

- **Over half a million students**
 - representing 28 million 15-year-olds in 65 countries/economies
- **Internationally agreed 2-hour test**
 - Assesses students' capacity to extrapolate from what they know and creatively apply their knowledge in novel situations
 - Mathematics, reading, science, problem solving, **financial literacy (29,000 in 18 countries)**
- **Also respond to questions on...**
 - their personal background, their schools and their engagement with learning and school
- **Parents, principals and system leaders provided data on...**
 - school policies, practices, resources and institutional factors that help explain performance differences

PISA has developed the first international framework for financial literacy. It defines financial literacy for youth as:

“Knowledge and understanding of financial concepts 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”.

Examples of what this might mean in practice

Plan what to spend money on

- ...if they go to the cinema, will they still have enough money for the bus fare home? Or would it be better to buy pizza and invite friends home?

Remember that some of the purchases have continuing costs

- ...a games console will need new games, a motorbike will need fuel and tyres and services and so on.

Being alert to possible fraud

- ...some emails that look like they came from their bank might not be legitimate, they should know what to do if they are not sure

Knowing what insurance is for

- ...check with their parents to see if their phone or tablet is covered by their household insurance

Make an informed decision about credit

- ...understand if they buy a computer on credit they will have to pay interest on the loan as well as paying the advertised price for the computer ...and realise that the less they repay of that loan each month, the more they will pay in interest

Content

Money and transactions

Planning and managing finances

Risk and reward

Financial landscape

Processes

Identifying financial information

Analyse information in a financial context

Evaluate financial issues

Apply financial knowledge and understanding

Contexts

Education and work

Home and family

Individual

Societal

Content

Money and transactions

- Coins and notes
- Different ways of making payments
- Understanding bank statements

Planning and managing finances

- Saving and spending
- Credit and debt
- Financial decision making

Risk and reward

- Investment and saving
- Insurance
- Diversification
- Using credit
- Volatility of the market
- Exchange rates

Financial landscape

- Consumer rights and responsibilities
- Understanding of the wider financial, economic and social system

Sample Question: INVOICE (Easy – Level 1)



Breezy Clothing

Sarah Johanson
29 Worthill Rd
Kensington
Zedland 3122

Invoice
Invoice Number: 2034
Date issued: 28 February

Breezy Clothing
498 Marple Lane
Brightwell
Zedland 2090

Product code	Description	Quantity	Unit cost	Total (excluding tax)
T011	T-shirt	3	20	60 zeds
J023	jeans	1	60	60 zeds
S002	scarf	1	10	10 zeds

INVOICE Question 1

Why was this invoice sent to Sarah?

- A. Because Sarah needs to pay the money to Breezy Clothing.
- B. Because Breezy Clothing needs to pay the money to Sarah.
- C. Because Sarah has paid the money to Breezy Clothing.
- D. Because Breezy Clothing has paid the money to Sarah.

Total Excluding Tax:	130 zeds
Tax 10%:	13 zeds
Postage:	10 zeds
Total Including Tax:	153 zeds
Already Paid:	0 zeds
Total due:	153 zeds
Date due:	31 March

Processes

Identifying financial information

Information in the form of printed texts such as contracts, advertisements, charts, tables, forms and instructions.
e.g. identify the features of a purchase invoice, or recognise the balance on a bank statement

Analyse information in a financial context

A wide range of cognitive activities, including interpreting, comparing and contrasting, synthesising, and extrapolating
e.g. comparing the terms offered by different mobile phone contracts

Evaluate financial issues

Draw on knowledge, logic and plausible reasoning to make sense of and form a view about a finance-related problem

Apply financial knowledge and understanding

Work out whether purchasing power will decline or increase over time when prices are changing at a given rate.

NEW OFFER

Mrs Jones has a loan of 8000 zeds with FirstZed Finance. The annual interest rate on the loan is 15%. Her repayments each month are 150 zeds.

After one year Mrs Jones still owes 7400 zeds.

Another finance company called Zedbest will give Mrs Jones a loan for 10 000 zeds with an annual interest rate of 13%. Her repayments each month would also be 150 zeds

NEW OFFER- Question 1

If she takes the Zedbest loan, Mrs Jones will immediately pay off her existing loan.

What are two other *financial* benefits for Mrs Jones if she takes the Zedbest loan?

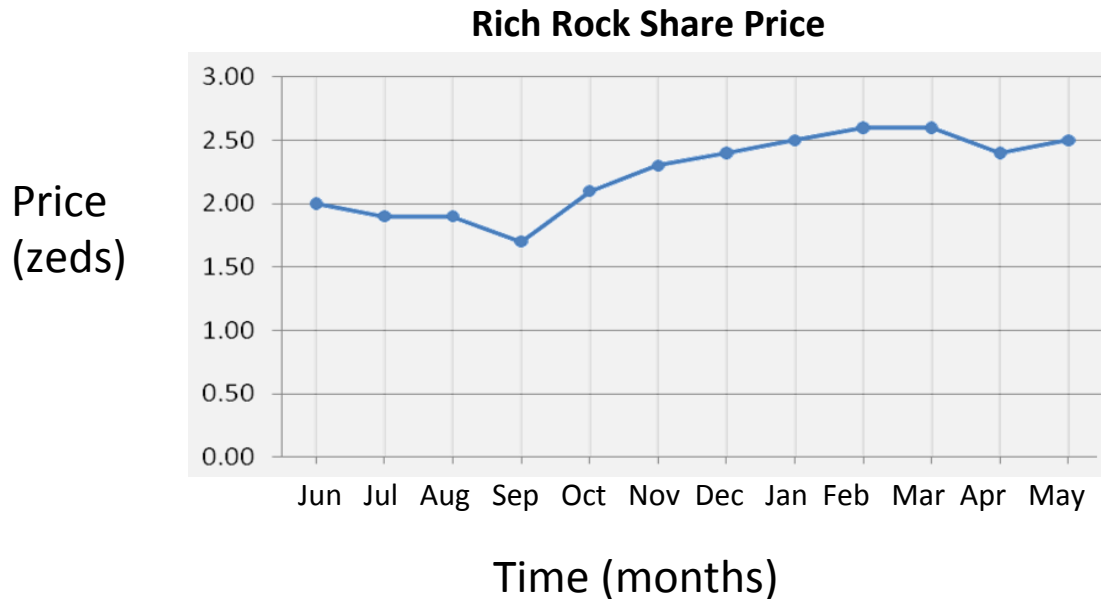
1.

2.

Sample Question: SHARES (Level 3)

SHARES

This graph shows the price of one Rich Rock share over a 12-month period.



SHARES - Question Which statements about the graph are true?

The best month to buy the shares was September.	True / False
The share price increased by about 50% over the year.	True / False

NEW OFFER

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NEW OFFER- Question 2

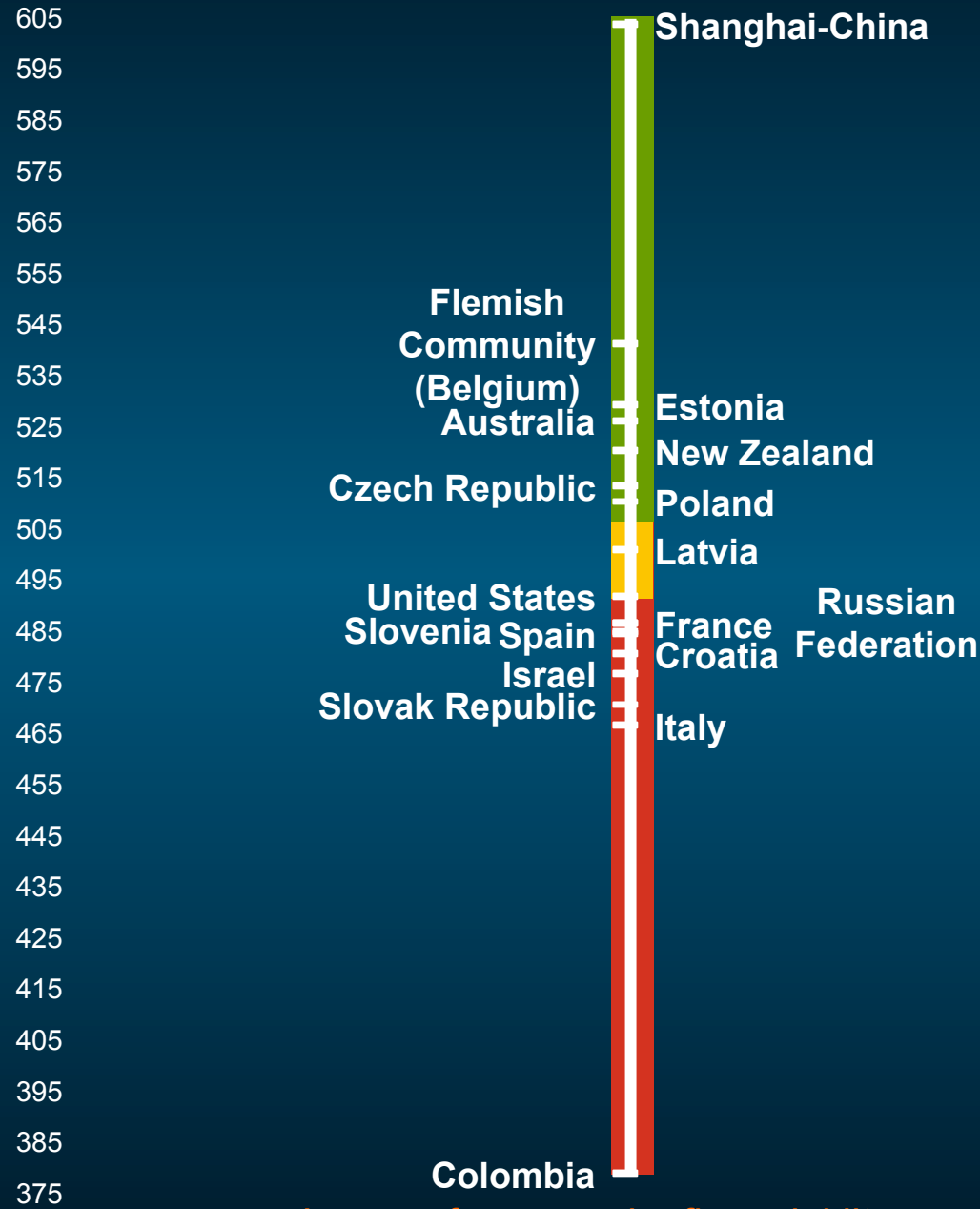
What is one possible *negative* financial consequence for Mrs Jones if she agrees to the Zedbest loan?

.....

Mean score

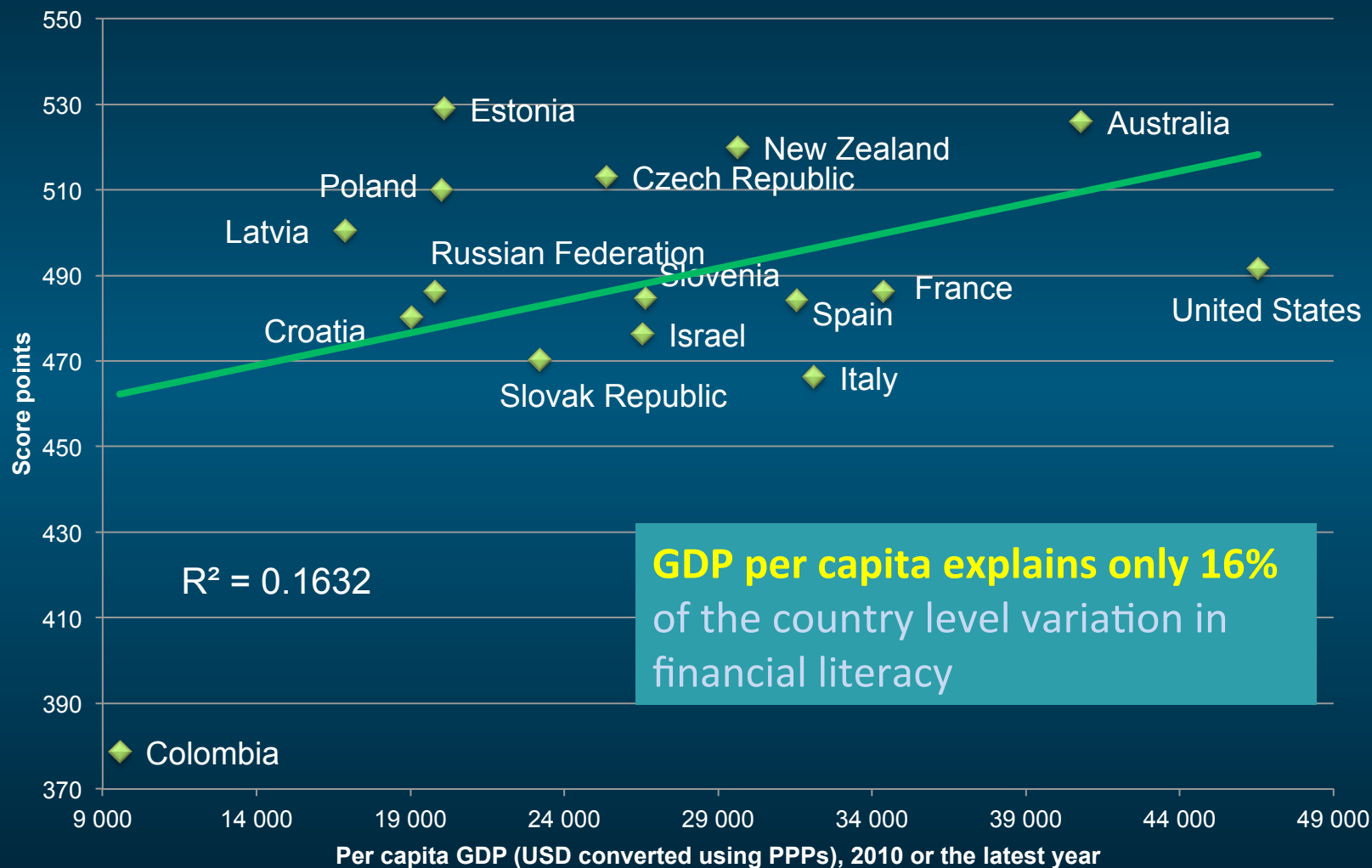
Strong performance in financial literacy

Average performance of 15-year-olds in financial literacy



Low performance in financial literacy

Differences only partially explained by GDP



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All national and international publications

The complete micro-level database

Find out more about the work of the OECD on financial
education at www.financial-education.org

OECD publications, data and instrument

Databases of financial education initiatives and research