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Making SENSE of financial capability surveys around the world

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Abbreviations

AFI	Alliance for Financial Inclusion
ANZ	Australia and New Zealand Banking Group Limited
COMEC	Comitê de Regulação e Fiscalização dos Mercados Financeiro, de Capitais, de Seguros, de Previdência e Capitalização
ENEF	Estratégia Nacional de Educação Financeira
FC	Financial Capability
FCCP	Financial Capability and Consumer Protection
FCP	Financial Consumer Protection
FI	Financial Inclusion
FSA	Financial Services Authority
FSS	Financial Service Survey
FTC	Federal Trade Commission
HRS	Health and Retirement Study
LSMS	Living Standards Measurement Study
OECD/INFE	Organisation for Economic Co-operation and Development International Network for Financial Education
RTF	Russia Financial Literacy and Education Trust Fund
WB	World Bank

CHAPTER 1

Purpose of the review and how to read it

The purpose of this review is to identify, compare, and contrast existing measurement approaches in the area of financial literacy and capability, and in the related areas of financial inclusion and financial consumer protection. The review is intended to be a reference tool for policy makers, practitioners, and researchers interested in conducting a survey on these topics who may not be familiar with the different approaches that have been developed to date, and who need to identify the appropriate combination of methods for their policy or research objectives. This report will be particularly useful for policy makers and regulators who prioritize financial inclusion and/or financial literacy, or who are introducing financial education strategies according to the high-level principles developed by the Organisation for Economic Co-operation and Development International Network for Financial Education and recently endorsed by the G20 leaders (OECD/INFE 2012).

The objective is not to describe all the instruments that have been developed, but to focus on the key approaches. The instruments described in this review were selected because they are (1) innovative, namely, they have addressed new concepts or introduced new methods for measuring them; (2) well-established, because they have been either successfully repeated over time, or replicated/adjusted to other settings, or frequently cited in the literature; (3) focused on the demand side of these phenomena, by studying households and personal finance as opposed to enterprises and business finance; and (4) well documented (questionnaires and/or detailed documentation are available). The scope of the review is also limited to baseline assessments and does not include impact evaluations, which are an important source of measurement tools but typically focus on measuring very specific outcomes. Based on these criteria, 20 key approaches were identified. A full list with policy objectives and countries of implementation is provided at the end of this chapter in table 1.2, which also lists other studies that have used similar approaches.

The paper presents the purpose, content, and methodology of the 20 key approaches reviewed. Chapter 2 discusses the role that surveys can have in informing policy and research in this area and provides examples of specific survey objectives. Chapter 3 describes and compares the content of the various instruments on financial capability, financial inclusion, and financial consumer protection, and provides examples of commonly used questions. Chapter 4 describes the methods used for survey implementation, and highlights technical issues that can affect data quality. Finally, chapter 5 describes the analytical methods that have been used to present the results and to construct indicators. Detailed information about each study is provided in standalone summaries in appendix B (available in the online version of this report and accessible at www.finlitedu.org).

Table 1.1 outlines the key questions addressed by the review and provides a quick reference for readers interested in finding answers to specific questions.

TABLE 1.1 REVIEW STRUCTURE

POLICY PERSPECTIVE	
Why are financial literacy and capability important and how are they related with financial inclusion and consumer protection?	Section 2.1
How can a survey support policy and research in this area?	Section 2.2
Who are the key counterparts for implementing a survey?	Section 2.2
GUIDANCE ON SURVEY IMPLEMENTATION	
What concepts can be measured? ▪ Financial Capability ▪ Financial Inclusion ▪ Financial Consumer Protection	 Section 3.1.1 Section 3.2.1 Section 3.3.1
What questions can be used to measure them? ▪ Financial Capability ▪ Financial Inclusion ▪ Financial Consumer Protection	 Section 3.1.2 Section 3.2.2 Section 3.3.2
What is the most common question for each topic across the reviewed approaches? ▪ Financial Capability ▪ Financial Inclusion ▪ Financial Consumer Protection	 Section 3.1.2 Section 3.2.2 Section 3.3.2
Who should be interviewed?	Section 4.1.1
What should be considered to ensure comparability across countries?	Section 4.1.2
What should be considered to ensure comparability over time?	Section 4.1.3
How can data quality be ensured?	Section 4.2.2
GUIDANCE ON USING SURVEY RESULTS FOR POLICY	
How to develop indicators for setting benchmarks and targets and for monitoring progress over time	Section 5.1
How to identify potential demographic target groups	Section 5.2
How to identify potentially useful types of intervention	Section 5.3

TABLE 1.2 REVIEWED SURVEYS WITH POLICY OBJECTIVES AND COUNTRIES OF IMPLEMENTATION

SURVEY	FC	FI	FCP	COUNTRIES	REPLICATIONS AND SIMILAR STUDIES
ANZ-Retirement Commission Financial Knowledge Survey	■	▪		New Zealand	▪ ANZ Survey of Adult Financial Literacy in Australia, 2008
Consumer Fraud in the United States: The Second FTC Survey	▪		■	United States	▪ American Association of Retired Persons (AARP), Consumer Behavior, Experiences and Attitudes: A Comparison by Age Group, 1999 ▪ AARP, Consumer Experience Survey: Insights on Consumer Credit Behavior, Fraud and Financial Planning, 2003 ▪ Telemarketing Fraud Victimization of Older Americans: An AARP Survey, 1996 ▪ AARP, Off the Hook: Reducing Participation in Telemarketing Fraud, 2003
Consumer Protection Diagnostic Study Kenya (CP Kenya)	▪	▪	■	Kenya	▪ Consumer Protection Diagnostic Report India, 2010 ▪ Cambodia Consumer Protection Diagnostic Report, 2009 ▪ Malaysia Consumer Protection Diagnostic Report, 2009 ▪ Latvia Diagnostic Review of Consumer Protection
Financial Access in Kenya (FinAccess) 2009/2011	■	■	▪	Kenya	▪ Enhancing Financial Innovation and Access in Nigeria
Financial Capability, Financial Competence, and Well-being in Rural Fijian Households (Fiji Fin Cap)	■	▪		Fiji	
Financial Diaries	■	▪		Bangladesh, India, and South Africa	
Financial Services Authority (UK FSA) Consumer Awareness Survey		▪	■	United Kingdom	
Financial Services Authority (UK FSA) Measuring Financial Capability	■	▪	▪	United Kingdom	▪ Financial Capability in Ireland, Financial Regulator, 2007 ▪ Financial Capability: New Evidence for Ireland, 2009 ▪ Canadian Financial Capability Survey, 2009 ▪ Financial Capability in the United States, FINRA, 2009 ▪ Financial Education in Italy: The First Scientific Measurement of Financial Culture in Italy, 2008 ▪ Financial Capability of Austrian Households, 2007 ▪ Summary of financial insight among the Dutch, CentiQ, 2008 ▪ Baseline survey of financial literacy, 2008

(continued)

TABLE 1.2 REVIEWED SURVEYS WITH POLICY OBJECTIVES AND COUNTRIES OF IMPLEMENTATION *(continued)*

SURVEY	FC	FI	FCP	COUNTRIES	REPLICATIONS AND SIMILAR STUDIES
FinScope	▪	■	▪	Botswana, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Pakistan, Rwanda, South Africa, Swaziland, Tanzania, Uganda, and Zambia	
Global Findex		■		148 countries	
Jump$tart Survey	■	▪		United States	▪ Junior Achievement Young Enterprise and Citi Bank Survey ▪ Financial Literacy Project Survey, 2004 ▪ College Students' Financial Literacy: Dead or Alive? ▪ Personal Financial Literacy Among College Students Survey, 1998 ▪ Junior Achievement "Teens and Money Survey" ▪ Capitol One Survey of High School Students
OECD/INFE Measuring Financial Literacy	■	▪		Albania, Armenia, British Virgin Islands, Czech Republic, Estonia, Germany, Hungary, Ireland, Malaysia, Norway, Peru, Poland, South Africa and United Kingdom	
Singapore National Financial Literacy Survey	■	▪		Singapore	
Special Eurobarometer 230		■	▪	Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Republic of Cyprus, and United Kingdom	

(continued)

TABLE 1.2 REVIEWED SURVEYS WITH POLICY OBJECTIVES AND COUNTRIES OF IMPLEMENTATION

(continued)

SURVEY	FC	FI	FCP	COUNTRIES	REPLICATIONS AND SIMILAR STUDIES
Survey on the Financial Literacy of the Portuguese Population	■	▪	▪	Portugal	
U.S. Health and Retirement Study (HRS) 2004	■			United States (Replicated in Germany, India, Indonesia, Italy, Japan, Sweden, Netherlands, New Zealand, and Russia)	▪ Financial Literacy, Retirement Preparation and Pension Expectations in the Netherlands, 2011 ▪ Financial Literacy, Retirement Planning, and Household Wealth, the Netherlands, 2011 ▪ Financial Literacy and Retirement Planning in New Zealand, 2011 ▪ Financial Literacy and Retirement Planning in Germany, 2011 ▪ Financial Literacy and Retirement Planning in Sweden, 2011 ▪ Financial Literacy, Retirement Planning, and Household Wealth, Italy, 2011
U.S. Survey of Consumers Nov/Dec 2001	■	▪		United States	
World Bank Financial Capability and Consumer Protection surveys (WB FCCP)	■	▪	■	Azerbaijan, Bulgaria, Bosnia and Herzegovina, Romania, Russia, and West Bank and Gaza	
World Bank Livings Standards Measurement Survey-FinScope Financial Services Experiments (Ghana FSS)	▪	■		Ghana	
World Bank/Russia Financial Literacy and Education Trust Fund Financial Capability Survey	■	▪		Armenia, Colombia, Lebanon, Mexico, Nigeria, Papua New Guinea, Turkey, and Uruguay	

Note: ■ = major concept covered by each survey. FC = financial capability; FI = financial inclusion; FCP = financial consumer protection.

CHAPTER 2

Financial capability: its importance and how surveys can help

2.1 FINANCIAL LITERACY AND CAPABILITY: WHY THEY ARE IMPORTANT AND HOW THEY RELATE TO FINANCIAL INCLUSION AND FINANCIAL CONSUMER PROTECTION

Across the world, policy makers are concerned with identifying strategies for improving households' financial well-being, deepening the financial sector, and increasing its stability. Over the past few decades, these objectives have turned attention toward the financial capability of individuals. On one hand, citizens who make good financial decisions and interact effectively with providers of financial services are also more likely to achieve their financial goals and therefore improve their household's welfare. On the other hand, financially included citizens contribute to financial sector development, which in turn is strongly related to economic growth.

Financial capability is the internal capacity to act in one's best financial interest, given socioeconomic environmental conditions. It therefore encompasses the knowledge, attitudes, skills, and behaviors of consumers with regard to managing their resources and understanding, selecting, and making use of financial services that fit their needs.

Financial capability has therefore emerged as a strategic policy objective that complements the financial inclusion and financial consumer protection agendas. These objectives are highly interconnected: for example, in order to foster participation in financial markets, consumers need to be better informed about the features of financial products, have the confidence to interact with providers of financial services, know how to choose and use these products and where to seek advice, and be aware of their rights and available redress mechanisms; adequate financial infrastructure must be developed to promote access and use of these services; and financial consumer protection mechanisms must be established in order to protect consumers (the least capable in particular) from risks associated with interactions with providers of financial services.

Because financial capability is a relatively new area, alternative definitions and approaches to its measurement coexist. For example, in this review the term "financial literacy" refers to one aspect of financial capability—the knowledge and awareness of financial concepts and products—while other practitioners use it as a synonym for "capability." The definition used in this review is consistent with the framework developed by the Financial Inclusion and Consumer Protection Service Line at the World Bank and informed by the work of the Russia Financial Literacy and Education Trust Fund (RTF). Given the existence of alternative definitions, the terms used in this review do not necessarily reflect how they have been used in the surveys we present.

Surveys of financial capability can measure some directly observable aspects of this internal capacity, as well as the interaction between the internal capacity and the enabling environment. For example, knowledge or cognitive skills are directly measurable: if a respondent has the relevant knowledge, she will tend to answer the question about knowledge correctly (assuming the question is well designed). On the other hand, skills related to managing money cannot be observed independently from external factors such as the level of resources and accessibility of financial products. For example, even if a person is capable of planning for her old age, she may not do so because her income is too low even to cover present essential needs. For this reason, measuring attitudes (such as reasons for doing/not doing something, or being concerned about certain issues) helps to provide a more nuanced picture of a person's capability.

External factors that can affect how the internal capacity manifests itself into actual behaviors include financial resources, social norms and obligations, financial infrastructure, and existing financial consumer protection mechanisms. In what follows, we describe under "financial inclusion" all the issues related to access and use of financial products, and under "financial consumer protection" the issues related to existing financial consumer protection mechanisms and institutions. The three policy objectives of improving financial capability, promoting financial inclusion, and strengthening financial consumer protection of course overlap. Therefore, some survey questions that are described under one policy objective may also be relevant for another, and appendix A helps to identify these cases.

2.2 HOW A SURVEY CAN SUPPORT POLICY AND RESEARCH IN THIS AREA

The purposes a survey serves depend on the content of the questionnaire, the sampling strategy adopted, and the statistical methods used to analyze the data. Surveys can cover a variety of subject areas and have different types of end users, including policy makers and researchers. Regardless of the specific area of interest (capability, inclusion, or consumer protection), there are a few broad measurement objectives for which surveys are typically used.

Policy makers frequently use surveys as a diagnostic tool to inform the design of national strategies. According to a recent report by the OECD (Grifoni and Messy 2012), at least 36 countries have established or are in the process of designing a national strategy for financial education. The main advantage of developing a national strategy is the enhanced level of coordination among different stakeholders who are typically interested in the area of financial capability—central banks, banking associations, financial supervision entities and financial consumer protection institutions, ministries of finance, and education, and statistical offices. According to the OECD study, 80 percent of the countries have used a survey as a diagnostic method to identify the key priorities for their national strategies.

Conducting a survey is a very common method used by policy makers to understand the nature and extent of the issues they want to address through intervention. For example, when little is known about how to best use resources to address a particular issue, a survey can identify the key weaknesses or the most vulnerable population groups that can be targeted through intervention. A survey can also identify possible areas of intervention. This kind of assessment can be repeated over time to measure progress toward the policy objectives; in some instances comparisons are made not only over time, but also across space by benchmarking results to similar assessments conducted in other countries.

A more specific objective that surveys can help achieve is the impact evaluation of a particular intervention. This type of assessment typically requires a survey to be conducted at least twice (before and after the intervention), and questions are specifically designed to measure outcomes that were targeted through the intervention. As a consequence, survey questionnaires that have been designed for a broader purpose may not be appropriate for use in an impact evaluation, and vice versa.

Finally, some surveys allow for more in-depth research on the causal relationship among different phenomena of interest. For example, surveys that cover a broad range of topics can be used to analyze the relationship among these (for example, links between financial capability and financial inclusion, or between financial capability and financial welfare). Some survey features, in particular whether the survey has been repeated over time with the same respondents, will affect the range of analytical methods that can be used and the scope of the analysis (whether only simple correlations can be reported or if a causal interpretation can be provided).

The following sections present examples of how surveys can support policy making or research in the areas of financial capability, financial inclusion, and financial consumer protection. As chapter 3 shows in detail, most of the reviewed surveys cover multiple topics and they could be used to achieve several purposes, whether or not this purpose is explicitly stated in the survey report. In order to have a complete overview of all the surveys that cover specific subjects, the discussion in chapter 3 and appendix A should be consulted.

2.2.1 Measurement objectives for financial capability surveys

The most common purpose of financial literacy and capability surveys is to provide a baseline assessment of weak areas and to identify potential target population groups. For surveys focusing on financial knowledge and awareness, this means identifying specific knowledge gaps and potential target population groups for financial education programs. For example, the special module designed for the 2004 U.S. Health and Retirement Study and the related international project discussed by Lusardi and Mitchell (2011a); the New Zealand Financial Knowledge Survey; the Kenya Financial Access survey (FinAccess); and the OECD/INFE Financial Literacy survey—all had the purpose of pinpointing specific concepts and topics on which knowledge is limited, and to identify population groups for whom financial education programs could be targeted. In Kenya and in countries participating in the OECD/INFE survey, these assessments were specifically meant to provide a baseline and benchmarks for national strategies on financial education. In surveys that measure financial behavior, the objective is to identify weak areas of behavior and the least capable subgroups of the population. For example, this was done in the U.K. survey conducted for the Financial Services Authority (U.K. FSA) and in the Financial Capability Survey developed by the World Bank for the RTF.

BOX 2.1 JUMP$TART SURVEYS AND IMPROVING FINANCIAL LITERACY IN THE UNITED STATES

Since 1997, the Jump$tart Coalition for Personal Finance has conducted a biennial Personal Financial Survey to measure the levels of financial literacy of U.S. high school seniors. The Jump$tart surveys were the first studies to indicate low levels of financial literacy among young American adults. When subsequent surveys showed that literacy scores were falling even lower, many states decided to mandate courses in financial education to try to reverse this situation. Interest in financial literacy also grew among federal agencies. The U.S. Department of Treasury has created an Office of Financial Education to address the problem of low levels of financial literacy among Americans. On January 22, 2008, President George W. Bush signed an Executive Order creating, for the first time, a President's Advisory Council on Financial Literacy. Based on the evidence provided by some of Jump$tart's studies, the Council was charged with improving financial literacy for all Americans.

A different purpose of surveys that focus on knowledge is the identification of potential channels for delivering information or financial education. For example, the Financial Literacy Survey of the Portuguese population has been designed to understand channels through which information about financial products could be provided to potential consumers, while the National Financial Literacy Survey conducted in Singapore was intended to measure awareness of the existing financial education programs and determine the most effective delivery channels for these programs.

Surveys that measure financial behavior in addition to knowledge also have the purpose of studying the relationship between these two aspects. This was a specific purpose for the special module attached to the U.S. Survey of Consumers in 2001, for the 2004 HRS module, and for the survey conducted in Fiji on Financial Capability, Competence and Well-being (Fiji Fin Cap).

Most financial capability surveys aim to understand people's financial behavior and attitudes with respect to personal or household finances, though different surveys measure different behaviors. Some surveys focus on understanding behaviors related to the use of financial products (Jump$tart, Portugal Financial Literacy, New Zealand Financial Knowledge, Survey of Consumers, FinScope), while others are concerned with more general aspects of financial behavior, such as making a budget, planning ahead, or dealing with unexpected expenses. (U.K. FSA Financial Capability, RTF, OECD/INFE, Fiji Fin Cap, Kenya FinAccess).

Understanding the details of households' financial practices is usually beyond the scope of a typical survey of financial capability. First, because it is sometimes difficult to evaluate whether adopting a specific practice is more or less capable than adopting another, and second because understanding these details requires more questions than is manageable in a standard survey. However, there are experimental studies, such as the financial diaries described by Collins et al. (2009), where a relatively small number of households are visited every two weeks, to document their financial transactions over periods that range from six months to a year.

The majority of the surveys on financial capability aim to represent the entire adult population. Two exceptions among studies of financial knowledge and awareness, which instead focus on a subgroup of the population, are Jump$tart, representing high school and college students, and the HRS, a survey of individuals of age 50 and older.

Providing benchmarks across countries is a purpose that most financial capability surveys try to achieve. Examples of international projects with a survey instrument explicitly designed for use across different countries include the survey developed by the Russia Financial Literacy and Education Trust Fund managed by the World Bank and the Financial Literacy survey carried out by the OECD/INFE. The U.K. FSA Financial Capability study had a national focus; however, its approach was later followed

BOX 2.2 THE NATIONAL STRATEGY FOR FINANCIAL EDUCATION, BRAZIL

In 2010, Brazil formally established a National Strategy for Financial Education (ENEF), which was developed by a working group comprised of four financial regulators—the Financial System Supervision and Regulation Committee (COREMEC). In developing the new strategy, COREMEC conducted a survey in 2008, the National Measurement of Financial Literacy, to assess existing levels of financial capability and financial inclusion in Brazil. The results of the study revealed significantly low levels of financial knowledge and awareness, and inadequate levels of household savings. Based on the results of the survey, and following consultations with public and private sector stakeholders, ENEF was developed to accomplish the following goals: (1) promote financial education for consumers at all income levels; (2) develop financial infrastructure to expand financial inclusion and; (3) improve the efficiency of financial markets. A school-based financial education pilot project was introduced in 2010 to empower students and their parents to make sound financial decisions. To assess the effectiveness of this financial education program, and before scaling-up throughout Brazil, the government engaged with the World Bank and the RTF to evaluate and fund the initiative. The rigorous evaluation of the intervention identified positive impacts on student's and their parent's financial knowledge, attitudes, and behavior.

and adapted to a local context by several other countries. Similarly, the U.S. HRS 2004 module on financial knowledge has been adapted in an international project covering eight different countries.

2.2.2 Measurement objectives for financial inclusion surveys

The common purpose for all surveys that measure financial inclusion is to determine what kind of financial products people have access to and use. A few studies, such as the FinScope surveys, the new Global Findex project, the OECD/INFE survey, the RTF survey, and the World Bank's Financial Capability and Consumer Protection surveys provide internationally comparable data on participation in financial markets, although FinScope and the Global Findex provide much greater detail because financial inclusion is their main purpose. FinScope is a large, standalone survey carried out in several developing countries and it includes a large number of questions about banking service usage, credit products, savings and insurance products (including informal products), and products for remittances. The Global Findex project was implemented in 148 countries as part of the Gallup World Poll, and it is a source of systematic indicators of account penetration, use of formal or community-based saving mechanisms, and formal or informal borrowing across the world. Because the survey is implemented in association with a larger survey, the Findex questionnaire is relatively short and includes about 20 questions.

Another key purpose of financial inclusion surveys is to understand reasons for limited use of financial products. Potential issues include the limited availability or accessibility of infrastructures (number of bank branches, technology for mobile banking, etc.), the affordability of financial products and services, and consumer satisfaction with their range and quality. Examples of studies designed to assess these problems are the Kenya FinAccess survey, FinScope, the Ghana Living Standards Measurement Study (LSMS)/FinScope, and the studies conducted in Portugal and in New Zealand.

Only a few surveys have also sought to understand how people use financial information and their attitudes toward financial issues. The survey conducted in Portugal aimed to identify potential channels to provide information on financial products, identifying investors' habits and level of sophistication. The Special Eurobarometer 230 survey on Public Opinion on Financial Services had instead the objective of measuring attitudes and views on financial issues and priorities, preferences for payment methods, and experience with cross-border financial services.

While collecting information on the use of financial services, one survey also intended to answer some methodological questions. The LSMS/FinScope survey in Ghana tested whether the information collected is affected by the measurement approach (asking one person about household usage versus asking each member about their own use) and by which member of the household was interviewed. The results showed that rates of household usage were comparable when the household head was interviewed or a full enumeration of individual use was done, whereas interviewing a randomly selected household member led to a less complete picture of household use of financial services.

Finally, analyzing the relationship between access to banking and financial competence is another purpose for which a reviewed survey has been designed. Though the main focus of the survey carried out in Fiji is on measuring financial capability, it also captured information on financial inclusion to assess the relationship between these objectives.

2.2.3 Measurement objectives for financial consumer protection surveys

Measuring financial consumer protection issues is the specific purpose of only a few surveys. These are Jump$tart, the Financial Literacy Survey in Portugal, the Kenya Consumer Protection Diagnostic Study, the New Zealand survey, the U.S. Federal Trade Commission (FTC) fraud survey, the U.K. FSA Consumer Awareness Survey, and the Financial Capability and Consumer Protection (WB FCCP) surveys implemented by the World Bank.

For improving the effectiveness of existing mechanisms and institutions, some surveys aim to assess the level of awareness of financial consumer protection laws and sources of financial information. The Jump$tart survey assesses the level of awareness of financial consumer protection laws among high school and college students; the Portugal survey focuses on respondents' knowledge of sources of financial information and redress mechanisms. Awareness of these mechanisms was also one of the topics included in the Kenya survey, which aimed to assess whether users of financial services understand their rights and responsibilities. Similarly, the Consumer Awareness Survey carried out by the FSA in the U.K. was designed to measure consumer awareness of financial regulation in order to evaluate the FSA's effectiveness in identifying and mitigating risks.

A specific purpose of the FTC Fraud survey is to identify which population groups are most likely to become victims of financial fraud. This survey does this by collecting information about past experience with financial fraud and identifying the characteristics of the victims. Results are used to support the Federal Trade Commission in targeting education campaigns to particular groups of consumers.

Assessing consumer attitudes toward financial service providers and regulators is another important, though less common, purpose. This is a main goal of the WB FCCP surveys developed by the World Bank's Financial Inclusion and Consumer Protection Service Line. For instance, the WB FCCP surveys ask questions about the level of trust in and satisfaction with services provided by financial institutions or trust in financial regulators as well as confidence in the existing redress mechanisms. The New Zealand survey, which had among its objectives to support the reform of financial consumer protection laws, also asked respondents about their attitudes when interacting with financial advisers (whether they ask for their qualifications and experience). Finally, the U.K. Consumer Awareness Survey also measured the level of consumer confidence in the regulatory regime.

CHAPTER 3

Data needed to inform policy objectives

Though the studies presented in this review focus on different aspects of financial capability, financial inclusion, and financial consumer protection, all studies measure these subjects across the following four dimensions: knowledge, skills, attitudes, and behavior. Studies seek to measure aspects that are directly observable: (1) measuring knowledge in order to better understand the information gaps that affect people's ability to effectively manage their finances; (2) looking at numeracy and literacy skills that may explain differences in knowledge or behavior; (3) looking at observable attitudes to understand how psychological variables shape financial behavior; and (4) collecting data on behavior to gain insight into how people actually manage their personal or household finances, and the financial tools they use in doing so.

This chapter takes a look at how different studies have used questions about knowledge, attitudes, skills, and behavior to assess financial capability, financial inclusion, and financial consumer protection. The section is organized around these three policy objectives in order to present which survey data can be used to inform a specific objective. In addition, the chapter reports examples of commonly used survey questions—these are meant to serve purely as illustrations and are not necessarily the best or most rigorously tested questions.[1] For each policy objective, appendix A presents the key concepts measured by each survey.

3.1 POLICY OBJECTIVE 1: IMPROVE FINANCIAL CAPABILITY

3.1.1 What concepts can be measured for financial capability?

As mentioned in chapter 2, studies of financial capability seek to measure, given specific socioeconomic conditions, aspects of a person's internal capacity to make self-benefi-

[1] Due to different levels of rigorousness used in testing questions, this review cannot express a view on the quality of the example questions used.

cial financial decisions. This internal capacity to manage financial resources is measured by assessing financial knowledge (literacy), attitudes, and skills. In addition, surveys measure behaviors and attitudes that result from the interaction of this internal capacity and external conditions.

Given the multidimensional nature of financial capability, one area of internal capacity that can be measured to inform policy is financial knowledge or literacy. Studies of financial knowledge seek to measure understanding of the concepts deemed necessary for navigating the formal economy. In general, these studies measure financial knowledge across the following three dimensions:

- **Knowledge of financial concepts:** knowledge of general finance, including understanding of basic concepts, such as saving, investing, lending, the effects of inflation, budgeting, and risk diversification, among others.
- **Knowledge of financial products and services:** awareness of the economic services and products provided by the finance industry, and the risks associated with using these financial services and products.
- **Know-how or practical knowledge:** understanding of how to manage own personal finances, including how to use financial services and products; how to save, borrow, and invest; and how to protect oneself against financial fraud.

Another aspect of internal capacity that can be measured in relation to financial capability is composed of cognitive skills. By measuring skills, policy makers can better understand the potential for people's financial behavior under certain conditions. Accordingly, a number of studies gather data on respondents' numeracy and literacy skills in addition to assessing levels of financial knowledge.

In order to understand how and why people make financial decisions, surveys of financial capability also collect data on observable psychological factors, like attitudes. The studies reviewed here gather information on attitudes including preferences for receiving financial education, reasons for and proclivity toward managing budgets and expenditures, and perceptions of financial service providers.

Finally, assessing financial behavior offers an important avenue for understanding the interaction between the internal capacities described above (knowledge, attitudes, skills) and external socioeconomic environmental conditions. The types of financial behavior that are measured by the reviewed surveys can be classified into four main areas: money management (managing day-to-day finances), long-term planning (preparing for emergencies and retirement), financial decision making (ability to choose appropriate financial products), and seeking advice.

3.1.2 What questions can be used to measure financial capability?

MEASURING FINANCIAL KNOWLEDGE (LITERACY)

Knowledge of financial concepts

One approach to measuring financial knowledge is to design questions that gather information about people's understanding of a few key economic concepts. The types of financial concepts deemed important may vary by country and context, but these usually include knowledge of inflation, interest rates, risk diversification, and taxation.

The 2004 U.S. Health and Retirement Study, for example, included a three-question module on financial knowledge based on economic models of saving and portfolio choice. Questions were designed to measure concepts that are considered indispensable for making everyday financial decisions, and to allow for differentiation among levels of financial knowledge. The survey module was administered in the form of a test, and it gathered data on respondent knowledge of (1) simple interest rate compounding; (2) the effects of interest rate and inflation on savings; and (3) portfolio diversification and differences in rates of return. Below is an example from the HRS study of a commonly asked financial literacy question (Lusardi and Mitchell 2011a):

1. KNOWLEDGE OF FINANCIAL CONCEPTS

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

1. More than today
2. Exactly the same
3. Less than today
4. Do not know
5. Refuse to answer

The World Bank's Financial Capability and Consumer Protection surveys measure financial knowledge similarly to the HRS study, but include further measures, for instance, to test if people can think in real rather than nominal terms (money illusion). Other surveys measure similar concepts found in the WB FCCP and HRS studies, including the Singapore National Financial Literacy Survey, the Fiji Fin Cap study, and the Portuguese Financial Literacy Survey. As illustrated in appendix A, these studies test respondent knowledge of inflation and compound interest.

Other studies go beyond measuring savings-related concepts, to gathering information on people's understanding of budgeting, investing, lending, and borrowing. For instance, the 2009 New Zealand Financial Knowledge Survey and the U.S. Survey of Consumers test respondents' knowledge of lending, budgeting, investing, and equity, as well as knowledge of inflation and compound interest. Survey questions were based on a Financial Knowledge Framework that detailed the knowledge and skills required for a person to be financially literate at the basic and advanced levels. Some questions ask respondents to define financial terms like a budget, term deposit, asset, liability, capital gain, and savings, while other questions tests understanding of financial concepts.

Knowledge of financial products and services

Policy makers, however, may want to look beyond people's understanding of basic financial concepts and design questions that measure knowledge and awareness of financial products and services. Studies that focus on knowledge of financial products and services generally collect information on two areas:

- Awareness of financial services and products, and understanding of the functions of financial service providers; and
- Understanding of the risks and costs associated with using financial products and services.

There exist a variety of useful examples of studies that measure awareness of financial tools and services that can be used for managing personal or household finances. The FinAccess 2009 survey, for example, collects data on respondents' awareness of financial products, such as savings accounts, credit cards, ATM cards, pension, credit bureau, checks, shares, and insurance. Delving further, the survey also asks respondents about their awareness of specific Kenyan financial services providers. Similarly, the FinScope study includes questions that measure Tanzanians' awareness of savings accounts, current accounts, insurance, debit cards, and ATMs. The OECD/INFE study collects information on people's awareness of a range of financial products. Below is an example of a question from that study of a commonly asked question to gauge respondent awareness of financial products (OECD/INFE 2011).

2. AWARENESS OF FINANCIAL PRODUCTS

Please can you tell me whether you have heard of any of these types of financial products.

1. A pension fund
2. An investment account, such as a unit trust
3. A mortgage
4. A bank loan secured on property

5. An unsecured bank loan
6. A credit card
7. A <current> account
8. A savings account
9. A microfinance loan
10. Insurance
11. Stocks and Shares
12. Bonds
13. Mobile Phone payment
14. Prepaid Payment
15. Don't know response given to question as a whole
16. Refused to respond to the question ad a whole
17. Record if the respondent has (heard of/holds/choose) none of the above.

A number of studies assess whether people understand the basic features and advantages of financial products. One well-known financial literacy survey, the Jump$tart biennial Personal Financial Survey, includes a number of questions to test respondent knowledge of the features of different types of financial products. Similarly, the 2009 New Zealand Financial Knowledge Survey asks respondents about the advantages of using Internet banking and the services provided by the national pension plan. The Portuguese Financial Literacy Survey asks respondents what is required to access the minimum bank services, and tests their knowledge of Internet banking. The Survey of Consumers 2001 module includes a number of true or false questions that test knowledge of the functions of financial service providers. For instance, the module asks questions regarding whether the bank is responsible for informing a consumer of an impending overdraft and whether credit repair agencies can remove negative credit information.

A related question measures people's understanding of the costs associated with using financial services and products. As part of the Consumer Protection Diagnostic Study of Kenya, the Financial Sector Deepening Program respondents were asked if they understood the fees charged by their banks. The Portuguese Financial Literacy Survey asks similar questions, including whether respondents knew of the commission and fees charged by banks on current accounts and interest rates and fees for overdrafts. The Survey of Consumers also includes a question to test respondent understanding of finance fees charged for using credit cards (Hilgert, Hogarth, and Beverly 2003).

Know-how and practical knowledge

Studies of financial knowledge sometimes collect data on whether people know how to apply economic concepts and use financial products to manage their finances. The Fiji Fin Cap consisted of about 300 questions including some on people's financial know-how (Sibley 2009). For instance, the survey asks respondents, "How would you set up a household budget?" and lists a number of possible answers. The instrument includes a number of other questions that test respondent knowledge of how to manage a budget, keep financial records, compare financial information, review a financial agreement, seek financial advice, make payments, and keep money safe. In addition, the survey assesses respondent knowledge of how to seek recourse in the event of being unable to repay loans.

A variety of surveys, for example, include questions on whether people know how to make payments, save, prepare budgets, manage risk, and plan for the long term. The FSA financial capability study includes an interesting question on how well people knew the amount in their bank accounts. Other surveys focus on whether respondents know how to effectively access and use financial services and products. The Kenya FinAccess surveys, the Portuguese Financial Literacy Survey, the Survey of Consumers, and the Jump$tart study also include questions that measure knowledge of how to use financial services and products. This includes knowing how to open and use bank and saving accounts, make payments, obtain loans, and transfer payments or remittances. For example, the Fiji Financial Capability survey asks respondents:

3. KNOW-HOW: ACCESSING FINANCIAL SERVICES 1

What is one type of identification that you need to take to the bank to open an account?

1. Birth certificate
2. Drivers license
3. Baptism certificate
4. Letter from employer
5. Passport
6. Other (specify)
7. Don't know
8. Don't understand the question
9. Refused

Similarly, the Portuguese Financial Literacy Survey asks respondents:

4. KNOW-HOW: ACCESSING FINANCIAL SERVICES 2

What is required in order to access the Minimum Bank Service?

1. Have a low income
2. Be unemployed
3. Not have a bank account
4. Does not know
5. Does not answer

Another important concept that surveys measure is whether respondents know their rights and know how to seek recourse for unfair financial practices or fraud. Appendix A presents a number of different surveys that cover this concept. For instance, the Portuguese Financial Literacy Survey asks respondents what entities they would consult in the event of a misunderstanding or disagreement with a bank (Banco de Portugal 2011). Other surveys that measure people's knowledge of how to resolve problems with financial service providers include the Fiji survey, Kenya Consumer Diagnostic study, Jump$tart survey, and FinAccess.

TESTING SKILLS: LITERACY AND NUMERACY

In gauging financial capability, a number of studies consider it important to collect data on cognitive skills such as literacy and numeracy. Literacy questions are usually presented at the beginning of the survey in order to gauge whether the respondent (1) can read and (2) understands concepts presented in elementary terms. The FinScope survey, for instance, begins by asking respondents to read a simple question not related to financial literacy. The survey also includes a test designed to measure numeracy. Similarly, Fiji Fin Cap survey respondents are shown a card with written information and are then asked questions about it to evaluate their literacy skills. The Fiji Fin Cap instrument also includes questions designed to test numeracy skills, for example asking respondents to do simple mathematical questions, including the following (Sibley 2009):

5. NUMERACY SKILLS 1

Please read the card. [A prize of $18 is shared equally between six people]. How much will each person receive?

Generally, questions designed to measure knowledge of economic concepts are presented as a math quiz that tests numeracy skills. These mathematical questions can be found in the New Zealand Financial Knowledge, the OECD/INFE, and the U.S. HRS 2004 studies. The U.K. FSA's Measuring Financial Capability: An Exploratory Study (FSA FinCap) includes a seven-question money quiz that tests knowledge of financial concepts as well as numeracy skills. For example, the survey asks respondents the following question (Kempson et al. 2005):

6. NUMERACY SKILLS 2

Suppose you saw the same television on sale at a discount in two different shops. The original price of the television is £250. One shop is offering a discount of £30 off the original price, the other is offering a discount of 10% off the original price. Which is the better deal—£30 off or 10% off?

ASSESSING ATTITUDES

Another aspect of financial capability that is measured by the reviewed studies is related to attitudes and motivations. As described above, personal views, beliefs, or psychological traits can affect people's decision making and thus form a part of their internal financial capability. Therefore, a number of surveys design questions to measure psychological characteristics that can be directly observed.

Some studies measure motivations using scales developed in psychological studies, or simply inquire about reasons for adopting certain kinds of behavior. The World Bank's Russia Financial Literacy and Education Trust Fund (RTF) survey, for example, contains a set of questions that measure impulsiveness, attitudes toward the future, and achievement orientation. Other studies, like the Singapore National Financial Literacy survey, FinAccess, and the Special Eurobarometer 230, include questions about people's preferences toward or reasons for long-term planning, lending, saving, and day-to-day money management.

Similarly, a number of surveys ask questions about proclivity toward certain types of behavior. As illustrated in appendix A, these surveys include the Kenya 2009 FinAccess, the Portuguese Financial Literacy Survey, FinScope, and the OECD/INFE. The New Zealand study gathers data on respondents' propensity toward saving, managing their expenses, planning for the future, investing, and borrowing. One major study in the field of financial capability, FSA FinCap, includes a number of questions on people's proclivities toward money management (e.g., impulse purchases, delay in paying bills, saving versus spending), planning ahead (e.g., living for today versus tomorrow), and seeking financial advice and obtaining financial products. The following question from the U.K. FSA study presents one example of a common attitude question on financial capability (Kempson et al. 2005):

7. PREFERENCES

I am now going to read you some things that other people have said about managing money. Please tell me how strongly you agree or disagree with them.

"I am impulsive and tend to buy things even when I can't afford them."
"I am more of a saver than a spender."
"I prefer to buy things on credit rather than wait and save up."
"I would rather cut bank than put everyday spending on a credit card I couldn't repay in full each month."
"I am very organised when it comes to managing my money day to day."
"I am never late at paying my bills."

1. Agree
2. Tend to agree
3. Tend to disagree

4. Disagree strongly
5. Don't know
6. Refused

MEASURING FINANCIAL BEHAVIOR

Financial capability is often expressed and measured in terms of behaviors that result from the interaction of internal capabilities and external factors. Surveys measure financial behavior in a number of different areas that can be classified according to the following four dimensions identified in the FSA FinCap study: money management, planning ahead, making choices, and staying informed.

Money management questions focused on how people managed their credit and bills, used credit, and managed their bank accounts. Planning ahead questions measured how respondents would deal with an unexpected drop in income, "lumpy" expenses, and whether they had made pension provisions. The instrument gathered data on what products respondents purchased, how they made financial decisions, and how they stayed informed on financial matters (Atkinson, Kempson, and Collard 2005).

The RTF study builds upon the U.K. FSA study to assess levels of financial capability in a group of low- and middle-income countries. Like the FSA Financial Capability study, the RTF survey study includes many questions on behavior. In particular, it looks at how people manage their expenditures, plan for the future, prepare for emergencies, choose between financial products, and make financial decisions. Below is a sample question from the RTF survey study that offers an example of a usual question on money management in the case of insufficient funds:

8. MONEY MANAGEMENT BEHAVIOR

What do you do when you run short of money for food or other necessary items?

1. Borrow from family, friend or work colleague
2. Cash gifts from family or friends
3. Borrow from employer/salary advance
4. Borrow from bank/use credit card/go into overdraft
5. Borrow from a local moneylender
6. Borrow from another type of lender
7. Use savings
8. Find extra work/work extra hours
9. Sell something
10. Spend less on essentials/necessary items (e.g., food)
11. Spend less on non-essentials (e.g., spending on self/partying/going out/ alcohol, cigarettes, hair)
12. Other

The Financial Diaries are a unique example of a financial capability study that measures people's money management, long-term planning, and financial decision making behavior on a daily basis for an extended period of time. Unlike most other surveys, the Financial Diaries aim at understanding the details of household financial practices instead of providing a broad assessment of financial capability. The study gathers information on how families living on less than $2 a day in South Africa, Bangladesh, and India manage their cash flow, by recording their household balance sheets every two weeks for about six months. The instrument was tailored to household circumstances, but largely collected information on:

- How well people planned ahead or would plan ahead;
- How people dealt with an unexpected drop in income and unexpected expenses;
- How they anticipated expenses and planned for retirement;
- The money respondents borrowed and repaid;
- Respondent savings and withdrawals;
- The costs associated with financial behavior; and
- What strategies proved successful for managing respondent finances

3.2 POLICY OBJECTIVE 2: PROMOTE FINANCIAL INCLUSION

3.2.1 What concepts can be measured for financial inclusion?

The level of financial inclusion of a population is the result of the interaction between individual financial capabilities and external factors such as financial infrastructure and resources. Generally, studies of financial inclusion are designed to measure attitudes and behaviors by looking at the two concepts of access and usage.

- **Access:** studies of financial access measure a respondent's ability to use available financial products and services. Studies of access usually assess barriers to financial services and products by looking at issues such as legal documentation, physical proximity, and affordability.
- Usage: studies of financial usage are concerned with the actual usage of financial services and products. These surveys generally gather details on the regularity, frequency, and duration of time that people use financial services.

Surveys may also look at the concept of quality when studying financial inclusion. Measures of quality focus on whether financial products and services fit people's lifestyles, people's attitudes toward products and services, and their experiences using financial products and services (AFI 2010). Appendix A presents the range of concepts measured by surveys of financial inclusion.

3.2.2 What questions can be used to study financial inclusion?

ASSESSING BEHAVIOR AND FINANCIAL INCLUSION

Instruments on financial inclusion usually include a variety of questions on people's behavior regarding the ownership and use of financial services. This includes:

- The types of formal and/or informal financial products/mechanisms people use and have access to (informal or formal savings and credit systems, mobile banking, home banking, remittance systems, insurance systems, etc.);
- The frequency of usage of informal and/or formal financial products/mechanisms (savings, checking, credit, insurance, and/or remittance products/mechanisms);
- How people use different types of financial products/mechanisms (save, lend, borrow, pay bills, insurance, and/or remittance transfers, etc.);
- The number of financial products and services people use/possess;
- The source of information that influenced choice of financial product/service; and
- How people access financial services and products.

The World Bank's Global Financial Inclusion study (Global Findex), for example, measures financial inclusion by collecting data on behavior across four indicators: account penetration, saving, borrowing, and managing risks. Questions on account penetration capture information on account ownership, how respondents use accounts, the frequency of account usage, the use of mobile money, and how people access their accounts. Saving and borrowing questions look at what informal or formal financial methods people use to save, as well as the frequency with which they use these tools. Finally, questions on managing risks focus on the types of insurance products respondents use to plan for emergencies. The following from the Tanzania FinScope study is a typical question on what products people own:

9. OWNERSHIP OF FINANCIAL PRODUCTS

We are going to talk about your personal experience with banking products and services. Please tell me about your experience with each of the following, using these options: CURRENTLY HAVE, USED TO HAVE BUT NO LONGER USE, NEVER HAD.

Transaction products

1. Jk funds/Mamilion ya Kikwete
2. Post bank Account
3. Savings Account
4. Fixed Deposit Account
5. Current Account
6. ATM
7. Debit Card

Credit and Loan from Banks

8. Personal Loan from a bank
9. Bank overdraft
10. Credit card
11. Loan to buy a house from a bank
12. Loan to buy land from a bank
13. Loan to build a house from a bank

Two other financial inclusion studies, FinScope and FinAccess, include detailed inquiries about how people use and access specific types of informal and formal financial products and services. FinAccess includes questions on respondent past and current usage of financial services and products, and FinScope asks questions on how respondents use financial products to manage their money. Unlike the Global Findex study, FinAccess and FinScope include specific questions about how respondents access financial services and products. Both surveys ask respondents how they travel to the nearest branch of their financial service provider, and how much it costs to travel there by public transportation. For example, the 2009 FinAccess survey asks (Financial Sector Deepening 2010):

10. ACCESS TO FINANCIAL PRODUCTS AND SERVICES 1

What is the average time you take to travel to the nearest branch of… [Read name of institution] (FSD 2010):

1. Under 10 minutes/Chini ya dakika
2. About 10 to 30 minutes/Karibu dakika
3. About 30 minutes to 1 hour/Karibu nusu saa hadi lisaa moja

4. About 2 hours/Karibu masaa mawili
5. About 3 hours/karibu masaa matatu
6. About 4 hours/Karibu masaa manne
7. About 5 hours/Karibu masaa matano
8. About 6 hours/karibu masaa sita
9. 7 hours or more/Zaidi ya masaa saba

Another study, the Ghana Living Standards Measurement Survey (LSMS), presents an experimental approach to measuring financial inclusion. The LSMS survey tests whether the identity of the respondent or the inclusion of product-specific cues in questions affect the reported rates of household usage of financial services. Unlike FinAccess and FinScope, the survey measures household financial services usage and behavior, and asks broad questions about the use of different types of financial service providers rather than specific products.

MEASURING ATTITUDES AND FINANCIAL INCLUSION

To better explain financial access and usage, a number of studies gather data on how and why people choose or use different types of financial products and services. One common question in financial inclusion surveys is to ask respondents about their reasons for or against choosing different kinds of financial services and products. As illustrated in appendix A, the Global Findex, FinAccess, FinScope, FSA study, and Portuguese Financial Literacy Survey, among others, include questions on this topic. The Special Eurobarometer 230, for instance, asks respondents why they prefer to use a certain method of payment, and what features are important when choosing a financial product.

Some surveys also ask respondents about their reasons for not using services or their perceived barriers to accessing and using financial services and products. The 2005 Special Eurobarometer 230, for instance, includes a number of specific questions asking what obstacles respondents face in using certain financial services in the European Union. The Global Findex, FinAccess, and FinScope studies ask a similar question. For example, the Global Findex asks:

11. ACCESS TO FINANCIAL PRODUCTS AND SERVICES 2

Please tell me whether each of the following is a reason why you, personally, DO NOT have an account at a bank, credit union or other financial institution.

A. They are too far away
B. They are too expensive
C. You don't have the necessary documentation (ID, wage slip)
D. You don't trust them
E. You don't have enough money to use them

F. Because of religious reasons

G. Because someone else in the family already has an account

1. Yes
2. No
3. (DK)
4. (Refused)

3.3 POLICY OBJECTIVE 3: STRENGTHEN FINANCIAL CONSUMER PROTECTION

3.3.1 What concepts can be measured for financial consumer protection?

Financial consumer protection studies assess how people interact with financial service providers within a specific regulatory environment. This includes measuring attitudes, such as the level of trust in and perceptions of regulators and financial service providers; experiences with financial services and products; and behaviors, such as actions performed or mechanisms used to report and resolve problems or to mitigate risks.

3.3.2 What questions can be used to study financial consumer protection?

BEHAVIOR AND FINANCIAL CONSUMER PROTECTION

In order to address financial consumer protection issues, a number of studies look at how people behave when it comes to resolving problems with financial service providers. The World Bank's Financial Capability and Consumer Protection (WB FCCP) study, for instance, includes a number of questions on how respondents resolved issues with financial service providers. In addition, it asks what actions they took when they were unsatisfied with a financial service or provider. The U.K. FSA study also includes a series of questions that capture how respondents resolved disputes with financial service providers and where they took up their complaints. Similarly, the Portuguese Financial Literacy Survey asks respondents what entities they have consulted in the event of a disagreement or misunderstanding with a bank (Banco de Portugal 2011).

MEASURING ATTITUDE AND EXPERIENCE

To a large extent, instruments that measure financial consumer protection issues collect data on people's attitudes (trust and perceptions) and experiences. Appendix A details the various types of attitude and experience questions that surveys of financial consumer protection measure. The Kenya Consumer Protection Diagnostic study, for instance, gathers information on people's experiences with fraud as well as with financial service providers more generally. In the survey, respondents were asked if they had ever had experience with pyramid schemes and if they had lost money. In addition, respondents were asked for their perceptions and satisfaction with informal and formal financial services providers. The WB FCCP survey, for instance, captures specific information on the level of people's satisfaction with services offered by financial institutions and government institutions. The WB FCCP survey collects data on the level of trust people have in regulatory and supervisory institutions and in various kinds of financial service providers.

The 2007 U.S. Federal Trade Commission (FTC)'s Consumer Fraud Study offers an interesting example of an instrument designed to collect information on fraud. Implemented in 2003 and 2005, the FTC survey was constructed to measure people's experiences with specific types of financial fraud. Questions were based on those experiences that had the greatest number complaints in the FTC's Consumer Sentinel Database of Fraud Complaints and had led to enforcement actions. For example, respondents were asked if they had paid an advance fee to obtain a loan or credit card, been billed for product or service they didn't receive, purchased membership in a pyramid scheme, or had been billed for a product they had not agreed to. The FTC survey is unique in that it focuses on people's experiences with fraud and not on their experiences with any particular financial service provider (Anderson 2007).

Finally, a number of studies of financial consumer protection gather information on people's confidence in resolving disputes with financial service providers. The FSA Consumer Survey, for example, asks respondents about their confidence in their ability to resolve a problem with a financial service provider. It includes the following common financial consumer protection study question (FSA 2010):

12. CONFIDENCE IN RESOLVING PROBLEMS

If you needed to make a complaint to a financial firm, how confident would you be that the firm would resolve your complaint fairly?

1. Very confident
2. Fairly confident
3. Neither confident nor unconfident
4. Fairly unconfident
5. Very unconfident

As illustrated in appendix A, the Special Eurobarometer 230 likewise includes a number of questions that ask respondents to rate the likelihood (from very easy to very difficult) of winning a dispute with a bank and an insurance company. The WB FCCP survey also asks people about their confidence that occurring conflicts with financial service providers will be resolved in a timely and just manner by existing recourse mechanism. Similarly, the Kenya Diagnostic Survey asked respondents the reasons for or against seeking recourse in the event of a dispute.

CHAPTER 4

Survey design and data quality

4.1 WHO SHOULD BE INTERVIEWED?

The specific policy objective of policy makers when they decide to implement a survey has certain implications with regard to the unit of analysis that should be considered. Potential units of analysis could be firms, households, or individuals. Since surveys of firms are beyond the scope of this study, all reviewed surveys collect either individual- or household-level data. The most common approach among the surveys reviewed is to use individuals as the unit of analysis; they gather specific information about one randomly selected person within the household. Exceptions are the Financial Diaries and Ghana's FSS, which gather data on all household members or the household head, who is then asked to provide information about the whole household. If policy makers are interested in knowing, for example, which parts of the population are financially excluded, household-level data on access and usage will most likely underestimate the problem because they ignore inequalities within the household by assuming that financial products owned by a household can be accessed and used by all household members to the same extent.

4.2 WHAT SHOULD BE CONSIDERED TO ENSURE COMPARABILITY ACROSS COUNTRIES?

Being able to compare and benchmark across countries can yield huge benefits. If a project aims at comparing results internationally, the topics covered and questions asked will have to be adjusted, sometimes at the expense of addressing country-specific issues. Cross-country studies are of course best implemented through a joint, coordinated, and simultaneous effort by all the countries involved (as was done for the OECD/INFE survey, the RTF or Global Findex survey). Another option may be just replicating what other countries have already done. This option requires particular caution though, because the simple translation of survey instruments developed in other settings is not sufficient. Adequate testing and fine-tuning of the instrument will always be required in order to ensure that the questions have the same meaning across countries. Equally important is the use of consistent sampling methodology.

4.3 WHAT SHOULD BE CONSIDERED TO ENSURE COMPARABILITY OVER TIME?

Conducting a survey more than once and carrying out a follow-up assessment is necessary to evaluate trends in the phenomenon of interest. This can be done in different ways, for example, by simply conducting the survey again with a new random sample (repeated cross-sectional survey), or by following the original sample and interviewing the same respondents again (longitudinal or panel survey). Panel surveys are useful to assess specific interventions and their impact on individuals or households, because they measure changes for the same units over time. They are less useful for overall monitoring or in cases of broad types of interventions when the interest is focused on changes among the population as a whole. Reinterviewing the same respondents over time requires contact details to be collected, and to allocate more time and resources to trace the same people from one survey round to the next and to incentivize them to participate again. Among the surveys we reviewed, only Jump$tart, the New Zealand survey, and the WB FCCP survey implemented in Russia have been repeated over time. Only the last reinterviewed the same sample.

Independent from the type of survey conducted, the same questions should be used to ensure comparability over time. However, before reusing the same questions it is advised to check that they are still meaningful. For instance, if policy makers are interested in monitoring changes in the proportion of people who are aware of the minimum payment required to open a bank account and this amount changed over time, the question has to be modified accordingly. A repeated cross-sectional survey should also use a similar sampling methodology.

4.4 HOW CAN DATA QUALITY BE ENSURED?

The quality of the data collected in a survey is critical in informing the design of the policy intervention. The conclusions that policy makers can draw from surveys are only as good as the quality of the survey data. Survey design, therefore, is important for effective evidence-based policy development. An overview of the survey design of the reviewed surveys is presented in table 4.1. When designing a survey, the following properties are particularly important for ensuring high data quality: (1) development of a valid and reliable questionnaire and (2) a sound sampling design that ensures representativeness and precision of results. Finally, the mode of interview (3) will also be discussed as a criterion for evaluating a particular survey design.

TABLE 4.1 OVERVIEW OF SURVEY DESIGNS

SURVEY	S/M	MODE OF INTERVIEW	LEVEL OF REPRESENTATIVENESS	SAMPLING FRAME	TARGET	SAMPLE SIZE	UNIT OF ANALYSIS
Jump$tart Survey	S	Self-administered/online	H.S. senior or college student population	Census	H.S. seniors/ college students 18–23	1,535–6,856	Individual
Singapore Study	S	Face to face	Nationally	Census	Adults 18–60	2,023	Individual
New Zealand Study	S	Face to face	Nationally	Census	Adults 18+	856	Individual
OECD/INFE	S	Face to face	Nationally	Census	Adults 18–79	535–2,254	Individual
Portugal Survey	S	Face to face	Nationally	Census	Adults 16+	2,000	Individual
U.S. HRS	M	Face to face	Nationally	Census	Adults 50+	1,200	Individual
Fiji FinCap	S	Face to face	One province	Census	Adults 18+	200	Household
Financial Diaries	S	Face to face	None	Listing	Adults 18+	42–152	Household
U.K. FSA FinCap	S	Face to face	Nationally	Census	Adults 18+	4,600	Individual
RTF survey	S	Face to face	Nationally	Census	Adults 18+	1,401–3,009	Individual
Survey of Consumers	M	Telephone	Nationally, and 4 regions	Random digit dialing	Adults 18+	1,004	Household
FinScope	S	Face to face	Nationally, provincial, urban/rural	Census	Adults 18+	1,200–22,000	Individual
WB Global Findex	M	Face to face/ telephone	Nationally	Census/random digit dialing/ telephone lists	Adults 18+	504–4,220	Individual
Ghana's FSS	S	Face to face	Nationally	Census	Individuals 15+	1,955	Household
Eurobarometer 230	M	Face to face	Nationally	Random route	Individuals 15+	1,000	Individual
FinAccess Kenya	S	Face to face	Nationally	Census	Adults 18+	6,548	Individual
U.S. Consumer Fraud	S	Telephone	Nationally	Random digit dialing	Adults 18+	2,500–3,888	Individual
WB FCCP	S	Face to face	Nationally	Census	Adults 18+	1,036–2,026	Individual
CP Kenya	S	Face to face	Nationally	—	Adults 18+	1,548	Individual
FSA Consumer Awareness	S	Face to face	Nationally	—	Adults 18+	2,064	Individual

Note: — = not available. For S/M column, S = stand-alone; M = module.

4.4.1 How to develop a valid and reliable questionnaire

The development of a valid and reliable questionnaire is vital to ensuring that the questions used are really measuring what policy makers intend to measure. For instance, if policy makers are interested in collecting information on the proportion of the population that has an account at a formal financial institution, asking a question like, "Do you have an account at a formal financial institution?" would most likely introduce large measurement errors. Respondents will either not understand what an account or formal financial institution is, or interpret it very differently because no clear definition or examples are provided. Therefore, testing questions before survey implementation is a must to reduce measurement errors, especially if a question is newly developed.

The main ways of designing and testing new questions are to conduct focus groups, cognitive interviews, and pilot surveys. Focus groups are qualitative interviews with small groups of people invited to discuss the topic of interest. They can be a powerful tool for gaining a better understanding of how relevant and understandable existing questions are. Even more important, they can be used to inform the overall questionnaire design by gathering the general public's view of the key concepts to be included. Cognitive interviews are interviews with recruited volunteers who are usually interviewed in a laboratory environment. They focus on the cognitive process people use to answer survey questions and help to discover how well questions are understood or why they might fail. Pilot surveys, on the contrary, are interviews conducted in the field with the fully developed questionnaire. Usually they serve the purpose of final fine-tuning of the instrument in case there are still questions that are not properly understood by many respondents or even enumerators.

At least one of these methods to develop a valid and reliable instrument was used by most of the surveys reviewed. In order to develop a survey instrument that is suitable to measure the concept of financial capability across different countries and income levels, the RTF survey used all of these methods; focus groups to inform the design of the questionnaire and the main concepts of financial capability to be measured, cognitive interviews to test the understanding of the questions and to ensure that they have the same interpretation in different settings of income and educational attainment across and within countries, as well as pilot surveys for the final fine-tuning of the questionnaire.

A completely different approach is to use mainly questions that have already been well tested. This approach—among others—was followed by OECD/INFE, which developed the whole questionnaire by drawing well-tested questions from existing surveys and adopting them after several rounds of discussions with INFE country representatives.

4.4.2 What must be considered for a sound sampling design?

REPRESENTATIVENESS OF RESULTS

Policy makers should consider three basic principles if they want to generalize the survey results to the overall population. First, representativeness is determined by the method used to select the units of the sample. As long as the units are drawn randomly, the sample is representative. Randomly selecting units from the population helps avoid selection bias (that is, having a sample with a systematically higher or lower proportion of units with certain characteristics compared with the population), which allows policy makers to make inferences from the survey data. Most of the surveys reviewed as part of this study use some form of probability sampling in selecting respondents, which means that all units of the population have a nonzero and known chance to be drawn into the sample. For example, the Jump$tart Financial Literacy Survey used a stratified random sample drawn from a list of high schools in the United States provided by the U.S. Department of Education, and the U.K. FSA Financial Capability Survey employed a sampling method where census enumeration areas with 300 households on average were randomly selected from a full listing of all enumeration areas in the United Kingdom.

Second, any randomly drawn sample is representative of a certain "unit." A sample could represent a subgroup of the population, a location, or a combination of a subgroup and location. Therefore, it is important for policy makers to understand precisely what population groups are to be sampled. A "nationally representative" sample, for instance, provides a rather broad definition and could be representative of an entire country, and/or each region, and/or a combination of regions, and/or subgroups of the population. The Survey of Consumers is not only nationally representative but also representative of the four main regions of the contiguous United States, including the Northeast, the North Central, the South, and the West. To allow for accurate generalization of survey data, it is important that what the sample represents is adequately understood and explained.

Finally, a sample represents the population from which the sample is drawn, and that population alone. Since a representative sample reflects the characteristics of a particular population, the data findings can be generalized only to that population. For instance, the results of a poll conducted in Russia based on a sample of mobile telephone owner, represents the opinions of Russians who own mobile phones. Such data would be unlikely to represent the opinions of Russians who do not own mobile phones, or all retirees or all high school students. The U.S. HRS 2004 represents the U.S. population ages 50 or older. The Financial Literacy Survey in Portugal represents the Portuguese population resident in Portugal, including the mainland and autonomous regions, who are 16 years and older, and the Jump$tart survey represents all high school seniors from public schools listed by the U.S. Department of Education.

SAMPLE SIZE AND PRECISION OF THE RESULTS

The right sample size depends on a number of factors, including the desired level of confidence and precision of the estimates. Policy makers may be interested in using the survey data to calculate a specific statistic, such as the proportion of the population with access to finance. It must be kept in mind, however, that the true value of the statistic for the population will not be equal to the statistic calculated for the randomly selected sample. Instead, the true value will lie with a certain probability (called the confidence level, typically set to 95 percent) within a range around the sample statistic (for example, ±5 percentage points). This range can be narrow or large and it can be interpreted as the level of precision. For example, if the survey has a level of precision of ±5, a confidence level of 95 percent, and 30 percent of the sample has access to finance, it can be concluded that—with 95 percent probability—the proportion of the population with access to finance is between 25 percent and 35 percent.

A greater level of precision necessitates a larger sample size. Hence, deciding on an appropriate sample size depends on how comfortable policy makers are with the error in the estimated parameter. The 20 methods included in this review cover a wide range of sample sizes, from as low as 32 (Financial Diaries) or 200 (Fiji Fin Cap) to as high as 6,856 (Jump$tart 2008 study) or 22,000 (FinScope Nigeria 2009). Alternatively to increasing the sample size, the same level of precision can be achieved if one is willing to accept a lower level of confidence, for instance, at 95 percent instead of 99 percent. Ultimately, there is no right sample size; each sample size depends on how precise policy makers want to measure their topic of interest and how confident they want to be in the results.

The optimal size of the sample also depends on the specific group of the population that a survey seeks to measure. If policy makers consider measuring multiple groups, it will be important that an optimal sample size is selected for each group, to ensure that suitable inferences can be made about each. This will likely increase the overall sample size. For example, policy makers might want to determine the percentage of the unbanked in rural areas and select a sample size of 1,000. They may also want to determine the unbanked population in urban areas and select a sample of 1,000, thus increasing the total sample size to 2,000. The U.K. FSA Financial Capability survey seeks to survey the four countries of the United Kingdom; accordingly, the survey sample includes 3,100 from the English population, and 500 each from the Scottish, Welsh, and Northern Irish populations, giving a total sample size of 4,600.

In some cases policy makers might find it useful to oversample a particular subgroup of the population or location. This approach allows a more detailed study and increases the precision of estimates for this subgroup or location. Oversampling involves deliberately sampling a much higher proportion of a group than the rest of the population because a random sample of the entire population might result in too few or none of the individuals in these groups being sampled. The New Zealand Financial Knowledge Survey, for example, oversamples Maori and Pacific people, in order to produce relevant analysis for these minority groups, bringing the sample size to 856. Likewise, the U.S. Consumer Fraud Survey oversamples Hispanics, African Americans, American Indians, and Asian Americans and the U.K. FSA Financial Capability study oversamples areas with a nonwhite population of 20 percent or more. In sum, to draw conclusions about multiple groups in the population with the same level of precision, it is necessary to have multiple samples for each subgroup of the population of interest.

Unit nonresponse is an important factor to consider in designing a sample. Some people are hard to reach or not willing to participate, which reduces the desired sample size and the precision of survey results. For the survey methods reviewed in this study, nonresponse rates range from as high as 84 percent (Jump$tart 2000) and 77 percent (FTC Fraud 2005) to as low as 0.5 percent (FinScope Swaziland 2011). In determining the right sample size it is therefore common to inflate the desired sample size by an assumed nonresponse rate based on those observed for previously conducted surveys with similar scope and complexity. For instance, if policy makers are planning to conduct a survey similar to the Jump$tart survey and wish to gather data on 1,000 high school students, they would need to sample 6,250 students.

A poorly implemented sampling design can result in data that are not representative of the population at large. A serious problem related with unit nonresponse is that it can be selective. If those that were interviewed are systematically different from those that did not participate, the survey results will be biased. For example, if policy makers wanted to measure the percentage of the population that has a bank account and notice that only those with high incomes are easy to reach and willing to participate, it is legitimate to assume that this unit nonresponse might bias the results because having a bank account is probably more likely within higher income groups. Strategies to increase survey participation, such as training of enumerators and several contact attempts at different times during a day and over a longer period of time, most likely yield more accurate results.

4.4.3 Which modes of interviewing can be considered?

In designing a survey, several modes of interviewing can be considered, each with distinct advantages and disadvantages. There are four widely used modes of interviewing: face-to-face, telephone, mail, and Internet-based surveys. Depending on the population being sampled, the available sampling frame, the type of questions to be asked, and the available resources, one mode may be preferred over the others.

Face-to-face interviews offer significant advantages in terms of coverage of the population and quantity and quality of data that can be collected. Telephone or online surveys require that the targeted population has a telephone or Internet access and that an appropriate sampling frame, such as a telephone directory or list of email addresses, is available. Mail surveys further require the ability to read and write. Including populations without telephones, Internet access, or basic literacy may be of particular interest if the survey objective is to determine levels of financial capability or inclusion, because noncovered populations are likely to be the most financially excluded or least financially knowledgeable. Face-to-face surveys usually use the most recent census data as a sampling frame, which could be a weak source of information if the census data are old or not very accurate. In such cases, random route procedures are usually applied, whereby enumerators are sent around and requested to follow specific instructions to randomly select individuals or households. Face-to-face interviewing is usually also associated with lower nonresponse rates and higher data quality. Choosing face-to-face interviews further allows the collection of more data of higher complexity. Compared with other data collection approaches, the main disadvantage of face-to-face surveys is the substantially higher costs.

Telephone surveys are an alternative to face-to-face interviews, especially if resources are constrained, a high fraction of individuals or households with telephones can be assumed among the target population, and an appropriate sampling frame exists. For face-to-face surveys, like most of the surveys reviewed, transportation and personnel represent a significant part of the costs. If phone interviews replace face-to-face interviews, no travel costs or per diems for travel time need to be paid. None of the studies reviewed provides a detailed reporting of costs, but literature suggests that face-to-face surveys could cost between 5 and 10 times as much as telephone surveys (Groves et al. 2004). Another attraction of telephone-administered surveys is their relatively high degree of efficiency. No traveling is required and it is not necessary to wait for mail or email responses. Administering surveys on the phone can be problematic, though, if separate listings of landlines and mobile phones exist, or if listings of mobile phones are not available at all. Of the surveys reviewed, only the Survey of Consumers, the U.S. Consumer Fraud, and the Global Findex use this mode of interview; Findex only in countries in which telephone coverage in the overall population is higher than 80 percent.

Switching the mode of interview to mail or online surveys can be a substantial cost saving. Collecting mail or online surveys can save even the cost of enumerators since the respondents self-administer the questionnaires. However, as outlined before, this switch can have serious effects on the quality and quantity of the collected information. Therefore, these modes of interviewing have rarely been applied among the surveys reviewed. Only one, Jump$tart, used online surveys as mode of data collection.

CHAPTER 5

Translating data into policy: analyzing survey results

In order to effectively inform policy objectives, data collected through surveys must be properly analyzed and interpreted. Policy makers are often interested in assessing progress toward specific objectives in the areas of financial capability, financial inclusion, or financial consumer protection. To determine whether a program or intervention is on the way to achieving its objectives, meaningful indicators need to be developed. Indicators are qualitative or quantitative variables that synthesize the relevant information collected by the survey on a specific issue. These are typically used to create benchmarks or targets and to compare progress toward these targets over time and among different sociodemographic groups of the population.

5.1 HOW TO DEVELOP INDICATORS FOR SETTING BENCHMARKS AND TARGETS AND FOR MONITORING PROGRESS OVER TIME

A good starting point for developing indicators is to report frequencies and proportions of people who answer individual questions in a specific way. This analysis can be done for all questions. The main advantage of this approach is that no specific statistical knowledge is needed to either analyze data or understand the results. All of the reviewed surveys use this analysis, regardless of whether the survey's main objective is to measure financial capability, inclusion, or consumer protection. The WB FCCP surveys, for instance, analyze the data by describing proportions of the population who indicate particular attitudes, like mistrust in financial institutions or low confidence in quickly resolving issues with financial service providers. Similarly, FinScope measures the extent to which people have access to or use financial products by utilizing indicators such as the percentage of adults who have or use transactional products, savings products, credit products, insurance products, and remittance products.

Instead of focusing on single questions, data can be combined by creating composite scores or indices. Frequencies and tabulations are useful to present results about simple issues that are covered by one or two survey questions. For more complex issues, however, single questions alone cannot provide a complete picture of the topic policy makers are interested in. Therefore it is necessary to develop composite scores or indices. The simplest overall scores that can be calculated are arithmetic scores. These scores count specific answers given by each respondent. The simplest financial literacy scores, for instance, sum up the number of correct answers to quiz-like financial knowledge questions. The simplest financial inclusion scores add the number of financial products and services held by each respondent; the simplest financial consumer protection scores add the number of financial frauds or conflicts with financial service providers encountered in the past. The Jump$tart study, for example, calculates for each student the number of correct responses to 31 financial literacy test-like questions.

More advanced scores weight responses according to how important the question is. Responses to more or less important questions can be weighted in different ways in an overall score. An example of a weighted composite score is the approach developed by the U.S. HRS 2004 survey, which is done through a two-step weighting procedure: (1) summing up correct answers and comparing each respondent's answers to the pool of responses, and (2) giving larger weights to the questions that fewer people answered correctly.

Due to the multifaceted nature of some topics, it might not always be meaningful to construct a single composite score or index. This is particularly relevant for studying financial capability data because financial capability is an abstract concept that cannot be measured directly, but may be thought of as reflected in a combination of behaviors, skills, attitudes, and knowledge. In order to construct a valid measure of financial capability, it is advised to test with appropriate statistical methods whether all concepts captured in the instrument are associated with the same underlying capability. If several distinct areas of financial capability exist that are somehow but not strongly related, a single index will not properly synthesize the information contained in the survey data. Among the surveys reviewed, the U.K. FSA Financial Capability Survey and the RTF survey seek to create a standardized assessment of the concept of financial capability and employ sophisticated statistical data reduction tools, such as factor analysis, to identify the main components of financial capability. Based on the results of the factor analysis, a score is then constructed for each identified component of financial capability.

5.2 HOW TO IDENTIFY POTENTIAL DEMOGRAPHIC TARGET GROUPS

The simplest way to identify vulnerable groups of the population for which targeted interventions can be designed is to use cross-tabulations, in which indicators are calculated by key demographic variables (such as age, gender, education, household composition, employment status, and income). This can be done for indicators, which comprise replies to single variables, but also for composite scores. Again due to simplicity, all of the surveys reviewed disaggregate their indicators to determine the extent by which those vary by demographic characteristics. The U.S. Consumer Fraud Survey, for instance, uses cross-tabulations to differentiate the problems of fraud faced by different groups of the population. Similarly, FinAccess uses cross-tabulations to identify those groups within the population that are the most financially excluded.

Regression techniques can improve understanding of the relationship between sociodemographic characteristics and financial capability/inclusion or financial consumer protection indicators. Cross-tabulations, for example, could indicate that the proportion of the formally banked is higher among high-income and urban populations. However, earning high incomes and living in urban areas most likely go hand in hand. Employing regression analysis helps to identify the independent effects of each of these characteristics while holding other factors constant (for example, is a high-income person living in a rural area more likely to be formally banked compared with a low-income person living in a rural area?). It could be that once effects of other factors are taken into account, the effects of some sociodemographic characteristics turn out to be insignificant. In the given example it could be that, because of the presence of financial service providers, living in urban locations is more important for being formally banked than having a high income. Some of the studies reviewed use regression analysis; Ghana's FSS, for instance, conducts regressions to determine the characteristics of individuals and households that reported lower levels of financial product usage.

Another approach to identify groups that should be targeted is to segment the population. The simplest way to do so is to rank people according to their scores and to build equally sized groups. For instance, the U.S. Federal Reserve Board used the Survey of Consumers data to create four measures of financial capability: cash flow management, saving, investment, and credit management. There were between 5 and 11 practices identified under each of the four measures of financial behavior. If households reported fewer than 25 percent of the practices in a given area, they were classified as low; between 25 and 75 percent, they were classified as medium; and more than 75 percent, they were classified as high. The group with the lowest score was then analyzed in more detail (Hilgert, Hogarth, and Beverly 2003).

Cluster analysis is a more sophisticated statistical technique that can be used to segment populations; it can be used to identify subgroups of the population that show similarities in their scores. The number of distinct groups that will be formed is thereby determined by the data. The U.K. FSA Financial Capability Study, the RTF study, and the WB FCCP survey used cluster analysis to identify and describe populations who were more or less capable across different areas of financial capability.

5.3 HOW TO IDENTIFY POTENTIALLY USEFUL TYPES OF INTERVENTION

Baseline survey data can help identify potentially useful areas of interventions. They can be very useful in narrowing down the choices of types of interventions to consider. For instance, if the survey data identify younger populations as being more likely to save less, to engage in impulse buying, and to live beyond their means, the younger populations could be specifically targeted with financial education programs. If survey data on the other hand reveal that no specific group, but rather large parts of the population, lack knowledge of basic financial products, mass media channels for public financial awareness campaigns could be considered. If the demand for savings accounts is particularly low due to limited trust in commercial banks, measures to strengthen the legal and regulatory framework for the banking sector should be taken. Or if survey data show that the most financially excluded live far away from the next bank branch but many of them use mobile phones or the Internet regularly, measures to increase branchless banking should be promoted.

To properly address the question of which type of intervention works best and which does not, rigorous impact evaluations are required. For example, if policy makers want to determine if school-based financial education or comic books would be an effective way to deliver financial messages on money management to younger populations, a rigorous impact assessment would be necessary. Likewise, an impact assessment is needed to determine if mass media such as a TV soap opera is effective at all in changing financial knowledge, attitudes, and behavior. A rigorous impact evaluation would also be valuable to assess if the use of branchless banking is higher if people receive specific training to increase their familiarity with the technology behind mobile phone or Internet banking.

Robust evidence on which approaches are the most effective in delivering financial education or supporting beneficial financial inclusion are so far limited. The RTF is therefore supporting a comprehensive set of impact evaluation studies to assess the efficacy of a wide range of financial capability programs in different settings. Insights on each of these projects as well as an evaluation toolkit focusing on the specific challenges of evaluating financial capability interventions in low- and middle-income environments will be made available on the RTF website (www.finlitedu.org), and on the WB's Financial Inclusion and Consumer Protection Service Line website (responsiblefinance.worldbank.org).

Appendix

Appendix A

Policy objectives and survey concepts measured

TOPIC	CONCEPT	APPLICABLE OBJECTIVES	PORTUGAL	JUMP$TART	SINGAPORE	NEW ZEALAND 2009	OECD/INFE	U.S. HRS	FIJI	FINANCIAL DIARIES	FSA FINANCIAL CAPABILITY	RTF	SURVEY OF CONSUMERS	FINACESS KENYA	FINSCOPE	GLOBAL FINDEX	GHANA LSMS/FINSCOPE	SPECIAL EUROBAROMETER	CONSUMER FRAUD IN U.S.	FCCP	KENYA CONSUMER	FSA CONSUMER
Knowledge of Concepts	Knowledge of financial concepts and terms	FI	■	■	■	■	■	■	■		■		■	■	■					■		
Knowledge of Services and Products	Knowledge of financial services and products, and the function of financial service providers	FI	■	■	■	■	■		■					■	■						■	■
	Understanding of risks and costs associated with using financial products and services	FCP	■	■	■	■					■				■					■		■
Know-How/ Practical Knowledge	Awareness and understanding of consumer rights and protection laws, and/or existing recourse mechanisms	FCP		■					■												■	■
	Knowledge of how to manage money, manage credit, prepare a budget, manage risks, maintain records, pay taxes, plan for the long-term, save, and/or invest			■		■			■													

(continued)

TOPIC	CONCEPT	APPLICABLE OBJECTIVES	PORTUGAL	JUMP$TART	SINGAPORE	NEW ZEALAND 2009	OECD/INFE	U.S. HRS	FIJI	FINANCIAL DIARIES	FSA FINANCIAL CAPABILITY	RTF	SURVEY OF CONSUMERS	FINACESS KENYA	FINSCOPE	GLOBAL FINDEX	GHANA LSMS/FINSCOPE	SPECIAL EUROBAROMETER	CONSUMER FRAUD IN U.S.	FCCP	KENYA CONSUMER	FSA CONSUMER
	Knowledge of how to use financial services and products (open and use bank accounts, make payments, obtain loans, obtain a mortgage, transfer or receive payments or remittances, etc.)	FI	■	■										■								
	Knowledge of how and where to seek financial advice or information	FCP				■			■													
	Understanding financial documents (investment or bank statements, bills, loan agreements, credit card statements and agreements)	FI, FCP	■			■												■				
	Knowledge of how to resolve problems with financial products or services	FCP					■							■								
Skills	Numeracy skills	FI, FCP				■		■	■		■			■						■	■	
	Literacy skills	FI, FCP							■					■	■							
Attitudes	Reasons for saving/not saving, borrowing, lending, or obtaining insurance	FI	■		■						■			■	■	■	■			■		
	Proclivity toward spending, paying bills on time, borrowing, budgeting, saving, planning long-term, lending, obtaining insurance, or investing		■		■	■	■		■		■	■		■	■			■				

(continued)

TOPIC	CONCEPT	APPLICABLE OBJECTIVES	PORTUGAL	JUMP$TART	SINGAPORE	NEW ZEALAND 2009	OECD/INFE	U.S. HRS	FIJI	FINANCIAL DIARIES	FSA FINANCIAL CAPABILITY	RTF	SURVEY OF CONSUMERS	FINACESS KENYA	FINSCOPE	GLOBAL FINDEX	GHANA LSMS/FINSCOPE	SPECIAL EUROBAROMETER	CONSUMER FRAUD IN U.S.	FCCP	KENYA CONSUMER	FSA CONSUMER
	Time preferences, patience, and attitudes toward risks				■	■	■		■	■	■	■										■
	Attitudes toward planning for/dealing with financial emergencies						■				■			■	■							
	Attitudes toward receiving financial information/advice		■		■	■						■							■			
Behavior	How people manage their household finances (record keeping, account management, and budgeting habits)		■		■	■	■		■	■	■	■	■	■						■		
	Cash and credit management habits (paying bills, loans, and credit cards on time)			■		■					■	■	■	■								
	Expenditure									■	■	■		■	■				■			
	Saving, investment, loaning, and/or borrowing behavior	FI	■		■	■	■		■	■	■	■	■	■		■	■			■		
	How people plan for the long term (investing, saving, retirement, insurance)				■	■			■	■	■	■	■									
	How people deal with emergencies, unexpected drop in income, and major expenditures				■		■				■	■	■							■		

(continued)

TOPIC	CONCEPT	APPLICABLE OBJECTIVES	PORTUGAL	JUMP$TART	SINGAPORE	NEW ZEALAND 2009	OECD/INFE	U.S. HRS	FIJI	FINANCIAL DIARIES	FSA FINANCIAL CAPABILITY	RTF	SURVEY OF CONSUMERS	FINACESS KENYA	FINSCOPE	GLOBAL FINDEX	GHANA LSMS/FINSCOPE	SPECIAL EUROBAROMETER	CONSUMER FRAUD IN U.S.	FCCP	KENYA CONSUMER	FSA CONSUMER
	How people make financial choices (kinds of information used, shopping around for information, comparing products, demanding clarity from financial advisers, seeking financial advice)	FCP	■		■		■		■		■	■	■	■						■		
	Sources of financial information/advice	FI, FCP	■						■		■			■							■	
	Following financial and economic information										■		■									■
	Reading and reviewing contractual agreements and other financial documents	FCP	■										■								■	
Attitudes	Reasons for choosing/using/owning a financial product or service (checking account, saving account, loan, financial service provider, insurance, etc.)		■											■	■			■				
	Reasons for not choosing/using/owning a financial product or service (checking account, saving account, loan, financial service provider, insurance, etc.)		■											■	■	■	■					
	Accessibility of financial service providers													■		■	■	■				
	Preferences for receiving financial information/instruction		■									■	■	■	■					■		

(continued)

TOPIC	CONCEPT	APPLICABLE OBJECTIVES	PORTUGAL	JUMP$TART	SINGAPORE	NEW ZEALAND 2009	OECD/INFE	U.S. HRS	FIJI	FINANCIAL DIARIES	FSA FINANCIAL CAPABILITY	RTF	SURVEY OF CONSUMERS	FINACESS KENYA	FINSCOPE	GLOBAL FINDEX	GHANA LSMS/FINSCOPE	SPECIAL EUROBAROMETER	CONSUMER FRAUD IN U.S.	FCCP	KENYA CONSUMER	FSA CONSUMER
	Confidence in using financial products and engaging with financial service providers	FCP																				
Behavior	Types of formal and/or informal financial products/mechanisms people use and have access to (informal or formal savings and credit systems, mobile banking, home banking, remittance systems, insurance systems, etc.)	FC	■	■		■	■		■	■	■	■	■	■	■	■	■	■		■		■
	Frequency of usage of informal and/or formal financial products/mechanisms (savings, checking, credit, insurance, and/or remittance products/mechanisms)	FC	■								■			■		■						
	How people use different types of financial products/mechanisms (save, lend, borrow, pay bills, insurance, and/or remittance transfers, etc.)	FC			■				■		■					■		■				■
	Number of financial products and services people use/possess	FC	■	■										■								
	Sources of information that influenced choice of financial product/service	FC					■															

(continued)

TOPIC	CONCEPT	APPLICABLE OBJECTIVES	PORTUGAL	JUMP$TART	SINGAPORE	NEW ZEALAND 2009	OECD/INFE	U.S. HRS	FIJI	FINANCIAL DIARIES	FSA FINANCIAL CAPABILITY	RTF	SURVEY OF CONSUMERS	FINACESS KENYA	FINSCOPE	GLOBAL FINDEX	GHANA LSMS/FINSCOPE	SPECIAL EUROBAROMETER	CONSUMER FRAUD IN U.S.	FCCP	KENYA CONSUMER	FSA CONSUMER
	Accessibility of financial service providers	FC													■		■					
Attitudes	Perceptions of financial products, services, and service providers	FI												■	■			■		■	■	■
	Satisfaction with financial products, services, and service providers	FI																		■	■	
	Confidence in resolving disputes about and/or seeking recourse for financial service problems																	■		■	■	■
	Perceptions of financial advisers and preferred sources of financial information	FI									■							■				
	Reasons for or against seeking recourse from financial service provider or for fraudulent financial behavior	FC																			■	
Behavior	How people resolve problems with financial service providers	FC	■								■								■			
Experiences	Experiences with financial fraud																	■	■			■
	Experiences with unsatisfactory financial service providers, general										■								■	■		

Note: FC = financial capability; FI = financial inclusion; FCP = financial consumer protection.

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The Russia Financial Literacy and Education Trust Fund was established in 2008 at the World Bank with funding provided by the Ministry of Finance of the Russian Federation. The work supported by the Trust Fund is jointly managed by the World Bank and the Organisation for Economic Co-operation and Development (OECD) and is directed toward improving public policies and programs to enhance financial knowledge and capabilities in low- and middle-income countries. This effort has focused on the review of national strategies for financial education, the development of methods for the measurement of financial knowledge and capabilities, methods for evaluating the impact and outcome of programs, and research applying these methods to programs in developing countries. The products of this program of work can be found at the Trust Fund website at:

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