### PLANO NACIONAL DE FORMAÇÃO FINANCEIRA

## TODOS CONTAM





Report on the 3<sup>rd</sup> Survey on the Financial Literacy of the portuguese population 2020



PLANO NACIONAL DE FORMAÇÃO FINANCEIRA



### REPORT ON THE 3<sup>RD</sup> SURVEY ON THE FINANCIAL LITERACY OF THE PORTUGUESE POPULATION

2020

Lisbon, 2021



National Plan for Financial Education www.todoscontam.pt

Edition National Council of Financial Supervisors

Design, printing and distribution Banco de Portugal Image and Graphic Design Unit

Lisbon, June 2021

Number of copies 50 issues

ISSN (print) 2182-4533 ISSN (online) 2182-4541 Legal Deposit No. 337761/11

## Contents

11	Foreword from the National Council of Financial Supervisors			
13	Main results			
19	I. Presentation of the 3 <sup>rd</sup> Survey on the Financial Literacy of the Portuguese Population			
21 21 21 22	<ol> <li>Survey methodology         <ol> <li>Questionnaire</li> <li>Sample</li> <li>Interviews</li> </ol> </li> </ol>			
23	2. Characterisation of respondents			
27	II. Descriptive analysis of the results			
29 29 33 36 41 43 47	<ol> <li>Family budget planning and saving         <ol> <li>Managing the family budget</li> <li>Saving habits</li> <li>Situations of uncertainty in the household budget</li> <li>Financial goals</li> <li>Financial attitudes and behaviours</li> <li>Retirement planning</li> </ol> </li> </ol>			
51 51 55 61	<ul> <li>2. Choice and management of financial products</li> <li>2.1. Financial products</li> <li>2.2. Choice of financial products</li> <li>2.3. Detection of irregularities or fraud</li> </ul>			
63	3. Choice and knowledge of information sources			
69	4. Financial knowledge			
75	III.Financial literacy indicators			
77	1. Global financial literacy indicator			
85	2. Financial resilience indicator			
89	3. Financial well-being indicator			
<b>93</b>	4. Relationship between financial literacy, financial resilience and financial well-being			
95	IV. International comparison			
97	1. Global financial literacy indicator			
101	2. Financial resilience indicator			
105	3. Financial well-being			
107	V. Annex: Questionnaire			

## Charts

23	Chart I.2.1   Characterisation of the interviewees by the stratification criteria of the sample   2020
24	Chart I.2.2   Characterisation of the interviewees by household income level   2020
25	Chart I.2.3   Who the interviewees live with   2020
30	Chart II.1.1   Responsibility for making day-to-day decisions about money, by age group   2020
31	Chart II.1.2   Ways of planning the family budget   2020
31	Chart II.1.3   Characterisation of the respondents who answered positively to at least one question related to family budget planning   2020
32	Chart II.1.4   Ways of planning the family budget, by age group   2020
33	Chart II.1.5   Use of automatic payments for regular expenses, by age group   2020
34	Chart II.1.6   Savings in the last year   2020 and 2015
35	Chart II.1.7   Application of savings in the last year   2020
36	Chart II.1.8   Characterisation of respondents who did not save in the last year   2020
37	Chart II.1.9   Capacity to pay for an unforeseen expense of an amount equivalent to the monthly income   2020 and 2015
37	Chart II.1.10   Saving and the capacity to pay for an unforeseen expense of an amount equivalent to the monthly income   2020
38	Chart II.1.11   Characterisation of the respondents with capacity to pay for an unforseen expense of an amount equivalent do the monthly income   2020
39	Chart II.1.12   Sufficient income to pay the cost of living   2020 and 2015
40	Chart II.1.13   Making ends meet in insufficient income   2020
41	Chart II.1.14   Time frame to cover household expenses in case of loss of the main source of income   2020 and 2015
42	Chart II.1.15   Financial goals   2020
42	Chart II.1.16   Characterisation of respondents who set financial goals   2020
43	Chart II.1.17   Initiatives to reach financial goals   2020
44	Chart II.1.18   Weighing of expenses (average values)   2020 and 2015
45	Chart II.1.19   Controlling the family budget (average values)   2020 and 2015
46	Chart II.1.20   Financial situation of respondents (average values)   2020 and 2015
47	Chart II.1.21   Signs of default and risk (average values)   2020 and 2015



48	Chart II.1.22   Method of financing retirement   2020
49	Chart II.1.23   Degree of confidence in retirement planning   2020 and 2015
49	Chart II.1.24   Degree of confidence in retirement planning, by age group   2020
51	Chart II.2.1   Financial products known by the interviewee   2020 and 2015
53	Chart II.2.2   Financial products held by the respondent   2020, 2015 and 2010
55	Chart II.2.3   Financial product that respondent took out most recently   2020 and 2015
56	Chart II.2.4   Process of choosing the most recently contracted financial product   2020 and 2015
57	Chart II.2.5   Process of choosing the most recently contracted financial product, by product type   2020
58	Chart II.2.6   Sources of information that influenced the choice of financial product   2020 and 2015
59	Chart II.2.7   Sources of information that influenced the choice of financial product, by type of product   2020
60	Chart II.2.8   Reading of pre-contractual and contractual information of financial products   2020 and 2015
61	Chart II.2.9   Frequency of consulting information on the profitability of applications in financial products   2020 and 2015
62	Chart II.2.10   Detection of irregularities or fraud   2020
63	Chart II.3.1   Type of economic and financial information regularly followed   2020 and 2015
64	Chart II.3.2   Type of economic and financial information regularly followed, by type of product   2020
65	Chart II.3.3   Sources used to obtain information on financial products   2020 and 2015
66	Chart II.3.4   Entity resorted to in the event of a disagreement about a financial product   2020 and 2015
67	Chart II.3.5   Entity resorted to in the event of inability to loan instalments   2020 and 2015
70	Chart II.4.1   Characterisation of respondents by average number of correct answers to questions on financial knowledge   2020
71	Chart II.4.2   Number of correct answers to the questions on financial knowledge   2020 and 2015
73	Chart II.4.3   Interviewees' assessment of the degree of risk in financial investments   2020

80	Chart III.1.1	Histograms of the financial literacy indicators   2020
86	Chart III.2.1	Histogram of the aggregate financial resilience indicator   2020
90	Chart III.3.1	Histogram of the financial well-being indicator   2020
93	Chart III.4.1	Relationship between financial literacy, financial resilience and financial well- being (median values)   2020
99	Chart IV.1.1	International comparison of the OCDE/INFE's global financial literacy indicator   2020
99	Chart IV.1.2	International comparison of the OCDE/INFE's financial attitudes indicator   2020
100	Chart IV.1.3	International comparison of the OCDE/INFE's financial behaviours indicator   2020
100	Chart IV.1.4	International comparison of the OCDE/INFE's financial knowledge indicator   2020
101	Chart IV.2.1	Money control and expenditure weighting   Portugal, average of all the countries and of the OECD   2020
102	Chart IV.2.2	Time to cover expenses   Portugal, average of all the countries and of the OCED   2020
103	Chart IV.2.3	Financial stress   Portugal, average of all the countries and of the OECD   2020
103	Chart IV.2.4	Savings and financial goals   Portugal, average of all the countries and of the OECD   2020
104	Chart IV.2.5	Detection of irregularities or fraud   Portugal, average of all the countries and of the OECD   2020
105	Chart IV.2.6	Financial well-being indicator of the OECD/INFE   2020

## **Tables**

54	Table II.2.1   Characterisation of interviewees by financial products held by them   2020
72	Table II.4.1   Answers to the questions on financial knowledge   2020 and 2015
79	Table III.1.1   Descriptive statistics of the financial literacy indicators   2020 and 2015
81	Table III.1.2   Kruskal-Wallis tests of the median indicator of financial attitudes, by socio-economic group   2020
82	Table III.1.3   Kruskal-Wallis tests of the median indicator of financial behaviours, by socio-economic group   2020
83	Table III.1.4   Kruskal-Wallis tests of the median financial knowledge indicator, by socio-economic group   2020
84	Table III.1.5   Kruskal-Wallis tests of the median global financial literacy indicator, by socio-economic group   2020
86	Table III.2.1   Descriptive statistics of the aggregate financial resilience indicator   2020
87	Table III.2.2   Kruskal-Wallis tests of the median financial resilience indicator, by socio-economic group   2020
89	Table III.3.1   Descriptive statistics of the financial well-being indicator   2020
91	Table III.3.2   Kruskal-Wallis tests of the median financial resilience indicator, by socio-economic group   2020

### Foreword from the National Council of Financial Supervisors

The 3<sup>rd</sup> Survey on the Financial Literacy of the Portuguese Population was conducted in 2020 by the National Council of Financial Supervisors as part of the National Plan for Financial Education. Portugal once again participated in the international measurement and comparison of financial literacy levels promoted by the Organisation for Economic Cooperation and Development (OECD) through the International Network on Financial Education (INFE).

In the international comparison of 2020, Portugal was in 7<sup>th</sup> place in the global financial literacy indicator, among the 26 countries that participated in this exercise. The country shows above-average results in the indicators of financial attitudes and behaviours as well as in indicators of financial resilience.

Portugal's positive results in these indicators are related to the fact that most respondents show appropriate family budget planning and saving habits, while they also demonstrate a low tendency for impulse purchases and behaviour associated with default.

The financial resilience indicators are particularly important to measure the respondents' ability to face financial shocks. In a pre-pandemic period, Portugal obtained above-average results in most of these indicators, in particular the time to cover expenses, in which approximately one quarter of the respondents stated that, if they lost their main source of income, they would be able to pay their expenses for a period of 6 months or more. Nevertheless, there is still a significant proportion of respondents (24.1%) who would only be able to cover their expenses for less than one month.

In the financial knowledge and financial well-being indicators, the results are less positive, with the results of the Portuguese respondents being below the average of the countries participating in the international comparison exercise.

In the choice of the most frequently used sources of information for decision-making, the advice given at the bank branch and the advice of relatives or friends continue to be the most frequently used sources for obtaining information for decision-making. However, in 2020, there was an increase in the use of the Internet, indicated by around a quarter of the respondents as a source of information on financial products.

Respondents reveal greater proactivity in the application of savings in 2020, with an increase in the proportion of those who refer to investing in shares, bonds or mutual funds. Some respondents also say they have invested in crypto-assets or ICOs. Time deposits remain, however, the most frequent product in the application of savings.

The 3<sup>rd</sup> Survey on Financial Literacy allows us to identify the population groups and areas with the greatest financial literacy gaps. The results highlight the need to promote habits of comparing alternatives before choosing a financial product and to strengthen financial knowledge. They also confirm that the population groups with the lowest levels of financial literacy are the oldest respondents and those with the lowest levels of education and income.



The surveys on financial literacy have a national scope, based on a sample of the Portuguese population, and do not focus on people who have participated in financial education initiatives. As such, these surveys are not intended to assess the National Plan for Financial Education, but rather to compile evidence on priority topics and population groups to be considered in its quinquennial review.

Over its ten years of implementation, the National Plan for Financial Supervisors has established partnerships with key entities to reach priority target audiences, such as students, the unemployed and employees. To increase the reach of financial education initiatives, it is essential to strengthen the work carried out with current partners and establish new partnerships with entities capable of reaching more diversified audiences.

The increased use of digital channels, particularly social media, will also make it possible to broaden the audience of financial education initiatives. The use of digital channels by consumers of financial products has intensified, which is reflected not only in the growing purchase of products in this way but also in the demand for information. The National Plan for Financial Supervisors must therefore keep up with this trend by strengthening its digital strategy.

Increasing the financial literacy of the population, contributing to their financial well-being, is an ambitious goal, which financial supervisors have always taken on as a long-term project.

The National Council of Financial Supervisors

Mário Centeno, Chairman of the National Council of Financial Supervisors, Governor of Banco de Portugal

Ana Paula Serra, Director of Banco de Portugal

Margarida Corrêa de Aguiar, Chairman of the Portuguese Insurance and Pension Funds Supervisory Authority

Gabriela Figueiredo Dias, Chairman of the Securities Market Commission

## Main results

This report analyses the results of the 3<sup>rd</sup> Survey on the Financial Literacy of the Portuguese Population, which is based on 1,502 door-to-door interviews conducted between December 2019 and February 2020. The survey was part of the international comparison of financial literacy levels of the OECD's International Network on Financial Education (OECD/INFE)<sub>1</sub> and addresses topics of family budget planning and management, choice of financial products, choice of information sources and financial knowledge.

**Chapter I** presents the survey methodology and the socio-economic characterisation of the respondents.

Chapter II analyses in detail the responses to the survey questions, on the following topics:

- Family budget planning and savings, in which attitudes and behaviours related to family budget management and expenditure control, the application of savings, the ability to cope with unexpected expenses or income shortfalls, and medium and long-term planning for retirement or other financial goals are characterised;
- Choice and management of financial products, in which the financial products held by respondents and the criteria used in their choice are identified, as are product comparison habits, pre-contractual and contractual information reading habits and exposure to fraudulent situations;
- Choice and knowledge of sources of information, which include the characterization of regularly followed economic and financial news and entities to resort to in case of disagreement with financial institutions or difficulty in paying loan instalments;
- Financial knowledge, where the results of numeracy questions that assess the ability to make simple numerical operations and questions on inflation, return and risks associated to financial products are analysed.

The answers to the questions are categorized according to socio-economic characterisation variables or answers to other questions, where relevant, and compared with those obtained in the  $2^{nd}$  Survey on the Financial Literacy of the Portuguese Population of 2015.

**Chapter III** assesses the financial literacy level of the Portuguese population, by building indicators that aggregate the answers obtained in a selected range of questions, according to the methodology defined by the OECD/INFE. The chapter presents a global financial literacy indicator, which comprises financial attitudes, behaviours and knowledge indicators. The chapter also presents a financial resilience indicator and a financial well-being indicator. All these indicators are disaggregated by population groups.

**Chapter IV** presents Portugal's results in the international comparison of financial literacy levels carried out by the OECD/INFE.

<sup>1</sup> The OECD/INFE published a report with the results of the international comparison exercise: OECD (2020), OECD/INFE 2020 International Survey of Adult Financial Literacy, available at http://www.oecd.org/financial/education/oecd-infe-2020-internationalsurvey-of-adult-financial-literacy.pdf.



### Family budget planning and savings

Most respondents claim to make day-to-day decisions about money management (93%), either together with another person (56.1%) or alone (36.9%). In 2020, the proportion of respondents who say they make decisions alone went up compared to 2015, with this development being particularly evident among younger respondents.

A large majority of respondents (80.8%) adopt financial behaviours that demonstrate concern for planning and controlling the family budget. Around 40% make a note of their expenses or make a plan to manage their income and expenditure, more than one-third make a note of the bills they will have to pay so as not to forget and 31.2% separate the money to pay the bills from the money to pay for day-to-day expenses.

The majority of respondents (65%) claim to have saved in the last year. More than half (58.5%) left their money in their current account and 15.6% kept their money at home or in their wallet. However, in 2020 there is more proactivity in applying savings, as the proportion of those who report investing in shares, bonds or mutual funds increased (9.4% in 2020 and 3.9% in 2015) and about a third still report that they applied the money in a time deposit.

Around 61% of respondents say they are able to pay an unexpected expense of an amount equivalent to their monthly income without having to borrow money or ask for the help of family or friends and around 62% report having sufficient income to cover their cost of living, similar proportions to 2015. For those whose income was insufficient to cover the cost of living, nearly half (48.2%) reduced spending, 28.6% used money from savings or borrowed money from family and friends and 17.1% worked overtime to earn more money. The proportion of respondents who did not pay their bills or paid them late decreased from 10.9% in 2015 to 4.3% in 2020.

In 2020, the proportion of respondents who say they would be able to pay their expenses for more than six months if they lost their main source of income increased significantly (24.3% in 2020 and 13.7% in 2015).

Most respondents reveal appropriate financial attitudes and behaviours, as they consider their expenses, avoid impulse purchases, control the family budget and worry about the future. In 2020, there are better results than in 2015 on behaviours related to impulsive purchases, although respondents tend to agree more with the statement "Money is there to be spent".

The respondents demonstrate a low propensity for default situations as they recognise their responsibility to repay loans, pay their bills on time and do not consider that they have too much debt. These indicators, which may indicate default situations, had a favourable evolution in comparison to 2015.

Most respondents (84.5%) state that they will finance their retirement through social security contributions or other mandatory contribution regimes, around 24% mention relying on personal savings and 17.6% indicate that they will continue working. Around 44% of respondents say they are confident in their retirement planning, with the degree of confidence in retirement planning tending to increase with respondent age, with over half of those aged 70 and over saying they are confident in their retirement planning. In 2020, the proportion of respondents who say they are confident with their retirement planning went up (around 37% in 2015), as did

the proportion of those who say they will fund their retirement through a private savings plan (15.2% in 2020 and 11.9% in 2015) or through a company-provided pension fund (4.4% in 2020 and 2.9% in 2015). However, there was also an increase in the percentage of respondents who do not have a retirement plan (18% in 2020 and 7.6% in 2015).

### **Choice and management of financial products**

Almost all respondents are familiar with current accounts (99.3%) and the majority are aware of time deposits (93.5%), insurance products (90.1%) and credit cards (89.8%). The vast majority of respondents hold current accounts (90.9%) and more than 40% have insurance or time deposits. Credit cards are held by more than one-third of the respondents, mortgages by around one-fifth and MBWay by about 16%.

The proportion of respondents holding current accounts in 2020 did not change significantly compared to 2015 and 2010. In 2020, time deposits and credit cards became more frequent and holding overdraft facilities decreased. Insurance is less frequent than in 2015, but more frequent than in 2010. In 2020, the number of respondents holding investment products such as shares, bonds and mutual funds also went up.

When choosing the most recently contracted financial product, around 40% of respondents considered several options before making a decision, comparing products within the same institution (20.8%) or in different institutions (20%). However, 32.8% did not consider any alternative and 24.3% do not know or did not answer the question. In 2020, the results reveal less proactivity in choosing financial products, compared to 2015, with a decrease in the proportion of respondents who compared several options from different institutions (44.6% in 2015).

Most respondents (69.4%) considered other alternatives from the same or different institutions when acquiring investment products and more than half (57.7%) showed the same proactivity when choosing products from the insurance sector. When purchasing banking products (such as current accounts and time deposits) respondents make comparisons less frequently before purchasing these products.

The advice given at the bank branch and the advice of relatives or friends continue to be the most frequently used sources of information when choosing financial products (indicated by 40% and 34.5% of respondents, respectively), although they are less mentioned than in the previous survey. In 2020, information collected at the institution's branch and advice from specialist entities are also less frequently mentioned. On the other hand, the importance of information obtained on the internet increased, especially when it comes to choosing investment products.

Most of those interviewed state they read the pre-contractual information (61.4%) and contractual information (65.9%) of the financial products they purchase, but less than a quarter read this information in great detail. In 2020, respondents show a lower tendency to read the information on the financial products they buy, with an increase in the proportion of those who report not reading the pre-contractual and contractual information because they trust what the staff member from the institution's branch tells them (25% in 2020 and 13% in 2015).



### **Choice of information sources**

Almost half of the respondents indicate that they regularly follow news about the economy (47.9%). This is followed by news about the real estate market or the developments in interest rates, mentioned by approximately 28% of the respondents in both cases. Respondents who own investment products are those who more regularly follow all types of information, compared to respondents who own banking or insurance products. In 2020, the proportion of respondents who regularly follow news about the real estate market was more pronounced than in 2015.

The majority of respondents (64.6%) continue to obtain information on financial products from their account manager. More than a third seek advice from friends, family and colleagues and more than a fifth rely on the internet. Compared to the previous survey, the increase in the use of the internet as a source of information on financial products is noteworthy (23.4% in 2020 and 11.2% in 2015). In contrast, there is a decrease in the proportion of those who mention information provided by friends, family or colleagues, although this is the most used source of information by younger and older respondents.

### **Financial knowledge**

The respondents' financial knowledge was analysed by answering five questions on financial numeracy, which assess the ability to make simple numerical calculations in a financial context, and three questions on the concepts of inflation, the relationship between return and investment risk and the relationship between investment risk and portfolio diversification. With regard to these eight questions, in 2020 respondents answered, on average, 4.8 questions correctly, which is a lower score than in 2015 (5.7). However, there is an increase in the proportion of respondents who answered all questions correctly (9.5% in 2020 and 8.9% in 2015).

Regarding the questions on financial numeracy, most respondents (87.4%) answered correctly to the question about the amount of interest to be paid on a 25 euros loan for one day and most (74.2%) answered correctly to the question about dividing 1,000 euros among five siblings. More than half of the respondents recognise the loss of purchasing power resulting from a 2% inflation rate. However, less than half (42.5%) of the respondents correctly calculate simple interest, a proportion that falls to 31% for compound interest.

On questions related to the concepts of inflation, investment risk and portfolio diversification, most respondents show an understanding of the concept of inflation (74.4%), correctly identifying its impact on the cost of living and recognising the relationship between return and investment risk (71.6%). Less than half of the respondents (45.1%) recognise the relationship between investment risk and portfolio diversification.

The results were slightly more positive than in the 2015 survey in understanding the impact of the inflation rate on purchasing power and interest on a one-day loan, but were significantly worse in the remaining concepts. The high proportion of respondents who say they do not know the answer or do not answer these questions in 2020 is notable.

### **Financial literacy indicators**

Based on the methodology defined by the OECD/INFE, financial attitudes, knowledge and behaviour indicators were calculated, as was the global financial literacy indicator that aggregates the three previous ones (on a scale of 0 to 100).

The financial behaviour indicator is the one with the best median scores, followed by the financial attitudes and knowledge indicators. The global financial literacy indicator decreased (61.7 in 2020 and 68.3 in 2015), reflecting the decreases in the indicators of financial knowledge (57.1 in 2020 and 71.4 in 2015) and financial behaviours (66.7 in 2020 and 77.8 in 2015). The financial attitudes indicator remained unchanged from the previous survey (58.3).

Among the respondents, men, those aged between 25 and 54, workers, those with secondary or higher education, and those living in households with an income of more than 1,000 euros showed the most favourable results in the global financial literacy indicator. In contrast, respondents aged 70 or over, with no education or lower secondary education and those living in households with no income or with a net monthly income of less than EUR 500 are the population groups with the least favourable results.

Men stand out in financial knowledge but score less favourably than women in financial attitudes and there do not appear to be significant gender differences in financial behaviour. Respondents aged 25 to 39 stand out above all in financial behaviour, while those aged 40 to 54 score better in financial knowledge. In contrast, the most senior respondents (aged 70 and over) show less favourable results in financial knowledge, and the youngest (up to the age of 24) and most senior respondents have less positive results in financial behaviour.

In terms of employment status, workers score better on all indicators, although on par with retired people on financial attitudes. Financial literacy indicators increase with the level of education and household income.

Indicators of the financial resilience and financial well-being of respondents were also calculated. Financial resilience measures respondents' ability to cope with the consequences of financial shocks, whether they are predictable (such as a retirement situation) or unpredictable (such as an unemployment situation or a situation similar to the Covid-19 pandemic). The financial well-being indicator assesses respondents' ability to meet their current and future financial obligations, feeling secure in their financial future.

The results show higher levels of financial resilience in men, in respondents aged between 25 and 54 years and in workers. Regarding financial well-being, respondents aged between 16 and 39 years, workers and students stand out. The indicators of financial resilience and well-being also increase with the level of education and the level of household income.

Respondents who score higher on the global financial literacy indicator tend to also score better on financial resilience and well-being, as higher levels of financial literacy can be expected to contribute to more appropriate personal finance management and more prudent financial decision-making, particularly in terms of saving and indebtedness.



### International comparison

In the international comparison made by the OECD/INFE in 2020, Portugal ranks 7<sup>th</sup> in the global financial literacy indicator. With a score of 13.1 points in this indicator, Portugal is above the average of the 26 countries analysed (12.7 points) and the average of the 12 OECD countries (13 points) that participated in this exercise.

Portugal's position in the global financial literacy indicator stems from its positive performance in the financial attitudes and financial behaviour indicators, where the country ranks 5<sup>th</sup> place in both indicators. Portugal's results stand above average in solving a one-off problem of insufficient income without resorting to credit and in questions related to the weighting of expenses, the systematic control of personal finances and the timely payment of purchases.

In terms of financial resilience, which measures the ability of respondents to cope with financial shocks, Portugal also scores more favourably than the average of the participating countries on most of the questions considered. Of particular note is the result that one-fifth of Portuguese respondents would be able to support their expenses for more than 6 months if they lost their main source of income.

Portugal scores less favourably on the financial knowledge indicator, ranking 17<sup>th</sup> with values below the average of the participating countries for most of the questions included in this indicator. Portugal also scores below the average of the participating countries in the financial wellbeing indicator, occupying the 16<sup>th</sup> position.

## Presentation of the 3<sup>rd</sup> Survey on the Financial Literacy

- 1. Survey methodology
- 2. Characterisation of respondents

## 1. Survey methodology

The 3<sup>rd</sup> Survey on the Financial Literacy of the Portuguese population involved the design of the questionnaire, the definition of the sample and conducting the interviews. This work was carried out with the collaboration of the Centre for Studies and Opinion Polls of Universidade Católica Portuguesa (CESOP-UCP), which conducted the door-to-door interviews.

### 1.1. Questionnaire

As in 2015, the survey was part of the international comparison of financial literacy levels, promoted by the OECD's International Network on Financial Education1 (OECD/INFE). This organisation defined a set of core questions to measure and compare financial attitudes, behaviours and knowledge internationally<sub>2</sub>.

The questionnaire included the 39 OECD/INFE questions which, besides the questions characterising the respondent's profile, focus on family budget planning and savings, the financial products held by respondents and the main criteria for choosing them and the assessment of knowledge of financial numeracy, inflation, risk and return on savings applications. The questionnaire also included 10 questions related to the reading of pre-contractual and contractual information, the choice and knowledge of information sources and the risks of savings application products.

#### 1.2. Sample

The 3<sup>rd</sup> Survey on Financial Literacy aimed to characterize the levels of financial literacy of the Portuguese population residing in Mainland Portugal and the Autonomous Regions, aged 16 years or older. For this purpose, 1,500 interviews were planned, with a sample of 1,502 individuals. This sample allows for the estimation, through statistical inference, of the results for the defined population with an average error of 2.5% for a probability of 95%.

The sample was stratified according to the following breakdown:

- Gender: male; female
- Age: 16 to 24 years; 25 to 39 years; 40 to 54 years; 55 to 69 years; 70 year or over.
- Geographic location: North, Centre Lisbon; Alentejo; Algarve; Autonomous Region of Madeira; Autonomous Region of Azores.
- Employment situation: active; inactive.
- Educational level<sub>3</sub>: no formal schooling; primary education (4<sup>th</sup> year); elementary education (9<sup>th</sup> year); secondary education (12<sup>th</sup> year); higher education.

<sup>1</sup> The OECD/INFE is an OECD financial education network of central banks, financial regulators and supervisors and other public authorities, which promotes principles and good practices in financial education.

<sup>2</sup> OECD (2018), OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion, available at http://www.oecd.org/ financial/education/2018-INFE-FinLit-Measurement-Toolkit.pdf.

<sup>3</sup> Stratification by educational levels considers the highest level of education that the respondent has completed.



For each stratum, quotas were defined according to the proportions identified for the Portuguese population in the 2011 Census, published by the National Statistics Institute. Field implementation according to the five stratification criteria is complex, as it requires locating respondents with very specific characteristics. In some strata, there was a slight deviation of the actual quota from the planned one, less than 0.1 p.p., which is not statistically significant.

### 1.3. Interviews

The 1,502 interviews were conducted in person, door-to-door, between 13 December 2019 and 4 February 2020, and had an average duration of 37 minutes per interview.

To locate the respondents the random-route method of selection was used, although it was constrained by the quotas defined for each stratum. The localities in which the survey was carried out were selected according to the distribution of the universe under study by NUTS II region (7 regions) and parish size. In each locality, starting points of the route to be followed by the interviewer were defined (i.e. street, door number, floor).

The interviews were conducted by 44 interviewers with previous experience in conducting doorto-door surveys and who, prior to carrying out the fieldwork, attended specific training sessions on the goals of the study and of each particular question. All interviews were conducted on tablets (CAPI - Computer Assisted Personal Interviewing). The interviewers were supervised and coordinated by the CESOP-UCP project team, which validated the 1,502 interviews and ensured the correct performance and compliance with the methodological objectives.

# 2. Characterisation of respondents

The characteristics of the interviewees reflect the proportion in which the various strata occur in the Portuguese population over the age of 16 years.

Of the 1,502 respondents, 53.5% are female and 59.4% are part of the working population. In terms of age, 11.2% are young people aged between 16 and 24, around half (49.5%) are aged between 40 and 69 and 18.6% are over the age of 70. 36% of the interviews were carried out in the North, 25.7% in Lisbon and 22% in the Centre of the country. Approximately one-third (32.7%) of the interviewees have completed primary school and 18.7% have at least one university degree.



CHART I.2.1 | Characterisation of the interviewees by the stratification criteria of the sample | 2020





Questions: A1, A2, A3, A4 and A5; Base: 1,502 interviews.

The distribution by income levels<sup>4</sup> indicates that the household of 13.1% of the interviewees in 2020 earns up to 500 euros net monthly, 33.9% between 500 and 1,000 euros, 29.8% between 1,000 and 2,500 euros and 11.8% above 2,500 euros. Conversely, 2.7% indicated that their household has no income and 8.7% did not answer the question.



#### CHART I.2.2 Characterisation of the interviewees by household income level | 2020

4 In 2020 respondents were asked about their household's monthly net income. The results are not directly comparable to the 2015 survey, as in that year respondents were asked about gross household income.

More than half of the respondents (59.3%) live with their spouse or partner, 28.7% live with children or others under 18 and 20.6% live with children over 18. Almost one-fifth of respondents (18.4%) live with parents or in-laws and 12.6% live alone.

Of the interviewees who indicate living alone, 3.1% are aged between 16 and 24, 29% are aged between 25 and 59, 26.3% are aged between 55 and 69 and 41.6% are aged 70 or over. Within this age group (70 or over), 28.2% live alone.

The households of the interviewees who do not live alone have, on average, 2.6 adults. In households with children or other minors, there are, on average, 1.6 minors.



#### CHART I.2.3 Who the interviewees live with | 2020

Question: A6; Base: 1,502 interviews (multicode).

## Descriptive analysis of the results

- 1. Family budget planning and saving
- 2.Choice and management of financial products
- 3. Choice and knowledge of information sources
- 4. Financial knowledge

# 1. Family budget planning and saving

### 1.1. Managing the family budget

## More than one-third of the interviewees state that they make decisions about money management alone.

Most respondents say they make day-to-day decisions about managing their money (93%). Almost half (48.5%) make these decisions with their spouse or partner, and 36.9% make these decisions independently. Among the interviewees who live with their spouse or partner, 82.7% make joint decisions about money management, while 87.4% of those who live alone make these decisions by themselves.

Of the respondents aged 16 and 17, 63.6% say that day-to-day decisions about managing money are made by someone else, a proportion that drops to 25.4% in the 18 to 24 age group. More than half of the respondents aged between 25 and 69 make money management decisions together with another person. In respondents aged 70 and over, 40% say they make money management decisions alone.

## In 2020, the proportion of young people who make decisions about money management on their own increased.

In comparison to 2015, in 2020 there is a lower proportion of interviewees who state that they make decisions together with their spouse or partner (55.6% in 2015) and the percentage of those who make decisions on their own has increased (28.5% in 2015). The increase in the percentage of those who make decisions alone is especially significant in the youngest age groups (for those aged 16 and 17 years old, 13.7% in 2020 and 7.1% in 2015, and for those between 18 and 24 years old, 45.2% in 2020 and 20% in 2015) and in these age groups, day-to-day decision-making by others has become less frequent (71.4% in 16- and 17-year-olds and 34% between 18- and 24-year-olds in 2015), suggesting that young people are making day-to-day decisions about money increasingly earlier.







- You make these decisions by yourself
- You make these decisions with your partner/spouse
- You make these decisions with someone else
- Someone else makes these decisions
- Don't know/Refused to answer

Questions D2 and A3; Base: 1,502 interviews.

## Around 81% of the interviewees are concerned with family budget planning.

The interviewees were asked about a range of financial behaviours that demonstrate concern for family budget planning and control. Approximately 81% of the interviewees responded positively to at least one of these questions1: 40.4% take note of their expenses, 40.2% make a plan to manage their income and expenses, 35.6% take note of the bills they will have to pay so as not to forget, 31.2% separate the money to pay bills from the money to pay day-to-day expenses and 13.6% use their bank's app or a personal finance management tool to control their expenses.

Among the interviewees who answered affirmatively to at least one of the questions on family budget planning and control, the following stand out: those aged between 25 and 54, women, interviewees with higher education, workers and those who have a household with a net monthly income of more than 1,000 euros.

<sup>1</sup> This percentage of 80.8% results from the aggregation of a range of financial behaviours that are considered to contribute to the family budget planning and control. The result is not directly comparable with that obtained in 2015, given that interviewees were directly asked whether they had a family budget, with 71.5% replying affirmatively.

### CHART II.1.2 | Ways of planning the family budget | 2020



Question D3; Base: 1,502 interviews (multicode).

### CHART II.1.3 | Characterisation of the respondents who answered positively to at least one question related to family budget planning | 2020



Questions A2, A3, A4, A5, G13 and D3; Base: 1,502 interviews (multicode).



The interviewees between the ages of 40 and 69 are the ones who most frequently identify with the statement "Keep a note of your spending". The agreement with the statement "Make a plan to manage your income and expenses" is most frequent among 25 to 54-year-olds and only slightly indicated by those aged 70 or over. In turn, the youngest respondents (16 to 24-year-olds) are the least likely to agree with the statement "Make a note of the upcoming bills to make sure you don't miss them".

In the statement "Keep money for bills separate from day-to-day spending money", there are no significant differences between age groups.

Agreement with the statement "Use a banking app or money management tool to keep track of your outgoings" is more frequent in interviewees up to the age of 39, particularly in the 25-39 age group.



### CHART II.1.4 | Ways of planning the family budget, by age group | 2020

Questions A3 and D3; Base: 1,502 interviews (multicode).

The interviewees were also asked about their use of direct debits or other automatic payments for regular expenses. Around 44% of interviewees indicated that they have automatic payments for regular expenses, which may show concern with the payment of bills or result from the greater convenience of this means of payment, but in itself does not show that there is regular planning and control of the family budget. Automatic payments for regular expenses are more used by respondents aged between 25 and 54, while they are relatively less frequent among younger people (aged between 16 and 24) and those aged 70 or over.



CHART II.1.5 | Use of automatic payments for regular expenses, by age group | 2020

Questions A3 and D3; Base: 1,502 interviews.

### 1.2. Saving habits

### Around two-thirds of the interviewees saved in the last year.

When asked if they had saved in the last year, 65% of the interviewees answered affirmatively and 34.5% said they had not saved in the last year. Of those interviewees who say they saved in the last year, 58.5% indicate that they kept the money in a current account and 15.6% kept their money at home. Around one-third (33.2%) of interviewees invested their money in a time deposit and 9.4% invested in shares, bonds or mutual funds. Some interviewees (1%) claim to have invested their money in crypto-assets or ICOs.



## In 2020, the proportion of interviewees who mentioned investing in shares, bonds or mutual funds increased.

The proportion of interviewees in 2020 who indicate having saved in the last year is slightly lower than in 2015 (68.3%). Among those who saved, there is a slight increase in proactivity in applying savings, as the proportion of those who leave their savings in their current account went down slightly (60.8% in 2015), the percentage of those who applied their savings in time deposits remained the same and the proportion of those who report investing in shares, bonds or mutual funds went up (9.4% in 2020, which compares with 3.9% in 2015). The proportion of interviewees who gave money to their family to save also increased (from 2.7% in 2015 to 6.8% in 2020).



### CHART II.1.6 | Savings in the last year | 2020 and 2015

Question 2020: D7; Base: 1,502 interviews. Question 2015: C5; Base:1,100 interviews.


#### CHART II.1.7 | Application of savings in the last year | 2020

Question 2020: D7; Base: 977 interviews (multicode).

Among the interviewees who claim not to have saved in the last year, very young people (45.5% of those aged 16 or 17) and those over the age of 55 (around 42%) appear with above-average proportions. Also noteworthy are the unemployed (55.7%) and the retired (42.5%), those with at least secondary school and those who belong to households with an income of less than 1,000 euros.





#### CHART II.1.8 Characterisation of respondents who did not save in the last year | 2020

Questions 2020: A2, A3, A4, A5, G13 and D7; Base: 517 interviews.

#### 1.3. Situations of uncertainty in the household budget

# Most interviewees can pay an unforeseen expense of an amount equal to their monthly income.

Around 61% of interviewees stated that they would be able to meet an unforeseen expense equivalent to their monthly income without having to borrow money or get help from family or friends, which is a similar proportion to 2015.

Of those respondents who saved in the last year, 78% can pay for an unexpected expense. This percentage falls to 28.4% among interviewees who did not save in the last year.

The proportion of interviewees who are able to meet an unforeseen expense is higher than average among those with ages between 40 and 54 (67.1%), men (66%), workers (69.5%) and respondents with higher levels of education and income (85.9% of respondents with higher education and 90.9% of respondents with income of more than 2,500 euros).



### CHART II.1.9 | Capacity to pay for an unforeseen expense of an amount equivalent to the monthly income | 2020 and 2015

Question 2020: D8; Base: 1473 interviews. Question 2015: C6; Base: 1036 interviews.

### CHART II.1.10 | Saving and the capacity to pay for an unforeseen expense of an amount equivalent to the monthly income | 2020



Questions 2020: D7 and D8; Base: 1465 interviews.

TODOS CONTAM 37





### CHART II.1.11 | Characterisation of the respondents with capacity to pay for an unforseen expense of an amount equivalent do the monthly income | 2020

Questions 2020: A2, A3, A4, A5, G13 and D8; Base: 894 interviews.

#### Around 62% consider their income sufficient to cover living costs.

The proportion of interviewees who have enough income to cover their cost of living is 61.7%, slightly lower than in 2015 (62.7%). Interviewees who reported that sometimes they do not have enough income to cover their cost of living (35.9%) were asked what they did to solve the problem the last time this happened. Almost half (48.2%) stated that they reduced their expenses, 28.6% of those interviewed said that they used money from savings and the same percentage stated that they borrowed money from family or friends. There were also 17.1% who worked more hours to earn more money.

### In 2020, the proportion of respondents who did not pay their bills or paid them after the deadline declined.

In comparison to 2015<sub>2</sub>, there is a drop in the proportion of respondents who borrowed money from family or friends (28.6% in 2020 and 36.2% in 2015) and in the proportion of respondents who paid bills late or did not pay them (4.3% in 2020 and 10.9% in 2015). Conversely, the proportion of respondents who worked longer to solve a problem of insufficient income increased (17.1% in 2020 and 8.6% in 2015).



#### CHART II.1.12 | Sufficient income to pay the cost of living | 2020 and 2015

Question 2020: D11; Base: 1478 interviews. Question 2015: C7; Base: 1036 interviews.

TODOS CONTAM 39

<sup>2</sup> In comparison to 2015, in the 2020 questionnaire the option "I requested financial support from the State" was added.



#### CHART II.1.13 | Making ends meet in insufficient income | 2020



Question 2020: D11; Base: 531 interviews (multicode).

#### Almost a quarter would be able to pay their expenses for more than six months if they lost their main source of income, a proportion higher than in 2015.

When asked how long they could cover expenses without borrowing money or moving house if they lost their main source of income, 24.3% of respondents indicated time frames of less than one month and 24.9% indicate time frames between one and three months. There are also 24.3% of respondents who would be able to pay their expenses for more than six months.

The proportion of respondents who say they would be able to pay expenses, if they lost their main source of income, for more than six months went up significantly<sub>3</sub> (24.3% in 2020 and 13.7% in 2015). In contrast, the proportion of respondents who can pay expenses for a period between one and three months dropped significantly (32.9% in 2015).

### CHART II.1.14 | Time frame to cover household expenses in case of loss of the main source of income | 2020 and 2015



Question 2020: D12; Base: 1,502 interviews. Question 2015: C8; Base 1,100 interviews.

#### 1.4. Financial goals

#### Around 40% of respondents say they set financial goals.

Almost 40% of respondents say they set financial goals such as buying a car, paying university fees or paying off loans. Among these, male respondents, with ages up to 54 years, workers and students, interviewees with at least secondary education and those who have a household with a net monthly income of more than 1,000 euros stand out.

<sup>3</sup> In 2020, the question refers to the respondent's loss of income, while in 2015 it referred to the household's loss of income, which should be taken into account when comparing the results.



#### CHART II.1.15 | Financial goals | 2020



Question 2020: D9; Base: 1,502 interviews.



#### CHART II.1.16 Characterisation of respondents who set financial goals | 2020

Questions 2020: A2, A3, A4, A5, G13 and D9; Base: 587 interviews.

Of those who set financial goals, about half (51.1%) say they saved or invested money to achieve their goals, 38.3% cut expenses and 30% established a financial plan to achieve their goals. About a fifth said they looked for other sources of income. However, 8.9% report not having taken any initiative to reach their goals.



#### CHART II.1.17 | Initiatives to reach financial goals | 2020

Question 2020: D10; Base: 587 interviews (multicode).

#### 1.5. Financial attitudes and behaviours

To understand the attitudes and behaviours of the interviewees regarding situations related to managing expenses, controlling the household budget, their financial situation and signs of default, respondents were asked to rate a set of statements according to the following scale: strongly agree (5 points); agree (4 points); neither agree nor disagree (3 points); disagree (2 points); and strongly disagree (1 point). Statements with mean values above 3 are the statements with which, on average, respondents agree and statements with mean values below 3 are the statements with which, on average, respondents disagree.

# Most interviewees consider their expenses carefully and avoid impulsive purchases.

Most of the interviewees consider their expenses, since, on average, they agree with the statement "Before buying anything, I carefully consider whether I can afford it" (4.45) and disagree with the following statements "It gives me more pleasure to spend money than to save for the future" (2.46) and "I tend to buy things on impulsive" (1.70).



Compared with 2015, there is an improvement in the results regarding impulsive buying. In the remaining questions, the results were similar.



#### CHART II.1.18 | Weighing of expenses (average values) | 2020 and 2015

Questions 2020: D13, D14 and D15; Base: 1,502 interviews. Question 2015: C9; Base: 1,100 interviews.

# Most interviewees manage their family budget and demonstrate concern for the future.

The interviewees demonstrate that they manage their family budget, since, on average, they agree with the statements "I keep a close personal watch on my financial affairs" (3.98) and "I tend to worry about paying my normal living expenses" (3.30).

The statements related to saving have scores around the average. The statement "I have money left over at the end of the month" has a score of 3.06 and the statement "I set long-term financial goals and strive to achieve them" has a score of 3.22. Respondents also tend to disagree with the statement "I live for the present and do not worry about the future" (2.46).

Most of the results are similar to those obtained in 2015, revealing concern about managing the family budget and planning for the future. However, in 2020, respondents tend to agree more with the statement "Money is there to be spent" and disagree more with the statement "I set long-term financial goals and strive to achieve them".



#### CHART II.1.19 Controlling the family budget (average values) | 2020 and 2015

Questions 2020: D13, D14 and D15; Base: 1,502 interviews. Question 2015: C9; Base: 1,100 interviews.

Most of the statements related to the financial situation of the interviewees have values close to the average. On average, respondents neither agree nor disagree with the statements "I feel that I am just getting by financially" (3.36), "My financial situation limits my ability to do things that are important to me" (3.21), "Because of my money situation I feel that I will never have the things I want in life" (3.10), "I am satisfied with my present financial situation" (2.81) and "My finances control my life" (2.95).

However, the interviewees tend to agree with the statement "I worry that my money won't last forever" (3.75).

In comparison with 2015, the decrease in the number of respondents who, on average, agree with the statement "My financial situation limits my ability to do things that are important to me" is particularly noteworthy, showing less financial stress.



#### Neither agree Strongly Strongly disagree: 1 nor disagree: 3 agree: 5 2020 2.81 I am satisfied with my present financial situation 2015 2.80 My financial situation 2020 3.21 limits my ability to do the things that are 2015 3.40 important to me 2.95 2020 My finances control my life 2015 2020 3.36 I am just getting by financially 2015 2020 3.75 I worry that my money won't last forever 2015 Because of my money 3.10 2020 situation, I feel like I will never have the things 2015 I want in life

#### CHART II.1.20 | Financial situation of respondents (average values) | 2020 and 2015

Questions 2020: D13, D14 and D15; Base: 1,502 interviews. Question 2015: C9; Base: 1,100 interviews.

#### The results of 2020 show less signs of default than in 2015.

Most interviewees do not reveal behaviours associated with default situations, since, on average, they agree with the statements "If I ask for a loan I feel the responsibility to pay it back" (4.58) and "I pay my bills on time" (4.65). Similarly, most of the interviewees disagree with the statement "Right now I have too much debt" (1.77). Compared to 2015, in 2020 interviewees tend to reveal fewer behaviours associated with default situations.

On average, interviewees disagree with the statement "I am prepared to risk part of my money when I invest in a financial product" and reveal to be less prepared to take risks than in 2015 (2.22 in 2020 and 2.42 in 2015).



#### CHART II.1.21 | Signs of default and risk (average values) | 2020 and 2015

Questions 2020: D13, D14 and D15; Base: 1,502 interviews. Question 2015: C9; Base: 1,100 interviews.

#### 1.6. Retirement planning

÷

# Social security contributions are the most frequently mentioned form of retirement planning.

The majority of interviewees (84,5%) state that they will finance their retirement through social security contributions or another compulsory contribution regime. Approximately 24% intend to use the money they have saved, 17.6% mention they will continue working, 15.2% indicate they will finance their retirement through a private retirement savings plan and 13% mention the help of their spouse or partner.





#### CHART II.1.22 | Method of financing retirement | 2020

Question 2020: D17; Base: 1,502 interviews (multicode).

# More than 40% are confident or very confident in their retirement planning.

When asked how confident they are in their retirement planning, 35.4% are confident and 8.5% very or completely confident. In contrast, 18% of respondents claimed not to do any planning.

The degree of confidence in retirement planning tends to increase with the age of the interviewee. In 2020, the proportion of respondents who are confident with retirement planning is 22.6% in the 16-24 age group and 58.2% in those aged 70 and over.

In comparison to 2015, the proportion of interviewees who indicate that they will finance their retirement through social security contributions or other compulsory contributory regime is similar, but the proportion of those who say they will use a private savings plan (15.2% in 2020 and 11.9% in 2015) or a pension fund set up by the company where they work (4.4% in 2020 and

2.9% in 2015) increased. The proportion of interviewees who are confident in their retirement planning also increased (43.9% in 2020 and 36.9% in 2015). However, the proportion of interviewees who do not plan at all also increased (18% in 2020 and 7.6% in 2015).



CHART II.1.23 Degree of confidence in retirement planning | 2020 and 2015

Question 2020: D16; Base: 1,502 interviews. Question 2015: C10; Base: 1,100 interviews.

CHART II.1.24 Degree of confidence in retirement planning, by age group | 2020



Question 2020: A3 and D16; Base: 1,502 interviews.

# 2. Choice and management of financial products

#### 2.1 Financial products

# Current accounts, time deposits, insurance and credit cards are the most well-known financial products.

Most interviewees have heard of current accounts (99.3%), time deposits (93.5%), insurance (90.1%) and credit cards (89.8%). About half (54.1%) have heard of MBWay and less than half know that there is business microfinance loan (48.5%) and overdraft facilities (45.7%). The least known financial products are crypto-assets (34.7%) and crowdfunding (21.2%).

# In 2020, the proportion of interviewees who have heard of mutual funds and bonds increased.

In comparison to 2015<sub>4</sub>, there was an increase in the proportion of respondents who say they have heard of mutual funds and bonds, but there was a decrease in relation to knowledge of the existence of other financial products.



#### CHART II.2.1 | Financial products known by the interviewee | 2020 and 2015

Question 2020: E1.1; Base: 1,502 interviews. Question 2015: D1.1; Base: 1,100 interviews (multicode).

<sup>4</sup> In comparison to the 2015 survey, the following response options were added in the survey conducted in 2020: "MBWay", "Crypto-assets (such as cryptocurrencies or virtual currency) or ICOs" and "Crowdfunding". The response options "Complex financial products" and "Commercial role" were also deleted.





#### Most interviewees have a current account.

Most interviewees stated that they have a current account (90.9%). The second most common financial product held by interviewees is insurance (42.8%), followed by time deposits (41.6%). Also frequent are credit cards (36.2%), mortgage loans (20.2%) and MBWay (15.9%). Conversely, 4.8% of those interviewed do not have any financial product.

# In 2020, the proportion of respondents who have time deposits, credit cards and investment products went up.

In 2020, the proportion of interviewees who have a current account is similar to 2015 and 2010. Insurance is mentioned by a lower proportion of interviewees than in  $2015_5$  (73.1%), but above the proportion in 2010 (32.4%). There was an increase in the proportion of interviewees who have time deposits (41.6% in 2020 and 38.7% in 2015), credit cards (36.2% in 2020 and 31.6% in 2015) and investment products, such as shares (5.4% in 2020 and 4.1% in 2015), mutual funds (4.1% in 2020 and 1.9% in 2015) and bonds (2.9% in 2020 and 0.5% in 2015). On the other hand, the decrease in those with other credit such as personal, car or home loans (12.9% in 2020 and 15.5% in 2015) and bank overdrafts (6.3% in 2020 and 12.6% in 2015) is noteworthy.

<sup>5</sup> The 2015 questionnaire included a greater number of questions on insurance, which allowed for complementary information on this financial product. The variation observed in the response to this question may therefore be justified by the complementary information provided in 2015, which provided greater detail on the types of insurance to be considered by respondents.



#### CHART II.2.2 | Financial products held by the respondent | 2020, 2015 and 2010

Question 2020: E1.2; Base: 1,502 interviews. Question 2015: D1.2; Base: 1,100 interviews. Questions 2010: B1 e E1; Base: 2,000 interviews (multicode).

The interviewees aged between 40 and 54, men, workers, those with higher education and those with a household net monthly income of more than 2,500 euros are the ones who most frequently hold time deposits, investments in shares, bonds and mutual funds, home loans or consumer credit and insurance.



Table II.2.1   Characterisation of interviewees by financial products held by them   2020					
		Time deposits	Shares, bonds and mutual funds	Mortgage/home loan or consumer credit	Insurance
Age	16 to 24 years	21.4%	4.2%	20.2%	16.7%
	25 to 39 years	45.5%	7.1%	60.3%	52.9%
	40 to 54 years	48.5%	12.3%	62.3%	55.8%
	55 to 69 years	41.6%	9.5%	45.4%	46.8%
	70 or over	39.6%	5.7%	20.7%	23.9%
Gender	Female	40.2%	6.5%	42.2%	40.0%
	Male	43.2%	10.7%	49.4%	46.1%
Educational level	No formal education	25.7%	2.0%	11.9%	11.9%
	Primary school	32.6%	4.5%	32.2%	35.0%
	Lower secondary school	36.3%	3.0%	51.0%	42.7%
	Upper secondary school	45.0%	9.7%	53.2%	50.2%
	University-level education	64.8%	22.1%	66.2%	59.1%
Work situation	In paid employment	49.7%	10.4%	62.2%	55.5%
	Unemployed	18.3%	5.2%	34.8%	28.7%
	Retired	40.5%	6.5%	27.6%	31.0%
	Student	22.6%	4.7%	17.9%	15.1%
Monthly household income	No income	10.0%	2.5%	7.5%	7.5%
	Up to 500 euros	20.3%	1.0%	16.8%	18.3%
	Between 500 and 1,000 euros	32.8%	3.7%	38.5%	34.6%
	Between 1,000 and 2,500 euros	56.5%	10.0%	62.3%	58.0%
	More than 2,500 euros	69.5%	30.5%	78.5%	70.6%

Questions 2020: A2, A3, A4, A5, G13 and E1.2; Base: 1,502 interviews (multicode).

Current accounts are the financial product that a higher proportion of interviewees reported having contracted most recently (23.3%), followed by insurance (14.6%), time deposits (10.5%) and MBWay (9.4%). In 2015, insurance was the most referred product (39.7%), followed by current accounts (17%) and credit cards (7.7%).



#### CHART II.2.3 | Financial product that respondent took out most recently | 2020 and 2015

Question 2020: E1.4; Base: 1,502 interviews. Question 2015: D1.4; Base: 1,100 interviews

#### 2.2 Choice of financial products

÷

# Approximately 40% consider various alternatives before choosing a financial product.

Interviewees were questioned about the process of choosing their most recently contracted financial product. One-fifth of the interviewees considered other options from various institutions before making the decision and 20.8% considered other options at the same institution. Almost a third of interviewees (32.8%) neither researched nor considered other alternatives and 24.3% claim not to know or did not answer the question.



# In 2020, the proportion of interviewees who did not research or consider other alternatives increased.

In comparing 2015 and 2020 it must be taken into consideration that the preponderance of the most recently contracted financial products is not the same. The results in 2020 reveal a lower frequency in the comparison of products before their purchase, highlighting the reduction in the proportion of interviewees who considered other options from different institutions before making a decision (20% in 2020 and 44.6% in 2015).



CHART II.2.4 | Process of choosing the most recently contracted financial product | 2020 and 2015

Question 2020: E2; Base: 1281 interviews. Question 2015: D2; Base: 1014 interviews.

# Interviewees reveal greater proactivity in choosing investment products.

Investment products, such as shares, bonds or mutual funds, are those in which a higher proportion of interviewees made comparisons before purchasing them. Around 38.8% say they considered other options from different institutions and 30.6% considered other options from the same institution.

With regard to insurance products, about 31% say they considered other options from different institutions and 26.8% considered other options from the same institution.

In banking products, which include current accounts, time deposits, credit cards and consumer credit, among others, respondents show less proactivity in their choice, with around 38% stating that they have neither considered nor researched other alternatives. Conversely, about 18% considered other options from the same institution and 15% considered other options from different institutions.

In comparison with 2015, in banking products, the reduction in the proportion of those who considered alternatives from different institutions (15% in 2020 and 37.3% in 2015) and the increase in the proportion of interviewees who did not do any research (37.9% in 2020 and 33.4% in 2015) are noteworthy. In insurance products, the proportion of those who compared alternatives from different institutions also decreased (30.9% in 2020 and 51.4% in 2015), even though the proportion of interviewees who considered other options from the same institution increased (26.8% in 2020 and 22% in 2015). The reduction in proactivity in choosing investment products was less marked, even though comparing options from different institutions decreased (38.8% of respondents in 2020 and 45.6% in 2015).



### CHART II.2.5 | Process of choosing the most recently contracted financial product, by product type | 2020

I didn't consider any other options at all

I considered various options from one company

I considered several options from different companies before making my decision

I looked around but there were no other options to consider

Don't know/Refused to answer

Questions 2020: E1.4 and E2; Base: 1,281 interviews. Questions 2015: D1.4 and D2; Base: 1,014 interviews.

The advice received at the institution's branch and that of friends or family continue to be the information sources that most influenced the choice of financial products.

When asked about the sources of information that most influenced the choice of the most recently purchased financial product, 40% stated that they followed the advice given at the branch of the institution where they purchased the product and 34.5% indicated that they followed the advice of relatives or friends.



# In 2020, there was a significant increase in the importance of information gathered on the internet.

In comparison to 2015, there was a decrease in the importance of advice given at the branch (40% in 2020 and 59.1% in 2015) and of advice from relatives and friends (34.5% in 2020 and 51.1% in 2015). In addition, there was a significant decrease in the importance of information gathered at the institution's branch (4.8% in 2020 and 17.9% in 2015) and also a reduction in advice from specialist entities (5.1% in 2020 and 9.9% in 2015). In contrast, the importance of information on the Internet increased (9.5% in 2020 and 6.4% in 2015) and the importance of recommendations in newspapers and specialist magazines and advertising on TV or in newspapers also went up slightly. Also noteworthy is the increase in the proportion of respondents who do not know or do not answer the question (23.9% in 2020 and 4.7% in 2015).

### CHART II.2.6 | Sources of information that influenced the choice of financial product | 2020 and 2015



Questions 2020: E1.4 and E3; Base: 1281 interviews. Questions 2015: D1.4 and D3; Base: 1014 interviews (multicode).

In the sources of information used when choosing investment products, those that stand out are advice given at the branch (54.1%), the influence of information on the Internet (29.4%), personal experience of previous purchases (11.8%) and recommendations in newspapers and specialist magazines (10.6%). These sources of information are relatively less predominant in the choice of banking products, as well as in the choice of insurance and retirement savings plans. The advice of family and friends is more predominant in the choice of banking products.

### CHART II.2.7 | Sources of information that influenced the choice of financial product, by type of product | 2020



Questions 2020: E1.4 and E3; Base: 1281 interviews (multicode).

# Most interviewees read the pre-contractual and contractual information of the financial products they purchase.

Most interviewees read the pre-contractual information (61.4%) and contractual information (65.9%) of the financial products they buy. However, less than a quarter read this information in great detail.

Almost one-third of those interviewed say that they do not read the pre-contractual and contractual information on the financial products they buy, around one quarter because they trust the information provided verbally by the bank staff and the rest because they do not find this information important (around 7%). The percentage of those who do not read the pre-contractual and contractual information is higher among those aged 70 or over or those who have not completed primary school.

In 2020, the proportion of interviewees who say they do not read the pre-contractual and contractual information because they trust the information provided verbally by the branch staff increased.



In comparison to 2015, in 2020 interviewees are less likely to read the information on the financial products they buy. Although there are no significant changes in the proportion of those who read the information in great detail, there were significant increases in the proportions of interviewees who say they do not read the pre-contractual information (25.2% in 2020 and 13.2% in 2015) and contractual information (24.9% in 2020 and 13.1% in 2015) because they trust the information given verbally by the branch staff.



### CHART II.2.8 | Reading of pre-contractual and contractual information of financial products | 2020 and 2015

Questions 2020: E4 and E5; Base: 1431 interviews. Questions 2015: D4 and D5; Base: 1031 interviews.

Among those who own savings investment products, around 36% state that, as a rule, they do not monitor the information on their profitability, 38.2% state that they do so infrequently and only 12.5% that they do so very often.

In comparison to 2015, the results of 2020 indicate that interviewees monitor information on the profitability of their investments less, since the proportion of those who say they do not monitor this information increased, as did the number of those who do not answer the question (13% in 2020 and 1.9% in 2015).



### CHART II.2.9 | Frequency of consulting information on the profitability of applications in financial products | 2020 and 2015

Question 2020: E8; Base: 955 interviews. Question 2015: D46; Base: 1030 interviews.

#### 2.3 Detection of irregularities or fraud

#### The exposure to irregular or potentially fraudulent situations is residual.

Interviewees were asked about situations that may indicate exposure to irregular or fraudulent situations.

Most interviewees (84.9%) do not identify having been subject to any of the situations presented as irregular or potentially fraudulent in the last two years. Even so, 5.5% of those interviewed indicate having questioned their bank about movements which they did not recognise on their bank statement, 2.9% have made a complaint about a service provided by a financial institution and 1.9% indicate having discovered that someone was using their card details without their authorisation.



#### CHART II.2.10 | Detection of irregularities or fraud | 2020



Question 2020: E12; Base: 1,502 interviews (multicode).

# 3. Choice and knowledge of information sources

#### General news on the economy is the most followed type of information.

Interviewees follow several types of economic and financial information. General economic news is the subject most followed by interviewees, even though in 2020 less than half of the respondents (47.9%) say they follow this type of news regularly. Around 28% of those interviewed state that they regularly follow news about the real estate market and the evolution of interest rates, with a lower percentage following news about legislation and regulations on financial products and news about the stock market. More than a third of respondents (35.1%) do not regularly follow any type of economic and financial information.

#### In 2020, there was an increase in the regular monitoring of information on the real estate market.

In comparison to the results of 2015, in 2020 there is a significant increase in the regular monitoring of information on the real estate market (28% in 2020 and 16.5% in 2015). In the remaining types of information, there was a slight decrease compared to 2015.

### CHART II.3.1 | Type of economic and financial information regularly followed | 2020 and 2015



Question 2020: F1; Base: 1,502 interviews. Question 2015: E1; Base: 1,100 interviews (multicode).

Interviewees who hold investment products follow all types of information most regularly.

TODOS CONTAM 63



There is some heterogeneity in the type of news that is regularly followed by interviewees according to the financial products they hold, with interviewees who hold investment products being those who most regularly follow all types of information.

### CHART II.3.2 | Type of economic and financial information regularly followed, by type of product | 2020



Question 2020: F1; Base: 1,502 interviews.

#### Most interviewees turn to their account manager for information on financial products and more than a third turn to friends, family or colleagues.

Information on financial products continued to be mainly obtained from the account manager (64.6% of respondents). Friends, family and colleagues are the second most mentioned source of information by interviewees (36.3%), followed by the Internet (23.4%).

# More than one-fifth turn to the internet for information on financial products, a proportion higher than in 2015.

<sup>6 &</sup>quot;Investment products" consist of savings certificates/treasury bills, shares, bonds, mutual funds, crypto-assets (such as cryptocurrencies or virtual currency) or ICOs and crowdfunding.

In comparison to the results of 2015, in 20207 the percentage of interviewees who obtain information from friends, family and colleagues decreased significantly (36.3% in 2020 and 45.3% in 2015), as did that of those who rely on television and radio, the general or specialised press and financial intermediaries or insurance brokers. Conversely, the use of the internet grew significantly (23.4% in 2020 and 11.2% in 2015) and the proportion of interviewees who refer to obtaining information from the account manager also increased.

# The use of the internet to gather information on financial products was mentioned more frequently by interviewees up to the age of 39.

The use of the Internet to obtain information on financial products was most mentioned by interviewees up to the age of 39, with higher levels of education (upper secondary school or higher) and with higher incomes (above 1,000 euros).

Friends, relatives and colleagues are the most used source of information by respondents with no schooling and by the youngest (16 to 24 years old) and the oldest (70 years old and over). The source most referred to for obtaining information on financial products by interviewees aged between 40 and 69, with a higher level of education (complete university-level education) and a higher income level (above 1,000 Euros) is their account manager.



#### CHART II.3.3 | Sources used to obtain information on financial products | 2020 and 2015

Question 2020: F2; Base: 1360 interviews. Question 2015: E2 Base: 1,100 interviews (multicode).

Interviewees were also asked about the entities they would turn to in the event of a disagreement about a financial product. Recourse to consumer protection associations was the option

<sup>7</sup> In 2020, this question was only asked to respondents who held a current account, while in 2015 it was asked to all respondents, which should be taken into account when comparing the responses to the two surveys.



most mentioned by respondents (33.0%), followed by the supervisory body (31%) and the courts (19%).

In comparison to the results of the 2015 survey, there was a significant increase in the proportion of respondents who do not know or cannot answer which entity they would turn to in the event of a disagreement about a financial product.

### CHART II.3.4 | Entity resorted to in the event of a disagreement about a financial product | 2020 and 2015



Question 2020: F3; Base: 1360 interviews. Question 2015: E3; Base: 1 100 interviews (multicode).

# Almost half would turn to their family in case of difficulty in paying their loan instalments.

In a scenario of not being able to pay their loan instalments, approximately half of the respondents would opt for the support of their family and 31.2% would turn to their bank. Consumer protection associations are mentioned by 10.1% of those interviewed and the options Banco de Portugal and the Assistance Network for Indebted Customers are the least mentioned. In addition, around one-fifth of those interviewed do not know or did not answer the questionnaire.

The respondents who say they would turn to their family are mainly women, aged between 25 and 54, with secondary school and an income of between 500 euros and 2,500 euros. In the case of those respondents who mention the "bank" option, the majority are aged between 40 and 69, have completed primary school and have an income of between 500 and 2,500 euros. The option "consumer protection associations" is more frequently mentioned by women aged between 40 and 54, while "Banco de Portugal" is mostly mentioned by men with secondary school.

In comparison to 2015, in 2020 the proportions of interviewees mentioning family (66% in 2015) and their bank (44.6% in 2015) went down. The decrease in the proportion of respondents who

say they would turn to Banco de Portugal (2.3% in 2020 and 9.3% in 2015) is also worth noting. On the other hand, references to consumer protection associations and the Assistance Network for Indebted Customers went up slightly.

#### CHART II.3.5 | Entity resorted to in the event of inability to loan instalments | 2020 and 2015



Question 2020: F4; Base: 1360 interviews. Question 2015: E4; Base: 1,100 interviews (multicode).

# 4. Financial knowledge

The interviewees were asked eight questions on financial knowledge. The questions are as follows:

- 1. Imagine that 5 brothers receive 1,000 euros and that this amount is distributed equally among all of them. How much money is each one left with?
- 2. Imagine now that the 5 brothers have to wait 1 year to receive their share of the 1,000 euros. If the inflation rate is 2%, will they be able to buy [more/the same/less than today] in 1 year's time?
- 3. If you lend a friend 25 euros and he pays you back the 25 euros the next day, how much interest did he pay?
- 4. Imagine that you put 100 euros into a term deposit with an annual interest rate of 2%. How much will you have in your account after one year? (Consider that no fees or taxes are charged).
- 5. What about after 5 years? (Assume that no fees or taxes are charged and that at the end of each year you leave the interest amount in that same time deposit).
- 6. High inflation means that the cost of living goes up quickly [T/F];
- 7. An investment with a high return usually has a high risk associated with it [T/F];
- 8. It is usually possible to reduce investment risk in the capital market if you buy a diversified set of stocks [T/F].

The first five questions are financial numeracy questions that involve performing a simple numerical calculation to obtain the correct answer. The remaining three questions analyse the knowledge about the concept of inflation, the relationship between return and investment risk and the relationship between investment risk and portfolio diversification, and interviewees were asked to rate each statement as true or false.

#### On average, interviewees answered around five of the eight questions on financial knowledge correctly.

For these eight financial knowledge questions, the average number of correct answers was 4.8, lower than in 2015 (average of 5.7 correct answers).

The average number of correct answers to the financial knowledge questions is higher among men and among respondents with higher incomes, and increases with the level of education. In terms of age, those aged 70 and over are the least likely, on average, to answer correctly, with a higher proportion of them not answering any question correctly.





### CHART II.4.1 | Characterisation of respondents by average number of correct answers to questions on financial knowledge | 2020

Questions 2020: G2, G2.1, G3, G4, G4.1, G5.3, G5.4 and G5.5; Base: 1,502 interviews.

# Around 10% answered all eight questions correctly, a higher proportion than in 2015.

Approximately 10% of interviewees answered all eight questions correctly. This is a positive result when compared to 2015 when 8.9% answered all questions correctly. However, the percentage of interviewees answering more than half of the questions correctly went down from 76.7% in 2015 to 59.1% in 2020. Of the interviewees in 2020, 5.5% answered only one question correctly (1.2% in 2015) and 3.6% did not answer any question correctly (0.6% in 2015). This evolution shows a greater asymmetry in the levels of financial knowledge among respondents in 2020, compared to those in 2015.

÷


### CHART II.4.2 | Number of correct answers to the questions on financial knowledge | 2020 and 2015

Questions 2020: G2, G2.1, G3, G4, G4.1, G5.3 G5.4 and G5.5; Base: 1,502 interviews. Questions 2015: F2, F2.1, F3, F4, F4.1, F5.4, F5.5, F5.6; Base: 1,100 interviews.

Of the five questions on financial numeracy, the one with the highest percentage of correct answers (87.4%) is the one about the amount of interest to pay on a one-day loan of 25 euros, followed by the question about the division of 1,000 euros by five brothers (74.2%). More than half of the respondents (55.5%) recognise the effect of the loss of purchasing power resulting from an inflation rate of 2%.

## Less than half correctly calculate simple interest and less than a third correctly answer the question on compound interest.

The results are less positive in the questions on the calculation of simple and compound interest. Less than half (42.5%) correctly calculate the amount available in their account one year after investing 100 euros in a time deposit bearing an annual interest rate of 2% (simple interest), and only 31% of the respondents answered correctly in relation to the amount in the account at the end of 5 years (compound interest). The percentage (over 40%) of interviewees who chose not to answer these two questions is also high.

In comparison to 2015, there is a slight improvement in understanding the implications of the inflation rate and interest on a one-day loan, with the results being worse for the remaining financial numeracy questions.

The majority understands the concept of inflation and the relationship between return and risk of an investment.



In the questions related to the concepts of inflation, return and risk, about three out of four interviewees understand the concept of inflation, stating that "high inflation means that the cost of living is increasing rapidly" is true. In the case of the relationship between return and investment risk, 71.6% of respondents are correct in stating that "an investment with a high return is likely to be high risk". Less than half (45.1%) recognise the relationship between investment risk and portfolio diversification, by agreeing with the statement "It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares".

In comparison to 2015, the percentage of correct answers to these three questions decreased, most significantly for the statement "It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares". The proportion of respondents who chose the incorrect answer to these questions also declined. However, the proportion of interviewees who said they did not know the answer or chose not to answer the questions went up significantly.

Table II.4.1   Answers to the questions on financial knowledge   2020 and 2015								
		Correct		Incorrect		Don't know/ did not answer		
		2020	2015	2020	2015	2020	2015	
	Division of 1,000 euros among 5 siblings	74.2%	88.0%	9.7%	3.9%	16.1%	8.1%	
Financial numeracy	Implications of an inflation rate of 2 %	55.5%	52.9%	19.1%	29.8%	25.4%	17.3%	
	One-day loan of 25 euros to a friend	87.4%	86.5%	0.7%	1.0%	11.9%	12.5%	
	Calculation of simple interest	42.5%	58.4%	16.0%	11.3%	41.5%	30.3%	
	Calculation of compound interest	31.0%	39.5%	28.7%	33.5%	40.3%	27.0%	
Inflation, risk and return	Relationship between inflation and cost of living	74.4%	87.0%	8.1%	11.3%	17.5%	1.7%	
	Relationship between return and investment risk	71.6%	81.0%	6.1%	17.6%	22.3%	1.4%	
	Relationship between investment risk and diversification of the share portfolio	45.1%	72.4%	14.0%	25.7%	40.9%	1.9%	

Questions 2020: G2, G2.1, G3, G4, G4.1, G5.3, G5.4 and G5.5; Base: 1,502 interviews. Questions 2015: F2, F2.1, F3, F4, F4.1, F5.4, F5.5, F5.6; Base: 1,100 interviews.

The interviewees were also asked about the level of risk of various savings products. About half of the respondents (51.2%) correctly assess time deposits as being low-risk products and 27.9% also make this correct assessment regarding savings certificates. Retirement savings plans are classified by 42.7% of the respondents as low-risk products. The percentage of respondents that classify these three savings application products as low risk is higher than that observed for the other products. However, the percentage of respondents that assign a medium or high risk to them is still significant.

In higher-risk applications, such as shares and derivative financial instruments, the most frequent response is to correctly assign a high risk. However, less than half of the respondents correctly answer the risk level of these financial investments (45,4% of the respondents in the case of shares and 25,8% in the case of derivative financial instruments).

The percentage of interviewees who say they do not know the answer is also very significant for all products, especially derivative financial instruments.



#### CHART II.4.3 | Interviewees' assessment of the degree of risk in financial investments | 2020

Question 2020: G12; Base: 1,502 interviews.

# 

# **Financial literacy indicators**

- 1. Global financial literacy indicator
- 2. Financial resilience indicator
- 3. Financial well-being indicator
- 4. Relationship between financial literacy, financial resilience and financial well-being

# **1. Global financial literacy indicator**

The financial literacy levels of the Portuguese population may be characterised through indicators aggregating the answers given by respondents to a range of relevant questions. The indicators collected in this chapter generally follow the methodology defined by the OECD/INFE1, in which financial literacy comprises three components: financial attitudes, financial behaviour and financial knowledge.

The **financial attitudes indicator** captures a range of attitudes of respondents in relation to money and savings. This indicator corresponds to the average assessment of the statements "It gives me more pleasure to spend money than to save for the future"; "Money is there to be spent"; and "I live for the present and do not worry about the future". In the construction of this indicator, the evaluation of each question ranges from 1, if the respondent totally agrees with the statement, to 5, if the respondent totally disagrees with it.

The **financial behaviour indicator** assesses whether the behaviours of interviewees are appropriate for managing personal finances. This indicator is calculated on the basis of appropriate behaviours revealed by respondents and can vary between 0 and 9 points. The behavioural questions considered in the calculation of this indicator are as follows:

- Do any of the following statements apply to you or your household? ["Do you have a plan to manage your income and expenses"; "Do you keep a note of your expenses"; "Do you separate money for bills separate from day-to-day spending money" "Do you make a note of upcoming bills to make sure you don't miss them"; "Do you use a banking app or money management tool to keep track of your outgoings"; "Do you arrange automatic payments for regular outgoing"]. If the respondent is responsible for making day-to-day decisions about money and answered positively to two of the previous statements 1 point is awarded. Otherwise, zero points are awarded;
- In the last year did you save money in any of these ways? ["I left it in my current account"; "I put the money in a time deposit"; "I bought bonds"; "I invested the money in shares or mutual funds"; "I invested the money in crypto-assets or ICOs"; "I invested in some other way (remitting money to relatives abroad, buying gold, buying property, buying art objects, ...)", "I saved cash at home or in my wallet", "I gave the money to my family to save for me"]. If respondents have saved in the last year 1 point is awarded. Otherwise, zero points are awarded;
- The last time your income was insufficient to cover your cost of living, what did you do to solve the problem? If the respondent had recourse to credit or defaulted in the case of a one-off problem of insufficient income, zero points are awarded. Otherwise, 1 point is awarded;
- Which of the following statements best describes how you chose this product? ["I considered several options from different companies before making my decision", "I considered various options from one company"; "I looked around but there were no other options to consider", "I didn't consider any other options at all"]; and

<sup>1</sup> The methodology is set out in OECD (2018), OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion, available at http://www.oecd.org/financial/education/2018-INFE-FinLit-Measurement-Toolkit.pdf. The results of the international comparison on financial literacy levels were published by the OECD/INFE in June 2020, in the document OECD/INFE 2020 International Survey of Adult Financial Literacy, available at https://www.oecd.org/financial/education/oecd-infe-2020-international-survey-of-adult-financial-literacy.pdf. The average values presented in this chapter do not fully match those published by OECD/INFE for two reasons: (i) the sample used by the OECD/INFE to calculate the financial literacy indicators comprises respondents aged 18 years or older, while the analysis presented here is based on all respondents aged 16 years or older; (ii) in the financial attitudes indicator, the minimum value of 1 was assigned a value of 0 and the maximum value of 5 was assigned a value of 100, and the same methodology was applied to the global financial literacy indicator.





#### What sources of information do you consider most influenced your choice of this product?

If the respondent considered specialised information (advice from specialist entities or recommendations in newspapers and specialist magazines) 2 points are awarded. One point is awarded if the respondent considered other options before choosing the product (considered several options from different institutions or researched, but did not find any options to consider) or if the advice was given at the branch or from friends, product-specific information, advertising or other sources of information influenced the choice of the product. Otherwise, zero points are awarded.

Tell me, how do you identify with the statements I am about to read to you? On a scale of 1 to 5, where 1 (strongly disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree) and 5 (strongly agree). ["I keep a close personal watch on my financial situation"; "I set long-term financial goals and strive to achieve them"; "I pay my bills on time"; "Before buying anything I carefully consider whether I can afford it"]. For each statement, if the respondent agrees or strongly agrees 1 point is awarded. Otherwise, zero points are awarded.

The **financial knowledge indicator** reflects the respondents' ability to understand basic financial concepts. This indicator is calculated by adding the number of correct answers to 7 questions and can therefore assume a value between 0 and 7 points. The 7 knowledge questions considered in the calculation of this indicator are as follows:

- Imagine now that the 5 brothers have to wait one year to receive their share of the 1,000 euros. If the inflation rate is 2%, will they be able to buy [more/the same/less than today] in 1 year's time?
- If you lend a friend 25 euros and he pays you back the 25 euros the next day, how much interest did he pay?
- Imagine you put 100 euros into a time deposit with an annual interest rate of 2%. How much will you have in your account after one year?
- What about after 5 years? [more/the same/less than 110 euros];
- High inflation means that the cost of living goes up quickly [T/F];
- An investment with a high return usually has a high risk associated with it [T/R];
- It is usually possible to reduce the investment risk in the capital market if you buy a diversified set of shares [T/F].

The **global financial literacy indicator** corresponds to the sum of the indicators of financial attitudes, behaviours and knowledge, thus ranging from 1 to 21 points.

All indicators were normalised to a scale of 0 to 100 to allow for comparison.

Interviewees perform more favourably on the financial behaviour indicator than on the attitudes and knowledge indicators.

The average of the global financial literacy indicator is 60.2. The financial behaviour indicator is the only indicator which has an average (64.9) higher than the average of the global indicator. The average value for the financial knowledge indicator is lower (56.6) and the average value of the financial attitudes indicator is 55.9<sub>2</sub>.

The global financial literacy indicator presents a median value of 61.7. The analysis of the medians also points to a relatively more favourable performance by respondents in the financial behaviour indicator (median of 66.7) than in the financial attitudes (58.3) and financial knowledge (57.1) indicators.

## In 2020, the global financial literacy indicator decreased, mainly due to the evolution of the financial knowledge indicator.

In comparison to 2015<sub>3</sub>, the financial literacy indicators showed lower results. The median value of 61.7 for the global financial literacy indicator in 2020 compares with 68.3 in 2015. The financial knowledge indicator showed a significant decrease in the median value (57.1 in 2020 and 71.4 in 2015) and the median of the financial behaviour indicator also went down (66.7 in 2020 and 77.8 in 2015). The financial attitudes indicator was the only one that presented a median value identical to that of 2015 (58.3 in both years).

Table III.1.1   Descriptive statistics of the financial literacy indicators   2020 and 2015								
		Minimum observed	Maximum observed	Average	Median	Standard deviation		
Financial attitudas indicator	2020	0.0	100.0	55.9	58.3	20.3		
Financial attitudes indicator	2015	0.0	100.0	59.0	58.3	22.1		
Einancial behaviour indicator	2020	11.1	100.0	64.9	66.7	18.3		
	2015	0.0	100.0	68.7	77.8	19.4		
Financial knowledge indicator	2020	0.0	100.0	56.6	57.1	27.7		
Financial knowledge indicator	2015	0.0	100.0	66.8	71.4	21.8		
Clobal financial literacy indicator	2020	8.3	98.3	60.2	61.7	15.7		
		10.0	100.0	66.1	68.3	14.1		

Base 2020: 1,502 interviews. Base 2015: 1,100 interviews.

79

<sup>2</sup> It is recalled that the financial attitudes indicator does not coincide with that published by the OECD/INFE because the minimum value of 1 was set to 0 and the maximum value of 5 was set to 100 (in addition to the difference in the sample of respondents).

<sup>3</sup> The results presented in this report do not fully coincide with those published by the OECD/INFE in 2015 for the following reasons: (1) The OECD/INFE sample for the calculation of financial literacy indicators considers only respondents aged between 18 and 79, however for the calculation of the indicators presented in this report the entire sample was used. (2) The questions used for the construction of the financial behaviour indicator changed this year. Thus, the financial behaviour indicator was calculated based on the 2020 methodology to allow comparison of the financial behaviour indicator and the global financial literacy indicator.



Tests for normality of distributions of financial literacy indicators (global, attitudes, behaviour and knowledge) reject the hypothesis that these distributions are close to normal, so the median is used in the comparison between population groups.



CHART III.1.1 | Histograms of the financial literacy indicators | 2020

Base: 1,502 interviews.

Kruskal-Wallis tests show that the medians of the financial attitudes indicator are statistically different between some socio-economic groups.

The groups that show the least favourable results are men, respondents under the age of 25, respondents with no education or with secondary school, students, the unemployed, and respondents living in households with no income or with a net monthly income of less than EUR 500. The remaining population groups all show the same value in the financial attitudes indicator.

by socio-economic group   2020		
	Financial attitudes indicator	p-value
Gender		
Female	58.3	0.0001
Male	50.0	0.0001
Age		
16 to 24 years	50.0	
25 to 39 years	58.3	
40 to 54 years	58.3	0.0001
55 to 69 years	58.3	
70 or over	58.3	
Educational level		
No formal education	50.0	
Primary schoool	58.3	
Elementary school	58.3	0.0001
Secondary school	50.0	
Higher education	58.3	
Work situation		
In paid employment	58.3	
Unemployed	50.0	0.0001
Retired	58.3	0.0001
Student	50.0	
Income		
No income	25.0	
Up to 500 euros	50.0	
Between 500 and 1,000 euros	58.3	0.0001
Between 1,000 and 2,500 euros	58.3	
More than 2.500 euros	58.3	

### Table III 1 2 | Kruskal-Wallis tests of the median indicator of financial attitudes

No differences between men and women are identified in the financial behaviour indicator. The best performing groups are interviewees aged between 25 and 39, those with higher education, workers and those living in households with a net monthly income of more than 1,000 euros. In contrast, younger respondents (aged between 16 and 24) or more senior respondents (aged 70 or over), those with no formal education or with primary school, the unemployed, retirees or students and those living in households with no income or with a net monthly income of less than 500 euros, show less favourable median results.



#### Table III.1.3 | Kruskal-Wallis tests of the median indicator of financial behaviours, by socio-economic group | 2020 Financial behaviours indicator p-value Gender Female 66.7 0.5915 Male 66.7 Age Between 16 and 24 years 55.6 Between 25 and 39 years 77.8 Between 40 and 54 years 0.0001 66.7 Between 55 and 69 years 66.7 70 or over 55.6 **Educational level** No formal education 55.6 Primary school 55.6 0.0001 **Elementary education** 66.7 66.7 Secondary education

Higher education	77.8	
Work situation		
In paid employment	77.8	
Unemployed	55.6	0.0001
Retired	55.6	0.0001
Student	55.6	
Income		
No income	33.3	
Up to 500 euros	55.6	
Between 500 and 1,000 euros	66.7	0.0001
Between 1,000 and 2,500 euros	77.8	
More than 2,500 euros	77.8	

The Kruskal-Wallis tests show that the medians of the **financial knowledge indicator** are statistically different for the various socio-economic groups analysed.

The groups with the best performance in the financial knowledge indicator are men, those aged between 40 and 54 and workers. The financial knowledge indicator increases with the level of education and income.

Respondents who perform less well in this indicator are those aged 70 or over, those with no education or only primary school, retired people and those living in households with a net monthly income of less than EUR 500.

Table III.1.4   Kruskal-Wallis tests of the median financial knowledge indicator,
by socio-economic group   2020

	Financial knowledge indicator	p-value
Gender		
Female	57.1	0.0001
Male	71.4	0.0001
Age		
Between 16 and 24 years	57.1	
Between 25 and 39 years	57.1	
Between 40 and 54 years	71.4	0.0001
Between 55 and 69 years	57.1	
70 or over	42.9	
Educational level		
No formal education	14.3	
Primary school	42.9	
Elementary education	57.1	0.0001
Secondary education	71.4	
Higher education	85.7	
Work situation		
In paid employment	71.4	
Unemployed	57.1	0.0001
Retired	42.9	0.0001
Student	57.1	
income		
No income	71.4	
Up to 500 euros	28.6	
Between 500 and 1,000 euros	57.1	0.0001
Between 1,000 and 2,500 euros	71.4	
More than 2,500 euros	85.7	

### The global financial literacy indicator is higher for those with university-level education and those living in higher-income households.

In aggregate, the groups that score best on the global financial literacy indicator are men, respondents aged between 25 and 54, those with secondary education or university-level education, workers and those living in households with a net monthly income of more than 1,000 euros. Conversely, those aged 70 and over, respondents with no formal education or primary



school or those living in households with no income or a net monthly income of less than 500 euros are groups with less favourable results.

Table III.1.5   Kruskal-Wallis tests of the median global financial literacy indicator,by socio-economic group   2020						
	Global financial literacy indicator	p-value				
Gender						
Female	60.0	0.0001				
Male	63.3	0.0001				
Age						
Between 16 and 24 years	55.0					
Between 25 and 39 years	66.7					
Between 40 and 54 years	65.0	0.0001				
Between 55 and 69 years	61.7					
70 or over	51.7					
Educational level						
No formal education	41.7					
Primary school	53.3					
Elementary education	61.7	0.0001				
Secondary education	65.0					
Higher education	73.3					
Work situation						
In paid employment	66.7					
Unemployed	55.0	0.0001				
Retired	55.0	0.0001				
Student	56.7					
Income						
No income	41.7					
Up to 500 euros	48.3					
Between 500 and 1,000 euros	58.3	0.0001				
Between 1,000 and 2,500 euros	68.3					
More than 2,500 euros	71.7					

# 2. Financial resilience indicator

Financial resilience measures the ability of interviewees to cope with the consequences of financial shocks, whether predictable, such as retirement, or unpredictable, such as unemployment or a situation like the Covid-19 pandemic, which leads to significant reductions in income.

Based on the questions identified by the OECD/INFE to measure financial resilience and following a methodology similar to the other indicators, an **aggregate financial resilience indicator**<sup>4</sup> was constructed. This indicator weights a total of 10 questions, aggregated into five components<sub>5</sub>:

- 1. The way respondents keep control over their money and how they avoid over-indebtedness.
  - If the respondent agrees or totally agrees with the statement "I keep a close personal watch on my financial affairs, 1 point is awarded. Otherwise, zero points are awarded;
  - Where the respondent's income was not sufficient to cover the cost of living, 1 point is awarded if the respondent used existing or new resources to overcome the situation. Conversely, if the respondent turned to credit or defaulted, zero points are awarded.
- 2. The way respondents evaluate their spending, including their need and ability to pay them.
  - If the respondent agrees or totally agrees with the statement "Before buying anything I carefully consider whether I can afford it" 1 point is awarded. Otherwise, zero points are awarded;
  - If the respondent agrees or totally agrees with the statement "I pay my bills on time" 1 point is awarded. Otherwise, zero points are awarded.
- 3. The length of time that respondents would be able to cover their expenses in the event of a drop in income, 1 point is awarded for periods longer than 3 months and zero points otherwise.
- 4. The levels of financial stress demonstrated by respondents.
  - If the respondent disagrees or totally disagrees with the statement "I tend to worry about paying my normal living expenses" 1 point is awarded. Otherwise, zero points are awarded;
  - If the respondent disagrees or totally disagrees with the statement "I worry that my money won't last forever" 1 point is awarded. Otherwise, zero points are awarded;
  - If the respondent disagrees or totally disagrees with the statement "I feel that I am just getting by financially" 1 point is awarded. Otherwise, zero points are awarded;
- 5. The way respondents save for unexpected situations or for the long-term.
  - If respondents have saved in the last year 1 point is awarded. Otherwise, zero points are awarded;
  - If respondents have set financial goals and objectives 1 point is awarded. Otherwise, zero
    points are awarded.

85

<sup>4</sup> The aggregate indicator of financial resilience follows the methodological principles developed by the OECD/INFE, but was developed for the purposes of this report.

<sup>5</sup> In the analysis of financial resilience, the INFE also takes into consideration the respondent's sensitivity to fraud situations. However, this component was not considered in the calculation of the aggregate indicator as it is not quantifiable in terms of the adequacy of the respondent's behaviour.



The aggregate financial resilience indicator can range from 0 to 10 points, with 10 points corresponding to the highest level of financial resilience.

After transforming it into a scale from 0 to 100, for the set of respondents, this indicator shows a mean value of 55.6, below the median of 60. The normality test for the distribution of the aggregate financial resilience indicator rejects the hypothesis that this distribution is close to normal, so the median is used in the comparison between population groups.

Table III.2.1   Descriptive statistics of the aggregate financial resilience indicator   2020							
	Minimum observed	Maximum observed	Average	Median	Standard deviation		
Aggregate financial resilience indicator	0.0	100.0	55.6	60.0	18.2		

Base: 1,502 interviews.



#### CHART III.2.1 | Histogram of the aggregate financial resilience indicator | 2020

## Respondents with university-level education and those living in higher income households score better on the financial resilience indicator.

In the case of the financial resilience indicator, men, respondents aged between 25 and 54, and workers stand out with favourable results. Students, the unemployed and retired people show the same median value in this financial resilience indicator. The indicator increases with the level of education and household income of the respondents.

by socio-economic group   2020	the median mancial resilience indicator,	
	Aggregate financial resilience indicator	p-value
Gender		
Female	50.0	0.0012
Male	60.0	0.0012
Age		
Between 16 and 24 years	50.0	
Between 25 and 39 years	60.0	
Between 40 and 54 years	60.0	0.0001
Between 55 and 69 years	50.0	
70 or over	50.0	
Educational level		
No formal education	40.0	
Primary school	50.0	
Elementary education	50.0	0.0001
Secondary education	60.0	
Higher education	70.0	
Work situation		
In paid employment	60.0	
Unemployed	50.0	0.0001
Retired	50.0	0.0001
Student	50.0	
Income		
No income	30.0	
Up to 500 euros	40.0	
Between 500 and 1,000 euros	50.0	0.0001
Between 1,000 and 2,500 euros	60.0	
More than 2,500 euros	70.0	

## Table III 2.2.1 Knucket Wellie toots of the median financial resilience indicator

# 3. Financial well-being indicator

The calculation of the financial well-being indicator once again follows the methodology developed by the OECD/INFE. This indicator is based on the definition of the Consumer Financial Protection Bureau<sub>6</sub>, according to which financial well-being occurs when individuals can fully meet their current and future financial obligations, feel secure in their financial future and have the ability to make choices, which contributes to their quality of life. Financial well-being is considered by the OECD/INFE as the goal of financial literacy.

The financial well-being indicator assesses respondents' response to the following five statements:

- "Because of my financial situation, I feel like I will never have the things I want in life";
- "I feel that I am just getting by financially";
- "I worry that my money won't last forever";
- "My finances control my life";
- "I have money left over at the end of the month".

For the first four statements a value of 4 is assigned if the respondent strongly disagrees, a value of 3 if she/he disagrees, 2 if she/he neither disagrees nor agrees, 1 if she/he agrees and 0 if she/ he strongly agrees. In the last statement, the allocation of points is reversed. The financial well-being indicator may thus range between 0 and 20 points, where 20 points correspond to the highest level of financial well-being.

After being transformed into a scale from 0 to 100, for all respondents, this indicator shows an average value of 43.8, slightly below the median of 45. The normality test on the distribution of the financial well-being indicator rejects the hypothesis that this distribution is close to normal.

Table III.3.1   Descriptive statistics of the financial well-being indicator   2020							
	Minimum observed	Maximum observed	Average	Median	Standard deviation		
Financial well-being indicator	0.0	100.0	43.8	45.0	21.3		

Base: 1,502 interviews.

89

<sup>6</sup> Published in the Consumer Financial Protection Bureau's 2015 report, under the title "Financial well-being: The goal of financial education".





#### CHART III.3.1 | Histogram of the financial well-being indicator | 2020

The most favourable results of the financial well-being indicator are from the youngest respondents, those with university-level education and those living in households with higher incomes.

The groups that score best on the financial well-being indicator are respondents under the age of 40, those with secondary or higher education, students and workers, and those living in households with a net monthly income of more than 1,000 euros. Respondents aged 55+, with no formal education or primary school, the unemployed or retirees, or respondents living in households with a net monthly income of less than 1,000 euros are groups with less favourable results.

Table III.3.2   Krus	kal-Wallis tests of th	e median financial	resilience indicator,
by socio-econom	ic group   2020		

	Financial well-being indicator	p-value
Gender		
Female	40.0	0.0001
Male	45.0	0.0001
Age		
Between 16 and 24 years	55.0	
Between 25 and 39 years	50.0	
Between 40 and 54 years	45.0	0.0001
Between 55 and 69 years	40.0	
70 or over	40.0	
Educational level		
No formal education	30.0	
Primary school	35.0	
Elementary education	40.0	0.0001
Secondary education	50.0	
Higher education	55.0	
Work situation		
In paid employment	50.0	
Unemployed	35.0	0.0001
Retired	40.0	0.0001
Student	55.0	
Income		
No income	27.5	
Up to 500 euros	30.0	
Between 500 and 1,000 euros	40.0	0.0001
Between 1,000 and 2,500 euros	50.0	
More than 2,500 euros	60.0	

# 4. Relationship between financial literacy, financial resilience and financial well-being

Financial literacy contributes to the appropriate management of personal finances and to making prudent financial decisions, namely in terms of saving and indebtedness. It is therefore expected that individuals with higher levels of financial literacy also have higher levels of financial resilience and financial well-being. The survey results point to the existence of this relationship, since respondents with higher median values in the global financial literacy indicator also have higher median values in the financial resilience and financial resilience and financial resilience and financial resilience and financial literacy indicators.



### CHART III.4.1 | Relationship between financial literacy, financial resilience and financial well-being (median values) | 2020



- 1. Global financial literacy indicator
- 2. Financial resilience indicator
- 3. Financial well-being

# **1. Global financial literacy indicator**

The 2020 Survey on Financial Literacy included a range of questions (core questions) defined by the OECD's International Network on Financial Education (OECD/INFE) to measure levels of financial literacy, based on financial attitudes, behaviour and knowledge of the population. The OECD/INFE also selected a range of questions that assess the financial resilience and financial well-being of households. The results of the international financial literacy measurement exercise make it possible to compare the Portuguese situation with that of a group of 26 countries, including 12 OECD countries.

Financial literacy is measured by the OECD/INFE based on three aspects: financial attitudes, behaviours and knowledge. For each country, an indicator is calculated for each of the strands. The overall indicator of financial literacy is the sum of the indicators of financial attitudes, behaviours and knowledge and can be between 1 and 211.

### Portugal was above average in the global financial literacy indicator.

Portugal ranks 7<sup>th</sup> in the global financial literacy indicator, with 13.1 points, above the average for all countries (12.7) and the average of the 12 OECD countries (13). The country shows a favourable position in the financial attitudes and financial behaviour indicators and below-average results in the financial knowledge indicator.

## Portugal reveals a favourable position in the financial attitudes indicator.

The financial attitudes indicator corresponds to the average assessment given by respondents to three statements: "I live for the present and do not worry about the future", "It gives me more pleasure to spend money than to save for the future" and "Money is there to be spent". This indicator can range from 1 (strongly disagree) to 5 (strongly agree).

Portugal obtained a score of 3.2 points, ranking 5<sup>th</sup>. This value is above the average of all countries (3 points) and the average of the 12 OECD countries (3.1 points). In 2020, 55.5% of the Portuguese respondents scored above 3 in this indicator, a percentage higher than the OECD average (42.5%) and the average of all countries (46.9%).

Portuguese respondents often report that they take more pleasure in saving for the future than spending in the present and that they worry about the future rather than living for the present.

<sup>1</sup> The average values presented in this chapter do not fully coincide with those in the previous chapter as in the OECD/INFE analysis: (i) the sample used to calculate the financial literacy indicators comprises only respondents over the age of17 (in the previous chapter 16 years or older); (ii) in the financial attitudes indicator the minimum value of 1 is matched by a value of 1 (in the previous chapter the minimum value of 1 was matched by 0).





## Portugal's results are also above average on the financial behaviour indicator.

The financial behaviour indicator evaluates the way in which respondents manage their personal finances and can assume values between 0 and 9 points. In this indicator, Portugal ranked  $5^{th}$ , with an average score of 5.9, above the average of all countries (5.3) and the average of the 12 OECD member countries (5.3).

In 2020, around 61.3% of the Portuguese respondents scored 6 or higher on this indicator, a percentage significantly higher than the OECD average (48.8%) and all countries (48.7%). Particularly noteworthy is the very positive result obtained by Portugal in the questionnaire which assesses how the respondent solved a one-off problem of insufficient income. Portugal also scores above average on the weighting of expenses, systematic control of personal finances, paying bills on time and setting long-term goals. The country scores below average in the realisation of savings.

## In the financial knowledge indicator, Portugal shows a less favourable position.

The financial knowledge indicator sums the number of correct answers to 7 questions and can therefore take on values between 0 and 7. In Portugal, respondents answered 4 questions correctly on average, ranking the country 17<sup>th</sup> in this indicator, below the average of all countries analysed (4.4) and of the 12 OECD countries (4.6).

In 2020, about 42.8% of the respondents answered five or more questions correctly, a percentage below the OECD average (56.8%) and 26 countries (52.5%). Portugal showed above-average results in the question on identifying the interest of a loan, but was below average in the remaining questions included in this indicator, namely in identifying the relationship between remuneration and risk, in calculating simple and compound interest, in identifying the relationship between inflation and cost of living, in recognizing the effect of loss of purchasing power resulting from a 2% inflation rate and in recognizing the relationship between risk and diversification of investment in shares.



### CHART IV.1.1 | International comparison of the OCDE/INFE's global financial literacy indicator | 2020

CHART IV.1.2 | International comparison of the OCDE/INFE's financial attitudes indicator | 2020









CHART IV.1.4 | International comparison of the OCDE/INFE's financial knowledge indicator | 2020



# 2. Financial resilience indicator

The OECD/INFE also analyses a range of relevant questions to characterise the financial resilience and financial well-being of the population.

The OECD/INFE does not calculate an aggregate indicator of financial resilience but measures financial resilience across six domains: money control, expenditure weighting, time to cover expenses, financial stress and worry, planning personal finances and fraud detection.

## Portugal scores above average in money control and expenditure weighting.

The results for Portugal are above average in terms of systematic control of personal finances, weighting of expenses, paying bills on time and not using credit for everyday expenses. The country has a very positive result on the questionnaire which assesses the way in which the respondent solved a one-off problem of insufficient income (90.1% of respondents did not borrow money), above the OECD average (70.4%) and all the countries analysed (74.2%). Portugal also scores above average in the statements "I pay my bills on time" (89.1% agree with this statement), "Before buying anything, I carefully consider whether I can afford it" (84.1% agree with this statement) and "I personally and systematically control my personal finances" (79.4% agree with this statement).



### CHART IV.2.1 | Money control and expenditure weighting | Portugal, average of all the countries and of the OECD | 2020

■ Portugal ■ Average of the 26 countries ■ Average of the OECD



### In comparison to the other countries, Portugal stands out in the time to cover expenses in case of loss of the main source of income.

Portugal also stands out in the time to cover expenses, with 24.7% of respondents stating that they would be able to pay expenses if they lost their main source of income for a period equal to or longer than 6 months (above the average of 18.1% for all countries and 23.2% for the OECD).



CHART IV.2.2 | Time to cover expenses | Portugal, average of all the countries and of the OCED | 2020

## Portugal scores less favourably on the questions relating to financial stress and saving.

■ Portugal ■ Average of the 26 countries ■ Average of the OECD

About 3 months

About a month

About 6 months

About a week

The results for Portugal are comparatively less favourable in the questions relating to financial stress. In the question on insufficient income to cover the cost of living, 35.5% of the respondents said that sometimes they could not cover their expenses (a percentage in line with the average of 35.3% for all countries and higher than the 24.8% of OECD countries). In Portugal, the proportion of respondents who agree with the statements "I tend to worry about paying my normal living expenses", "I am worried that my money won't last forever" and "I feel that I am just getting by financially" is also higher than the average of the countries analysed. The results are also less favourable when it comes to saving, with 65.2% of Portuguese respondents saying they saved in the last year, a percentage lower than the OECD average (68.9%) and the total of countries (70.4%).

The definition of long-term goals is indicated by 48.8% of Portuguese respondents, a percentage above the OECD average (44.9%) and identical to the average for all countries.



### CHART IV.2.3 | Financial stress | Portugal, average of all the countries and of the OECD | 2020

### CHART IV.2.4 | Savings and financial goals | Portugal, average of all the countries and of the OECD | 2020



The Portuguese detect fewer irregularities or potential frauds than the average of the countries in most questions. Only in the indicator "I queried a transaction listed on my bank or credit card statement that I did not recognise" is the percentage in Portugal (5.6%) higher than the average of all the countries (4.3%) and of the OECD (5.1%).

TODOS CONTAM 103



### CHART IV.2.5 | Detection of irregularities or fraud | Portugal, average of all the countries and of the OECD | 2020



## 3. Financial well-being

The financial well-being indicator measures respondents' answers to the following five statements: "Because of my money situation, I feel I will never get the things I want in life", "I feel that financially I am just getting by", "I worry that my money won't last forever", " My finances control my life" and "I have money left over at the end of the month". This indicator can have values between 0 and 20 points.

#### Portugal scores below the average on the financial well-being indicator.

Portugal scored 8.8 points on the financial well-being indicator, placing it in 16<sup>th</sup> place. This is below the average of all the participating countries (9.5) and the average of the 12 OECD countries (9.9). Portuguese respondents score less positively on the statements "I feel that financially I am just getting by" and "I worry that my money won't last forever".



#### CHART IV.2.6 | Financial well-being indicator of the OECD/INFE | 2020
# **Annex: Questionnaire**

## Questionnaire

The questions of the 3<sup>rd</sup> Survey on Financial Literacy of the Portuguese Population analysed in this report are presented below.

	Curvey	on Finan	Survey No	)
	Survey	On Financ	cial Liter	acy
Date/ _/ Street	Start time:	End time:	Interviewer	
Good morning with the Cent nership with I Pension Fund out the finan answer a few mous and cor	g/afternoon/eveni re for Studies and Banco de Portugal, s Supervisory Auth cial literacy of the questions on this nfidential. rstand the objectiv	ng. My name is Opinion Polls of L the Securities Ma ority to conduct a Portuguese popu subject. Your part	Jniversidade C arket Commiss an opinion surv Ilation. I would icipation is count ad agree to par	and I am collaborating atólica Portuguesa in part- ion and the Insurance and vey with the aim of finding d like to kindly ask you to mpletely voluntary, anony- rticipate

A1. 1. Municipality/Parish (RECORD WITHOUT ASKING):

A1. 1.a Name of the community (RECORD WITHOUT ASKING):

## A – Respondent profile

A1.2. Size of the community (RECORD WITHOUT ASKING)

- Up to 4,999 inhabitants
- From 5,000 to 9,999 inhabitants
- From 10,000 to 49,999 inhabitants
- From 50,000 to 99,999 inhabitants
- 100,000 or more inhabitants

## A2. Gender (RECORD WITHOUT ASKING)

Male

Female



A3. How old are you? (NOTE: The interviewer should provide an estimate if the interviewee does not wish to answer)

#### A4. What is the highest level of education that you have completed?

No formal education
Attended primary education (4 <sup>th</sup> year)
Primary education (4 <sup>th</sup> year)
Attended elementary education (9 <sup>th</sup> year)
Elementary education (9 <sup>th</sup> year)
Attended secondary education (12 <sup>th</sup> year)
Secondary education (12 <sup>th</sup> year)
Attended university-level education or higher-level vocational training
University-level education (e.g. degree or higher-level vocational training)
Post-graduate education or equivalent (Masters/PhD)
Refused to answer (do not read out) → End Questionnaire

#### A5. What is your current work or occupational situation?

Active - Self-employed (work for yours	elf)
--	------

- Active In paid employment (work for someone else)
- Active Trainee/Apprentice
- Active Looking for work (unemployed)
- Not active Looking after the home
- Not active Retired
- Not active Unable to work due to sickness or ill-health
- Not active Not working and not looking for work
- Not active- Student
- \_\_\_\_ Active Other (specify) \_\_\_\_\_
- Not active Other (specify)
- Refused to answer (do not read out) → End Questionnaire

A6. V	/ho do you usually live with in your household? (MULTICODED)
	Entirely alone
	With a partner/spouse
	With children under the age of 18 (theirs or of their partner/spouse)
	With children aged 18 or over (theirs or of their partner/spouse)
	With other children under the age of 18
	With parents or parents-in-law
	With other relatives
	With friends, colleagues or students
	In another type of household
	Refused to answer (do not read out)

A6.1. How many adults (aged 18 or over) live in your household (including yourself)? (NOTE: Only ask if in A6 respondent replied "entirely alone")

Refused to answer (do not read out)

A6.2. How many children (under the age of 18) live in your household (including yourself)? (NOTE: Only ask if in A6 respondent replied "with children under the age of 18" or "with other children under the age of 18")



#### **D** – Planning Personal Finances

The next set of questions will help us to understand how people think about and plan their personal finances. There are no right or wrong answers to these questions.

D1. Do you make day-to-day decisions about your own money?

Yes
No

Refused to answer (do not read out)

D2. Who is responsible for making day-to-day decisions about money in your household?

- You make these decisions by yourself
- You make these decisions with your partner/spouse
- You make these decisions with someone else
- Someone else makes these decisions
- Don't know (do not read out)
- Refused to answer (do not read out)

D3. Do you do any of the following for yourself or your household? (MULTICODED)

Make a plan to manage your income and expenses

Кеер	а	note	of	your	spending
------	---	------	----	------	----------

Keep money for bills separate from day-to-day spending money

Make a note of upcoming bills to make sure you don't miss them

Use a banking app or money management tool to keep track of your outgoings

- Arrange automatic payments for regular outgoings
- None of the above apply (do not read out)
- Refused to answer (do not read out)

The next set of questions concerns only you. Please answer in relation to yourself and not in relation to your household.

D7. In the past 12 months have you been saving money in any of the following ways? Answer whether or not you still have the money. (MULTICODED)

I left it in my current account
I put the money in a time deposit
I bought bonds
l invested the money in shares or mutual funds
I invested the money in crypto-assets or ICOs
I invested in some other way (remitting money to relatives abroad, buying gold, buying property, buying art objects,)
I saved cash at home or in my wallet
I gave the money to my family to save for me
I didn't save in the past 12 months
Refused to answer (do not read out)

D8. If you personally faced a major expense today – equivalent to your own monthly income – would you be able to pay it without borrowing the money or asking family or friends to help?

Yes
No
Don't know (do not read out)
Not applicable – I don't have any personal income (do not read out)
Refused to answer (do not read out)

D9. Some people set themselves financial goals, such as paying university fees, buying a car or becoming debt free. Do you have any financial goals?

Yes
No → Go to D11
Don't know (do not read out) → Go to D11

Refused to answer (do not read out)  $\rightarrow$  Go to D11



D10.	D10. What actions have you taken to meet your most important goal? (MULTICODED)				
	Prepared a financial plan of action				
	Increased their credit card or loan repayments				
	Saved or invested money				
	Looked for new/different/additional sources of income				
	Identified a source of credit				
	Cut back on spending				
	Something else. What?				
	Nothing				
	Don't know (do not read out)				
	Refused to answer (do not read out)				

D11. Sometimes people find that their income is not enough to cover their living costs. Did this happen to you in the past year?

Yes
No $\rightarrow$ Go to D12
Don't know (do not read out) $ ightarrow$ Go to D12
Not applicable – does not have own income (do not read out) $ ightarrow$ Go to D12
Refused to answer (do not read out) $ ightarrow$ Go to D12

D11. but y ask: '	1. How did you make ends meet the last time this happened? (MULTICODED) (NOTE: do not read out ou can give examples. The statements only serve as a guide for the interviewer. The interviewer may 'And did you do anything else?")
	Existing resources – Draw money out of savings
	Existing resources – Cut back on spending
	Existing resources – Sell something that you own
	New resources – Work overtime, take an extra job, earn extra money
	New resources – Claim support from the government
	New resources – Ask for help from family and/or friends
	Access credit by using existing contacts or resources – Borrow from family, friends or the community
	Access credit by using existing contacts or resources – Ask employer for help (e.g.: loan, salary advance,)
	Access credit by using existing contacts or resources – Pawn something that you own
	Borrow from existing credit line – Use authorised, arranged overdraft or line of credit
	Borrow from existing credit line – Use credit card to pay regular expenses or for a cash advance
	Access additional credit – Take out a personal loan from a financial institution
	Access additional credit – Take out a loan from an information provider/moneylender
	Fall behind/Go beyond arranged amount – Use unauthorised overdraft
	Fall behind/Go beyond arranged amount – Pay bills late/miss payments
	Other responses – Other. Which?
	Don't know (do not read out)
	Refused to answer (do not read out)

D12. If you lost your main source of income, how long could you continue to cover your living expenses, without borrowing any money or moving house?

- Less than a week
  - At least a week, but not one month
  - At least one month, but not three months
  - At least three months, but not six months
- Six months or more
- Don't know (do not read out)
- Refused to answer (do not read out)



D13. I am now going to read out some statements. I would like to know how much you agree or disagree with each of these statements. Please use a scale from 1 to 5, where 1 (Strongly disagree), 2 (Disagree), 3 (neither agree, nor disagree), 4 (Agree) and 5 (Strongly agree).

	1 – Strongly disagree	2 – Disagree	3 – Neither agree nor disagree	4 – Agree	5 – Strongly agree	Refused to answer
1. I find it more satisfying to spend money than to save it for the long-term						
2. I am prepared to risk some of my own money when saving or making an investment						
3. Money is there to be spent						
4. I am satisfied with my present financial situation						
5. I keep a close personal watch on my financial affairs						
6. I use my mobile phone to make or receive payments						
7. My financial situation limits my ability to do the things that are important to me						
8. I set long-term financial goals and strive to achieve them						
9. I have too much debt right now						
10. If I borrow money I have a responsibility to pay it back						

D14. How often would you say this statement applies to you. Fo whether it 1 (never), 2 (rarely), 3 (sometimes), 4 (often) and 5 (a	or each st always) a	tatemer applies 1	nt could to you.	you te	ll me	
	1 – Never	2 – Rarely	3 – Sometimes	4 – Often	5 – Always	Refused to answer
1. I tend to worry about paying my normal living expenses						
2. My finances control my life						
<ol> <li>Before I buy something I carefully consider whether I can afford it</li> </ol>						
4. I have money left over at the end of the month						
5. I pay my bills on time						
6. I tend to buy things on impulse						

D15. Please tell me how well this statement describes you or your situation. On a scale from 1 to 5, where 1 (Strongly disagree), 2 (Disagree), 3 (Neither agree nor disagree), 4 (Agree) and 5 (Strongly agree).

1. I tend to live for today and let tomorrow take care of itself

- 2. I am just getting by financially
- 3. I am concerned that my money won't last

4. Because of my money situation, I feel like I will never have the things I want in life

1 –Strongly disagree	2 – Disagree	3 – Neither agree nor disagree	4 – Agree	5 – Strongly agree	Refused to answer



The next two questions concern planning for your retirement savings and are relevant whether or not you are retired.

D16. How confident are you that you have done a good job of making financial plans for your retirement?

- Fully confident
  Very confident
  Confident
  Not very confident
  Not at all confident
  - Respondent has no retirement plan (do not read out)
  - Don't know (do not read out)
  - Refused to answer (do not read out)

D17. CHow will you (or do you) fund your retirement? (MULTICODED) Draw a government pension/old-age benefit Draw an occupational or workplace pension plan Draw a private pension plan Sell your financial assets (such as shares, bonds, mutual funds,...) Sell your non-financial assets (such as a car, property, art, jewels, antiques, ...) From income generated by your financial or non-financial assets (such as rental income, interest, dividends, ...) Rely on a partner or spouse to support you Rely on your children or other family members to support you Draw on your savings Continue to work From the revenues of a business that you own Other. Which? Don't know (do not read out) Refused to answer (do not read out)

#### **E** – Choice and Management of Financial Products

The next set of questions is about financial products and services. We will not be asking you about account balances or other figures. We are only interested in your experience of choosing and managing financial products and services.

E1.1. Please can you tell me whether you have heard of any of these types of financial products? (MULTICODED)

E1.2. Which financial products do you currently hold (personally or jointly)? (MULTICODED) (NOTE: only read out the products chosen in E1.1)

E1.3. Which of the following types of financial products have you chosen in the last two years? Please reply, whether or not you still hold them. Please do not include products that were renewed automatically. (MULTICODED) (NOTE: only read out the products chosen in E1.1)

E1.4. And which of the products did you choose more recently? (ONLY 1 ANSWER) (NOTE: if respondent answered E1.3, read out these products. Otherwise, read out the products chosen in E1.2)

	E1.1 Heard of	E1.2 Currently holds	E1.3 Chosen in the last 2 years	E1.4 Recently chosen
1. A current account				
2. A time deposit				
3. Savings certificates/Treasury bills				
4. Shares				
5. Bonds				
6. Mutual funds				
7. Retirement savings plans (disregarding compulsory social security contributions or other compulsory contributory schemes)				
8. Insurance				
9. Credit card				
10. Bank overdraft				
11. A mortgage or home loan				
12. Other loans (e.g.: personal loan, car loan, household loan)				
13. Microfinance loan (for professional/commercial funding)				
14. MBWay				

119



15. Crypto-assets or ICOs		
16. Crowdfunding		
17. Others. Which?		
18. None		
Don't know (do not read out)		
Refused to answer (do not read out)		

(NOTE: If E1.2 and E1.3 and E1.4 are "None" – does not have any Financial Product  $\rightarrow$  Go to E12) (NOTE: For the product chosen in E1.4. If no product was chosen Go to E4)

E2. Which of the following statements best describes how you made your most recent choice?

I considered several of	options from different	companies b	pefore making m	າv decisior

- I considered various options from one company
- I looked around but there were no other options to consider
- I didn't consider any other options at all
- Don't know (do not read out)
- Refused to answer (do not read out)

E3. Which sources of information do you feel most influenced your decision (about which one to take out? (MULTICODED) (NOTE: Wait for the answer, only read out if necessary. Do not read out the titles, they merely serve as a guide)

Advice – Information provided by bank staff where the product was taken out
Advice – Recommendation from family, friends or acquaintances
Specialist information – Advice from specialised entities (other than the bank where the product was taken out)
Specialised information – Recommendation in specialist magazines or price comparison website
Information from an advert or brochure about this specific product from the bank branch
Product-specific information – Information on the internet
Advertising – Advertising on TV, radio, newspapers,
Others – Own experience in previous choices
Others – Others. Which?
Don't know (do not read out)
Refused to answer (do not read out)

4. Before taking out a financial product (e.g. savings applications, investments, loans, insurance) do
ou read the information that the institution gives you on the conditions of the products?

N/			٠.	• .		1.1.1.1.1
Yes,	L	read	Iτ	IN	some	detail

Yes, I read it, but not in detail

- I don't read it, I trust the information the branch staff tells me verbally
- No, I don't read it, I don't give it much importance
- Refused to answer (do not read out)

E5. Do you read the contracts of the financial products (e.g. savings, investments, loans, insurance,) yo	u
take out?	

Yes, I re	ad them	in great	detail
-----------	---------	----------	--------

- Yes, I read them in some detail
- Yes, I read them, but not in detail
- I don't read it, I trust the information the branch staff tells me verbally
- No, I don't read them, I don't give them much importance
- Refused to answer (do not read out)
- Não se aplica (do not read out)

(NOTE: Answer E8 if E1.2 = 2 or 3 or 4 or 5 or 6 or 7 or 8 (Time deposits; Savings certificates/Treasury bills; Shares; Bonds; Mutual funds; Retirement savings plan; Insurance).

E8. How often do you consult information on the profitability of your investments in financial products?

- Very often Not very often As a rule, I don't consult any information
- \_\_\_\_ Don't know (do not read out)
- Refused to answer (do not read out)



E12.	In the last two years, have you experienced any of the following issues? (MULTICODED)
	(Have you) accepted advice to invest in a financial product that you later found to be a scam (such as a pyramid scheme)?
	(Have you) accidently provided financial information in response to an email or phone call that you later found out was not genuine?
	(Have you) discovered that someone has used your credit card to pay for goods without your authorisation?
	(have you) queried a transaction listed on your bank or credit card statement that you did not recognise?
	(Have you) made a formal complaint about the service you have received from a bank or other financial institution?
	(Have you) tried to open a bank account and been refused for any reason?
	(Have you) been refused a claim on an insurance product that you expected to cover you?
	(Have you) complained to a remittance provider about high charges when sending or receiving money?
	(Have you) lost money as a result of hackers or phishing scams?
	(Have) none of the situations happened to you (do not read out)
	Don't know (do not read out)
	Refused to answer (do not read out)

## E – Choice and knowledge of sources of information

(NOTE: For respondents who do not have a current account, only answer F1)

F1. What kind of information do you regularly follow? (READ OPTIONS)			
	Sim	Não	NR
1. General news about the economy			
2. News about the real estate market			
3. News about the stock market			
4. Interest rate developments			
5. Legislation and regulations on financial products			
Other. Which?			

F2. Which sources of information do you usually turn to when you want information on financial products? (MULTICODED)

Account/bank manager

Financial intermediary/insurance broker

Friends/family/colleagues

Specialty newspapers (in print or online)

Other press (in print or online)

Television/radio

Internet (except press)

Others. Which?

Don't know (do not read out)



ſ ſ

F3.Which entity would you turn to (or have you turned to) in case of disagreement about a financial	
product? (SPONTANEOUS. MULTICODED)	

To the supervisory body (Banco de Portugal, the Securities Market Commission or the Pension Funds Supervisory Authority)
Courts
Consumer protection associations (e.g.: Deco)
Ministry of Finance
Other. Which?
Don't know (do not read out)
Refused to answer (do not read out)

F4. Which entity would you turn to (or have you turned to) if you were unable to pay your loan instalments? (SPONTANEOUS. MULTICODED)

Family
Your bank
Banco de Portugal
Consumer protection associations (e.g.: Deco)
Assistance Network for Indebted Customers
Ministry of Finance
Other. Which?
Don't know (do not read out)
Refused to answer (do not read out)

## G – Financial knowledge

The next questions are about your financial knowledge. The questions are not designed to catch you off guard, so if you think you know the answer, you probably do. If you don't know the answer, please say "Don't know".

G1. How would you rate your overall knowledge about financial matters compared with other adults in Portugal?
<ul> <li>Very high</li> <li>Quite high</li> <li>About average</li> <li>Quite low</li> <li>Very low</li> <li>Don't know (do not read out)</li> <li>Refused to answer (do not read out)</li> </ul>
G2. Imagine that 5 brothers are given 1,000 euros in total. If the brothers have to share the money equally, how much does each one get?
Record response:         Don't know (do not read out)         Refused to answer (do not read out)
G2.1. Now imagine that the brothers have to wait for one year to get their share of the 1,000 euros. If the inflation rate stays at 2%, in one year's time will they be able to buy:
<ul> <li>More than their share of the money than they could today</li> <li>The same amount</li> <li>Less than they could buy today</li> <li>It depends on the types of things they want to buy (do not read out)</li> <li>Don't know (do not read out)</li> <li>Refused to answer (do not read out)</li> </ul>



G3. You lend 25 euros to a friend/acquaintance one evening and he gives you the 25 euros back the	next
day. How much interest has he paid on this loan?	

Amount:

Don't know	(do not read out)
Don childre	(ao not read out)

Refused to answer (do not read out)

G4. Imagine that someone puts 100 euros into a no-fee, tax-free savings account with a guaranteed interest rate of 2% per year. They don't make any further payments into this account and they don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made?

A	m	ou	nt	:
				_

Don't know (do not read out)

Refused to answer (do not read out)

G4.1. And how much would be in the account at the end of five years? (add, if necessary: remembering	5
here are no fees or tax deductions. Would it be:	

More than 110 euros Exactly 110 euros

Less than 110 euros

Impossible to tell from the information given

Don't know <mark>(do not read out)</mark>

G5. Please tell me if the following statements are true or false (T or F)			
	Т	F	NR
3. High inflation means that the cost of living is increasing rapidly			
4. An investment with a high return is likely to be high risk			
5. It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares			



- 3. Saving certificates/Treasury bills
- 4. Mutual funds
- 5. Derivative financial instruments (e.g.: CFD, warrants, forex, swaps)
- 6. Retirement savings plans
- 7. Time deposits

Ч	2	ŝ	Ō

G13. What is your household's net monthly income range? (CARD G13)	
	No income
	Up to 500 euros
	Between 501 and 1,000 euros
	Between 1,001 and 2,500 euros
	Between 2,501 and 3,500 euros
	Between 3,501 and 5,000 euros
	More than 5,000 euros
	Don't know (do not read out)

