

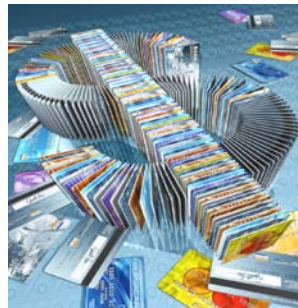


# AFI Financial Inclusion Data Workshop

## 21-22 June 2010, Kuala Lumpur



# OECD: Financial Literacy Measurement Pilot



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# Background of Measurement Pilot

- The OECD's International Network for Financial Education (INFE) established the Financial Literacy Measurement Expert Sub-Group in 2008
- OECD commissioned the Personal Finance Research Centre (PFRC) to-
  - Gather data on existing national financial literacy surveys
  - Elaborate a set of good practice guidelines for the design of national financial literacy surveys
  - Design a core set of good practice questions for national surveys
- Pilot aims to obtain robust, comparable data that can be used to measure the levels of financial literacy in each participating country

# Pilot Questionnaire

- Core Questions – identify a behaviour, an attitude or an aspect of knowledge that indicates good financial literacy skills
- Socio-demographic Questions – allow for analysis by groups of interest such as young people, women or the unemployed
- Supplementary Questions – not essential across all countries but provide additional details about financial literacy. {Not to feed into international comparative measures/ analysis of financial literacy. To add context & depth to national surveys}

Source: OECD

# Core Questions

## Developed to collect data to-

- ❑ Measure financial literacy and provide national benchmarks
- ❑ Describe levels of financial literacy in terms of socio-demographic groups & explanatory variables & identify needs & gaps
- ❑ Compare levels of financial literacy across countries
- ❑ Provide policymakers with a practical tool to establish regular surveys of financial literacy in their country

Source: OECD's Discussion Paper on Financial Literacy Measurement Questions & Socio-Demographics, 8 June 2010

# Core Questions

## Selection Criteria

- Questions that meet best practice for question design generally
- Questions that are common & relevant across a range of countries
- Questions that are equally applicable across all sections of the population
- Questions strongly correlated with the concept being measured

Source: OECD Paper on Measuring Levels of Financial Literacy at an International Level: An Overview of Questionnaires

# Data Collection Process –same for all

- Country responsible for own fieldwork & data preparation- identify reputable survey agency to interview by telephone or make personal call. Interviewer to describe the survey to potential participant & encourage them to take part
- Interviewers ask questions & record responses- Participants not pressured to answer
- Hold participants raw data for the pilot in software package, e.g. Excel
- Survey agency cleans data for analysis (i.e. values entered correctly) & make sure sample represents population in terms of socio-demographic characteristics

Source: OECD Paper on Measuring Levels of Financial Literacy at an International Level: An Overview of Questionnaires

# Survey Participation Criteria

Individuals 18 years & above

- Personal interviews undertaken by telephone or face-to-face ( no Internet or paper surveys)
- Complete survey fieldwork by 31 December 2010
- Minimum size of 1,000 participants – original sample of 1,700 persons from which to draw participants
- Questions are translated to retain the same meaning. Translators should understand idiosyncratic phrases such as “keeping an eye on” or “making ends meet”
- Raw data must be cleaned & saved in a data processing package, e.g. Excel or SPSS before sending to the OECD for analysis

Source: OECD Paper on Measuring Levels of Financial Literacy at an International Level: An Overview of Questionnaires



# Core Questions of Measurement Pilot

## Best Practice in Financial Literacy Measurement -

- ❑ Day-to-day money management
  - financial control (budgeting & keeping track of finances) & making ends meet
- ❑ Financial Planning
  - savings/insurance, saving for a rainy day & retirement
- ❑ Choosing appropriate products
  - comparison shopping & product suitability
- ❑ Financial knowledge & understanding
  - knowledge of products & key concepts, consumer rights, & use and choice of advisers

Source: OECD Paper on Measuring Levels of Financial Literacy at an International Level: An Overview of Questionnaires



# EXAMPLES OF CORE QUESTIONS :-

- Who is responsible for *day to day* money management in your household? → Day-to-Day Money Management
- Do you have a household budget? → Day-to-Day Money Management
- In the last two years, which of the following types of financial products have you purchased (whether or not you still hold them) → Choosing Appropriate Financial Products
- Which of the following statements best describes how you last chose a financial product..... → Financial Products
- Which *source of information* do you feel most influenced your decision about which product to take out? → Financial Products
- In the past 12 months have you been saving money in any of the following ways? → Financial Knowledge & Understanding
- If a person takes home \$1,400 & 50% of this goes to rent, how much is their monthly rent? → Financial Knowledge & Understanding

# NEXT STEPS :-

- i. INFE agreed with proposed method and core questions 14 June 2010
- ii. Countries commit to participate in Pilot and, if necessary, make final comments on core questions 21 June 2010
- iii. OECD to develop additional financial literacy questions September 2010
- iv. OECD to provide necessary guidance and advice in implementation phases July-December 2010
- v. Fieldwork completed in participating countries 31 December 2010
- vi. Countries to transmit to INFE Secretariat (OECD) data for analysis 31 March 2011
- vii. Present preliminary findings at INFE meeting in June 2011
- viii. Provide 1<sup>st</sup> draft of comparative study to subgroup & volunteering countries September 2011
- ix. Prepare draft comparative study for INFE meeting October 2011

Thank you

