

Beijing-Shanghai-Jiangsu-Guangdong (China)

The PISA 2015 assessment of financial literacy was the second of its kind. The results show the extent to which 15-year-old students have the financial knowledge and skills needed to make a successful transition from compulsory schooling into higher education, employment or entrepreneurship. For many 15-year-olds, finance is part of everyday life, as they are already consumers of financial services, such as bank accounts, and earn money from formal or informal small jobs. As they near the end of compulsory education, students will face complex and challenging financial choices, including whether to continue with formal education and, if so, how to finance such study.

Students in Beijing-Shanghai-Jiangsu-Guangdong (China) (hereafter “B-S-J-G [China]”) score at the highest level among the countries and economies that were assessed in financial literacy in 2015 [Figure IV.3.2].

Only 9% of students in B-S-J-G (China) do not reach the baseline level of proficiency (Level 2) in financial literacy (compared to 22% of students on average across the 10 participating OECD countries and economies) [Table IV.3.2]. At best, these students can identify common financial products and terms, recognise the difference between needs and wants, and make simple decisions on everyday spending in contexts that they are likely to have experienced personally. For instance, students performing below Level 2 in financial literacy can, at best, answer a question like INVOICE – Question 1 (available at <http://www.oecd.org/pisa/test>), which asks them to recognise the purpose of an everyday financial document, such as an invoice.

Some 33% of students in B-S-J-G (China) are top performers in financial literacy [Table IV.3.2], meaning that they are proficient at Level 5 (compared to only 12% on average across the 10 participating OECD countries and economies). These students can analyse complex financial products, solve non-routine financial problems and show an understanding of the wider financial landscape. For instance, students performing at Level 5 are able to answer a question like BANK ERROR – Question 1 (available at <http://www.oecd.org/pisa/test>), which asks them to identify and respond appropriately to a financial scam e-mail message.

Students in B-S-J-G (China) perform better in financial literacy than students around the world who perform similarly in mathematics and reading. About 73% of students in B-S-J-G (China) provinces perform better in financial literacy than expected, given their scores in mathematics and reading [Table IV.3.11].

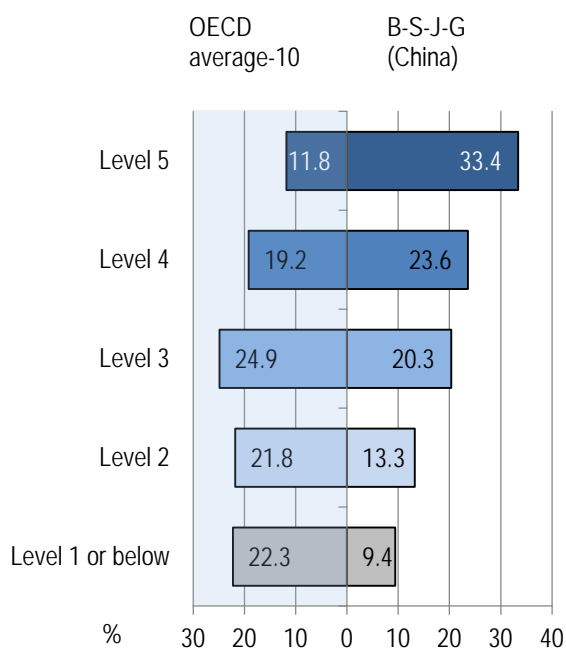
The relationship between socio-economic status and performance in financial literacy is above the OECD average, as 17% of the variation in student performance in financial literacy is associated with socio-economic status (10% on average across participating OECD countries/economies) [Table IV.4.12]. Moreover, students in B-S-J-G (China) who attend schools in cities score 54 points higher in financial literacy than students of similar socio-economic status and at the same level of education who attend schools in rural areas [Table IV.4.15].

PISA defines financial literacy as “...knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life”.

For a full explanation, see the [PISA 2015 Assessment and Analytical Framework](#).

Performance in financial literacy

Students at each level of proficiency in financial literacy



Source: OECD, PISA 2015 Database, Table IV.3.2.

	Mean performance in financial literacy			
	Mean score	Range of ranks	Percentage of students	
			Below Level 2	Level 5
OECD avg-10	489		22.3	11.8
B-S-J-G (China)	566	1 - 1	9.4	33.4
Belgium (Flemish)	541	2 - 3	12.0	24.0
Canadian provinces	533	2 - 3	12.7	21.8
Russia	512	4 - 5	10.9	10.5
Netherlands	509	4 - 6	19.2	17.5
Australia	504	5 - 6	19.7	15.4
United States	487	7 - 9	21.6	10.2
Poland	485	7 - 9	20.1	8.0
Italy	483	7 - 9	19.8	6.5
Spain	469	10 - 10	24.7	5.6
Lithuania	449	11 - 12	31.5	3.7
Slovak Republic	445	11 - 12	34.7	6.3
Chile	432	13 - 13	38.1	3.1
Peru	403	14 - 14	48.2	1.2
Brazil	393	15 - 15	53.3	2.6

Source: OECD, PISA 2015 Database, Figure IV.3.3 and Table IV.3.2.

Notes: Partner countries and economies are marked in blue.

"Canadian provinces" refers to the seven provinces in Canada that participated in the PISA 2015 financial literacy assessment: British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island.

B-S-J-G (China) refers to the four PISA-participating China provinces and municipalities: Beijing, Shanghai, Jiangsu and Guangdong.

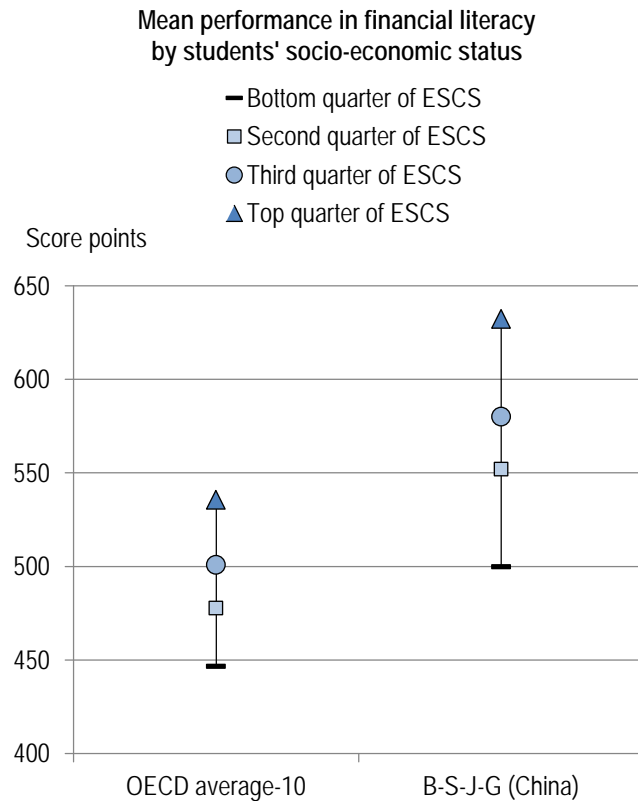
Countries and economies are ranked in descending order of mean score.

- Students in B-S-J-G (China) score well above the average of the 10 OECD countries and economies that were assessed in financial literacy in 2015 [Figure IV.3.2]. With a mean score of 566 points, B-S-J-G (China) ranks 1st among all 15 participating countries and economies [Figure IV.3.3].
- In B-S-J-G (China), there are more students performing at Level 5 than performing at any other proficiency level [Table IV.3.2].

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

- In B-S-J-G (China), financial literacy is strongly correlated with mathematics and reading performance. Around 69% of the financial literacy score reflects skills that can be measured in the mathematics and/or reading assessments (the OECD average is 62%), while 31% of the score reflects factors that are uniquely captured by the financial literacy assessment [Table IV.3.10a].
- Students in B-S-J-G (China) perform better in financial literacy than students around the world who perform similarly in mathematics and reading. This suggests that the skills measured by the financial literacy assessment may go beyond the ability to use the knowledge that students acquired from subjects taught in compulsory education [Table IV.3.11].
- About 73% of students in B-S-J-G (China) perform better in financial literacy than expected, given their scores in mathematics and reading [Table IV.3.11].

How performance varies across student characteristics



Note: ESCS refers to the PISA index of economic, social and cultural status.
Source: OECD, PISA 2015 Database, Table IV.4.11.

- In B-S-J-G (China), boys and girls score at the same level in financial literacy, on average [Table IV.4.5], and there are about as many boys as girls among low and top performers [Table IV.4.7].
- Some 17% of the variation in student performance in financial literacy in B-S-J-G (China) is associated with socio-economic status (10% on average across OECD countries and economies) [Table IV.4.12].
- Socio-economically advantaged students (those in the highest 25% of socio-economic status) score 132 points higher in financial literacy than disadvantaged students (those in the lowest 25% of socio-economic status) (OECD average difference: 89 score points) [Table IV.4.11].
- The 25% least-advantaged students in B-S-J-G (China) perform at the same level (500 score points) as students in the third quartile of socio-economic status in the United States (499 score points) and students in the third quartile of socio-economic status on average across OECD countries and economies (501 score points) [Table IV.4.11].
- In B-S-J-G (China), students who attend schools in cities score 54 points higher than students of similar socio-economic status and at the same level of education who attend schools in rural areas [Table IV.4.15].

Formal financial education

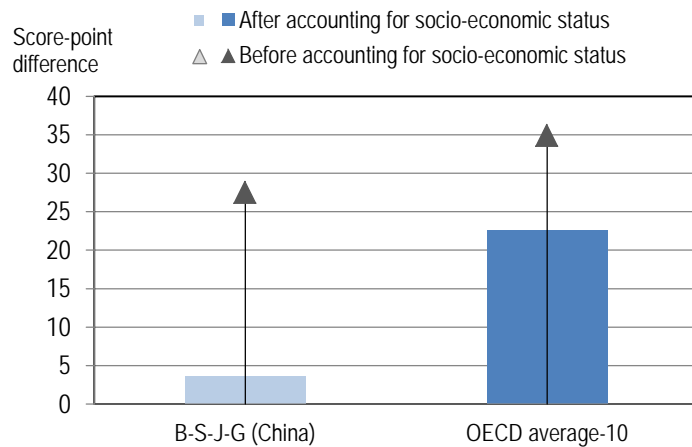
- In China, some personal money-management topics have been included in the national curriculum in primary and secondary education since the 1990s, in subjects related to ethics, society and history, as part of the popularisation of knowledge about the market economy. Since 2001, some flexibility is granted at the school and regional levels to develop curricula tailored to local contexts. For instance, the local government of the Pudong New Area in Shanghai has been promoting regular training on finance in primary and lower secondary schools since 2011 (Gao, 2014).

Students' experience with money and their financial literacy

Basic financial products

- In B-S-J-G (China), 46% of 15-year-old students have a bank account [Table IV.5.8].
- Students in B-S-J-G (China) who hold a bank account score 27 points higher in financial literacy than students who do not; but after accounting for socio-economic status, the two groups score at the same level [Table IV.5.13].
- In B-S-J-G (China), socio-economically advantaged students are more than three times as likely as disadvantaged students to hold a bank account [Table IV.5.11].

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



Note: Statistically significant differences are marked in a darker colour.
Source: OECD, PISA 2015 Database, Figure IV.5.5.

Money sources

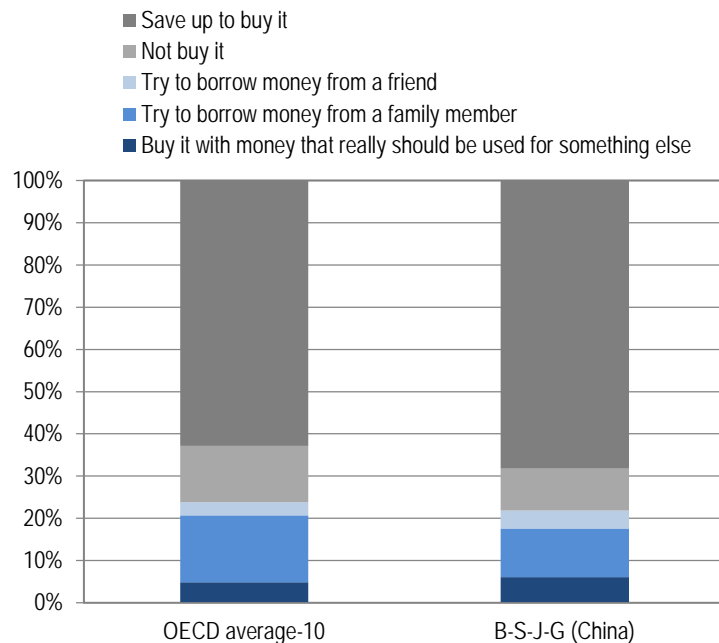
- In B-S-J-G (China), 68% of students receive gifts of money from friends or relatives, 41% receive pocket money, 36% earn money from working outside school hours (e.g. a holiday job or part-time work), and 16% earn money from occasional informal jobs, such as babysitting or gardening [Table IV.5.15].
- Socio-economically advantaged students are 42% less likely to earn money from working outside school hours (e.g. a holiday job, part-time work) than disadvantaged students [Table IV.5.16c].
- Across all participating countries and economies, only students performing at Level 4 or above can answer a question like **PAY SLIP** – Question 1 (available at <http://www.oecd.org/pisa/test>), which asks them to identify the net salary on a pay slip.

Discussing money matters with parents

- Some 78% of students in B-S-J-G (China) discuss money matters with their parents at least once a month [Table IV.5.1].
- In B-S-J-G (China), discussing money matters with parents at least sometimes is associated with higher financial literacy than never discussing the subject, after accounting for students' socio-economic status [Table IV.5.5].

Students' financial literacy and behaviour

If you don't have enough money to buy something you really want (e.g. an item of clothing, sports equipment) what are you most likely to do?



Source: OECD, PISA 2015 Database, Figure IV.6.1.

- In B-S-J-G (China), 68% of students reported that they would save if they want to buy something for which they do not have enough money (OECD average: 63%) [Table IV.6.1].
- Some 58% of students in B-S-J-G (China) reported that they save each week or month, 19% save only when they have money to spare, and 14% save only when they want to buy something. Few students (5%) reported that they do not save any money [Table IV.6.4].

What results from the PISA 2015 financial literacy assessment imply for policy

From buying mobile phone credit to deciding how to spend pocket money, young people commonly take financial decisions. Fifteen-year-olds are starting to encounter situations where they need to set their spending priorities, be aware of ongoing costs, and be alert to potential scam. They will soon have to take decisions with long-term financial consequences.

The PISA 2015 financial literacy assessment highlights some general policy suggestions for all the countries and economies participating in PISA, including:

- Address the needs of low-performing students.
- Tackle socio-economic inequalities early on.
- Provide equal opportunities for learning to boys and girls.
- Help students make the most of available learning opportunities at school.
- Target parents at the same time as young people.
- Provide young people with safe opportunities to learn by experience outside of school.
- Evaluate the impact of initiatives in and outside of school.

What is PISA?

The Programme for International Student Assessment (PISA) is a triennial survey that assesses the readiness of 15-year-old students for life beyond compulsory education by collecting and analysing test and questionnaire data about students' knowledge, skills and the context in which they live and learn. It thus provides a comprehensive set of cross-country comparative data that policy makers and other stakeholders can use to make evidence-based decisions.

Key features of the PISA 2015 assessment of financial literacy

The PISA 2015 assessment of financial literacy was the second of its kind. Fifteen countries and economies participated in the 2015 assessment, 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; and five partner countries and economies: Brazil, four provinces/municipalities in China (Beijing, Shanghai, Jiangsu, Guangdong), Lithuania, Peru and the Russian Federation. Eight countries/economies participated in both the 2012 and 2015 assessments: Australia, the Flemish Community of Belgium, Italy, Poland, the Russian Federation, the Slovak Republic, Spain and the United States.

The assessment

- Financial literacy was assessed through a computer-based test. Students assessed in financial literacy also completed the assessments of mathematics, reading and science.
- Test questions were a mixture of multiple-choice questions and those requiring students to construct their own responses. The items were organised in groups based on a passage setting out a real-life situation. Sample items can be explored on line at <http://www.oecd.org/pisa/test>.
- Students who sat the assessment of financial literacy also answered questions about their experience with money, as well as the PISA student questionnaire about themselves, their homes, and their school and learning experiences. School principals completed a questionnaire that covered the school system and the learning environment.

The students

- Among the students who participated in the core PISA 2015 assessment of science, reading and mathematics, a subsample of students was randomly selected to sit the financial literacy test. In general, about 11 students were chosen at random in each participating school to sit the financial literacy assessment; the financial literacy assessment was conducted in a separate session after the core assessment. This is different from the sample design adopted in 2012, when, in sampled schools, two separate student samples sat the financial literacy test and the core PISA assessment.
- Around 48 000 students were assessed in financial literacy in 2015, representing about 12 million 15-year-olds in the schools of the 15 participating countries and economies.
- In B-S-J-G (China), 9 841 students completed the PISA 2015 assessment; of these, 2 555 students were assessed in financial literacy.

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For more information on PISA and to access the full set of PISA 2015 results, visit: www.oecd.org/pisa
For more information on the OECD work on financial education, visit: www.financial-education.org