



PROGRAMME FOR INTERNATIONAL
STUDENT ASSESSMENT (PISA)
RESULTS FROM PISA 2012 FINANCIAL LITERACY

New Zealand

PISA's first financial literacy assessment shows the extent to which 15-year-old students have the financial knowledge and skills needed to make a successful transition from school into higher education, employment or entrepreneurship. Finance is part of everyday life for many 15-year-olds, who are already consumers of financial services, such as bank accounts. As they near the end of compulsory education, students will face complex and challenging financial choices, including whether to join the labour market or continue with formal education and, if so, how to finance such study.

New Zealand's performance in financial literacy is above the average of the 13 OECD countries and economies that participated in the assessment. Almost one in five students performs at the top level (19.3%, compared with an average of 9.7% in OECD countries and economies).

One in six students in New Zealand (16.1% compared with 15.3% on average in OECD countries and economies) does not reach the baseline level of proficiency in financial literacy – meaning that, at best, they can recognise the difference between needs and wants, can make simple decisions on everyday spending, and can recognise the purpose of everyday financial documents, such as an invoice.

Overall, students in New Zealand perform better in financial literacy than might be expected based on their mathematics and reading skills. In particular, high achievers in mathematics perform better than expected in financial literacy.

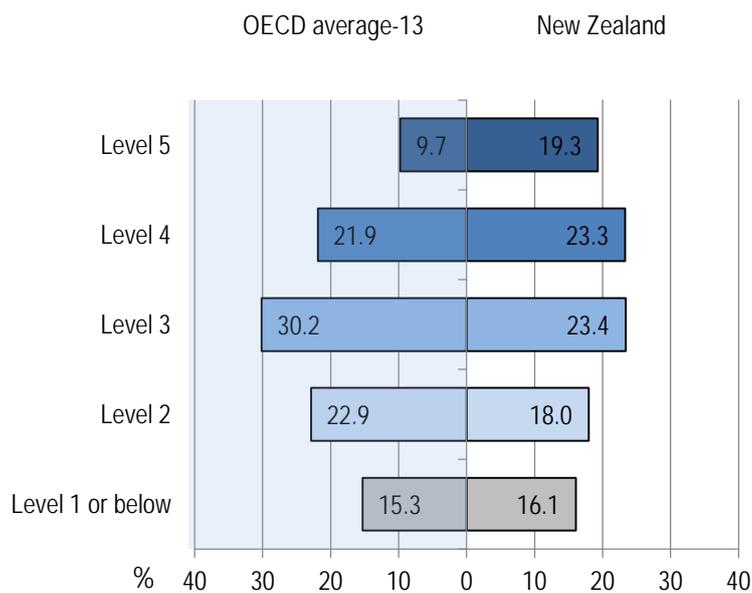
In New Zealand, the strength of the relationship between socio-economic status and financial literacy performance is above the OECD average. Performance differences across socio-economic groups are the largest observed amongst participating countries and economies and above than the OECD average.

Almost nine in ten students in New Zealand hold a bank account (88.9%), and they perform better in financial literacy than those who do not, even after accounting for students' socio-economic status. Most students in New Zealand receive gifts of money from friends or relatives (86.5% compared with the OECD average of 84.4%) and many work outside school hours (74.7% in New Zealand, 65.6% across OECD countries). More than half earn money for doing chores at home (57.8% in New Zealand, 38.4% across OECD countries) whilst just over a third get an allowance without having to do any chores (36.5% in New Zealand, 50.9% across OECD countries).

PISA 2012 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 2012 Assessment and Analytical Framework](#).

Performance in financial literacy

Students at each level of proficiency in financial literacy



Source: Table VI.2.1

Mean performance in financial literacy		
	Mean score	Range of ranks
Shanghai-China	603	1 - 1
Flemish Community (Belgium)	541	2 - 2
Estonia	529	3 - 4
Australia	526	3 - 5
New Zealand	520	4 - 6
Czech Republic	513	5 - 7
Poland	510	6 - 7
Latvia	501	8 - 9
United States	492	8 - 12
Russian Federation	486	9 - 14
France	486	9 - 14
Slovenia	485	9 - 14
Spain	484	10 - 15
Croatia	480	11 - 16
Israel	476	11 - 17
Slovak Republic	470	15 - 17
Italy	466	16 - 17
Colombia	379	18 - 18
OECD average-13	500	

Partner countries and economies are marked in blue.

Source: Figure VI.2.3

- New Zealand students score above the average of the 13 OECD countries and economies that were assessed in financial literacy in 2012. With a mean score of 520 points, the rank of New Zealand among all 18 participating countries and economies is estimated to lie between 4 and 6.
- Average performance in New Zealand is not significantly different from average performance in Estonia, Australia, Czech Republic and Poland.

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

- In New Zealand, financial literacy is positively correlated with mathematics and reading performance. Around 81% of the financial literacy score reflects skills that can be measured in mathematics and/or reading assessments (compared with the OECD average of 75%), while 19% of the score reflects factors that are uniquely captured by the financial literacy assessment (compared with the OECD average of 25%).
- Overall, students in New Zealand perform better than might be expected in financial literacy, based on their performance in mathematics and reading.

Formal financial education

- The Commission for Financial Literacy and Retirement Income acts as a secretariat for the National Strategy for Financial Literacy. A first strategy was initiated in 2006 and launched in 2008. It has been recently revised to ensure its ongoing relevance. The over-arching goal of the strategy is to build a financially literate population, and it addresses citizens at all ages, including students in compulsory education.
- New Zealand is among the notable, small group of countries that have recently given full responsibility for youth financial literacy to the ministry of education. Financial literacy is included in the New Zealand curriculum as a theme that schools can use for cross-curricular teaching and learning programmes. It provides a context for linking learning areas, such as social sciences, mathematics and statistics, English, business studies, health and technology, and it provides a relevant context for strengthening literacy and numeracy skills.

How performance in financial literacy varies

Performance in financial literacy by subgroup: New Zealand	
	Mean score/score dif.
Boys	521
Girls	519
Difference (Boys - Girls)	2
Non-immigrant students	533
Immigrant students	504
Difference (non-imm. - imm.)	29
Strength of the relationship between socio-economic status and performance	
	Performance variation accounted for by socio-economic status (%)
Financial literacy	19.0
Mathematics	18.5
Difference (FL - M)	0.5

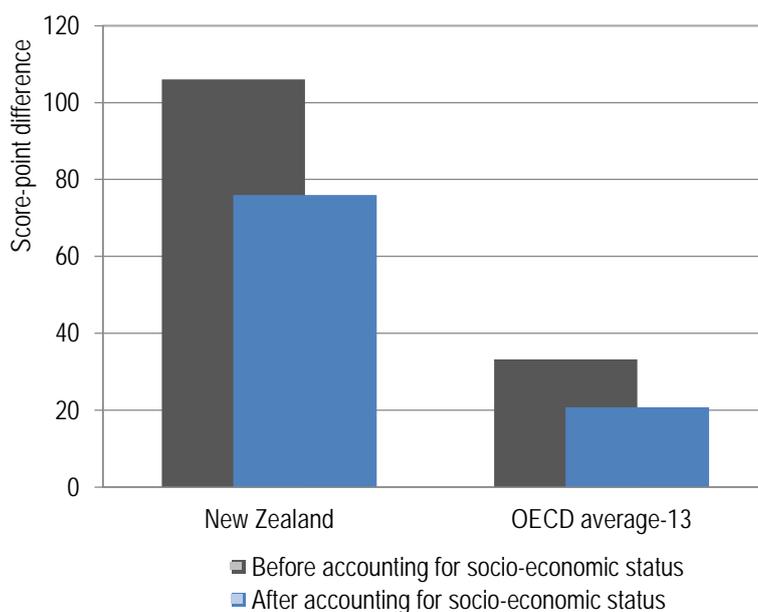
Statistically significant differences are marked in bold.
Source: Tables VI.3.1, VI.3.4, VI.3.10.

- Boys and girls in New Zealand score at the same level in financial literacy, on average, but there are more boys (22%) than girls (17%) among top performers.
- Some 19% of the variation in student performance in financial literacy in New Zealand is associated with socio-economic status, above the OECD average.
- In New Zealand, socio-economic status is more strongly associated with financial literacy than with reading performance.
- Students in New Zealand with at least one parent in a skilled occupation perform better in financial literacy, by 75 score points, than students whose parents have a semi-skilled or elementary occupation.
- Students in New Zealand with an immigrant background score 29 points lower than non-immigrant students, but this difference can be accounted for by maths and reading scores and socio-economic status.

Students' experience and behaviour with money, and their performance in financial literacy

- In New Zealand, 89% of students have a bank account.
- Students in New Zealand who hold a bank account score 106 points higher than students who do not hold a bank account. The score difference is 76 points after accounting for socio-economic status.
- 75% of students in New Zealand earn money from work, including working outside school hours (e.g. a holiday job, part-time work), working in a family business, or performing occasional informal jobs, such as baby-sitting or gardening.

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



Statistically significant differences are marked in a darker colour.
Source: Table VI.4.2.

Legal framework for young people's access to financial products

- In New Zealand, 15-year-olds do not need the consent of their parents to legally open, hold and operate a current or savings account. Banks can restrict debit cards to people 16 years old and above, and pre-paid debit cards are not available in New Zealand.

What is PISA?

The Programme for International Student Assessment (PISA) is a triennial survey that assesses the extent to which 15-year-old students near the end of compulsory education have acquired the knowledge and skills that are essential for full participation in modern societies. The assessment does not just ascertain whether students can reproduce knowledge; it also examines how well students can extrapolate from what they have learned and apply that knowledge in unfamiliar settings, both in and outside of school.

PISA offers insights for education policy and practice, and helps monitor trends in students' acquisition of knowledge and skills across countries and in different demographic subgroups within each country. The findings allow policy makers to gauge the knowledge and skills of students in their own countries in comparison with those in other countries, set policy targets against measurable goals achieved by other education systems, and learn from policies and practices applied elsewhere.

Key features of the PISA 2012 assessment of financial literacy

PISA 2012 is the first large-scale international study to assess the financial literacy, learned in and outside of school, of 15-year-olds nearing the end of compulsory education. Eighteen countries and economies participated in the assessment of financial literacy, including 13 **OECD countries and economies**: Australia, the Flemish Community of Belgium, the Czech Republic, Estonia, France, Israel, Italy, New Zealand, Poland, the Slovak Republic, Slovenia, Spain and the United States; and five **partner countries and economies**: Colombia, Croatia, Latvia, the Russian Federation and Shanghai-China.

The assessment

- Financial literacy was assessed through a paper-based test lasting 60 minutes. Students assessed in financial literacy also completed a one-hour assessment of mathematics and reading.
- Test questions were a mixture of multiple-choice questions and those requiring students to construct their own responses. Sample items can be explored online at <http://www.oecd.org/pisa/test/>.
- Students who took the assessment of financial literacy also answered the PISA student questionnaire about themselves, their homes, their school and learning experiences, and their attitudes towards learning. Students also answered questions, included in the financial literacy test booklets, about their experience with money.
- School principals received a questionnaire that asked standard questions about school policies and the learning environment, and also included questions about financial education in school.

The students

- An additional sample of students was selected in the same schools that participated in the core PISA assessment. In general, eight additional 15-year-old students were chosen at random from each participating school to take the financial literacy assessment. Around 29 000 students completed the assessment of financial literacy in 2012, representing about nine million 15-year-olds in the schools of the 18 participating countries and economies.

In New Zealand, 957 students in 176 schools completed the assessment of financial literacy.

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For more information on PISA and to access the full set of PISA 2012 results, visit: www.oecd.org/pisa

For more information on the OECD work on financial education, visit: www.financial-education.org