PISA FINANCIAL LITERACY QUESTIONS AND ANSWERS
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INTRODUCTION

The OECD's Programme for International Student Assessment (PISA) evaluates education systems worldwide by testing 15-year-olds in key subjects. In 2012, 18 countries and economies chose to assess financial literacy for the first time. They were Australia, Belgium (Flemish Community), Shanghai-China, Colombia, Croatia, Czech Republic, Estonia, France, Israel, Italy, Latvia, New Zealand, Poland, Russia, Slovak Republic, Slovenia, Spain and the United States.

In 2015, a second round of the assessment of financial literacy was conducted. This second assessment covered 15 countries and economies, including 10 OECD countries and economies: Australia, the Flemish Community of Belgium, seven provinces in Canada (British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island), Chile, Italy, the Netherlands, Poland, the Slovak Republic, Spain and the United States. Five partner countries and economies also participated in the second assessment: Brazil, four provinces in China (Beijing, Shanghai, Jiangsu and Guangdong), Lithuania, Peru and Russia.

The PISA financial literacy test is designed to measure whether students have the knowledge and understanding of financial concepts and risks, as well as the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life.

This document provides examples of financial literacy questions used in the PISA assessment of financial literacy in 2012. Assessment items used in the 2015 assessment are similar to the ones represented here, in terms of content, but were presented to students on a computer-based platform and a slightly different layout. The questions are accompanied by information on the concepts and skills tested and what 15-year-olds students can do at the each of the 5 levels of difficulty.
PISA questions often refer to situations that take place in the fictional country of Zedland, where the Zed is the unit of currency.

**QUESTION LEVEL 1: INVOICE**

Sarah receives this invoice in the mail.

![Invoice Image]

**Breezy Clothing**

Sarah Johanson  
29 Worthill Rd  
Kensington  
Zedland 3122  

Sarah Johanson  
29 Worthill Rd  
Kensington  
Zedland 3122

<table>
<thead>
<tr>
<th>Product code</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit cost</th>
<th>Total (excluding tax)</th>
</tr>
</thead>
<tbody>
<tr>
<td>T011</td>
<td>T-shirt</td>
<td>3</td>
<td>20</td>
<td>60 zeds</td>
</tr>
<tr>
<td>J023</td>
<td>jeans</td>
<td>1</td>
<td>60</td>
<td>60 zeds</td>
</tr>
<tr>
<td>S002</td>
<td>scarf</td>
<td>1</td>
<td>10</td>
<td>10 zeds</td>
</tr>
</tbody>
</table>

Total Excluding Tax: 130 zeds  
Tax 10%: 13 zeds  
Postage: 10 zeds  
Total Including Tax: 153 zeds  
Already Paid: 0 zeds

Total due: 153 zeds  
Date due: 31 March

**QUESTION**

Why was this invoice sent to Sarah?

A. Because Sarah needs to pay the money to Breezy Clothing.  
B. Because Breezy Clothing needs to pay the money to Sarah.  
C. Because Sarah has paid the money to Breezy Clothing.  
D. Because Breezy Clothing has paid the money to Sarah.
FINANCIAL LITERACY QUESTION (LEVEL 1)
THE CORRECT ANSWER IS:

(A) – BECAUSE SARAH NEEDS TO PAY THE MONEY TO BREEZY CLOTHING

QUESTION LEVEL
At level 1 students can identify common financial products and terms and interpret information relating to basic financial concepts. They can recognise the difference between needs and wants and can make simple decisions on everyday spending. They can recognise the purpose of everyday financial documents such as an invoice and apply single and basic numerical operations (addition, subtraction or multiplication) in financial contexts that they are likely to have experienced personally.

NATURE OF THE TASK
Recognise the purpose of an invoice. Calculations are not required in this item.

The context is individual. The question belongs to the money and transactions content category because it involves awareness of the different forms and purposes of money and handling simple monetary transactions such as everyday payments.

FINANCIAL LITERACY PROCESS
The process is identify financial information because the individual has to search and access sources of financial information, and identify or recognise its relevance.
QUESTION LEVEL 2: INVOICE

Breezy Clothing

Invoice
Invoice Number: 2034
Date issued: 28 February

Sarah Johanson
29 Worthill Rd
Kensington
Zedland 3122

Breezy Clothing
498 Marple Lane
Brightwell
Zedland 2090

<table>
<thead>
<tr>
<th>Product code</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit cost</th>
<th>Total (excluding tax)</th>
</tr>
</thead>
<tbody>
<tr>
<td>T011</td>
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<td>S002</td>
<td>scarf</td>
<td>1</td>
<td>10</td>
<td>10 zeds</td>
</tr>
</tbody>
</table>

Total Excluding Tax: 130 zeds
Tax 10%: 13 zeds
Postage: 10 zeds
Total Including Tax: 153 zeds
Already Paid: 0 zeds

Total due: 153 zeds
Date due: 31 March

QUESTION

How much has Breezy Clothing charged for delivering the clothes?
Delivery charge in zeds:

…………………………………………
FINANCIAL LITERACY QUESTION (LEVEL 2)
THE CORRECT ANSWER IS: 10

QUESTION LEVEL

At level 2 students begin to apply their knowledge of common financial products and commonly used financial terms and concepts. They can use given information to make financial decisions in contexts that are immediately relevant to them. They can recognise the value of a simple budget and can interpret prominent features of everyday financial documents. They can apply single basic numerical operations, including division, to answer financial questions. They show an understanding of the relationships between different financial elements, such as the amount of use and the costs incurred.

NATURE OF THE TASK

Identify the cost of postage on an invoice.

The context is individual. The question belongs to the money and transactions content category because it involves awareness of the different forms and purposes of money and handling simple monetary transactions such as everyday payments.

FINANCIAL LITERACY PROCESS

The process is identify financial information because the individual has to search and access sources of financial information, and identify or recognise its relevance.
QUESTION LEVEL 3: SHARES

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

QUESTION

Which statements about the graph are true?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Is the statement true or false?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The best month to buy the shares was September.</td>
<td>True / False</td>
</tr>
<tr>
<td>The share price increased by about 50% over the year.</td>
<td>True / False</td>
</tr>
</tbody>
</table>
## FINANCIAL LITERACY QUESTION (LEVEL 3)

**THE CORRECT ANSWER IS:**

**ONLY THE FIRST STATEMENT IS TRUE**

### QUESTION LEVEL

At level 3 students can apply their understanding of commonly used financial concepts, terms and products to situations that are relevant to them. They begin to consider the consequences of financial decisions and they can make simple financial plans in familiar contexts. They can make straightforward interpretations of a range of financial documents and can apply a range of basic numerical operations, including calculating percentages. They can choose the numerical operations needed to solve routine problems in relatively common financial literacy contexts, such as budget calculations.

### NATURE OF THE TASK

Analyse information in a financial context by considering the information in a line graph about an investment product. The graph shows how the price of shares has changed over a year. The first part of the question assesses a student’s understanding that shares should be bought when the price is low. The second part of the question assesses whether students can correctly identify the increase in share prices and calculate the percentage change over time.

The context is *individual*. The question belongs to the *risk and reward* content category because it involves the ability to identify ways of managing, balancing and covering risks, and an understanding of the potential for financial gains or losses across a range of financial contexts.

### FINANCIAL LITERACY PROCESS

The process is *analyse information in a financial context* because it includes interpreting, comparing and contrasting, synthesising, and extrapolating from information that is provided, and it involves recognising something that is not explicit.
QUESTION LEVEL 4: PAY SLIP

Each month, Jane’s salary is paid into her bank account. This is Jane’s pay slip for July.

<table>
<thead>
<tr>
<th>EMPLOYEE PAY SLIP: Jane Citizen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position: Manager</td>
</tr>
<tr>
<td>Gross salary</td>
</tr>
<tr>
<td>Deductions</td>
</tr>
<tr>
<td>Net salary</td>
</tr>
<tr>
<td>Gross salary to date this year</td>
</tr>
</tbody>
</table>

QUESTION

How much money did Jane’s employer pay into her bank account on 31 July?

A  300 zeds
B  2500 zeds
C  2800 zeds
D  19 600 zeds
FINANCIAL LITERACY QUESTION (LEVEL 4)
THE CORRECT ANSWER IS: (B) 2 500

QUESTION LEVEL
At level 4 students can apply their understanding of less common financial concepts and terms to contexts that will be relevant to them as they move towards adulthood, such as bank account management and compound interest in saving products. They can interpret and evaluate a range of detailed financial documents, such as bank statements, and explain the functions of less commonly used financial products. They can make financial decisions taking into account longer-term consequences, such as understanding the overall cost implication of paying back a loan over a longer period, and they can solve routine problems in less common financial contexts.

NATURE OF THE TASK
Identify the net salary on a pay slip. The correct answer requires an understanding of the difference between gross and net pay, that is, the difference between pay before and after any deductions have been made (such as deductions for health care or tax). Calculations are not required in this item.

The context is education and work. The question belongs to the money and transactions content category because it involves awareness of the different forms and purposes of money and handling simple monetary transactions such as everyday payments.

FINANCIAL LITERACY PROCESS
The process is identify financial information because the individual has to search and access sources of financial information, and identify or recognise its relevance.
QUESTION LEVEL 5: BANK ERROR

David banks with ZedBank. He receives this e-mail message.

Dear ZedBank member,

There has been an error on the ZedBank server and your Internet login details have been lost.

As a result, you have no access to Internet banking.

Most importantly your account is no longer secure.

Please click on the link below and follow the instructions to restore access.
You will be asked to provide your Internet banking details.

https://ZedBank.com/

QUESTION

Which of these statements would be good advice for David?

Circle “Yes” or “No” for each statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Is this statement good advice for David?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reply to the e-mail message and provide his Internet banking details.</td>
<td>Yes / No</td>
</tr>
<tr>
<td>Contact his bank to inquire about the e-mail message.</td>
<td>Yes / No</td>
</tr>
<tr>
<td>If the link is the same as his bank’s website address, click on the link</td>
<td>Yes / No</td>
</tr>
<tr>
<td>and follow the instructions.</td>
<td></td>
</tr>
</tbody>
</table>
FINANCIAL LITERACY QUESTION (LEVEL 5)
THE CORRECT ANSWER IS:
NO, YES, NO, IN THAT ORDER

QUESTION LEVEL
At level 5 students can apply their understanding of a wide range of financial terms and concepts to contexts that may only become relevant to their lives in the long term. They can analyse complex financial products and can take into account features of financial documents that are significant but unstated or not immediately evident, such as transaction costs. They can work with a high level of accuracy and solve non-routine financial problems, and they can describe the potential outcomes of financial decisions, showing an understanding of the wider financial landscape, such as income tax.

NATURE OF THE TASK
Evaluate a potential financial fraud and respond appropriately to a financial scam e-mail message. Calculations are not required in this item.

The context is societal. The question belongs to the financial landscape content, because Internet banking is part of the broader financial landscape in which students are likely to participate, either now or in the near future.

FINANCIAL LITERACY PROCESS
The process is evaluate financial issues because students must evaluate the presented options and recognise which piece of advice can be considered as good advice.
FINANCIAL LITERACY TEST LEVELS

LEVEL 1

Students can identify common financial products and terms and interpret information relating to basic financial concepts. They can recognise the difference between needs and wants and can make simple decisions on everyday spending. They can recognise the purpose of everyday financial documents such as an invoice and apply single and basic numerical operations (addition, subtraction or multiplication) in financial contexts that they are likely to have experienced personally.

LEVEL 2

Students begin to apply their knowledge of common financial products and commonly used financial terms and concepts. They can use given information to make financial decisions in contexts that are immediately relevant to them. They can recognise the value of a simple budget and can interpret prominent features of everyday financial documents. They can apply single basic numerical operations, including division, to answer financial questions. They show an understanding of the relationships between different financial elements, such as the amount of use and the costs incurred.

LEVEL 3

Students can apply their understanding of commonly used financial concepts, terms and products to situations that are relevant to them. They begin to consider the consequences of financial decisions and they can make simple financial plans in familiar contexts. They can make straightforward interpretations of a range of financial documents and can apply a range of basic numerical operations, including calculating percentages. They can choose the numerical operations needed to solve routine problems in relatively common financial literacy contexts, such as budget calculations.

LEVEL 4

At level 4 students can apply their understanding of less common financial concepts and terms to contexts that will be relevant to them as they move towards adulthood, such as bank account management and compound interest in saving products. They can interpret and evaluate a range of detailed financial documents, such as bank statements, and explain the functions of less commonly used financial products. They can make financial decisions taking into account longer-term consequences, such as understanding the overall cost implication of paying back a loan over a longer period, and they can solve routine problems in less common financial contexts.

LEVEL 5

At level 5 students can apply their understanding of a wide range of financial terms and concepts to contexts that may only become relevant to their lives in the long term. They can analyse complex financial products and can take into account features of financial documents that are significant but unstated or not immediately evident, such as transaction costs. They can work with a high level of accuracy and solve non-routine financial problems, and they can describe the potential outcomes of financial decisions, showing an understanding of the wider financial landscape, such as income tax.
FINANCIAL QUESTION CATEGORIES

FINANCIAL CONTENT

MONEY AND TRANSACTIONS

This content area includes the awareness of the different forms and purposes of money and handling simple monetary transactions such as everyday payments, spending, value for money, bank cards, cheques, bank accounts and currencies.

PLANNING AND MANAGING FINANCES

Income and wealth need planning and managing over both the short term and long term. This content area includes knowledge and ability to monitor income and expenses as well as knowledge and ability to make use of income and other available resources in the short and long terms to enhance financial well-being:

RISK AND REWARD

Risk and reward is a key area of financial literacy, incorporating the ability to identify ways of managing, balancing and covering risks and an understanding of the potential for financial gains or losses across a range of financial contexts.

There are two types of risk of particular importance in this domain. The first relates to financial losses that an individual cannot bear, such as those caused by catastrophic or repeated costs. The second is the risk inherent in financial products, such as credit agreements with variable interest rates, or investment products.

FINANCIAL LANDSCAPE

This content area relates to the character and features of the financial world. It covers knowing the rights and responsibilities of consumers in the financial marketplace and within the general financial environment, and the main implications of financial contracts. Information resources and legal regulation are also topics relevant to this content area. In its broadest sense, financial landscape also incorporates an understanding of the consequences of changes in economic conditions and public policies, such as changes in interest rates, inflation, taxation or welfare benefits.
FINANCIAL CONTEXTS

EDUCATION AND WORK

Education and work questions include understanding payslips, planning to save for higher education, investigating the benefits and risks of taking out a student loan, and participating in workplace savings schemes.

HOME AND FAMILY

Home and family questions include financial issues relating to the costs involved in running a household such as buying household items or family groceries, keeping records of family spending and making plans for family events. Decisions about budgeting and prioritising spending are also included in this context.

INDIVIDUAL

Individual questions include contractual issues around events such as opening a bank account, purchasing consumer goods, paying for recreational activities and dealing with relevant financial services that are often associated with larger consumption items, such as credit and insurance.

SOCIETAL

Societal questions cover matters such as consumer rights and responsibilities, taxes and local government charges, business interests, and consumer purchasing power. Financial choices such as donating to non-profit organisations and charities are also included in this context.
FINANCIAL LITERACY PROCESSES

IDENTIFY FINANCIAL INFORMATION

This process is engaged when the individual searches and accesses sources of financial information, and identifies or recognises its relevance. The information is in the form of printed texts such as contracts, advertisements, charts, tables, forms and instructions. A typical task might ask students to identify the features of a purchase invoice, or recognise the balance on a bank statement.

ANALYSE INFORMATION IN A FINANCIAL CONTEXT

Analysing information in a financial context includes interpreting, comparing and contrasting, synthesising, and extrapolating from information that is provided. It involves recognising something that is not explicit: identifying the underlying assumptions or implications of an issue in a financial context e.g. a task may involve comparing the terms offered by different mobile phone contracts, or working out whether an advertisement for a loan is likely to include unstated conditions.

EVALUATE FINANCIAL ISSUES

Evaluating financial issues involves recognising or constructing financial justifications and explanations, drawing on financial knowledge and understanding applied in specified contexts. It involves explaining, assessing and generalising. It also involves critical thinking such as drawing on knowledge, logic and plausible reasoning to make sense of and form a view about a finance-related problem.

APPLY FINANCIAL KNOWLEDGE AND UNDERSTANDING

Applying financial knowledge and understanding focuses on taking effective action in a financial setting by using knowledge of financial products and contexts, and understanding of financial concepts. This process is reflected in tasks that involve performing calculations and solving problems, often taking into account multiple conditions. Examples of these kinds of tasks are calculating the interest on a loan over two years or working out whether purchasing power will decline or increase over time when prices are changing at a given rate.