

Financial education in the digital age: What are the challenges for investment?

Paris, Maison du Barreau – Monday, June 20th 2016

Financial Literacy in Europe

(Gianni Nicolini¹)

Agenda

- 1** Financial literacy and financial behaviors
- 2** The assessment of financial literacy
- 3** Financial literacy in European countries
- 4** Financial literacy and financial behaviors in European countries

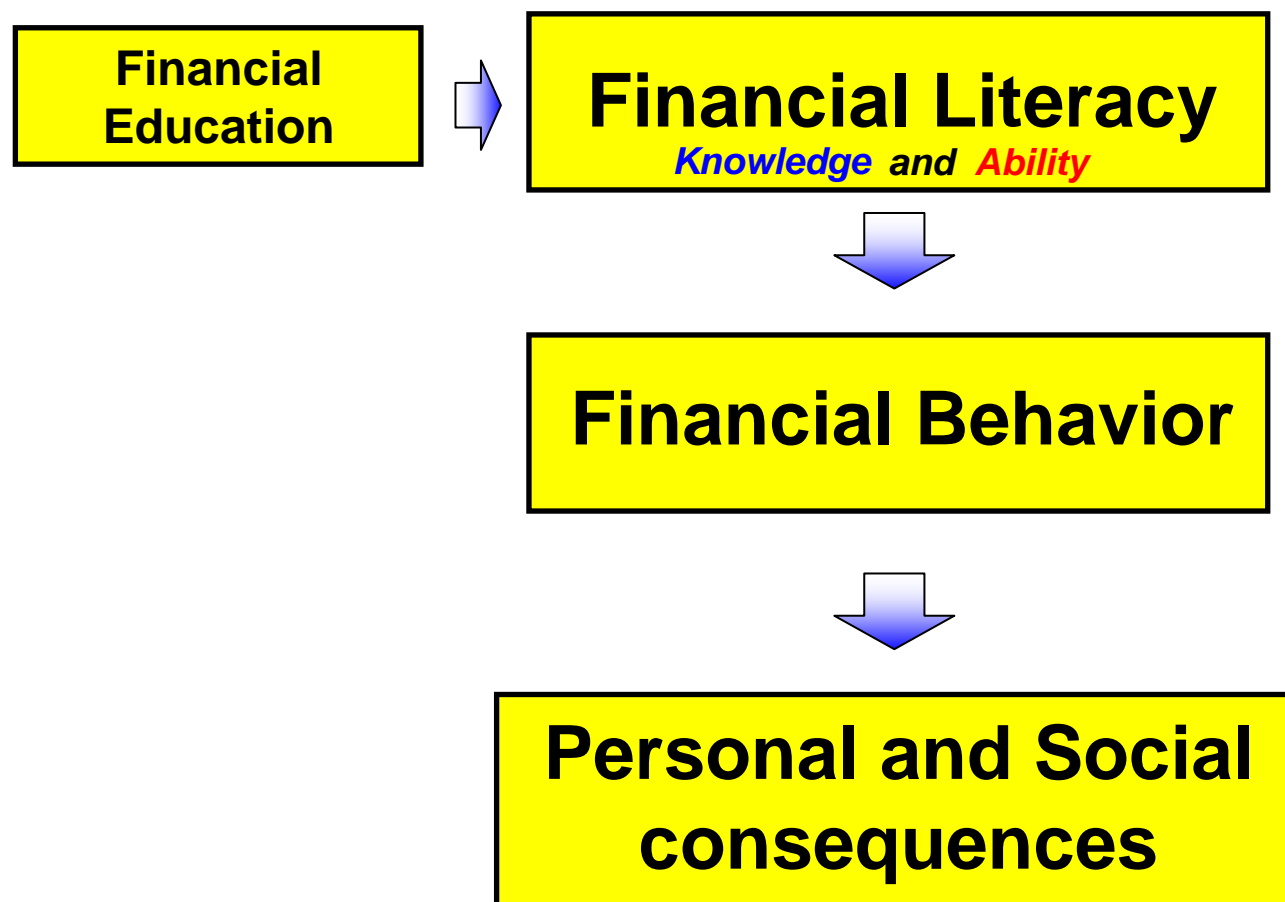
Financial literacy and Financial behaviors

Financial Literacy

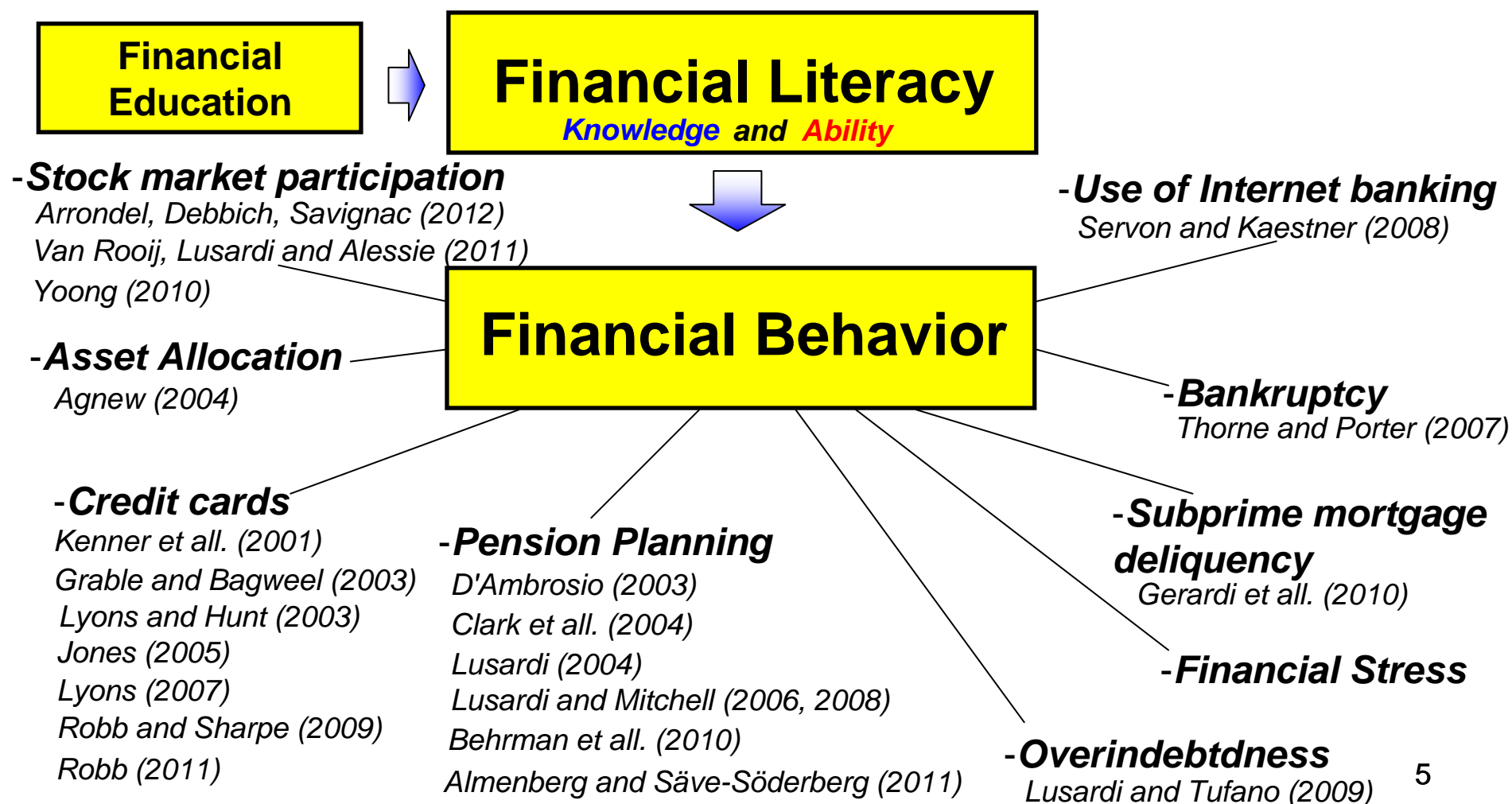
Knowledge and Ability

- | | | | |
|------|---|------|---|
| 1992 | “The ability to make informed judgements and to make effective decisions regarding the use and management of money”
(Noctor, Stoney and Stradling 1992) | 2007 | “Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being”
(US FLEC 2007, Jump\$tart Coalition 2007) |
| 2000 | “The ability to read, analyse, manage and communicate about the personal financial conditions that affect material wellbeing”
(Vitt et al. 2000) | 2010 | “Financial literacy consists of both knowledge and application (ability) of human capital specific to personal finance” (Huston 2010) |
| 2001 | “Financial literacy is a basic knowledge that people need in order to survive in a modern society” (Kim 2001) | 2010 | “Financial literacy is a measure of the degree to which one understand key financial concepts (knowledge) and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning, while mindful of life events and changing economic conditions” (Remund 2010) |
| 2001 | “Financial literacy is the ability to interpret, communicate, compute, develop independent judgement, and take actions resulting from those processes in order to thrive in our complex financial world” (Danes and Habermann 2007) | | |

Financial literacy and Financial behaviors



Financial literacy and Financial behaviors



***“How do we measure
Financial Literacy?”***



“How do we measure Financial Literacy?”



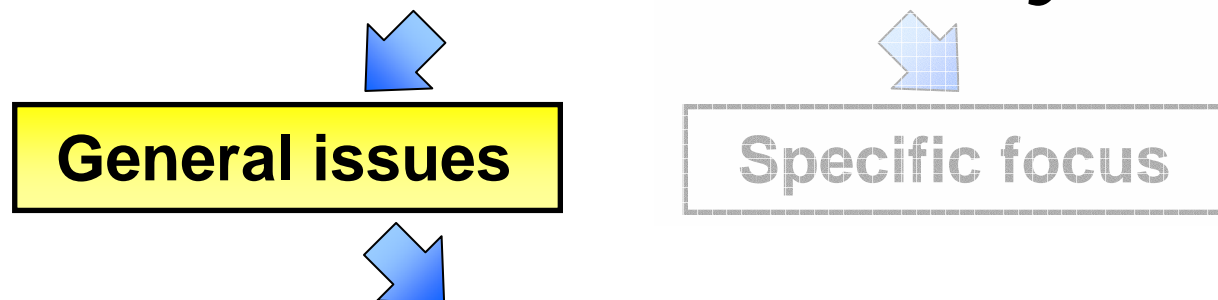
General issues



Specific focus



“How do we measure Financial Literacy?”



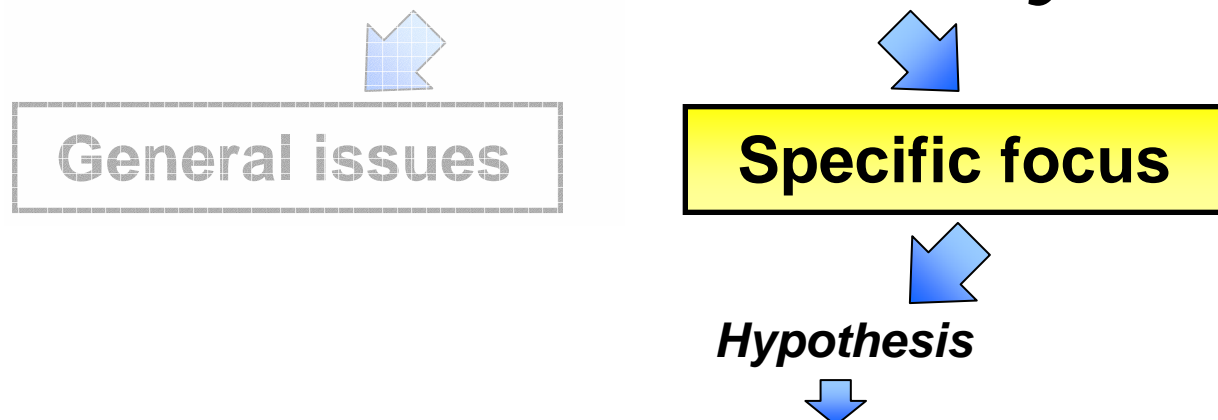
Hypothesis

A wide range of topics such as budgeting, saving, borrowing, investing, etc. must be analysed because all are relevant for consumers.



(Remund 2010; Chen and Volpe 2002; Financial Fitness for Life 2008; Jump\$tart Coalition for Personal Financial Literacy 2008; National Endowment for Financial Education 2006; National Foundation for Credit Counseling 2008; U.S. Department of Treasury 2006, FSA 2006, ANZ 2008)

“How do we measure Financial Literacy?”



“Financial literacy should be tested against individuals’ needs and circumstances, not against all available financial products and services since consumers will never need or use most of these products and services”

(Worthington 2006)

Investment

(Volpe, Chen and Pavlicko 1996) (Lusardi and Tufano 2009)
(Muller and Weber 2008)

Credit

Debt

(Jones 2005)

Stock Market

(NASD 2003)

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RETIREMENT
STUDY 2004

Financial Literacy

Knowledge and Ability



**Compound
interest**



Inflation



Bond pricing



Mortgage



Diversification

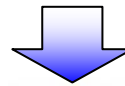
Compound interest

Question	Options
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 (correct answer)
	Exactly \$102
	Less than \$102
	<i>Don't know</i>
	<i>Prefer not to say</i>

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RETIREMENT
STUDY 2004

Financial Literacy

Knowledge and Ability




**Compound
interest**


Inflation


Bond pricing
Inflation


Mortgage


Diversification

Question	Options
Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?	More than today
	Exactly the same
	Less than today (correct answer)
	<i>Don't know</i>
	<i>Prefer not to say</i>

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Financial Literacy

Knowledge and Ability




**Compound
interest**


Inflation


Bond pricing


Mortgage


Diversification

Bond pricing

Question	Options
If interest rates rise, what will typically happen to bond prices?	They will rise
	They will fall (correct answer)
	They will stay the same
	There is no relationship between bond prices and the interest rate
	<i>Don't know</i>
	<i>Prefer not to say</i>

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Financial Literacy

Knowledge and Ability




**Compound
interest**


Inflation


Bond pricing

Mortgage


Mortgage


Diversification

Question	Options
A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.	True (correct answer)
	False
	<i>Don't know</i>
	<i>Prefer not to say</i>

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RETIREMENT
STUDY 2004

Financial Literacy

Knowledge and Ability



Compound
interest



Inflation



Bond pricing



Mortgage



Diversification

Diversification

Question	Options
Buying a single company's stock usually provides a safer return than a stock mutual fund.	True
	False (correct answer)
	<i>Don't know</i>
	<i>Prefer not to say</i>

Financial Literacy

Knowledge and Ability



**Compound
interest**



Inflation



Bond pricing



Mortgage



Diversification

Fonseca et al., 2012

Almenberg & Widmark (2011a; 2011b)

Lusardi & Tufano (2008)

Lusardi & Mitchell (2011)

McCarthy (2011)

Pahnke & Honekamp (2010)

Hastings & Mitchell (2011)

van Rooij, Lusardi, & Alessie (2011)

Financial Literacy

Knowledge and Ability

$$\sum \left(\begin{array}{c} \star \\ 0 \end{array} \begin{array}{c} 1 \\ 0 \end{array} \right) + \left(\begin{array}{c} \star \\ 0 \end{array} \begin{array}{c} 1 \\ 0 \end{array} \right) + \left(\begin{array}{c} \star \\ 0 \end{array} \begin{array}{c} 1 \\ 0 \end{array} \right) + \left(\begin{array}{c} \star \\ 0 \end{array} \begin{array}{c} 1 \\ 0 \end{array} \right) + \left(\begin{array}{c} \star \\ 0 \end{array} \begin{array}{c} 1 \\ 0 \end{array} \right)$$

(correct answer = 1)
(... zero otherwise)

(correct answer = 1)
(... zero otherwise)

(correct answer = 1)
(... zero otherwise)

(correct answer = 1)
(... zero otherwise)

(correct answer = 1)
(... zero otherwise)

=

Financial Knowledge Index

...as sum of correct answers

Range [0;5]

Moore (2003)

Sabri *et al.* (2008)

Robb & Sharpe (2009)

Gerardi, Goette, & Meier (2010)

Agnew & Szkyman (2005)

Financial Literacy

Knowledge and Ability



Are all the answers rights? Yes =1, No = 0

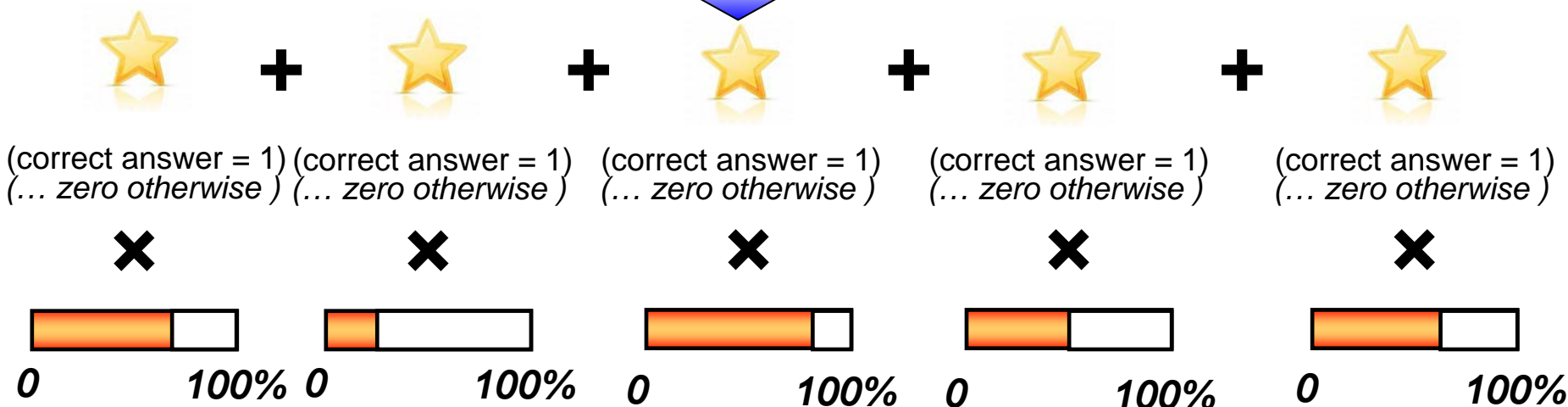
Dummy var [0;1]

Almenberg and Säve-Söderberg (2011)

Lusardi and Mitchell (2011)

Financial Literacy

Knowledge and Ability



=

Financial Knowledge Index as sum of correct answers... weighted by their difficulty

*“How do we measure
Financial Literacy?”*



***“Are we measuring financial
literacy in the best way?”***



***Do different topics have different
relevance in different countries?***



Do different topics have different relevance in different countries?

The relevance of the topic

“Do you know how to drive on a frozen ground?”



***Are we using items (questions) with
the same difficulty?***



***Are we using items (questions) with
the same difficulty?***

Difficulty of the question

Question

If $2+2 = X$

A) $X=0$

B) $X=2$

C) $X=4$

Question

If $X = -3$ the value of

$X - \sqrt{X^2}$ is equal to...

A) -6

B) 0

C) -3

Are we using items (questions) with the same difficulty?

... and other technicalities...
(wording, guessing, etc...)

Question

Buying a single company's stock usually provides a safer return than a stock mutual fund.

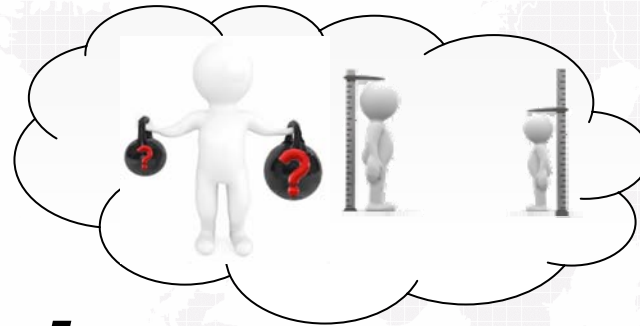
- A) True
- B) False

Question

Buying a single company's stock usually provides...

- A) ... a safer return than a stock mutual fund
- B) ... the same return of a single bond
- C) ... more risk than a mutual fund
- D) ... a tax-shield benefit

How much people in Europe know about finance?



The research project...



How much people in Europe know about finance?



Compound interest	1	2	3	4	5
Inflation	1	2	3	4	5
Mortgage	1	2	3	4	5
Diversification	1	2	3	4	5
Bond pricing	1	2	3	4	5
<hr/>					
Bank account	1	2	3	4	5
Payments	1	2	3	4	5
Saving and Investments	1	2	3	4	5
Loan and Debts	1	2	3	4	5
Retirement and Planning	1	2	3	4	5

Standard approach



- # of questions for each topic
- # options for each question
- “Do not know” option
- “Prefer not to say” option
- Growing difficulty

How much people in Europe know about finance?



Compound interest	★	2	3	4	5
Inflation	★	2	3	4	5
Mortgage	★	2	3	4	5
Diversification	★	2	3	4	5
Bond pricing	★	2	3	4	5
Bank account	1	2	3	4	5
Payments	1	2	3	4	5
Saving and Investments	1	2	3	4	5
Loan and Debts	1	2	3	4	5
Retirement and Planning	1	2	3	4	5

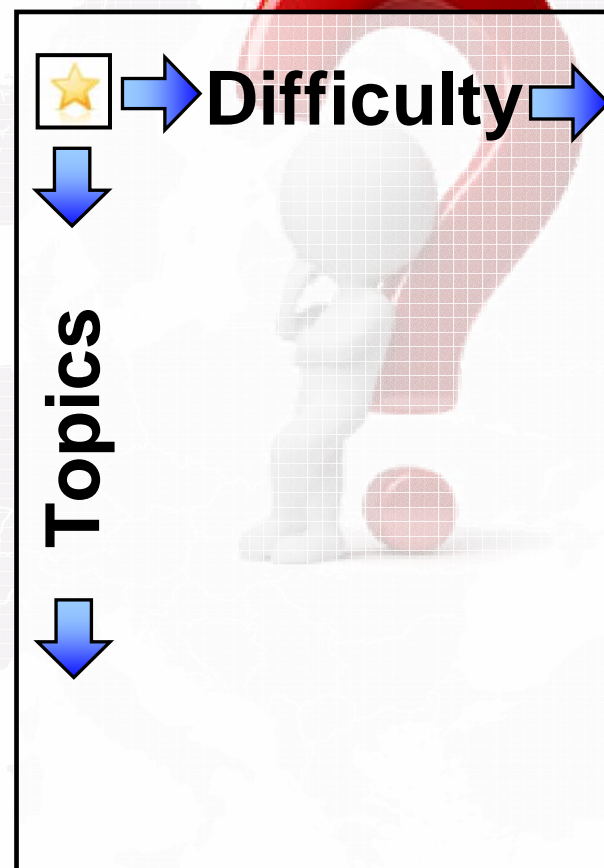
**Reference
point**



How much people in Europe know about finance?



Compound interest	★	2	3	4	5
Inflation	★	2	3	4	5
Mortgage	★	2	3	4	5
Diversification	★	2	3	4	5
Bond pricing	★	2	3	4	5
<hr/>					
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How much people in Europe know about finance?



Compound interest	★	2	3	4	5
Inflation	★	2	3	4	5
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Bank account	1	2	3	4	5
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Loan and Debts	1	2	3	4	5
Retirement and Planning	1	2	3	4	5

**Difficulty
levels**



**Robustness of
previous
results**

How much people in Europe know about finance?



Compound interest	★	2	3	4	5
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Retirement and Planning	1	2	3	4	5

**Difficulty
levels**



**Robustness of
previous
results**

How much people in Europe know about finance?



Compound interest	★	2	3	4	5
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Saving and Investments	1	2	3	4	5
Loan and Debts	1	2	3	4	5
Retirement and Planning	1	2	3	4	5

**Difficulty
levels**



Deep analysis

How much people in Europe know about finance?



Compound interest	★	2	3	4	5
Inflation	★	2	3	4	5
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Bond pricing	★	2	3	4	5
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Payments	1	2	3	4	5
Saving and Investments	1	2	3	4	5
Loan and Debts	1	2	3	4	5
Retirement and Planning	1	2	3	4	5

Comparison



**Robustness of
previous
results**

How much people in Europe know about finance?



Compound interest	★	2	3	4	5
Inflation	★	2	3	4	5
Mortgage	★	2	3	4	5
Diversification	★	2	3	4	5
Bond pricing	★	2	3	4	5
<hr/>					
Bank account	1	2	3	4	5
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**Relevance
of the topic**



Financial literacy in European countries

*How much people in Europe know
about finance?*

The case of Italy

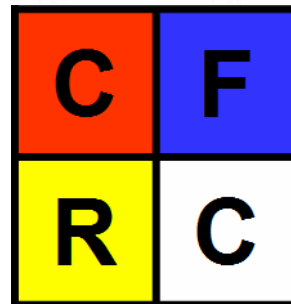
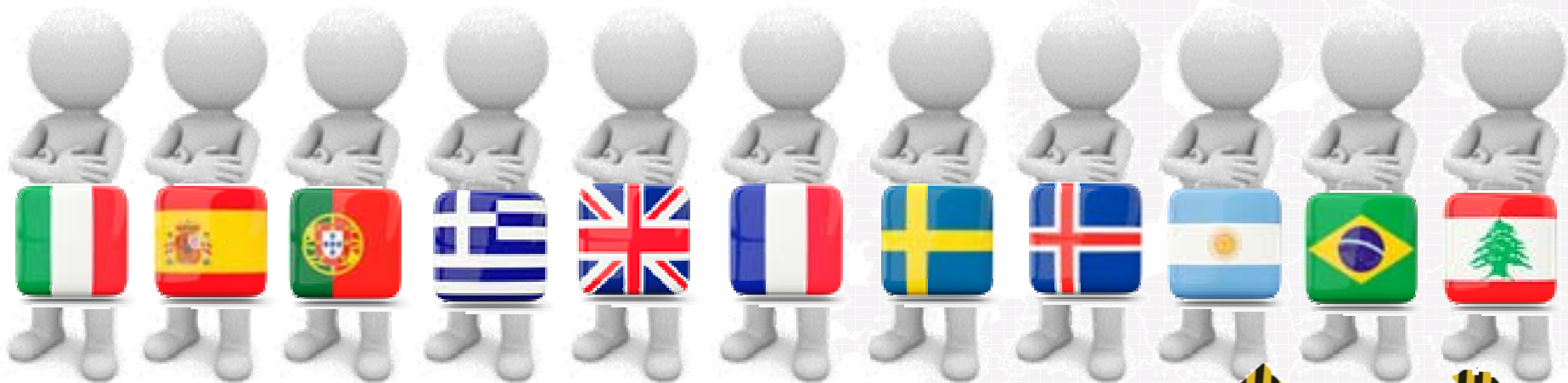


Compound interest	★		2		3		4		5	
Inflation	★		2		3		4		5	
Mortgage	★		2		3		4		5	
Diversification	★		2		3		4		5	
Bond pricing	★		2		3		4		5	
Bank account	1		2		3		4		5	
Payments	1		2		3		4		5	
Saving and Investments	1		2		3		4		5	
Loan and Debts	1		2		3		4		5	
Retirement and Planning	1		2		3		4		5	

Financial literacy in European countries

How much people in Europe know about finance?

The network

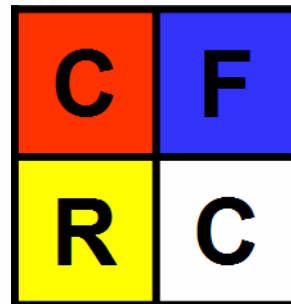
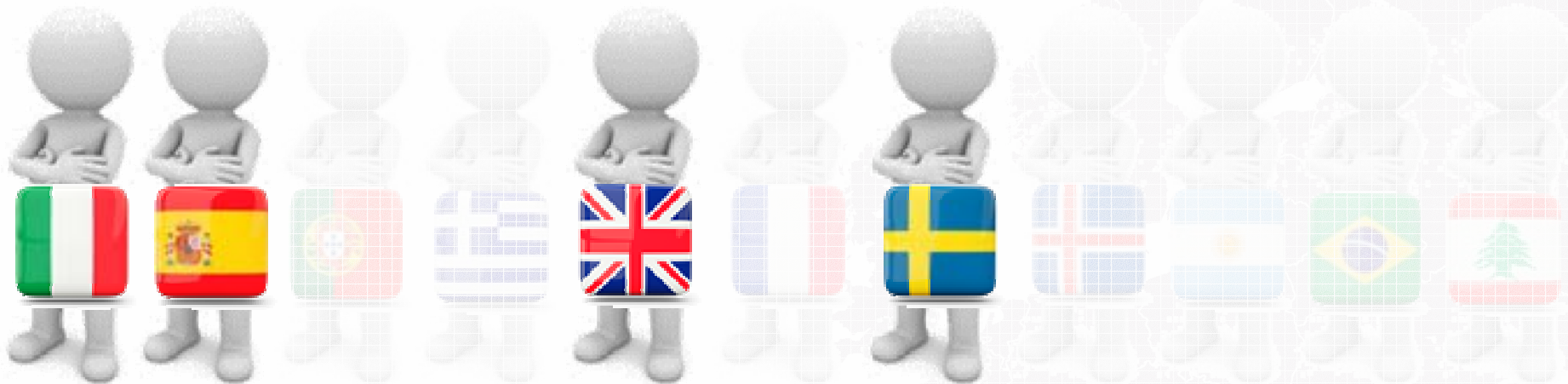


Consumer Finance Research Center
(www.consumer-finance.org)

Financial literacy in European countries

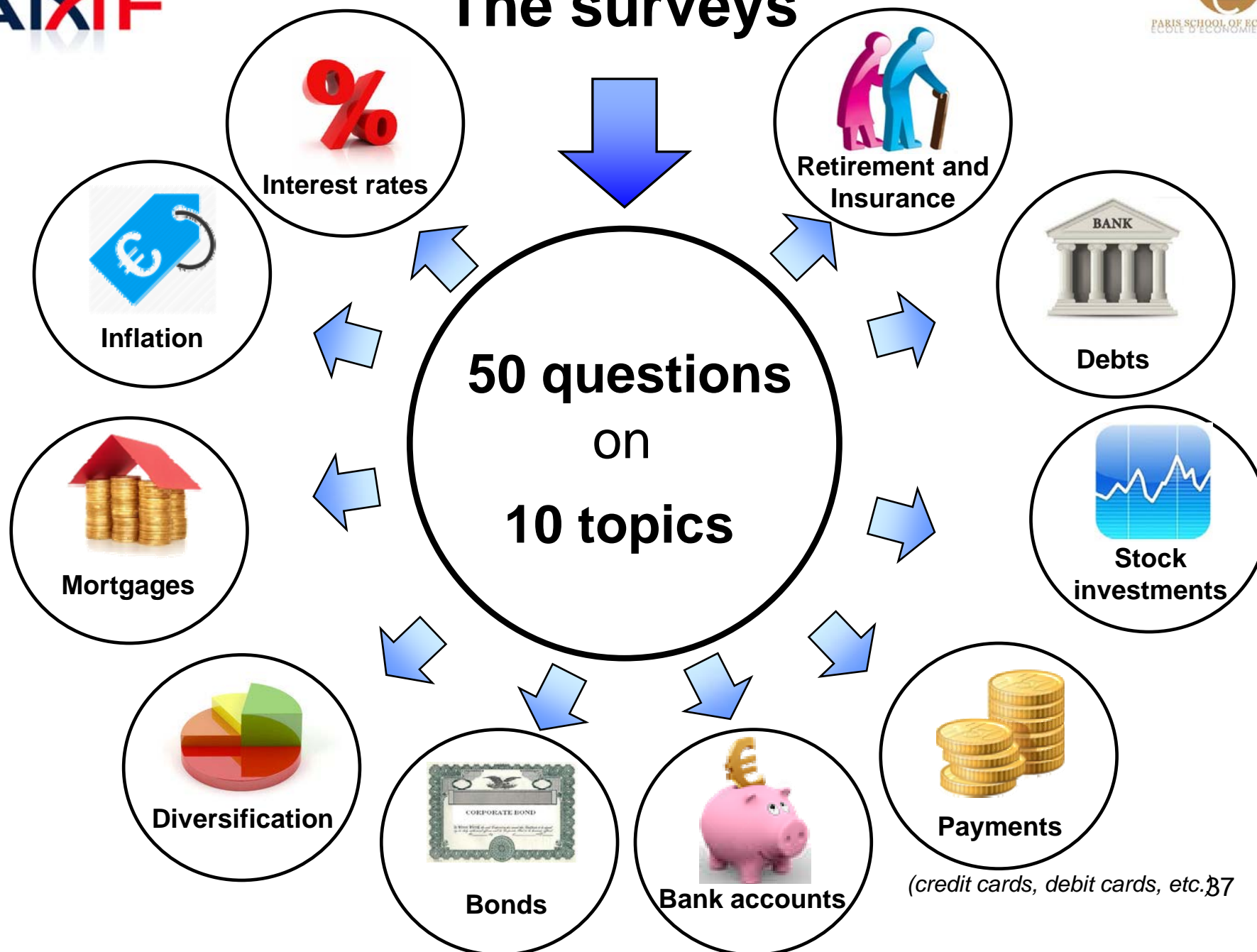
How much people in Europe know about finance?

The network

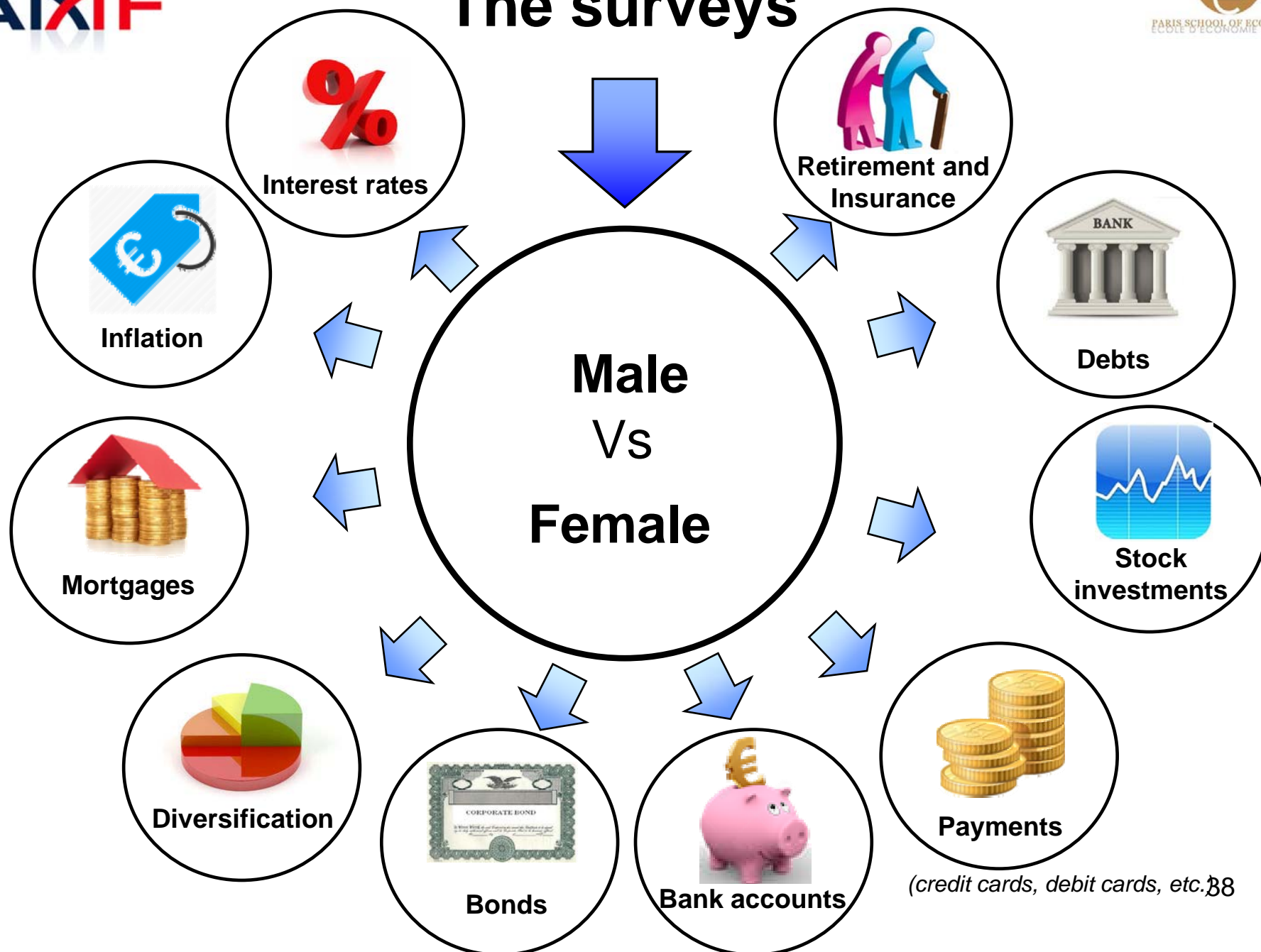


Consumer Finance Research Center
(www.consumer-finance.org)

The surveys



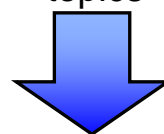
The surveys



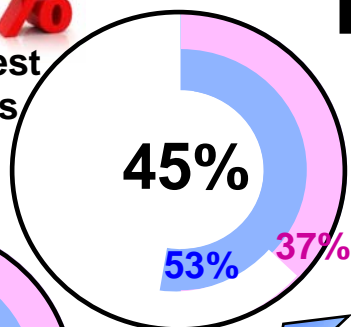


The surveys

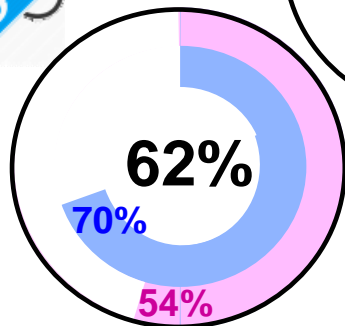
50 question on 10 topics



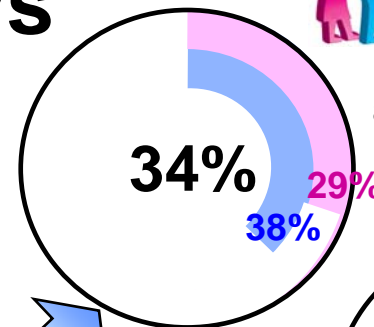
Interest rates



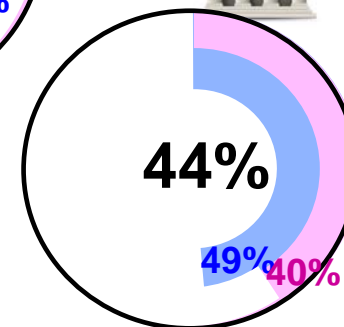
Inflation



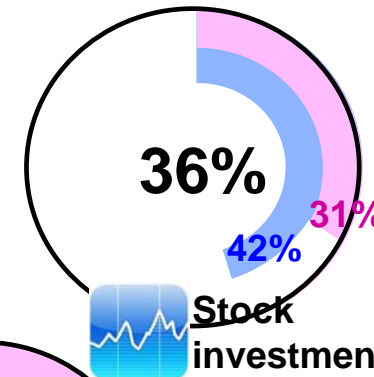
Retirement and Insurance



Debts

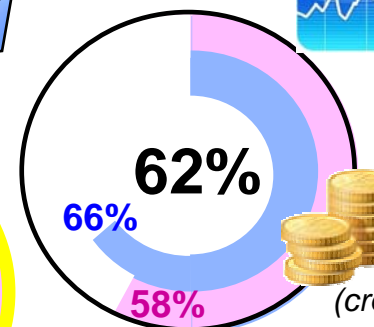


36%



Stock investments

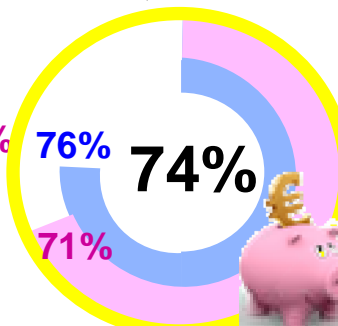
62%



Payments

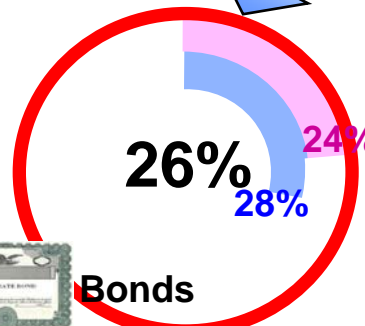
(credit cards, debit cards, etc.)

74%



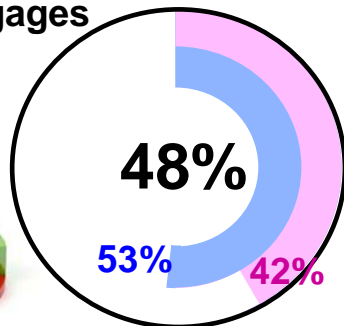
Bank accounts

26%



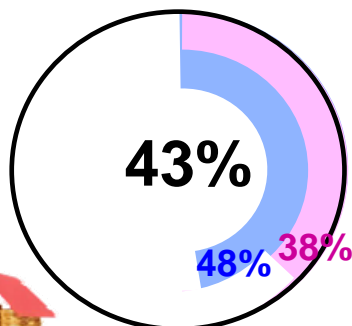
Bonds

48%



Diversification

43%



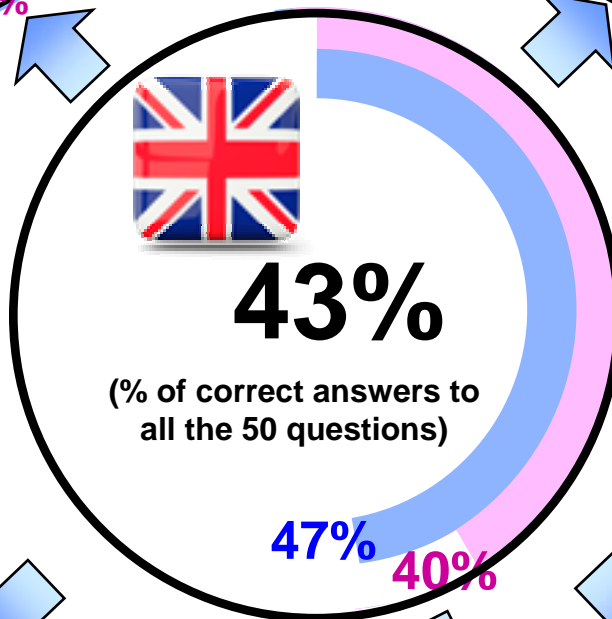
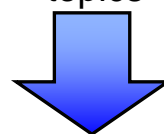
Mortgages



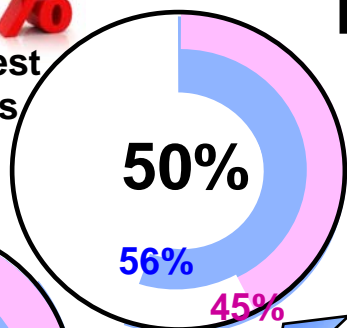


The surveys

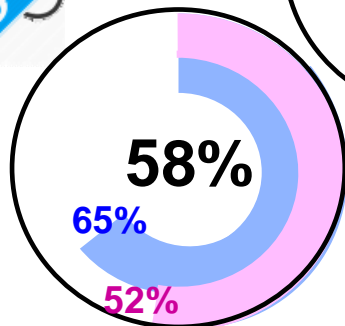
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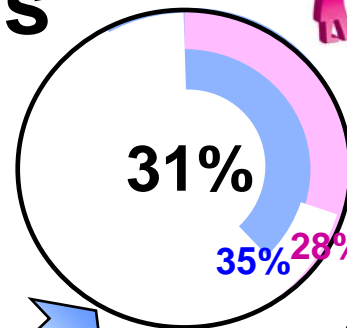
Interest rates



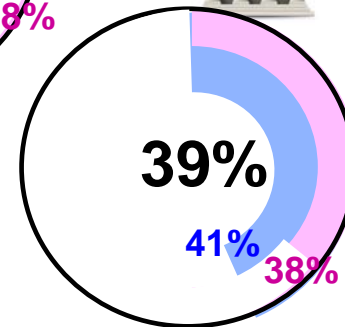
Inflation



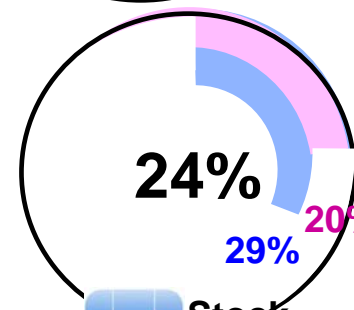
Retirement and Insurance



Debts



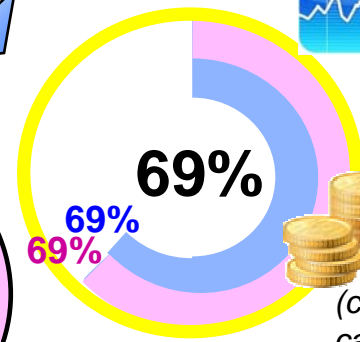
24%



Stock investments



Payments

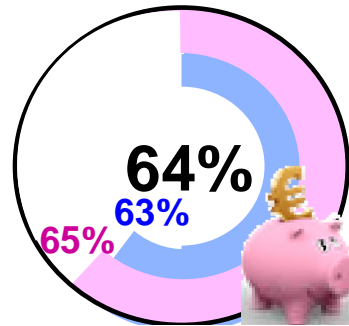


(credit cards, debit cards, etc.)

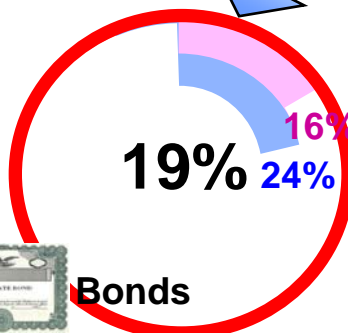
Bank accounts



64%



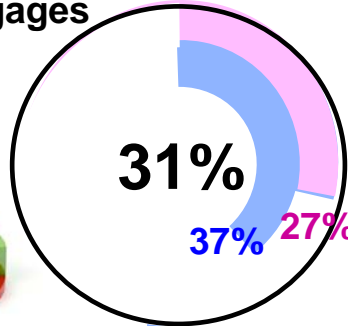
19%



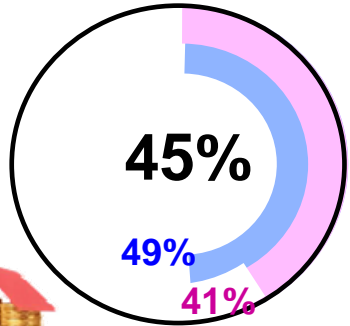
Bonds



Diversification



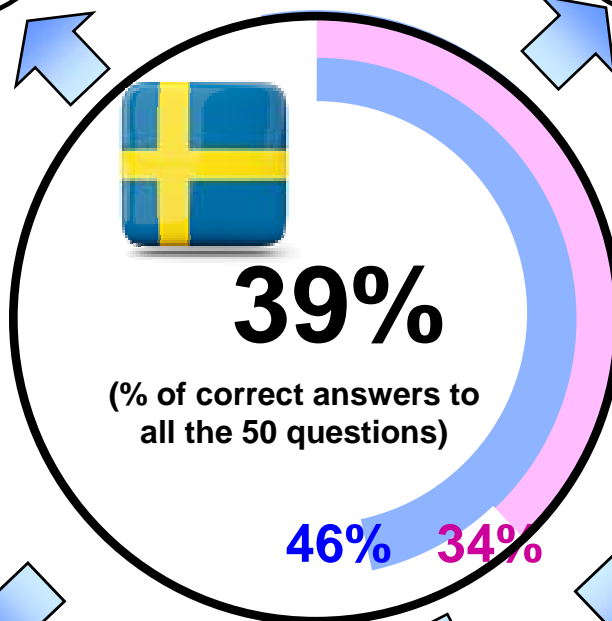
Mortgages



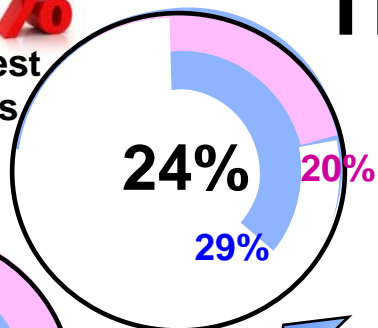


The surveys

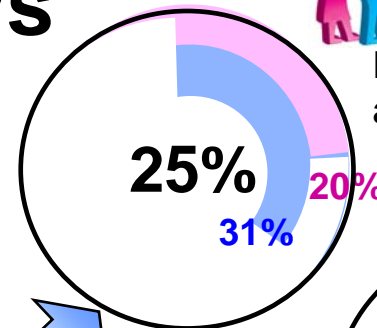
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topics



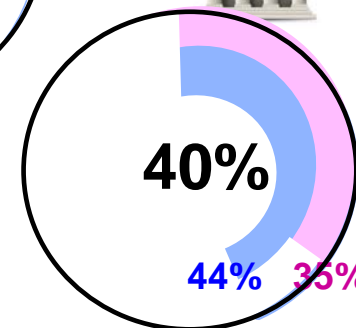
Interest
rates



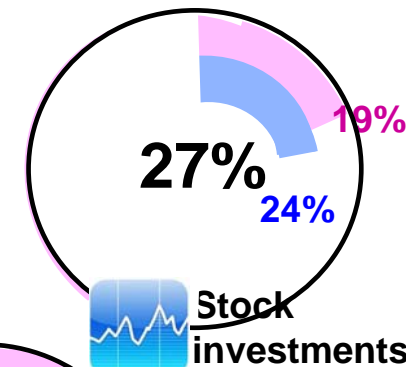
Retirement
and Insurance



Debts

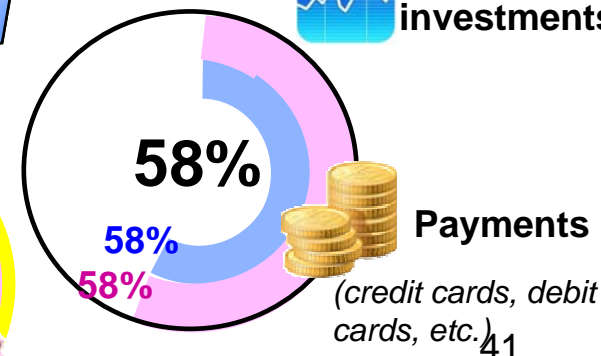


27%



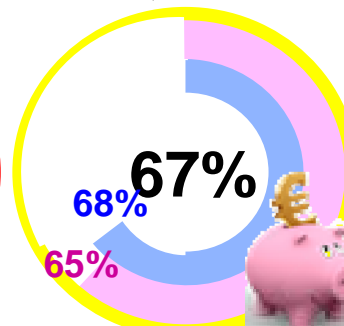
Stock
investments

58%



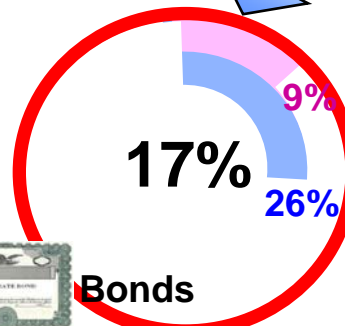
Payments
(credit cards, debit
cards, etc.)

67%



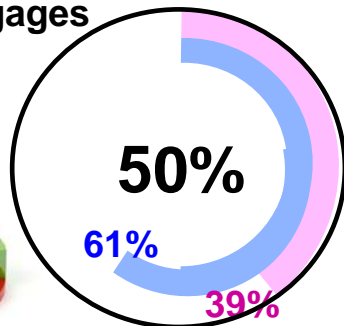
Bank accounts

17%



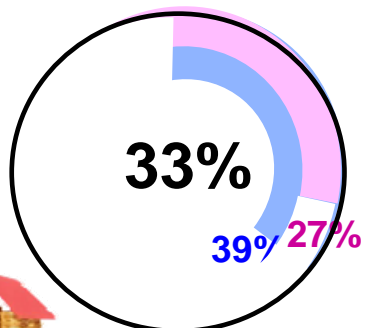
Bonds

50%



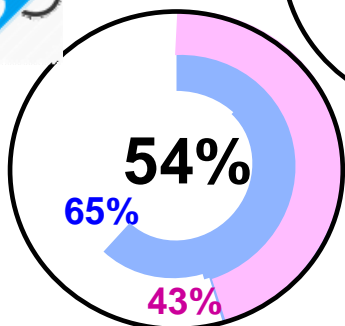
Diversifition

33%



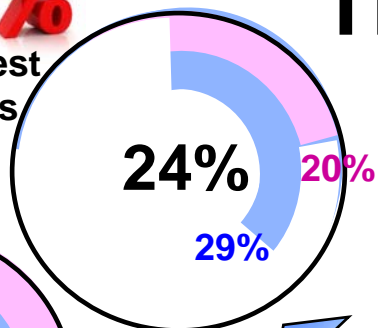
Mortgages

54%



Inflation

24%



Interest
rates

The surveys



Retirement
and Insurance

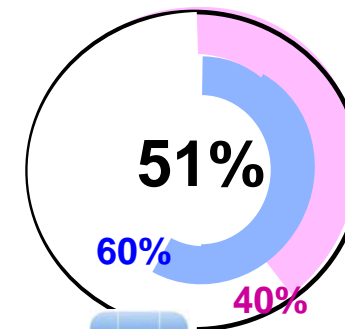
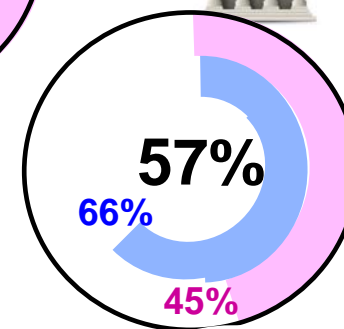
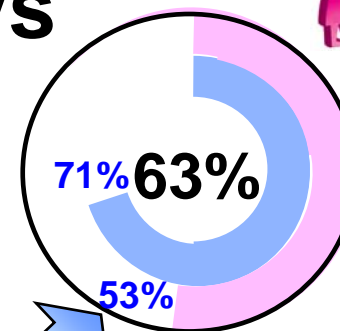
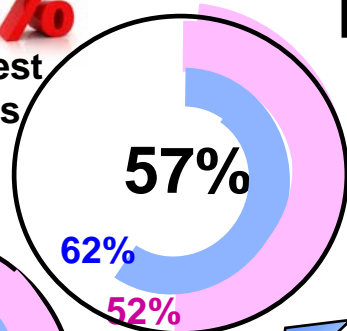
50 question on 10
topics

Debts



Inflation

Interest
rates

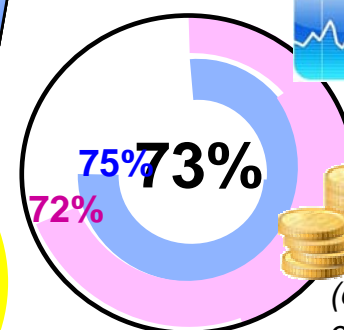


Stock
investments

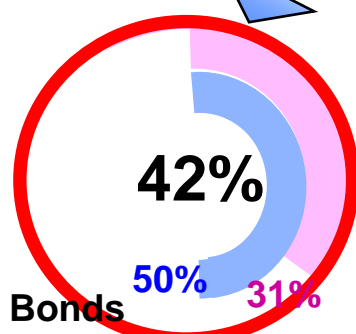
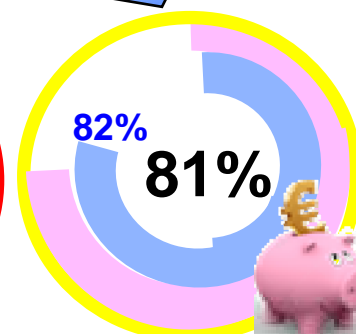


Payments

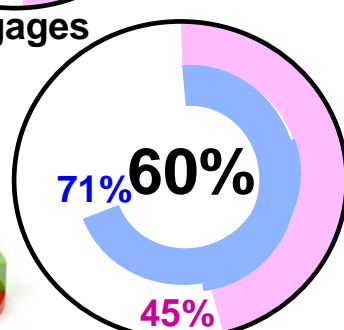
(credit cards, debit
cards, etc.)



Bank accounts



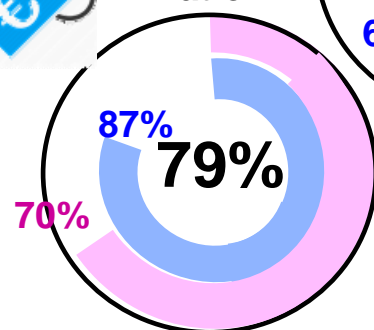
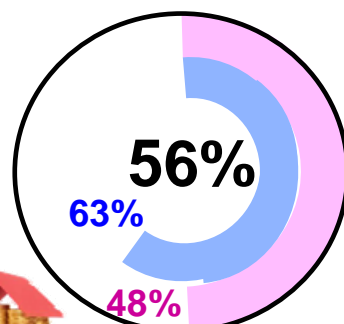
Bonds



Diversification



Mortgages



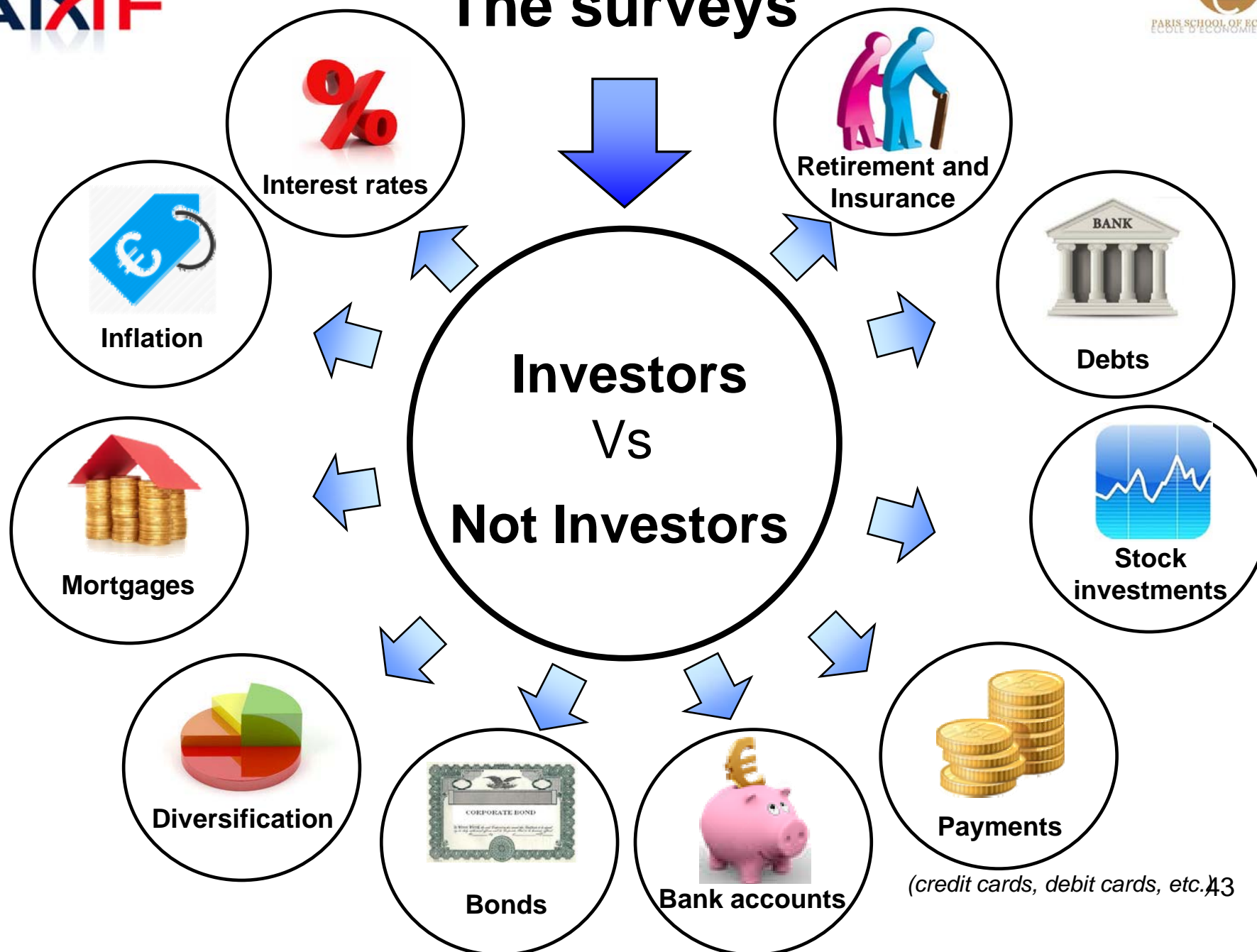
62%

(% of correct answers to
all the 50 questions)

69%

54%

The surveys



(credit cards, debit cards, etc.) 43

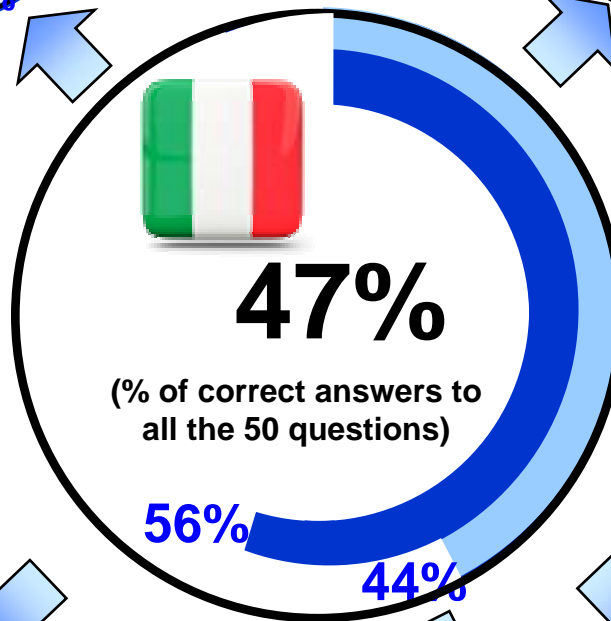
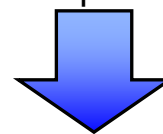
The surveys



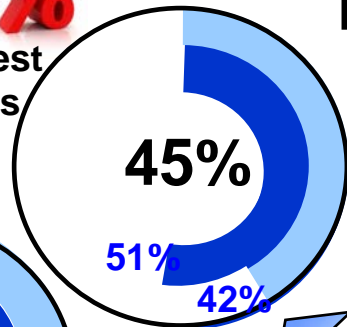
Retirement
and Insurance

Debts

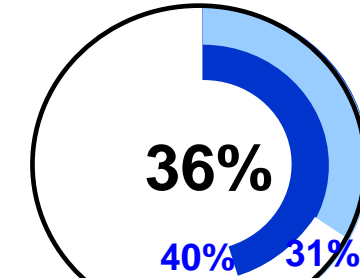
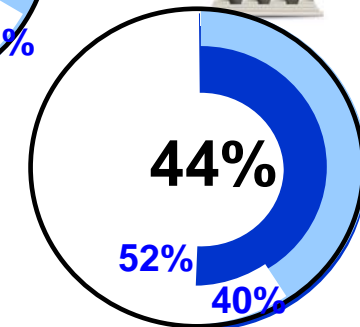
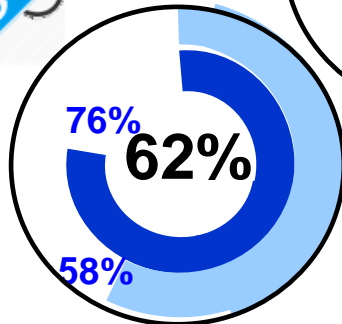
50 question on 10
topics



Interest
rates



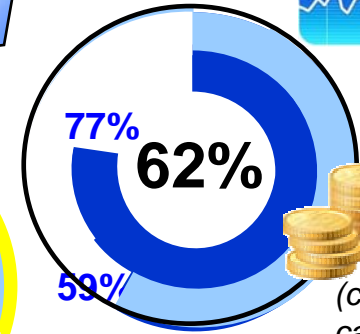
Inflation



Stock
investments



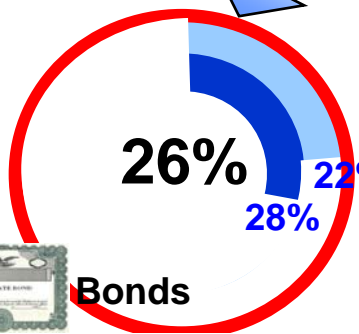
Payments
(credit cards, debit
cards, etc.)



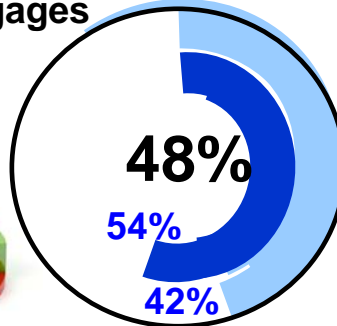
Bank accounts



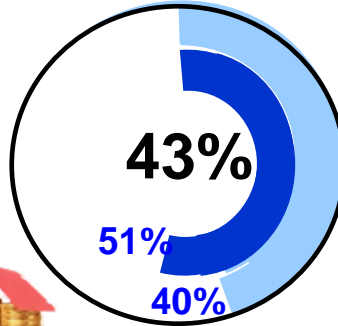
Bonds



Diversification



Mortgages



The surveys

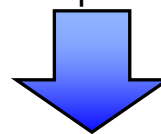


Retirement
and Insurance

Debts



50 question on 10
topics



43%

(% of correct answers to
all the 50 questions)

44%
38%

Interest
rates

50%

50%
44%

Inflation

54%

58%
51%

45%

45%
39%

Mortgages

31%

36%
23%

Diversification

19%

13%
23%

Bonds

64%

64%
58%

Bank accounts

69%

67%
63%

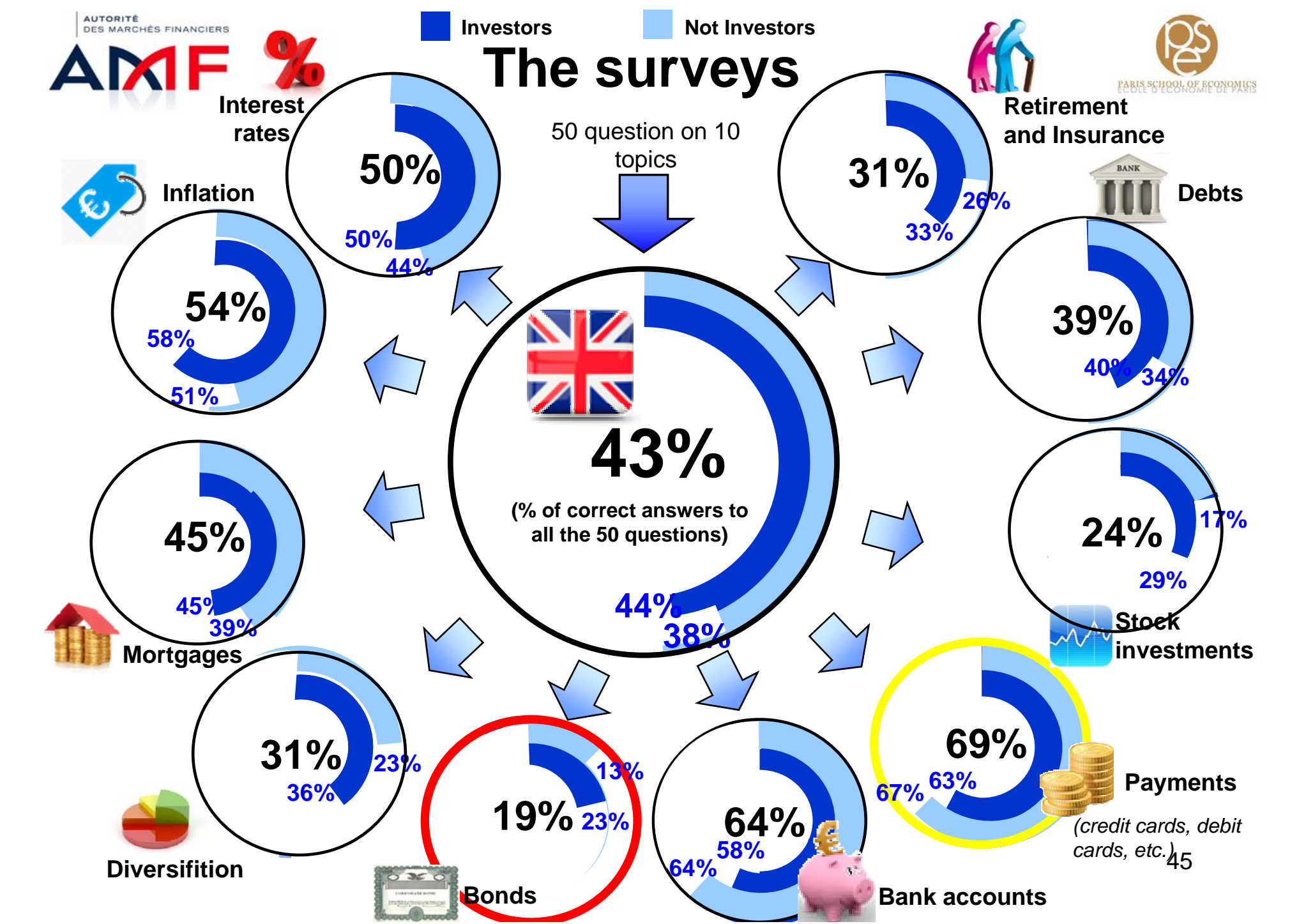
Payments

(credit cards, debit
cards, etc.)

24%

17%
29%

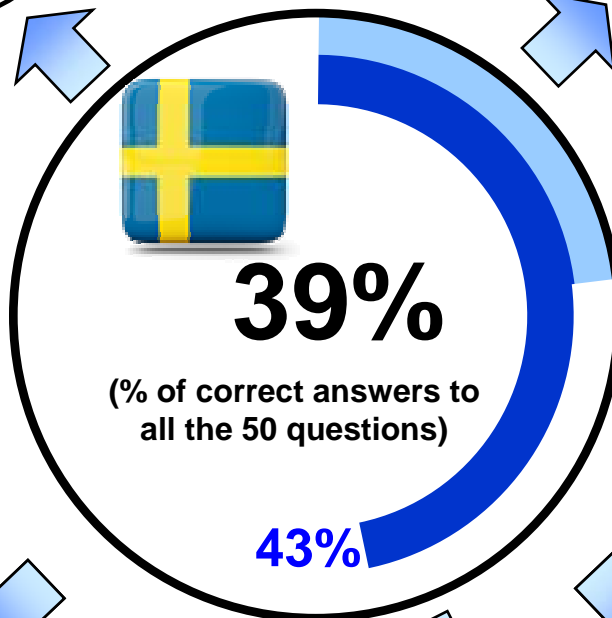
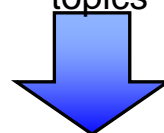
Stock
investments



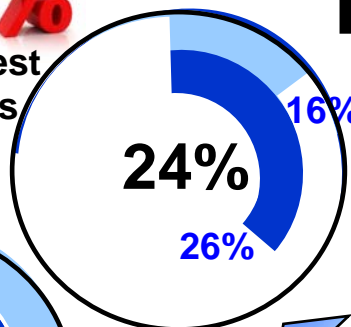
The surveys



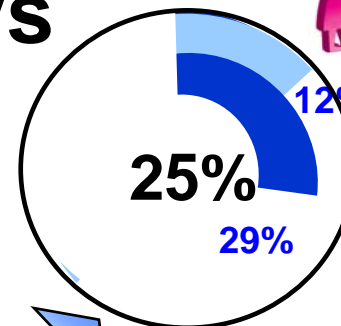
50 question on 10
topics



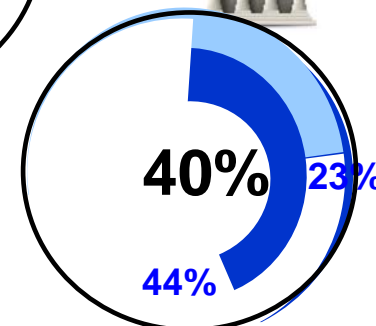
Interest
rates



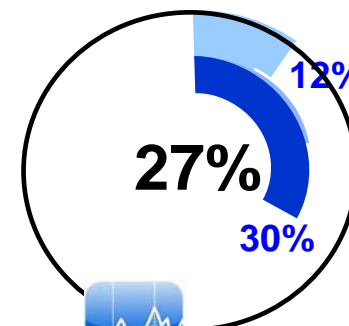
Retirement
and Insurance



Debts

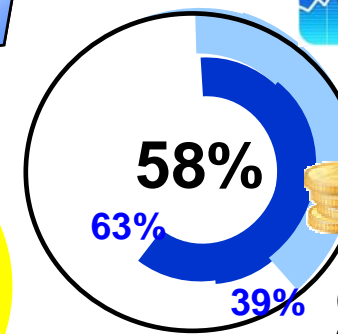


27%



Stock
investments

58%

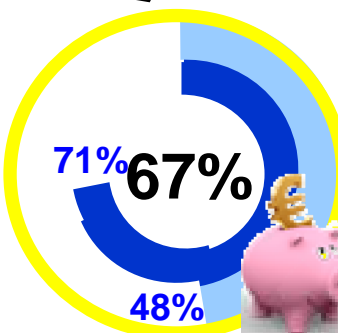


Payments

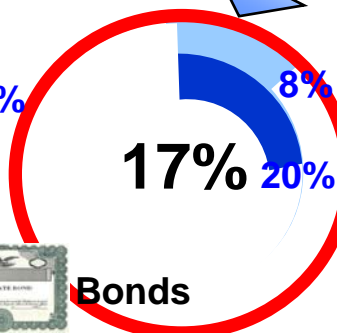
(credit cards, debit
cards, etc.)

Bank accounts

67%

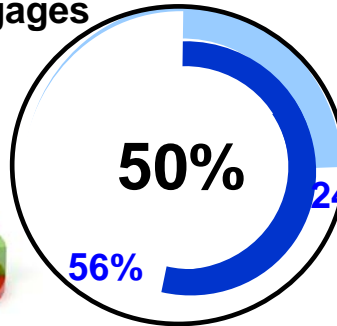


17%



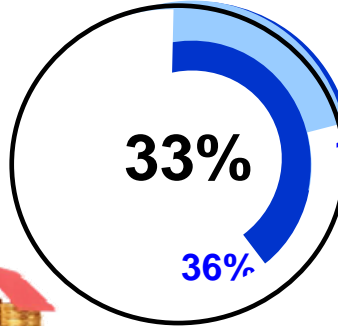
Bonds

50%



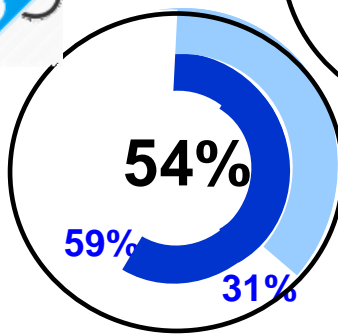
Diversification

33%



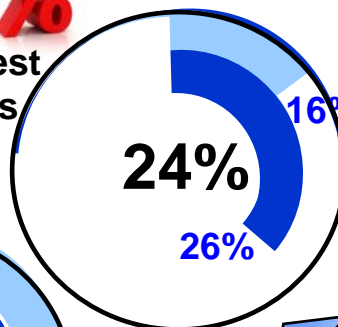
Mortgages

54%



Inflation

24%



Interest
rates



39%

(% of correct answers to
all the 50 questions)

43%

23%

27%

58%

67%

17%

50%

33%

25%

40%

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27%

54%

33%

24%

The surveys



Retirement
and Insurance

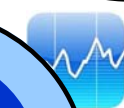
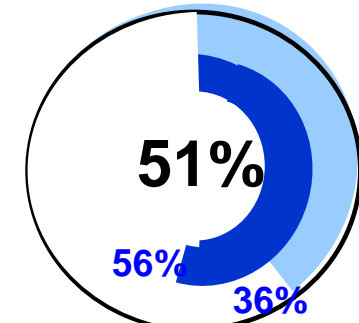
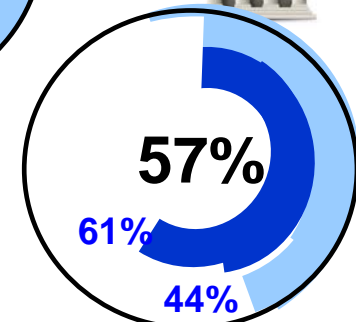
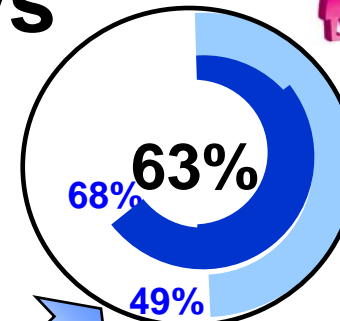
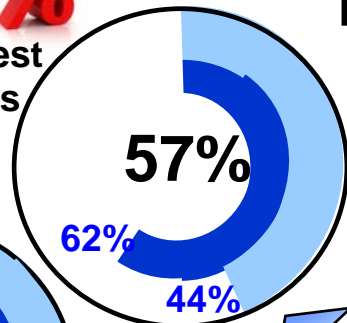
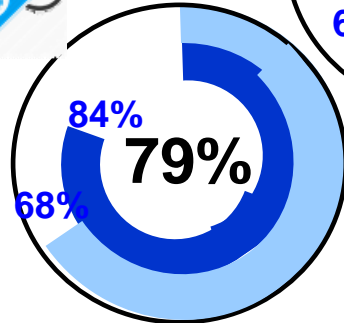
50 question on 10
topics

Debts



Inflation

Interest
rates

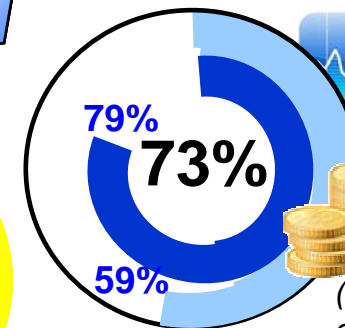


Stock
investments

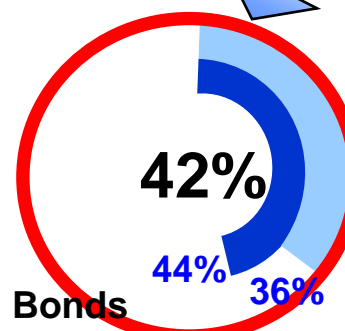
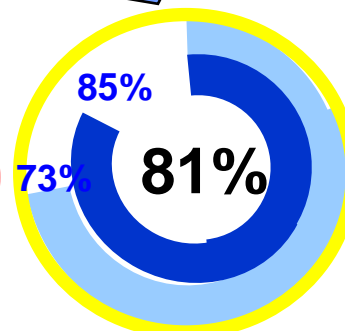


Payments

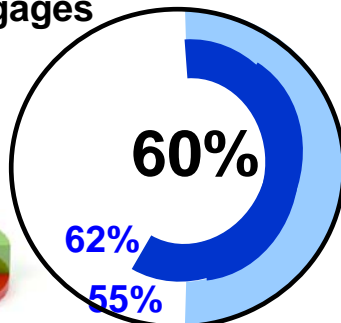
(credit cards, debit
cards, etc.)



Bank accounts



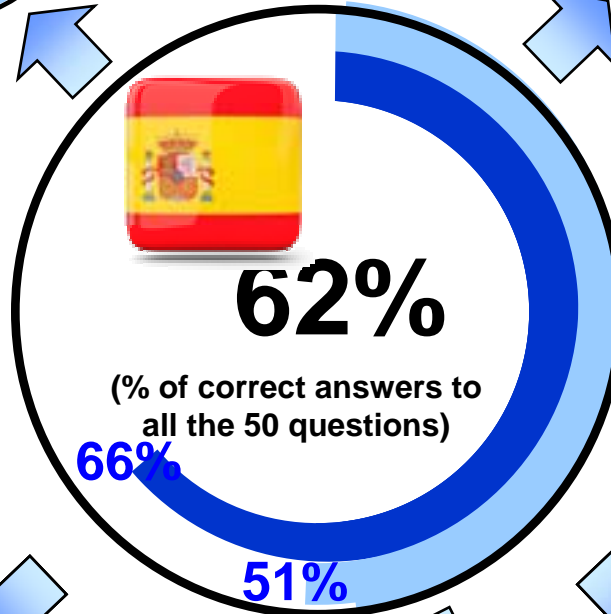
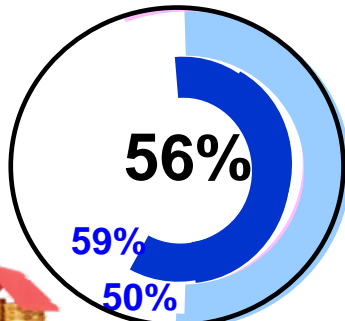
Bonds



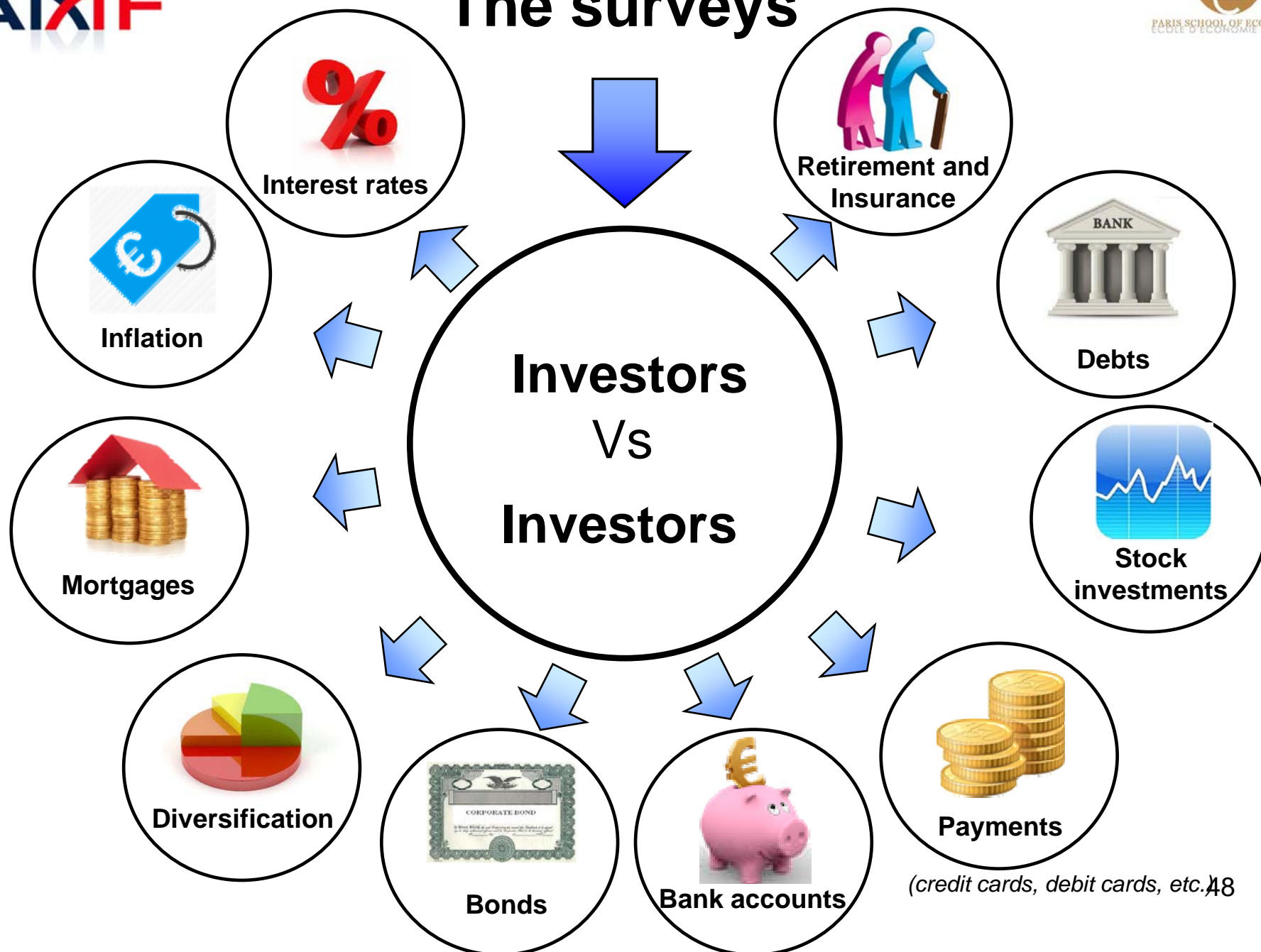
Diversifition



Mortgages







The surveys





Investment knowledge scores


Total score (50 questions on 10 topics)


	All Investors		Bond Investors	Stock Investors	Mutual Fund Investors
	56%		49%	50%	59%
	44%		42%	49%	57%
	43%		34%	39%	34%
	66%		88%	69%	80%

Investment knowledge scores

		All investors		Bond investors		Stock Investors		Mutal Fund Investors	
	Total (50)	56%		49%		50%		59%	
	Diversification (5)	54%	41%	52%	42%	54%	44%	64%	49%
	Bond (5)	28%		32%		37%		34%	
	Stock (5)	40%		43%		41%		50%	

	Total (50)	44%		42%		49%		57%	
	Diversification (5)	31%	25%	35%	33%	34%	31%	59%	46%
	Bond (5)	19%		33%		27%		42%	
	Stock (5)	24%		31%		32%		37%	


	Total (50)	43%		34%		39%		34%	
	Diversification (5)	50%	31%	53%	44%	71%	59%	70%	53%
	Bond (5)	17%		24%		42%		22%	
	Stock (5)	27%		55%		64%		68%	


	Total (50)	66%		88%		69%		80%	
	Diversification (5)	60%	51%	100%	93%	76%	63%	76%	72%
	Bond (5)	42%		100%		59%		64%	
	Stock (5)	51%		80%		53%		76%	


Financial literacy and financial behaviors in European countries


Financial Literacy...
... and Financial Behaviors



		Financial literacy	Financial Behaviors			
Countries	Groups	TOTAL (50 questions)	Risk attitude (1=Low 7=High)	Use of e-banking (Yes=1 No=0)	Figure out retirement needs? (Yes=1 No=0)	Cash preference (in case of a purchase between 100€ and 200€)
	Not Investors	44%				
	ITA Investors-Bonds	49%				
	ITA Investors-Stocks	50%				
	ITA Investors-Mutual funds	59%				

	Not Investors	38%				
	UK Investors-Bonds	42%				
	UK Investors-Stocks	49%				
	UK Investors-Mutual funds	57%				

	Not Investors	23%				
	SWE Investors-Bonds	34%				
	SWE Investors-Stocks	39%				
	SWE Investors-Mutual funds	34%				

	Not Investors	51%				
	SPA Investors-Bonds	88%				
	SPA Investors-Stocks	69%				
	SPA Investors-Mutual funds	80%				



Financial Behaviors



Countries	Groups	Financial literacy TOTAL (50 questions)	Risk attitude (1=Low 7=High)	Use of e-banking (Yes=1 No=0)	Figure out retirement needs? (Yes=1 No=0)	Cash preference (in case of a purchase between 100€ and 200€)
	Not Investors	44%	2,93			
	ITA Investors-Bonds	49%	3,70			
	ITA Investors-Stocks	50%	4,65			
	ITA Investors-Mutual funds	59%	4,14			
	Not Investors	38%	2,78			
	UK Investors-Bonds	42%	4,50			
	UK Investors-Stocks	49%	4,42			
	UK Investors-Mutual funds	57%	4,67			
	Not Investors	23%	2,76			
	SWE Investors-Bonds	34%	2,94			
	SWE Investors-Stocks	39%	4,81			
	SWE Investors-Mutual funds	34%	3,90			
	Not Investors	51%	3,43			
	SPA Investors-Bonds	88%	6,00			
	SPA Investors-Stocks	69%	4,47			
	SPA Investors-Mutual funds	80%	4,00			







		Financial literacy	Financial Behaviors			
Countries	Groups	TOTAL (50 questions)	Risk attitude (1=Low 7=High)	Use of e-banking (Yes=1 No=0)	Figure out retirement needs? (Yes=1 No=0)	Cash preference (in case of a purchase between 100€ and 200€)
	Not Investors	44%		53,7%		
	ITA Investors-Bonds	49%		65,2%		
	ITA Investors-Stocks	50%		91,9%		
	ITA Investors-Mutual funds	59%		86,9%		
	Not Investors	38%		78,6%		
	UK Investors-Bonds	42%		87,8%		
	UK Investors-Stocks	49%		89,9%		
	UK Investors-Mutual funds	57%		76,9%		
	Not Investors	23%		74,8%		
	SWE Investors-Bonds	34%		58,8%		
	SWE Investors-Stocks	39%		94,1%		
	SWE Investors-Mutual funds	34%		97,1%		
	Not Investors	51%		68,6%		
	SPA Investors-Bonds	88%		100,0%		
	SPA Investors-Stocks	69%		86,7%		
	SPA Investors-Mutual funds	80%		100,0%		



Financial Behaviors








Countries	Groups	Financial literacy TOTAL (50 questions)	Risk attitude (1=Low 7=High)	Use of e-banking (Yes=1 No=0)	Figure out retirement needs? (Yes=1 No=0)	Cash preference (in case of a purchase between 100€ and 200€)
	Not Investors	44%			13,0%	
	ITA Investors-Bonds	49%			28,3%	
	ITA Investors-Stocks	50%			45,9%	
	ITA Investors-Mutual funds	59%			21,3%	
	Not Investors	38%			12,4%	
	UK Investors-Bonds	42%			53,1%	
	UK Investors-Stocks	49%			50,7%	
	UK Investors-Mutual funds	57%			48,7%	
	Not Investors	23%			7,6%	
	SWE Investors-Bonds	34%			17,6%	
	SWE Investors-Stocks	39%			39,2%	
	SWE Investors-Mutual funds	34%			29,8%	
	Not Investors	51%			14,3%	
	SPA Investors-Bonds	88%			100,0%	
	SPA Investors-Stocks	69%			40,0%	
	SPA Investors-Mutual funds	80%			40,0%	





Financial Behaviors




Countries	Groups	Financial literacy TOTAL (50 questions)	Risk attitude (1=Low 7=High)	Use of e-banking (Yes=1 No=0)	Figure out retirement needs? (Yes=1 No=0)	Cash preference (in case of a purchase between 100€ and 200€)
	Not Investors	44%				23,9%
	ITA Investors-Bonds	49%				23,9%
	ITA Investors-Stocks	50%				18,9%
	ITA Investors-Mutual funds	59%				18,0%
	Not Investors	38%				12,2%
	UK Investors-Bonds	42%				10,2%
	UK Investors-Stocks	49%				11,6%
	UK Investors-Mutual funds	57%				5,1%
	Not Investors	23%				5,9%
	SWE Investors-Bonds	34%				5,9%
	SWE Investors-Stocks	39%				7,8%
	SWE Investors-Mutual funds	34%				2,9%
	Not Investors	51%				28,6%
	SPA Investors-Bonds	88%				50,0%
	SPA Investors-Stocks	69%				20,0%
	SPA Investors-Mutual funds	80%				0,0%

		Financial literacy	Financial Behaviors			
Countries	Groups	TOTAL (50 questions)	Risk attitude (1=Low 7=High)	Use of e-banking (Yes=1 No=0)	Figure out retirement needs? (Yes=1 No=0)	Cash preference (in case of a purchase between 100€ and 200€)
	Not Investors	44%	2,93	53,7%	13,0%	23,9%
	ITA Investors-Bonds	49%	3,70	65,2%	28,3%	23,9%
	ITA Investors-Stocks	50%	4,65	91,9%	45,9%	18,9%
	ITA Investors-Mutual funds	59%	4,14	86,9%	21,3%	18,0%

	Not Investors	38%	2,78	78,6%	12,4%	12,2%
	UK Investors-Bonds	42%	4,50	87,8%	53,1%	10,2%
	UK Investors-Stocks	49%	4,42	89,9%	50,7%	11,6%
	UK Investors-Mutual funds	57%	4,67	76,9%	48,7%	5,1%

	Not Investors	23%	2,76	74,8%	7,6%	5,9%
	SWE Investors-Bonds	34%	2,94	58,8%	17,6%	5,9%
	SWE Investors-Stocks	39%	4,81	94,1%	39,2%	7,8%
	SWE Investors-Mutual funds	34%	3,90	97,1%	29,8%	2,9%

	Not Investors	51%	3,43	68,6%	14,3%	28,6%
	SPA Investors-Bonds	88%	6,00	100,0%	100,0%	50,0%
	SPA Investors-Stocks	69%	4,47	86,7%	40,0%	20,0%
	SPA Investors-Mutual funds	80%	4,00	100,0%	40,0%	0,0%

Conclusions

- 1** Financial literacy is low on average...
- 2** ... but changes a lot when different areas of knowledge are taken into account.
- 3** Investors are on average more knowledgeable than others.
- 4** There are differences between investors (bond, stock, mutual fund investors).
- 5** Financial literacy seems to be related with financial behaviors.

***Financial education in the digital age:
What are the challenges for investment?***

Paris, Maison du Barreau – Monday, June 20th 2016

Financial Literacy in Europe

(Gianni Nicolini¹)

For more details on the research project visit the



Consumer Finance Research Center
(www.consumer-finance.org)