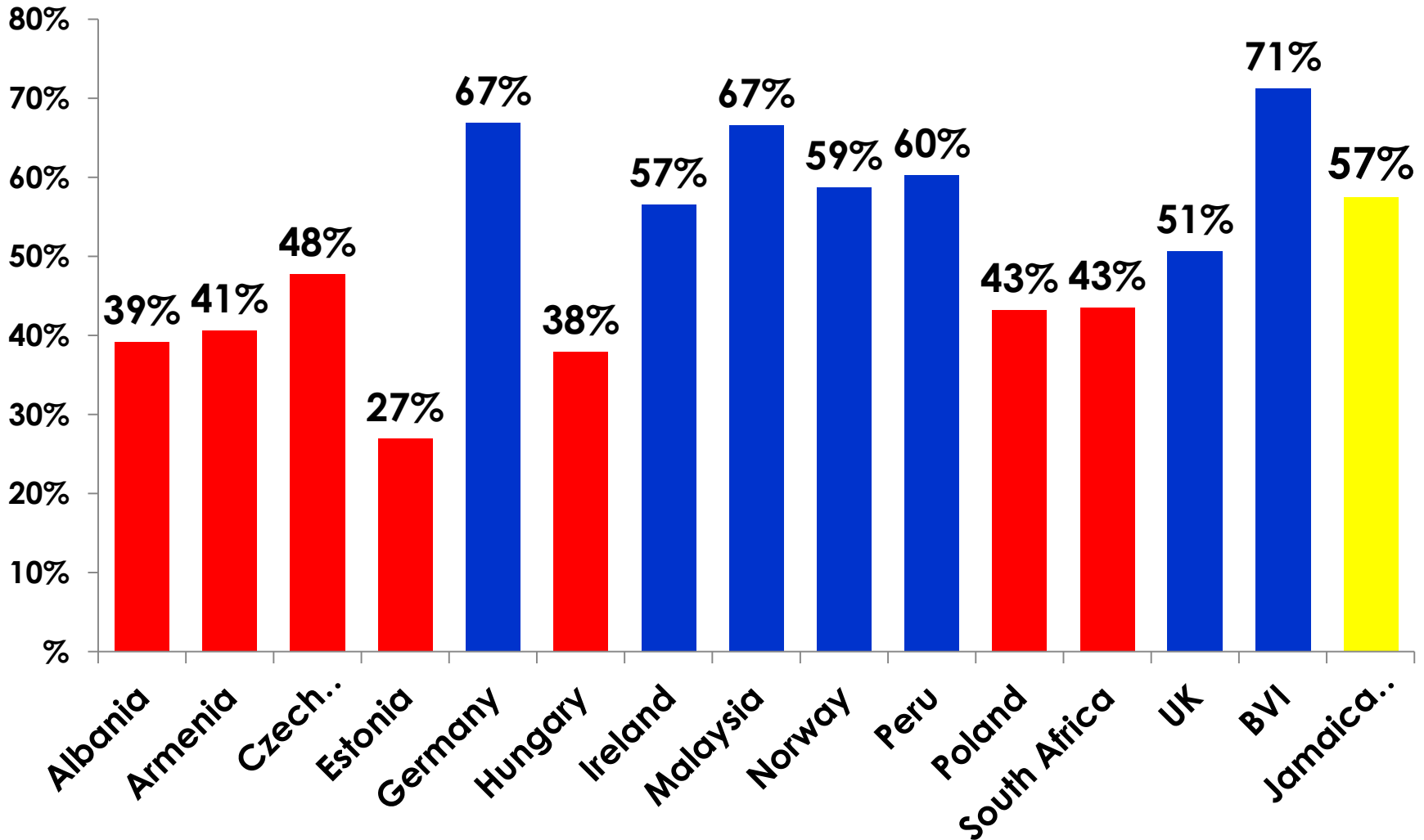
FB...Responsible/Has a budget



Borrowing to make ends meet



Percentage scoring 6 or more



Main Findings



Financial Attitude (FA)

- Approx 50% of Jamaicans disagree with the statement - 'I find it more satisfying to spend money than to save it for the long term'.
- 61% disagree with the statement - 'I tend to live for today and let tomorrow take care of itself', (including 44% of respondents who disagree completely).
- Approx 40% disagreed with the statement - 'Money is there to be spent' (\approx 23% show some degree of ambivalence)



Main Findings



- A further analysis by socio-demographic factors reveals that in **contrast with most other countries**, there are no gender differences in any of the three financial literacy components.
- The age profile of financial literacy is bell-shaped (normally distributed), with individuals age 30-59 having a higher score compared to younger and older respondents.
- Both **education** and **income** are positively associated to the overall financial literacy score



Main Findings...

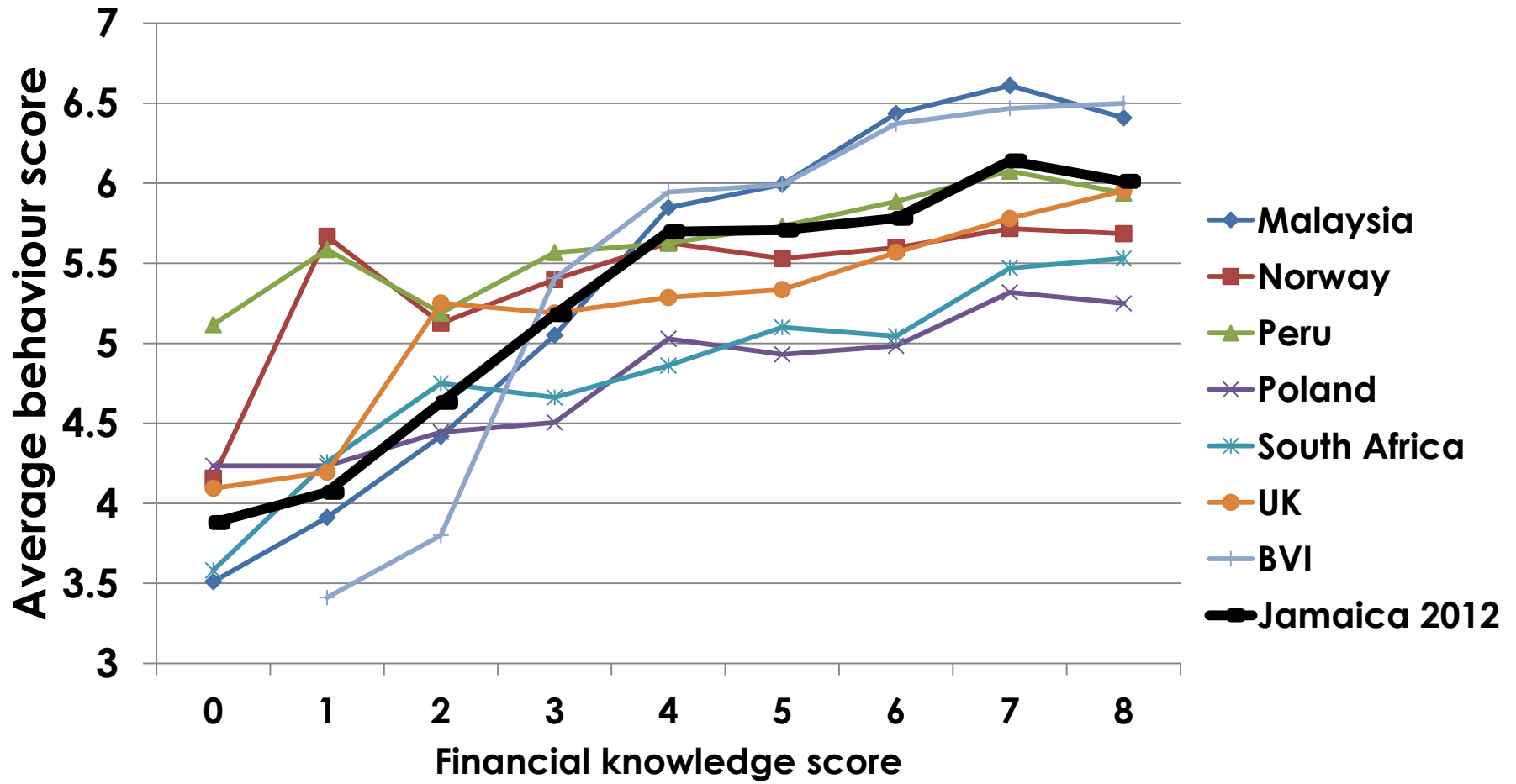
Relationship Btw FB & FK



- The literature often uses financial knowledge as a predictor of positive outcomes, which rely on behaviours that are consistent with financial wellbeing – exactly the types of behaviours captured in our measure of financial literacy. Preliminary analysis was done to see whether behaviour scores increase/decrease with knowledge scores in each country
- The figure below (next slide) shows that, as in all other countries, in Jamaica there is a positive relationship between knowledge and behaviour – higher knowledge scores are associated with higher behaviour scores.



Relationship Btw FK & FB



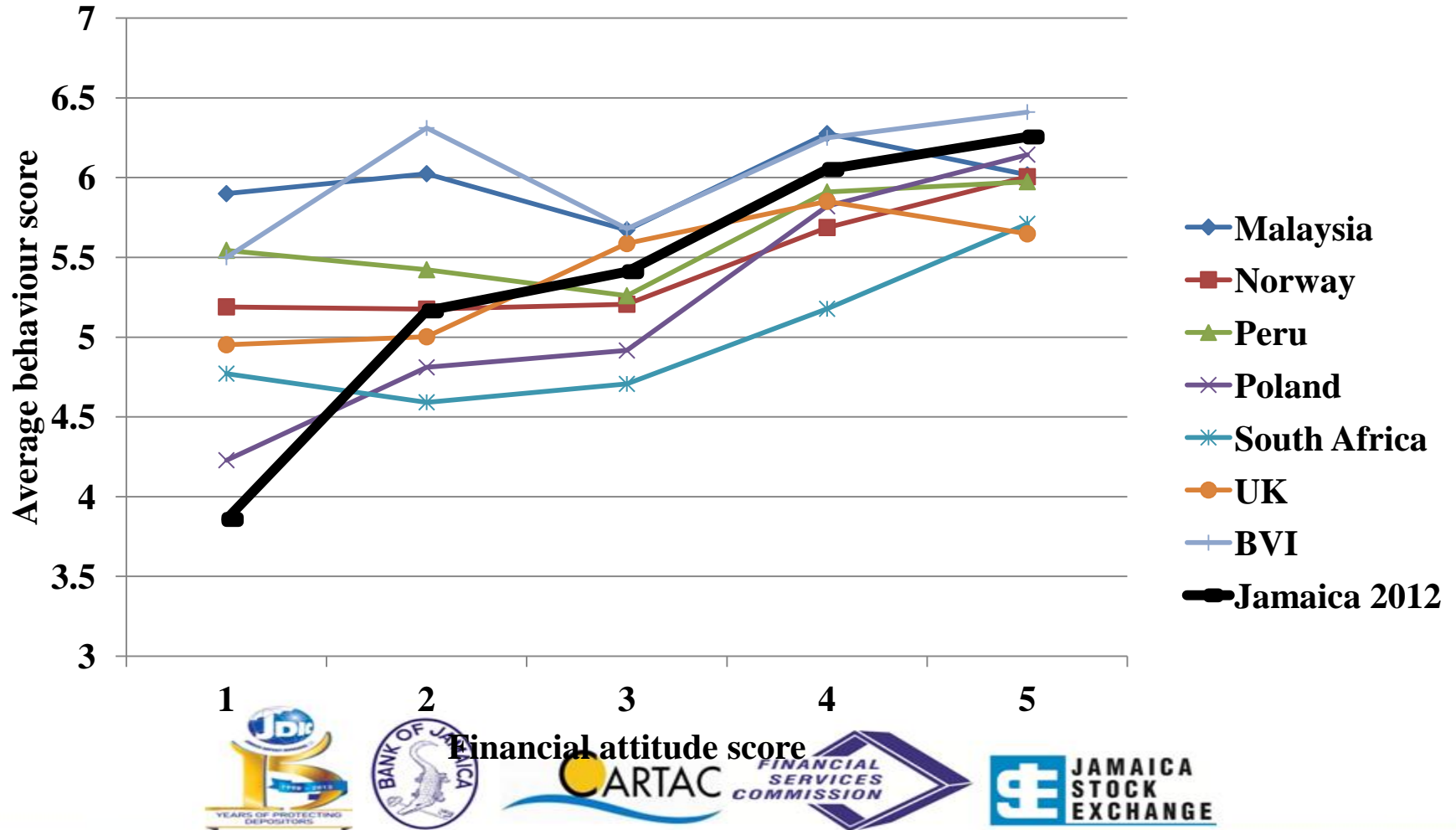
Relationship Btw FB & FA



- It is also argued that those with positive attitudes towards the long term are more likely to behave in ways that are consistent with achieving long term goals, so again we have looked to see whether behaviour scores increase with attitude scores.
- Jamaica shows, as with the other countries, a generally positive association between attitudes and behaviour. People with attitudes that tend towards short term gratification have lower behaviour scores than those with an attitude score over 3.



Relationship between FA & FB



COMBINED MEASURES OF FINANCIAL LITERACY

	High knowledge score	High behaviour score	High attitude score
Albania	45%	39%	69%
Armenia	46%	41%	11%
Czech Republic	57%	48%	62%
Estonia	61%	27%	46%
Germany	58%	67%	63%
Hungary	69%	38%	69%
Ireland	60%	57%	49%
Malaysia	51%	67%	53%
Norway	40%	59%	57%
Peru	41%	60%	71%
Poland	49%	43%	27%
South Africa	33%	43%	54%
United Kingdom	53%	51%	49%
BVI	57%	71%	67%
Jamaica	47%	57%	63%



Q & A

