



PROGRAMME FOR INTERNATIONAL
STUDENT ASSESSMENT (PISA)
RESULTS FROM PISA 2012 FINANCIAL LITERACY

UNITED STATES

PISA's first financial literacy assessment shows the extent to which 15-year-old students have the financial knowledge and skills needed for the demands of today's world. Finance is part of everyday life for many 15-year-olds, who are already consumers of financial services, such as bank accounts. As they near the end of compulsory education, students will face complex and challenging financial choices, including whether to join the labour market or continue with formal education and, if so, how to finance such study.

The United States performs around the average of the 13 OECD countries and economies that participated in the financial literacy assessment. Among the 18 countries and economies that participated in the assessment, the United States ranks somewhere between 8 and 12.

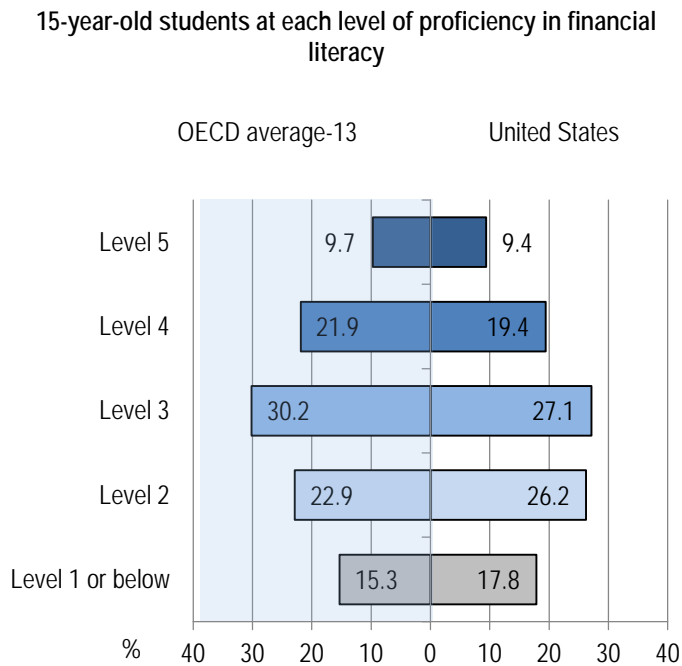
More than one in six students in the United States – 17.8% compared with 15.3% across OECD countries – does not reach the baseline level of proficiency in financial literacy. At best, these students can recognise the difference between needs and wants, can make simple decisions on everyday spending, and can recognise the purpose of everyday financial documents such as an invoice.

About one in ten students in the United States is a top performer (9.4%, similar to the average of 9.7% across OECD countries). Top performers can look ahead to solve financial problems or make the kinds of financial decisions that will be only relevant to them in the future. They can take into account features of financial documents that are significant but unstated or not immediately evident, such as transaction costs, and can describe the potential outcomes of financial decisions.

About 50% of 15-year-old students in the United States report that they hold a bank account, and they perform better than those who do not; but this performance gap disappears after accounting for socio-economic status. While 32% of socio-economically disadvantaged students (i.e. those in the lowest quartile of socio-economic status) hold a bank account, 70% of advantaged students (those in the highest quartile) do, the largest such difference observed across participating countries and economies.

PISA 2012 defines financial literacy as “...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”. For a full explanation, see the [PISA 2012 Assessment and Analytical Framework](#).

Performance in financial literacy



Source: Table VI.2.1

| Average performance in financial literacy | Average performance in financial literacy | |
|---|---|----------------|
| | Mean score | Range of ranks |
| Shanghai-China | 603 | 1 - 1 |
| Flemish Community (Belgium) | 541 | 2 - 2 |
| Estonia | 529 | 3 - 4 |
| Australia | 526 | 3 - 5 |
| New Zealand | 520 | 4 - 6 |
| Czech Republic | 513 | 5 - 7 |
| Poland | 510 | 6 - 7 |
| Latvia | 501 | 8 - 9 |
| United States | 492 | 8 - 12 |
| Russian Federation | 486 | 9 - 14 |
| France | 486 | 9 - 14 |
| Slovenia | 485 | 9 - 14 |
| Spain | 484 | 10 - 15 |
| Croatia | 480 | 11 - 16 |
| Israel | 476 | 11 - 17 |
| Slovak Republic | 470 | 15 - 17 |
| Italy | 466 | 16 - 17 |
| Colombia | 379 | 18 - 18 |
| OECD average-FL | 500 | |

Partner countries and economies marked in blue.

Source: Figure VI.2.3

- 15-year-old students in the United States score around the average of the 13 OECD countries and economies that were assessed in financial literacy in 2012. With an average score of 492 points, the rank of the United States among all 18 participating countries and economies is estimated to lie between 8 and 12.
- Average performance in the United States is not measurably different from average performance in Croatia, France, Israel, Latvia, the Russian Federation, Slovenia and Spain.

Student performance in financial literacy in comparison with that in reading and mathematics

- In the United States, financial literacy is strongly correlated with mathematics and reading performance. Around 80% of the financial literacy score reflects skills that can be measured in mathematics and/or reading assessments (compared with the OECD average of 75%), while 20% of the score reflects factors that are uniquely captured by the financial literacy assessment (compared with the OECD average of 25%).
- Students in the United States perform as expected in financial literacy, based on their performance in mathematics and reading.

Formal financial education

- In the United States, there are differences across states in whether schools at various levels are mandated to offer courses in economics and/or personal finance, to test students' knowledge in such courses, or to include such subjects in the requirements for high school graduation.

How performance in financial literacy varies

| 15-year old students' performance in financial literacy by subgroup | |
|--|--|
| | Mean score/score dif. |
| Boys | 492 |
| Girls | 491 |
| Difference (Boys - Girls) | 1 |
| Non-immigrant students | 504 |
| Immigrant students | 485 |
| Difference (non-imm. - imm.) | 19 |
| Strength of the relationship between socio-economic status and performance | |
| | Performance variation accounted for by socio-economic status (%) |
| Financial literacy | 16.6 |
| Mathematics | 15.6 |
| Difference (FL - M) | 1.0 |

The differences in this table are not statistically significant.

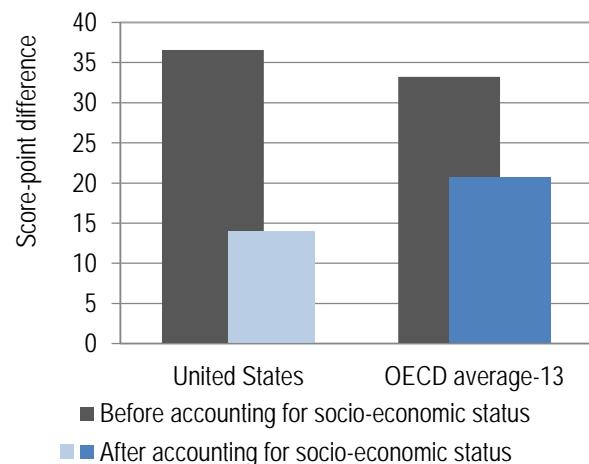
Source: Tables VI.3.1, VI.3.4, VI.3.10.

- In the United States, the average scores of 15-year-old boys and girls are not measurably different.
- Some 17% of the variation in student performance in financial literacy in the United States is associated with socio-economic status, about the same as the OECD average.
- Students in the United States with at least one parent in a skilled occupation (such as a midwife, chef or engineer) perform better in financial literacy, by 56 score points, than students whose parents have a semi-skilled or elementary occupation (such as a machine operator, farmhand or porter).
- In the United States, students with at least one parent working in a finance-related occupation show better performance in financial literacy – by 62 score points – than students of similar socio-economic status whose parents work in other occupations.

Students' experience with money and financial products, and their financial literacy

- In the United States, 51% of 15-year-old students reported having a bank account and 69% reported earning money from work, including working outside school hours (e.g. a holiday job, part-time work), working in a family business, or performing occasional informal jobs, such as baby-sitting or gardening.
- Students in the United States who hold a bank account score 37 points higher, on average, than students who do not, but they have a similar average score after taking socio-economic status into account.
- In the United States, 32% of socio-economically disadvantaged students hold a bank account compared with 70% of advantaged students.

Score-point difference between 15-year-old students who hold a bank account and students who do not



Statistically significant differences are marked in a darker colour.

Source: Table VI.4.2.

Legal framework for young people's access to financial products

- Financial institutions in the United States (banks and credit unions) generally offer accounts only with the consent of or co-ownership with the parent/guardian, but some institutions allow minors to own their own account.
- In the United States, consumers under the age of 21 who want to obtain a credit card need to prove that they are independently able to repay charges unless they have a co-signer who is at least 21 years old.

What is PISA?

The Programme for International Student Assessment (PISA) is a triennial survey that assesses the extent to which 15-year-old students near the end of compulsory education have acquired the knowledge and skills that are essential for full participation in modern societies. The assessment does not just ascertain whether students can reproduce knowledge; it also examines how well students can extrapolate from what they have learned and apply that knowledge in unfamiliar settings, both in and outside of school.

PISA offers insights for education policy and practice, and helps monitor trends in students' acquisition of knowledge and skills across countries and in different demographic subgroups within each country. The findings allow policy makers to gauge the knowledge and skills of students in their own countries in comparison with those in other countries, set policy targets against measurable goals achieved by other education systems, and learn from policies and practices applied elsewhere.

Key features of the PISA 2012 assessment of financial literacy

PISA 2012 is the first large-scale international study to assess the financial literacy, learned in and outside of school, of 15-year-olds nearing the end of compulsory education. Eighteen countries and economies participated in the assessment of financial literacy, including 13 **OECD countries and economies**: Australia, the Flemish Community of Belgium, the Czech Republic, Estonia, France, Israel, Italy, New Zealand, Poland, the Slovak Republic, Slovenia, Spain and the United States; and five **partner countries and economies**: Colombia, Croatia, Latvia, the Russian Federation and Shanghai-China.

The assessment

- Financial literacy was assessed through a paper-based test lasting 60 minutes. Students assessed in financial literacy also completed a one-hour assessment of mathematics and reading.
- Test questions were a mixture of multiple-choice questions and those requiring students to construct their own responses. Sample items can be explored online at <http://www.oecd.org/pisa/test/>.
- Students who took the assessment of financial literacy also answered the PISA student questionnaire about themselves, their homes, their school and learning experiences, and their attitudes towards learning. Students also answered questions about their experience with money and financial products.
- School principals received a questionnaire that asked standard questions about school policies and the learning environment, and also included questions about financial education in school.

The students

- An additional sample of students was selected in the same schools that participated in the core PISA assessment. In general, eight additional 15-year-old students were chosen at random from each participating school to take the financial literacy assessment. Around 29 000 students completed the assessment of financial literacy in 2012, representing about nine million 15-year-olds in the schools of the 18 participating countries and economies.

In the United States, 1 133 students in 158 schools completed the assessment of financial literacy.

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For more information on PISA and to access the full set of PISA 2012 results, visit: www.oecd.org/edu/pisa

For more information on the OECD work on financial education, visit: www.financial-education.org