

ABOUT

The goal of the Standard & Poor's Ratings Services Global Financial Literacy Survey (S&P Global FinLit Survey) is to provide information to academics, regulators, policy-makers, and business associations to help them understand people's economic and financial knowledge levels around the world.

WHY STANDARD & POOR'S RATINGS SERVICES TOOK THIS ON

Standard & Poor's Ratings Services and McGraw Hill Financial are committed to creating stronger financial markets around the world. We believe there are correlations between financial literacy, financial access and the strength of markets. Addressing financial literacy is a key strategy in building stronger, more accessible and sustainable markets around the world.

TOPLINE GLOBAL FINDINGS

57%

of American credit cardholders¹ understand the concept of interest.

In virtually every country across the globe, there is a

GAP

in financial literacy between women and men.

GLOBALLY,

2 OUT OF 3

adults — an estimated 3.5 billion people — have low financial literacy.

**FOR MORE INFORMATION
VISIT FINLIT.MHFI.COM.**

¹Global Findex (2014); www.worldbank.org/globalindex.

SIZE AND SCOPE

- ▶ In 2014, the data for the S&P Global FinLit Survey was collected by Gallup as part of its Gallup World Poll survey and was analyzed by researchers from the World Bank and The George Washington University (Global Financial Literacy Excellence Center).
- ▶ The survey results come from interviews conducted with more than 150,000 adults in more than 140 countries who were tested on their knowledge of four basic financial concepts: numeracy, interest compounding, inflation, and risk diversification.
- ▶ The Survey gives researchers, policymakers, and practitioners a unique and extensive perspective on financial literacy across more than 140 countries.

THE SURVEY ASKED FIVE QUESTIONS ON FOUR TOPICS (**bold** denotes correct answer)

RISK DIVERSIFICATION

Suppose you have some money. Is it safer to put your money into one business or investment, or to put your money into multiple businesses or investments? [one business or investment; **multiple businesses or investments**; don't know; refused to answer]

INFLATION

Suppose over the next 10 years the prices of the things you buy double. If your income ALSO doubles, will you be able to buy less than you can buy today, the same as you can buy today, OR more than you can buy today? [less; **the same**; more; don't know; refused to answer]

INTEREST

Suppose you need to borrow \$100. Which is the lower amount to pay back: \$105 or \$100 plus three percent? [105 US dollars; **100 US dollars plus three percent**; don't know; refused to answer]

COMPOUND INTEREST

Suppose you put money in the bank for two years and the bank agrees to add 15 percent per year to your account. Will the bank add MORE money to your account the second year than it did the first year, or will it add the same amount of money both years? [**more**; the same; don't know; refused to answer]

COMPOUND INTEREST

Suppose you had \$100 in a savings account and the bank adds 10 percent per year to the account. How much money would you have in the account after five years if you did not remove any money from the account? [**more than 150 dollars**; exactly 150 dollars; less than 150 dollars; don't know; refused to answer]