

Financial Literacy for Adults: Some Research Insights



UNESCO Institute for Lifelong Learning and University of Hamburg

Webinar: 'Skills that count: Financial literacy for youth and adults'

Global Alliance for Literacy within the Framework of Lifelong Learning (GAL),
2nd July 2025

<https://bschool.dpu.edu.in/blogs/the-importance-of-financial-literacy>

The maps presented in this entire presentation are for illustrative purposes only and do not imply any political stance or recognition regarding the legal status of any country, territory, or borders.

Agenda

- 1 What is Financial Literacy?
- 2 Where can we find information about financial literacy?
- 3 Some Key Findings
 - Country comparison
 - Gender
 - Education
 - Age
 - Rural areas
 - Financial inclusion
- 4 Conclusions: Widening the focus

What is Financial Literacy?



What is Financial Literacy?

- Much research, few definitions (Beckker, 2020, p. 12)
- “Knowledge and skills needed to make important financial decisions” (European Commission: https://finance.ec.europa.eu/consumer-finance-and-payments/financial-literacy_en)
- Understanding and **use** (Huston, 2010)
- “Financial literacy is knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of **individuals** and **society** and to enable participation in economic life.” (OECD, 2014, p. 33)

„In Huston’s survey of 71 studies using 52 different datasets he finds that 72% of them did not even include an explicit definition of financial literacy.“



What is Financial Literacy?

- OECD definition (OECD/INFE, 2020)
 - **financial knowledge**
 - financial attitudes
 - financial behaviour
- Big-Three-Questions
 - Inflation
 - Compound interest
 - Risk diversification
- INFLATION:

“Suppose over the next 10 years the prices of the things you buy double. If your income also doubles, will you be able to buy less than you can buy today, the same as you can buy today, or more than you can buy today?”
- INTEREST:

“Suppose you need to borrow 100 US dollars. Which is the lower amount to pay back: 105 US dollars or 100 US dollars plus three percent?”
- RISK DIVERSIFICATION:

“Suppose you have some money. Is it safer to put your money into one business or investment, or to put your money into multiple businesses or investments?”

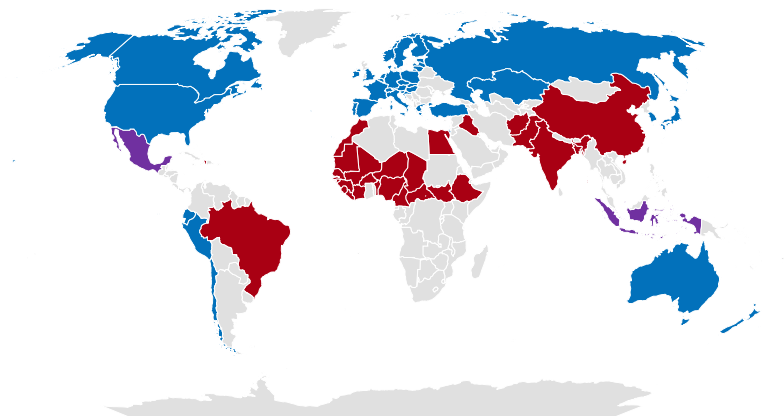


2

**Where can we find
information about
financial literacy?**

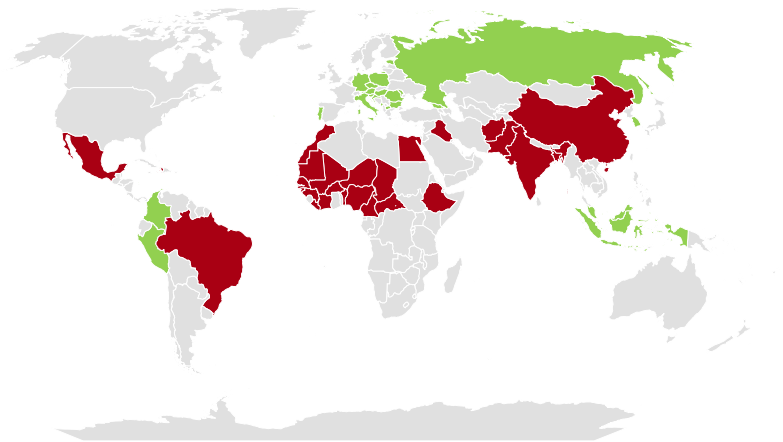


GAL and PIAAC



OECD. (2024). *Do Adults Have the Skills They Need to Thrive in a Changing World? Survey of Adult Skills 2023. OECD skills studies.* OECD Publishing.
<https://doi.org/10.1787/b263dc5d-en>

GAL and OECD / INFE



OECD, & INFE. (2020). *International Survey of Adult Financial Literacy.*
www.oecd.org/financial/education/launchoftheoecdinfeglobalfinancialliteracysurveyreport.htm

GAL Countries and the survey

„Financial Literacy around the World“

Countries **covered** by the survey

- Afghanistan
- Bangladesh
- Benin
- Brazil
- Burkina Faso
- Cameroon
- Chad
- Egypt
- Ethiopia
- Guinea
- Haiti
- India
- Indonesia
- Iraq
- Ivory Coast
- Mali
- Mauritania
- Mexico
- Niger
- Nigeria
- Pakistan
- People's Rep. of China
- Senegal
- Sierra Leone

not covered by the survey

- Central African Republic
- Comoros
- The Gambia
- Guinea-Bissau
- Liberia
- Morocco
- South Sudan

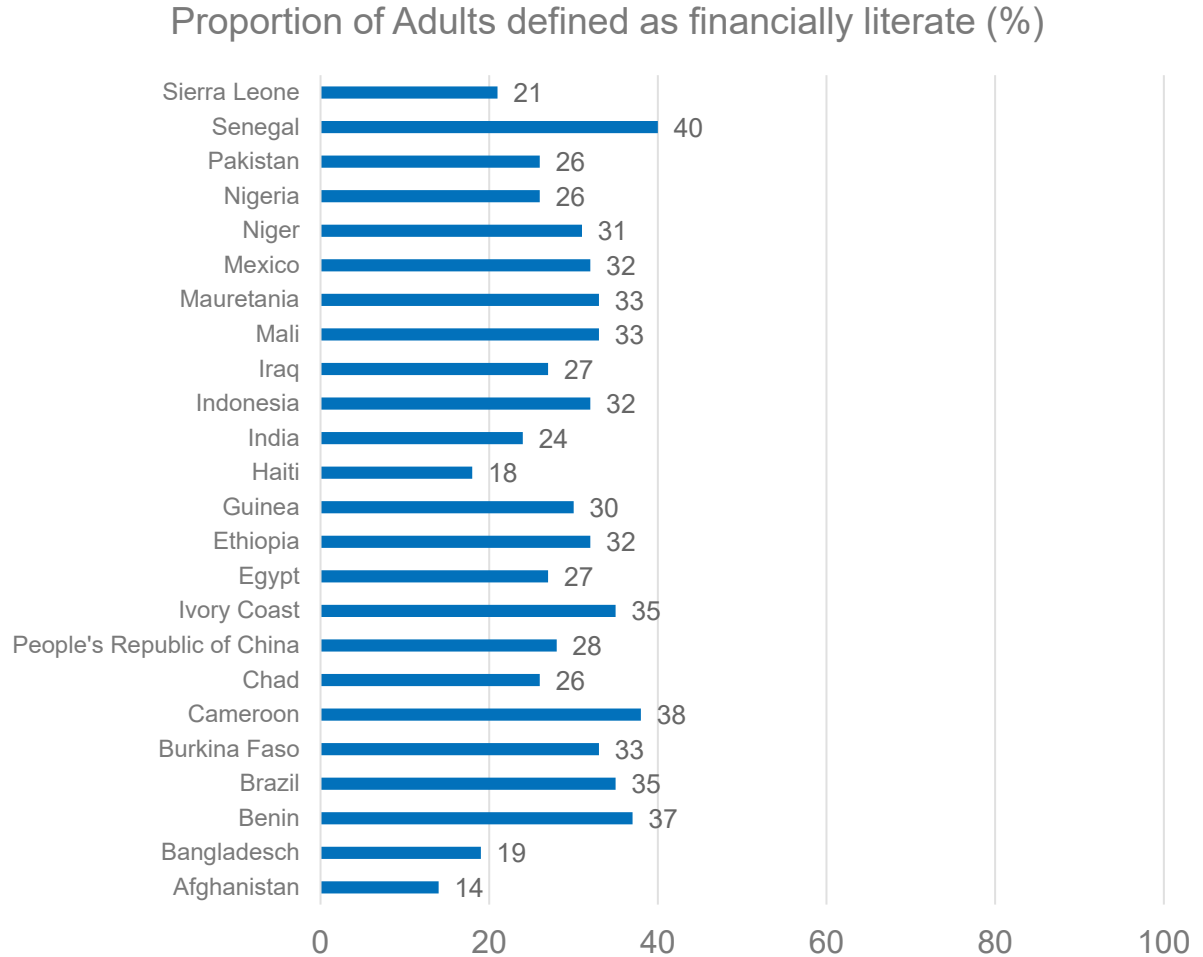
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Some Key Findings



Country Comparison

- Do not rely on country comparisons alone.
- Country rankings can be informative.
- However, they do not provide any information about which gaps exist within a country.

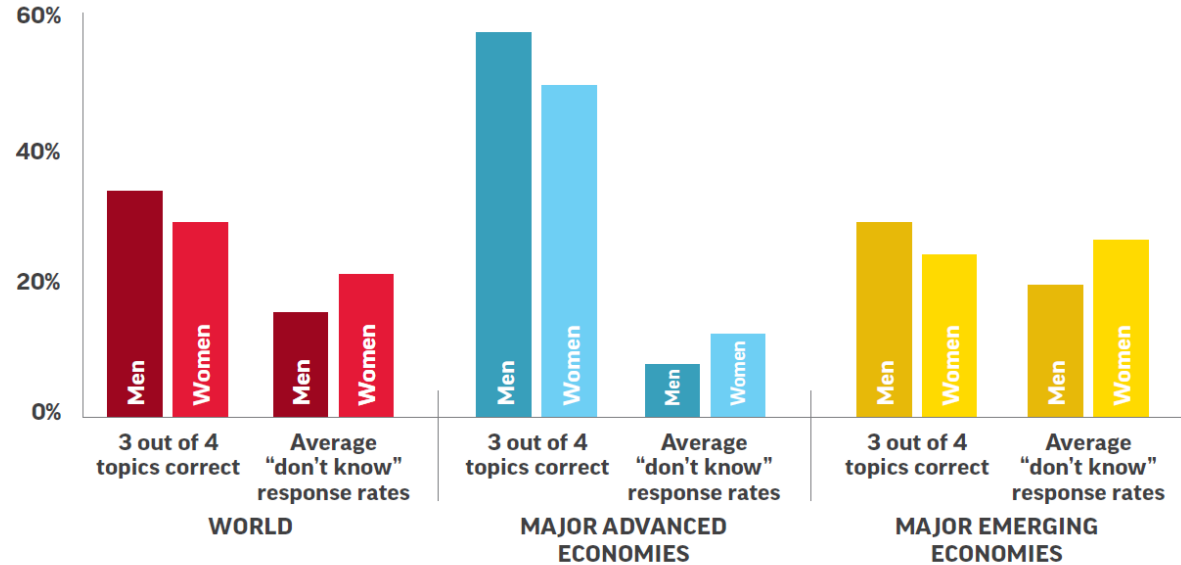


Gender Gaps

- Gender Gap in Financial Literacy
- Applies to many countries, but not to every country, e.g. no gender gap in South Africa

(Nanziri & Olckers 2019).

FIGURE 5: WOMEN TRAIL MEN IN FINANCIAL LITERACY
(% OF ADULTS WITH CORRECT OR "DON'T KNOW" ANSWERS)

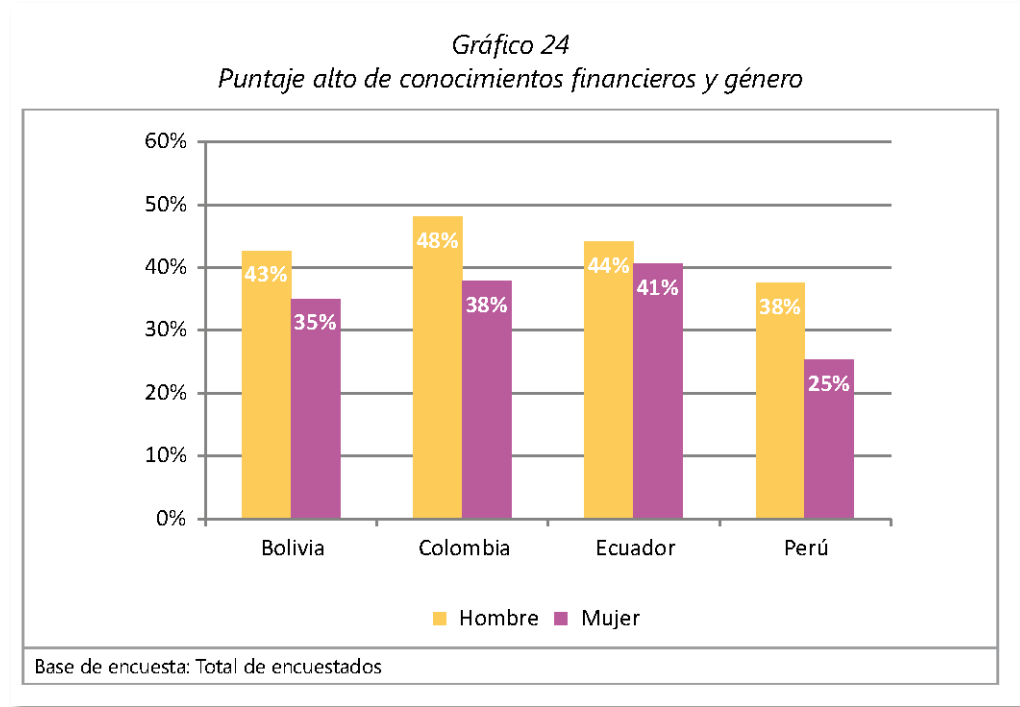


Note: Major advanced and emerging economies are listed in Figure 1.

Source: S&P Global FinLit Survey.

Gender Gaps in four Latin American Countries

- Gender Gap in Financial Knowledge



Mejía et al. (2015), p. 33

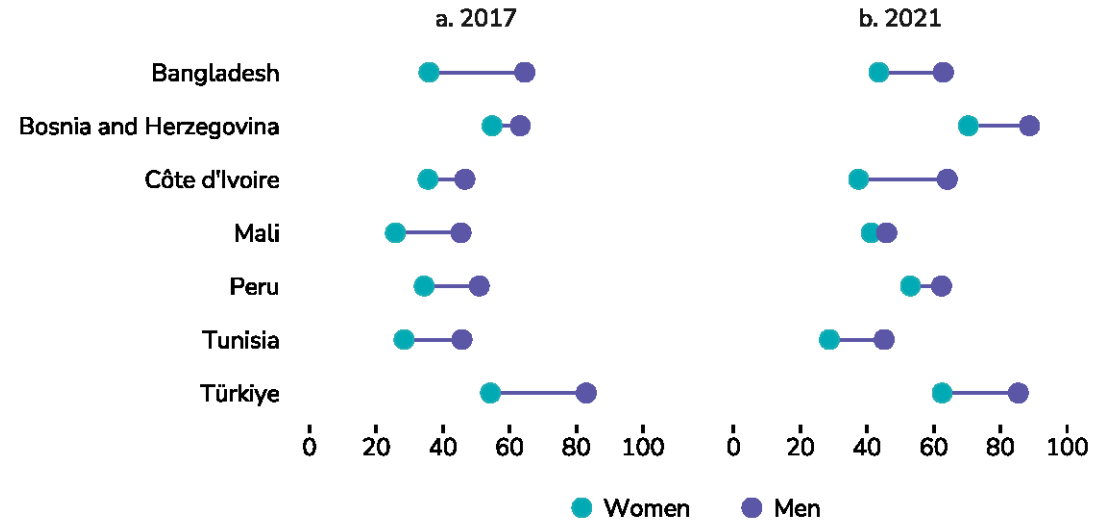
Gender Gaps also appear in Financial Inclusion

- Proportions of adults with banking accounts by gender

FIGURE 1.1.8

Developing economies have varied widely in how effectively they tackle the gender gap

Adults with an account (%), 2017–21

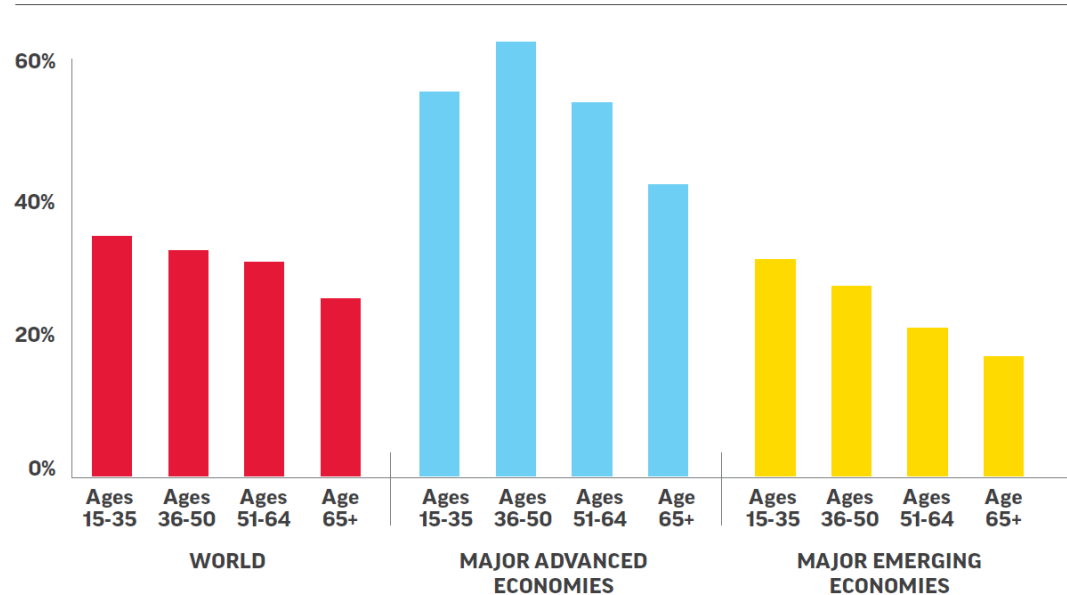


Source: Global Findex Database 2021.

Age Gaps in Financial Literacy

- Higher scores in financial literacy among younger cohorts

FIGURE 6: FINANCIAL LITERACY LOWEST AMONG ADULTS AGE 65+
(% OF ADULTS WHO ARE FINANCIALLY LITERATE)



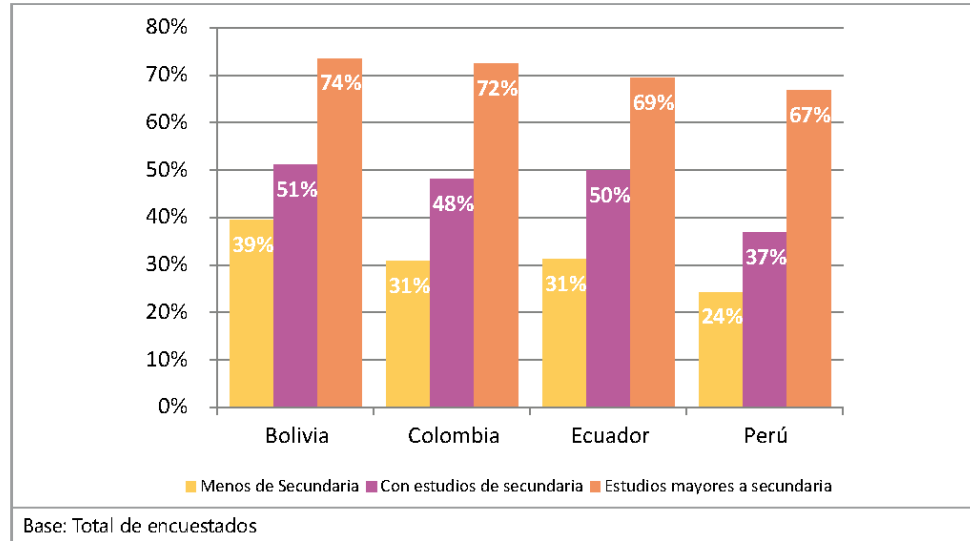
Note: Major advanced and emerging economies are listed in Figure 1.

Source: S&P Global FinLit Survey.

Educational Gaps

- Not surprisingly there is a strong correlation between formal education and financial knowledge.
- This is valid not only for the countries presented here.

Gráfico 31
Puntaje alto de educación financiera y nivel educativo



Mejía et al. (2015), p. 38

Overview with the Example South Africa

Table 54: Mean Financial Literacy Index (0-100) by selected subgroups in 2015 and 2020 (Analysis of Variance)

| | 2015 | | 2020 | | ANOVA | | |
|-------------------------------|------|---------|------|---------|-------|----|--------|
| | M | SE | M | SE | Diff. | F | Prob>F |
| Gender | | | | | | | |
| Male | 57 | (0.492) | 52 | (0.509) | -5 | 38 | 0.000 |
| Female | 55 | (0.365) | 51 | (0.428) | -4 | 36 | 0.000 |
| Marital status | | | | | | | |
| Married | 62 | (0.478) | 57 | (0.605) | -5 | 48 | 0.000 |
| Previously Married | 55 | (0.605) | 50 | (0.822) | -5 | 26 | 0.000 |
| Never Married | 51 | (0.420) | 50 | (0.429) | -1 | 5 | 0.019 |
| Population group | | | | | | | |
| Black African | 54 | (0.369) | 50 | (0.374) | -4 | 58 | 0.000 |
| Coloured | 56 | (0.648) | 51 | (0.954) | -5 | 18 | 0.000 |
| Indian | 65 | (0.751) | 62 | (0.811) | -3 | 8 | 0.005 |
| White | 67 | (0.762) | 66 | (1.279) | -1 | 0 | 0.879 |
| Birth cohort | | | | | | | |
| 1990 and after | 50 | (0.572) | 49 | (0.603) | -1 | 1 | 0.273 |
| 1975-1989 | 57 | (0.497) | 53 | (0.540) | -4 | 28 | 0.000 |
| 1974-1960 | 59 | (0.646) | 55 | (0.776) | -4 | 20 | 0.000 |
| 1959-1945 | 57 | (0.741) | 53 | (0.884) | -4 | 13 | 0.000 |
| 1944 and before | 53 | (1.178) | 44 | (1.612) | -9 | 24 | 0.000 |
| Educational attainment | | | | | | | |
| Post-Secondary | 69 | (0.695) | 62 | (1.001) | -7 | 32 | 0.000 |
| Completed Secondary | 57 | (0.507) | 54 | (0.489) | -3 | 28 | 0.000 |
| Some Secondary | 52 | (0.430) | 48 | (0.499) | -4 | 43 | 0.000 |
| No Secondary | 49 | (0.608) | 45 | (0.674) | -4 | 19 | 0.000 |
| Employment status | | | | | | | |
| Employed | 62 | (0.516) | 58 | (0.532) | -4 | 31 | 0.000 |
| Unemployed | 51 | (0.465) | 46 | (0.486) | -5 | 54 | 0.000 |
| Labour Inactive | 53 | (0.457) | 50 | (0.585) | -3 | 17 | 0.000 |
| Geotype | | | | | | | |
| Metro Urban | 59 | (0.472) | 56 | (0.526) | -3 | 17 | 0.000 |
| Non-metro Urban | 55 | (0.476) | 51 | (0.512) | -4 | 40 | 0.000 |
| Rural | 51 | (0.566) | 46 | (0.600) | -5 | 26 | 0.000 |
| Province of residence | | | | | | | |
| Western Cape | 57 | (0.676) | 58 | (1.254) | 1 | 0 | 0.482 |
| Eastern Cape | 50 | (0.855) | 50 | (1.112) | 0 | 0 | 0.965 |
| Northern Cape | 53 | (1.090) | 49 | (0.879) | -4 | 9 | 0.004 |
| Free State | 51 | (0.955) | 54 | (1.460) | 3 | 3 | 0.115 |
| KwaZulu-Natal | 55 | (0.651) | 51 | (0.727) | -5 | 22 | 0.000 |
| North West | 57 | (1.097) | 51 | (1.251) | -5 | 10 | 0.002 |
| Gauteng | 61 | (0.782) | 54 | (0.698) | -7 | 44 | 0.000 |
| Mpumalanga | 51 | (0.946) | 51 | (1.002) | 0 | 0 | 0.859 |
| Limpopo | 54 | (0.838) | 44 | (0.830) | -10 | 70 | 0.000 |

Note: 1. Standard error in parenthesis; 2. Values above the national average for that survey wave are shaded in blue.



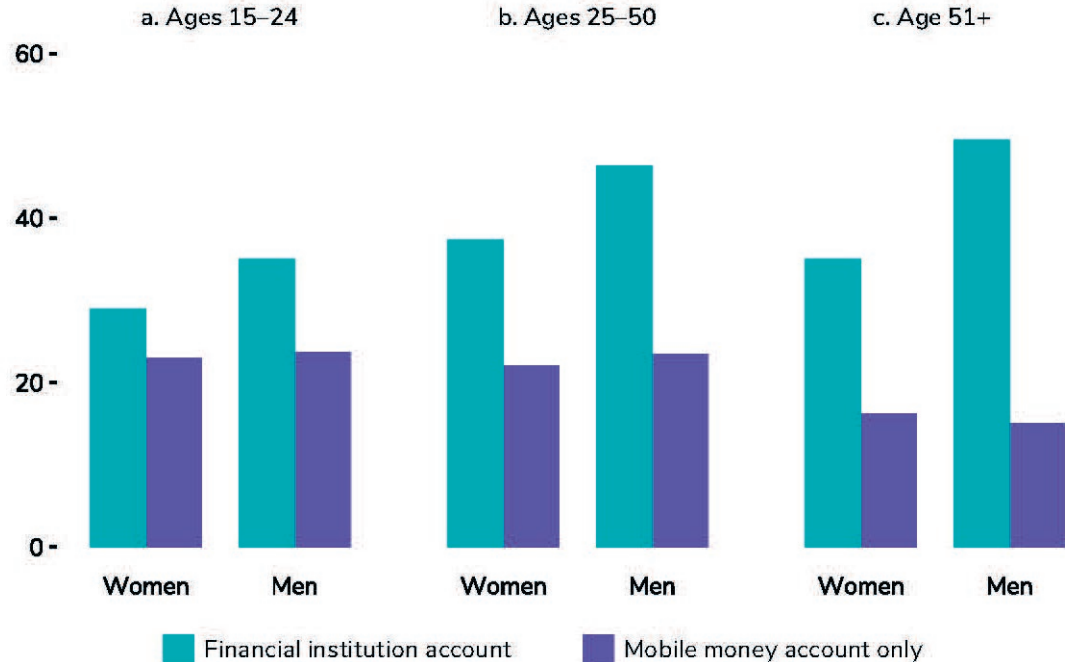
Financial Inclusion

- access to banking accounts increasingly via mobile money accounts

FIGURE 1.1.10

In Sub-Saharan Africa, a gender gap barely exists for young adults who have only a mobile money account

Adults with an account (%), 2021



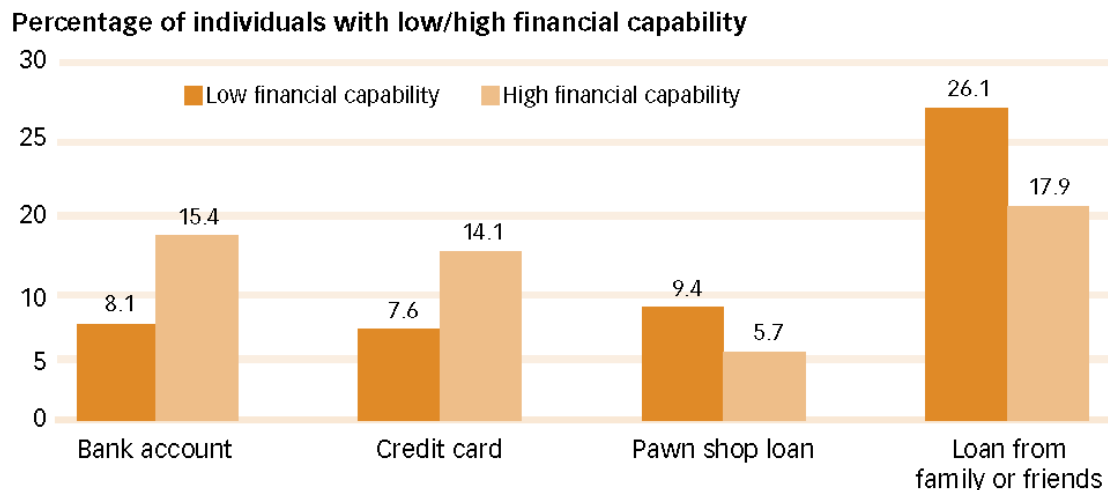
Source: Global Findex Database 2021.

Note: Data are shown for economies in Sub-Saharan Africa in which the share of adults with a mobile money account is greater than 20 percent.

Financial Inclusion

- Mexico: Differences in the use of financial products by financial capability

FIGURE 6.2 USE OF FINANCIAL PRODUCTS BY INDIVIDUALS WITH LOW OR HIGH FINANCIAL CAPABILITY



Reddy et al., 2013, p. 49

4

Conclusions: Widening the focus



Conclusions: Widening the focus

- Financial literacy is not only about skills but also about financial practices.
- Financial practices are less prominent in quantitative data.
- Do not rely on country rankings alone, look into the details!
- Instead of doing global comparisons better do regional comparisons.
- Reflect that most surveys are developed in the OECD context for the OECD context.
- Reports from the field will enrich the picture.

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Thank you very much for your attention!

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Research Project:
Everyday financial practices of Adults



<https://uhh.de/ew-finbi>