

## Introduction

- Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.
- PISA 2012, a study of 15-year-olds conducted by the OECD, is the first large-scale international study to assess the financial literacy of young people.
- A total of 29,000 students from 18 education systems, including the United States and 12 other OECD countries, participated in PISA 2012.
- Financial literacy, as measured in PISA, consists of:
  - Content areas**—Money and transactions, planning and managing finances, risk and reward, and the financial landscape
  - Processes**—Identify financial information, analyze information in a financial context, evaluate financial issues, and apply financial knowledge and understanding
  - Contexts**—Education and work, home and family, individual, and societal

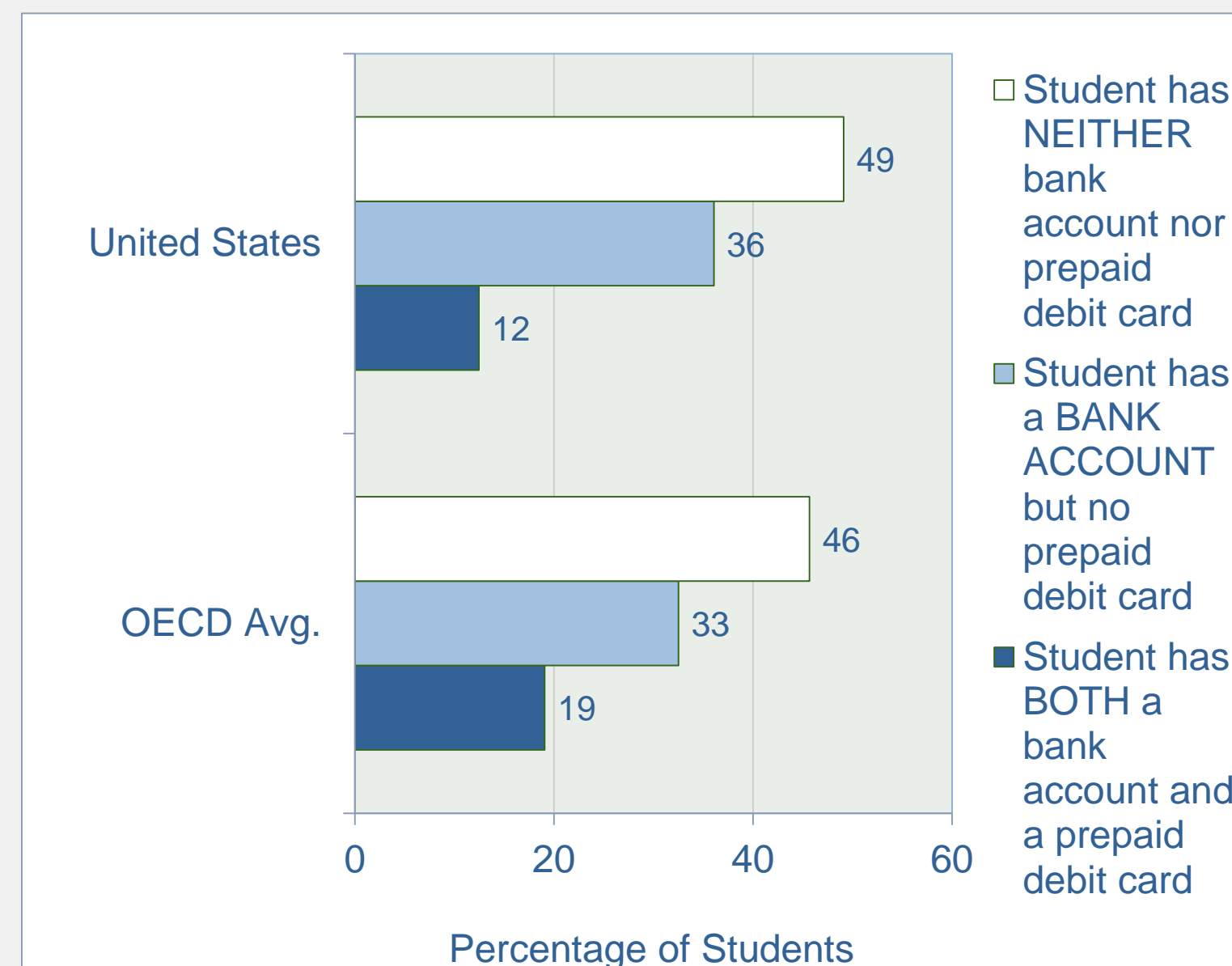
## Research Objectives

- To identify the percentage of 15-year-old students who (1) have a bank account and/or a prepaid debit card and (2) save money in various ways
- To examine how the possession of a bank account and/or a prepaid debit card and money-saving habits relate to 15-year-old students' financial literacy, controlling for SES

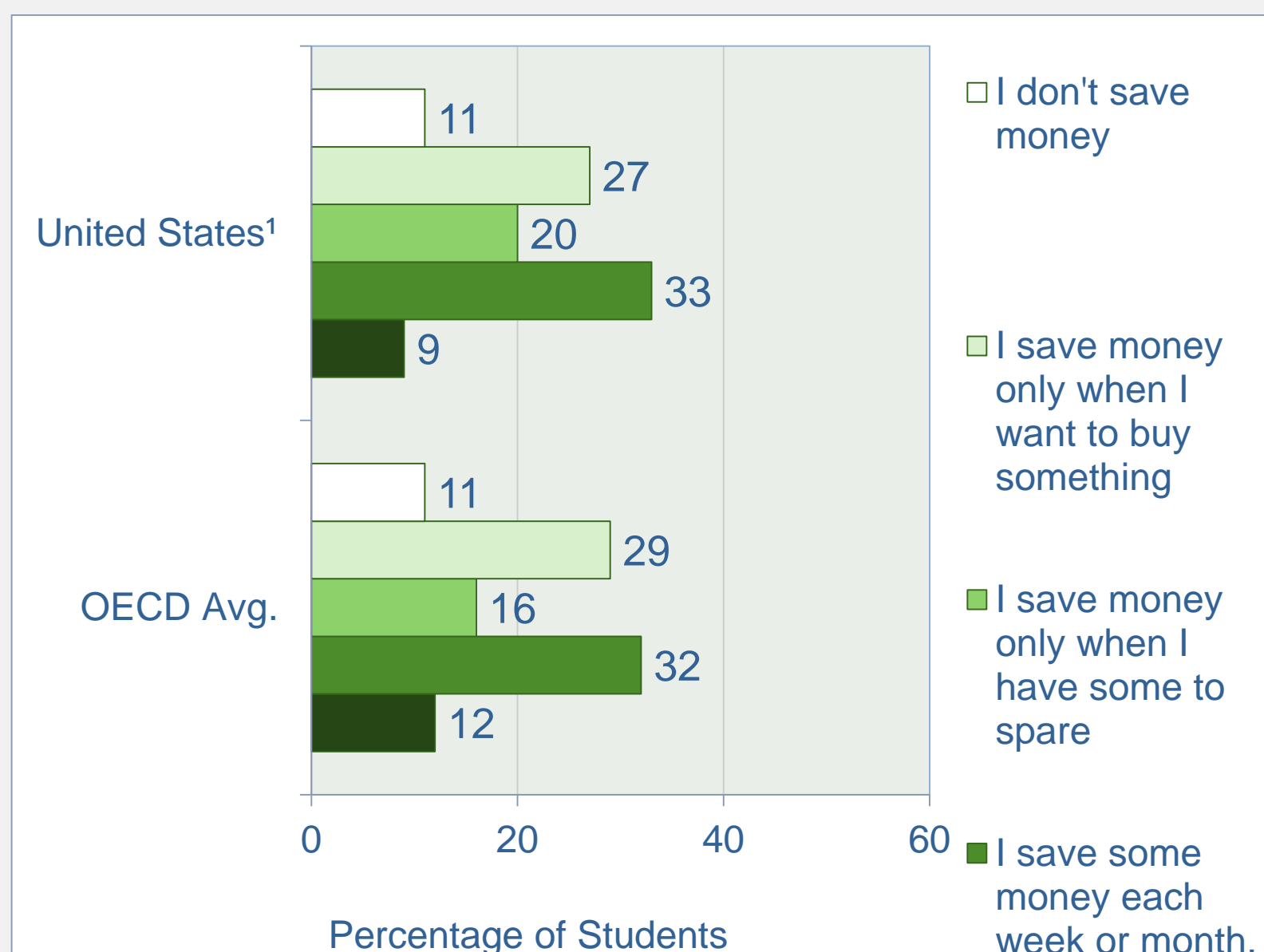
## Methodology

- SES was measured by the PISA index of economic, social, and cultural status (ESCS).
- Bivariate and multivariate analyses (OLS regression) were performed using the NCES PISA International Data Explorer (IDE) and the IEA International Database (IDB) Analyzer, respectively, which produce unbiased estimates and standard errors by accounting for the study's complex sample design and plausible values of achievement.

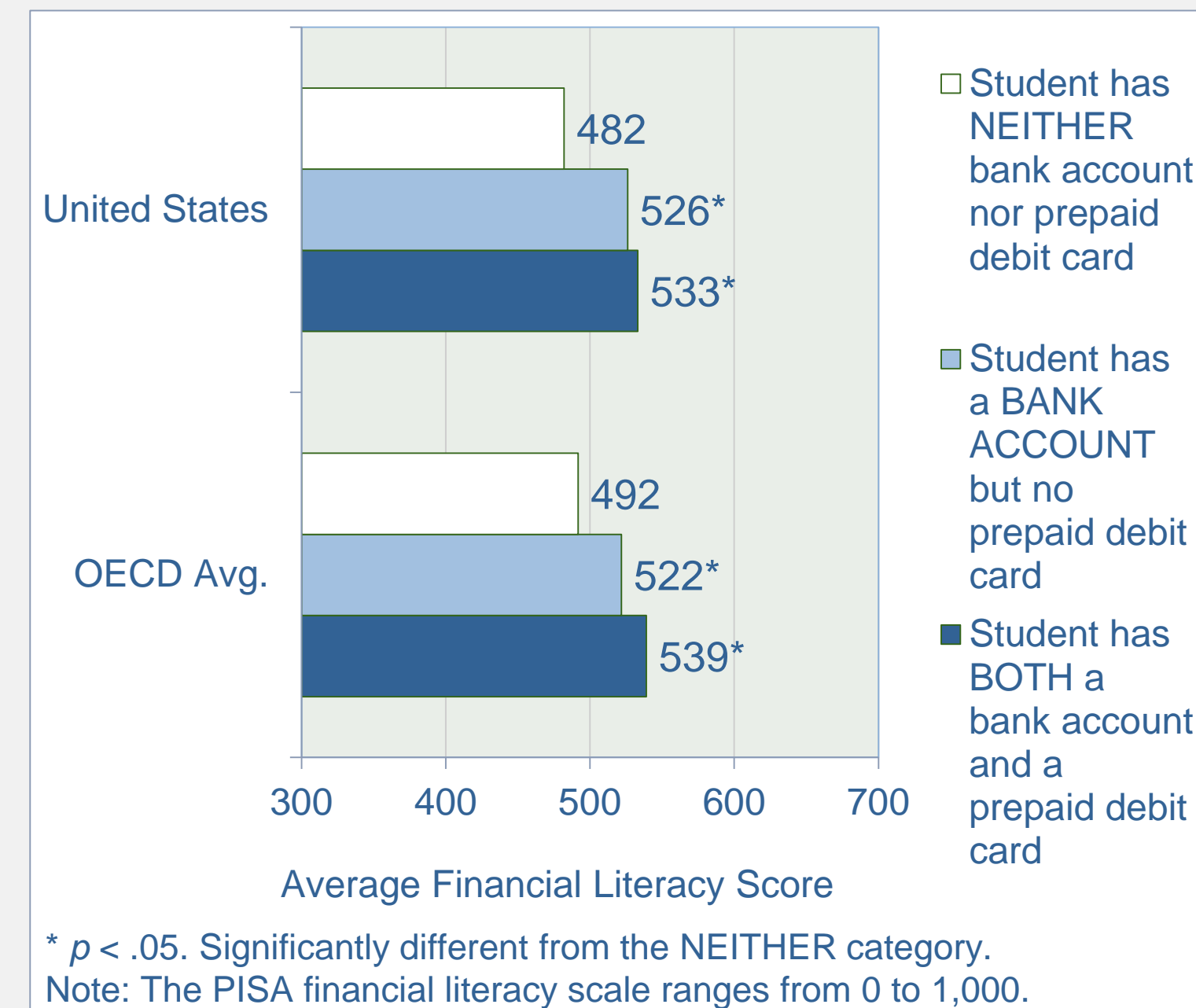
## What percentage of students have a bank account and/or a prepaid debit card?



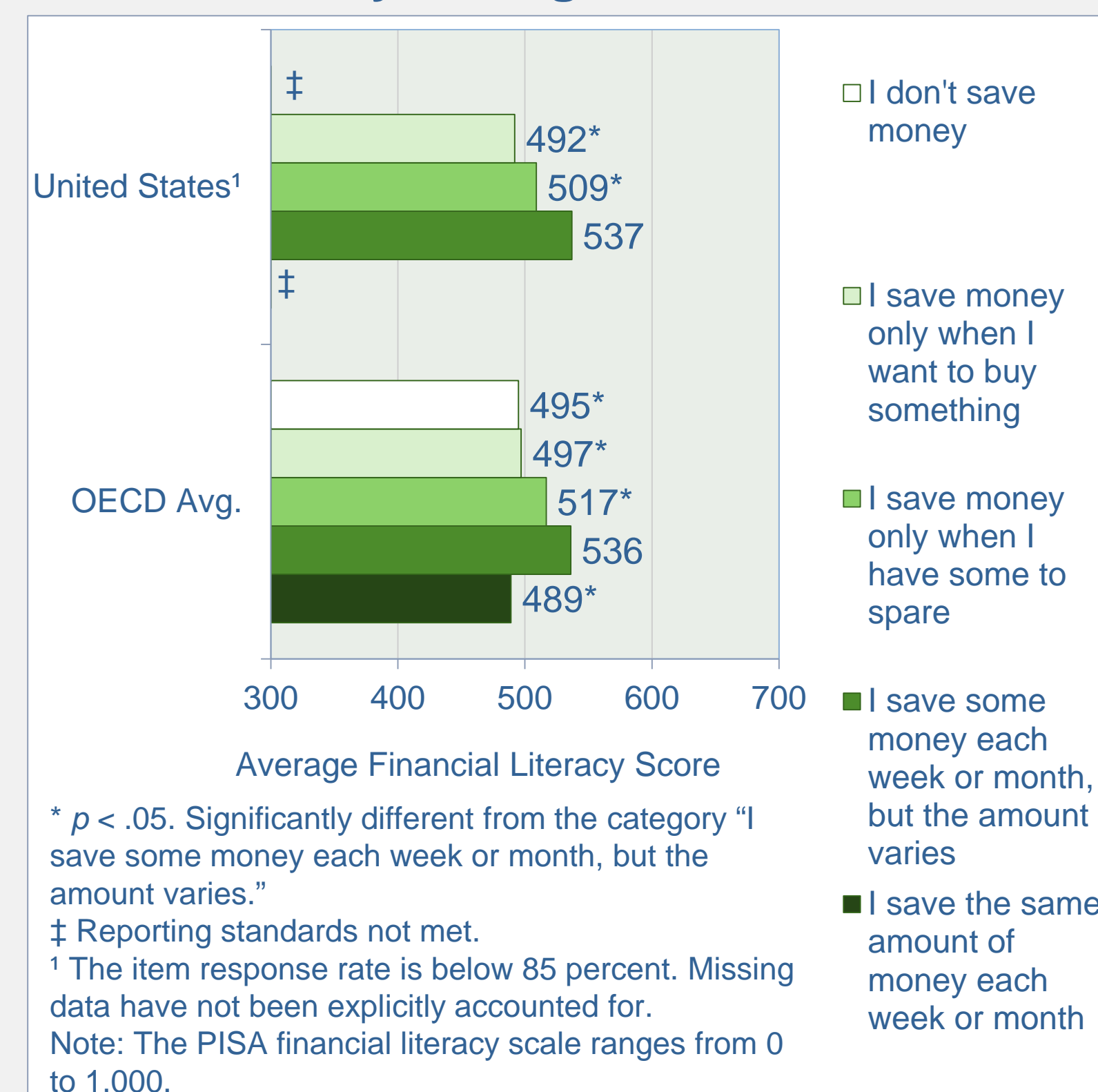
## What percentage of students save money in various ways?



## How does students' performance on the PISA financial literacy assessment relate to their possession of a bank account and/or prepaid debit card?



## How does students' performance on the PISA financial literacy assessment relate to their money-saving habits?



## How does the possession of a bank account and/or prepaid debit card and money-saving habits relate to students' financial literacy, controlling for SES?

- The PISA ESCS index alone explains 17% of the variation in students' financial literacy scores in the United States (14% for the OECD average).
- In the final model (see below),  $R^2 = .21$  in the United States and .18 for the OECD average, ranging from .11 in Italy to .24 in New Zealand.

## Final model: OLS Regression, PISA 2012 financial literacy

CNT	EqVar	b	beta	b.t	beta.t
USA	(CONSTANT)	483.19	#NULL!	30.59	#NULL!
USA	ESCS	34.25	0.35	6.00	6.93
USA	Have bank account	18.68	0.10	2.19	2.21
USA	Have prepaid debit card	2.17	0.01	0.18	0.17
USA	Save same amnt of \$ each wk or mo	-6.46	-0.02	-0.30	-0.30
USA	Save some var amnt \$ each wk or mo	33.72	0.17	2.07	2.08
USA	Save \$ only when have some to spare	6.19	0.03	0.36	0.36
USA	Save \$ only when I want to buy smthng	4.91	0.02	0.27	0.28
OECD Av	(CONSTANT)	490.58	#NULL!	99.12	#NULL!
OECD Av	ESCS	31.18	0.29	18.16	18.99
OECD Av	Have bank account	23.96	0.10	6.12	6.07
OECD Av	Have prepaid debit card	-1.23	0.01	-0.31	0.81
OECD Av	Save same amnt of \$ each wk or mo	-11.64	-0.04	-1.85	-1.84
OECD Av	Save some var amnt \$ each wk or mo	25.30	0.13	4.95	5.09
OECD Av	Save \$ only when have some to spare	13.64	0.06	2.41	2.46
OECD Av	Save \$ only when I want to buy smthng	-1.97	-0.01	-0.37	-0.24

## Conclusions

- On average, about half of 15-year-old students had neither a bank account nor a prepaid debit card, and more than half did not save money regularly.
- Having a bank account and saving some varying amount of money each week or month was positively related to 15-year-old students' financial literacy, even when controlling for SES.

## For More Information

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