PLANO NACIONAL DE FORMAÇÃO FINANCEIRA

TODOS CONTAM

Survey on the Financial Literacy of the Portuguese Population 2015

ASF
Autoridade de Supervisão
de Seguros e Fundos de Pensões

BANCO DE
PORTUGAL
EUROSYSTEM

CMVM

PLANO NACIONAL DE FORMAÇÃO FINANCEIRA

TODOS CONTAM

SURVEY ON THE FINANCIAL LITERACY OF THE PORTUGUESE POPULATION

2015

Lisbon, 2017

ASF
Autoridade de Supervisão
de Seguros e Fundos de Pensões

BANCO DE
PORTUGAL
EUROSYSTEM

CMVM

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, May 2017

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**

15 **I. Presentation of the 2nd Survey on the Financial Literacy of the Portuguese Population**

21 **II. Main results**

35 **III. Descriptive analysis of the results**

37 1. Characterisation of the interviewees

41 2. Financial inclusion
41 2.1. Access to the banking system
43 2.2. Use of current accounts
45 2.3. Access to basic bank accounts
46 2.4. Holding insurance
49 2.5. Holding investment products

53 3. Planning of household budget and savings
53 3.1. Planning the household budget
55 3.2. Saving habits
58 3.3. Situations of uncertainty in the household budget
61 3.4. Atitudes and behaviours in managing the household budget
63 3.5. Retirement planning

65 4. Choice and management of financial products
65 4.1. Recently contracted financial products
70 4.2. Banking products
78 4.3. Insurance
82 4.4. Investment products

91 5. Choice and awareness of information sources

95 6. Financial understanding
95 6.1. Numeracy
96 6.2. Banking products
99 6.3. Insurance
101 6.4. Investment products

107 **IV. Financial literacy indices**

111 1. Global Financial Literacy Index
111 1.1. Calculation methodology
112 1.2. Analysis of the index distribution

113 2. Parcial Financial Literacy Indices
113 2.1. Calculation methodology
113 2.2. Analysis of the distributions of the indices

115 V. Population groups by levels of financial literacy
119 1. Analysis of the medians of the financial literacy indices
119 1.1. Tests on the equality of the medians of the Global FLI
123 1.2. Tests on the equality of the medians of the Partial FLIs
124 1.3. Comparison of population groups
133 2. Cluster analysis

139 Annexes
141 1. Methodology
141 1.1. Questionnaire
142 1.2. Sample
145 1.3. Interviews
147 2. Questionnaire

List of Charts

25 Chart C.1.1 | International comparison of financial inclusion, by type of product
26 Chart C.1.2 | International comparison of financial literacy indicators developed by the INFE/OECD
37 Chart III.1.1 | Characterisation of the interviewees by the stratification criteria of the sample | 2015
40 Chart III.1.2 | Characterisation of interviewees by income level of the household | 2015
41 Chart III.2.1.1 | Percentage of interviewees who do not have a current account | 2015 and 2010
42 Chart III.2.1.2 | Characterisation of interviewees who do not have a current account | 2015
43 Chart III.2.1.3 | Reason for not having a bank account | 2015 and 2010
43 Chart III.2.2.1 | Number of current accounts the interviewee holds | 2015 and 2010
44 Chart III.2.2.2 | Number of accounts by income and level of schooling | 2015
45 Chart III.2.2.3 | Frequency of current account use, by level of schooling | 2015
46 Chart III.2.3.1 | Knowledge of basic bank accounts and access conditions | 2015
47 Chart III.2.4.1 | Percentage of interviewees who have at least one insurance product | 2015
48 Chart III.2.4.2 | Characterisation of interviewees who do not have insurance | 2015
48 Chart III.2.4.3 | Reasons for not holding insurance | 2015
49 Chart III.2.5.1 | Percentage of interviewees with investments in securities | 2015
50 Chart III.2.5.2 | Type of securities held by interviewees | 2015
50 Chart III.2.5.3 | Main reason for not holding securities | 2015
51 Chart III.2.5.4 | Main concern related with securities markets | 2015
53 Chart III.3.1.1 | Responsibility for making day-to-day decisions about money, by age group | 2015
54 Chart III.3.1.2 | Frequency of household budget planning | 2015
54 Chart III.3.1.3 | Characterisation of interviewees who do not have an household budget | 2015
55 Chart III.3.2.1 | Saving and the main reason for not saving | 2015
56 Chart III.3.2.2 | Budgeting and saving | 2015

57 Chart III.3.2.3 | Main reason for saving | 2015 and 2010

57 Chart III.3.2.4 | Saving in the past 12 months | 2015

58 Chart III.3.2.5 | Investment of savings in the past 12 months | 2015

58 Chart III.3.3.1 | Saving and the ability to meet an unforeseen expense equivalent to monthly income | 2015

59 Chart III.3.3.2 | Income sufficient to cover living costs | 2015

60 Chart III.3.3.3 | Making ends meet in insufficient income | 2015

61 Chart III.3.3.4 | Duration of ability to make ends meet in the event of losing main source of household income | 2015

62 Chart III.3.4.1 | Interviewees' attitudes and behaviours when managing the household budget (averages) | 2015

63 Chart III.3.5.1 | Degree of confidence in retirement planning, by age group | 2015

64 Chart III.3.5.2 | Method of financing retirement | 2015

64 Chart III.3.5.3 | Characteristics of the private pension plan | 2015

66 Chart III.4.1.1 | Financial products known by the interviewee | 2015

66 Chart III.4.1.2 | Financial products held by the interviewee | 2015 e 2010

67 Chart III.4.1.3 | Financial products the interviewee contracted most recently | 2015

68 Chart III.4.1.4 | Process of choosing the most recently contracted financial product | 2015

69 Chart III.4.1.5 | Sources of information that influenced the choice of financial product | 2015

69 Chart III.4.1.6 | Reading the pre-contractual and contractual information for financial products | 2015

70 Chart III.4.2.1 | Main reason for choosing the bank for a main current account | 2015 and 2010

71 Chart III.4.2.2 | Monitoring frequency of current account transactions | 2015 and 2010

72 Chart III.4.2.3 | Knowledge of current account maintenance fee | 2015 and 2010

72 Chart III.4.2.4 | Knowledge of the interest rates on savings and loans | 2015 and 2010

73 Chart III.4.2.5 | Comparison of interest rates prior to investing savings or contracting loans | 2015 and 2010

74 Chart III.4.2.6 | Characterisation of interviewees who hold mortgage or consumer credit | 2015

75 Chart III.4.2.7 | Main reason for choosing mortgage or consumer credit | 2015 and 2010
76 Chart III.4.2.8 | Credit card repayment scheme | 2015 and 2010
77 Chart III.4.2.9 | Debt burden ratio (weight of loan instalments on monthly income) | 2015 and 2010
77 Chart III.4.2.10 | Debt burden ratio, by gross monthly household income bracket | 2015
78 Chart III.4.3.1 | Main reason for holding insurance | 2015
78 Chart III.4.3.2 | Percentage of interviewees that have benefited from insurance | 2015
79 Chart III.4.3.3 | Main reason for choosing insurer | 2015
80 Chart III.4.3.4 | Process of choosing insurance associated to loans | 2015
80 Chart III.4.3.5 | Insurance contracted in the preceding two years | 2015
81 Chart III.4.3.6 | Changing and reasons for changing insurer in the last three years | 2015
81 Chart III.4.3.7 | Reasons for not changing insurer | 2015
82 Chart III.4.4.1 | Knowledge of securities products and markets | 2015
83 Chart III.4.4.2 | Knowledge of securities products and markets by level of schooling | 2015
83 Chart III.4.4.3 | Assets invested in securities | 2015
84 Chart III.4.4.4 | Financing investment in securities | 2015
84 Chart III.4.4.5 | Reaction to a sharp fall in the value of a security | 2015
85 Chart III.4.4.6 | Reasons for investing in securities | 2015
86 Chart III.4.4.7 | Most relevant factor in choosing securities investments | 2015
86 Chart III.4.4.8 | Reasons attributed to losses in securities investments | 2015
87 Chart III.4.4.9 | Frequency of securities market transactions | 2015
88 Chart III.4.4.10 | Main reason for no longer investing in securities | 2015
88 Chart III.4.4.11 | Main reason for not currently holding securities | 2015
89 Chart III.4.4.12 | Factors that would lead to investing in securities | 2015
91 Chart III.5.1 | Type of economic and financial information followed regularly | 2015 and 2010
92 Chart III.5.2 | Sources used to obtain information on financial products | 2015
92 Chart III.5.3 | Entity resorted to in the event of disagreement on a financial product | 2015

93 Chart III.5.4 | Entity resorted to in the event of inability to pay loan instalments | 2015 and 2010

96 Chart III.6.1.1 | Number of correct answers to numeracy questions, by level of schooling | 2015

97 Chart III.6.2.1 | Number of correct answers related with banking products, by level of schooling | 2015

98 Chart III.6.2.2 | Number of correct answers to questions related with banking products, by banking product knowledge self-assessment levels | 2015

100 Chart III.6.3.1 | Number of correct answers related with insurance, by level of schooling | 2015

100 Chart III.6.3.2 | Number of correct answers related with insurance, by self-assessment levels of financial knowledge | 2015

102 Chart III.6.4.1 | Degree of risk assigned to financial investments | 2015

103 Chart III.6.4.2 | Number of correct answers related with investment products, by level of schooling | 2015

104 Chart III.6.4.3 | Number of correct answers to questions related with investment products, by securities product and market knowledge self-assessment levels | 2015

104 Chart III.6.4.4 | Number of correct answers to questions related with investment products, by financial knowledge self-assessment levels | 2015

112 Chart IV.1.1.1 | Histogram of the Global Financial Literacy Index | 2015

114 Chart IV.2.1.1 | Histograms of the Partial Financial Literacy Indices | 2015

List of Tables

39 Table III.1.1 | Distribution of interviewees by age group and schooling level | 2015

76 Table III.4.2.1 | Credit card repayment scheme and knowledge of payment of interest | 2015

96 Table III.6.1.1 | Response to numeracy questions | 2015

99 Table III.6.2.1 | Responses to questions on knowledge related with banking products | 2015

101 Table III.6.3.1 | Responses to questions on knowledge related with insurance | 2015

105 Table III.6.4.1 | Response to questions on knowledge of investment products | 2015

112 Table IV.1.1.1 | Descriptive statistics of the original Index and Global FLI | 2015

113 Table IV.2.1.1 | Descriptive statistics of the Partial Financial Literacy Indices | 2015

120 Table V.1.1.1 | Kruskal-Wallis test to the global FLI, by socio-economic indicators | 2015

122 Table V.1.1.2 | Kruskal-Wallis test to global FLI, by holding of financial products | 2015

123 Table V.1.1.3 | Kruskal-Wallis test to global FLI, by household financial management habits | 2015

127 Table V.1.3.1 | Percentage of interviewees with financial literacy indices equal to or above the median, by socio-economic indicators | 2015

128 Table V.1.3.2 | Percentage of interviewees with financial literacy indices equal to or above the median, by holding of financial products | 2015

129 Table V.1.3.3 | Percentage of interviewees with financial literacy indices equal to or above the median, by household financial management habits | 2015

130 Table V.1.3.4 | Population groups with over half of interviewees above or below the median of the Global FLI | 2015

131 Table V.1.3.5 | Population groups with best and worst results of financial literacy (3rd and 1st quartiles) | 2015

134 Table V.2.1 | Characterisation of the clusters, by socio-economic indicators | 2015

135 Table V.2.2 | Characterisation of the clusters, by holding of financial products | 2015

137 Table V.2.3 | Characterisation of the clusters, by household financial management habits | 2015

138 Table V.2.4 | Population groups predominant in clusters 1 and 2 | 2015

143 Table VI.1 | Planned and actual quotas for each stratum

144 Table VI.2 | Average margin of error of each stratum

Foreword from the National Council of Financial Supervisors

The 2nd Survey on the Financial Literacy of the Portuguese Population, conducted in 2015, enabled the National Council of Financial Supervisors to characterise and analyse the financial behaviour, attitudes and knowledge of the Portuguese population, five years after the first survey, conducted at national level by Banco de Portugal.

Profiling the financial literacy patterns of a given population – and in particular, the regular measurement of its levels – is essential as much to define a training strategy as to determine the most suitable forms of providing it, and for stronger reasons, to assess and adjust the financial training plans already underway, as is the case of the National Plan for Financial Education launched in 2011. It is an exercise that, on the one hand, enables shortcomings in financial literacy to be identified among the social groups surveyed, thus allowing priorities for action to be defined, and assessing the suitability of the measures for the target groups. On the other hand, by making comparisons with previous surveys, allows the assessment of the nature and intensity of the achieved results in activities underway to be determined, especially the shortcomings of the actions or their lack of suitability to the original literacy level or learning capacity of the target group. This means that the results of this 2nd Financial Literacy Survey allow not only levels and shortcomings in literacy in 2015 to be identified, but also developments registered since 2010 to be assessed, especially the results of actions put into practice within the scope of the National Plan for Financial Education, and the changes in behavioural patterns when making financial decisions that may have been influenced by the economic and social context of the past few years.

The importance of accompanying developments in levels of financial literacy through the conduct of regular surveys is internationally recognised. As is the need to put domestic results into perspective by comparing them with the results of methodologically similar exercises carried out in other countries. Therefore, this survey is part of the exercise measurement financial literacy exercise held every five years by the OECD, within the scope of the International Network on Financial Education. It is an exercise that enables results to be compared and similar positions to be defined.

In 2015, and considering as a benchmark the results obtained for the 30 countries that participated in the survey through the International Network on Financial Education, it is possible to conclude, first, that the financial behaviour, attitudes and knowledge of the Portuguese population are in line with the levels of other countries, being relatively more positive in aggregate indicators of financial attitudes and behaviours. Secondly, many of the gaps in financial literacy are common to the majority of countries, albeit with specific aspects related with the economic context, with the state of development of the financial system, and with the levels of financial inclusion. Thirdly, it is necessary to ensure the continuity of financial training initiatives. Fourthly, the existence of shortcomings in financial literacy that are common to most countries require a reinforcement of international cooperation in the area of financial training, through information sharing on ways of promoting financial literacy, educational materials and methodologies, and channels suited to different population groups.

The results of the 2015 survey show that the financial inclusion of the Portuguese population is high, having registered an improvement in these indicators compared to 2010. There has also been an improvement in saving habits, despite there being signs of inertia to applying those savings in financial products.

Attitudes and behaviours in managing the household budget tend to be prudent, based on a careful weighing-up of expenses and systematic control of personal finance.

In terms of financial knowledge, answers continue to reveal some shortcomings, not only in terms of numeracy, as well as in terms of concepts directly related with financial products.

When choosing financial products, the 2015 results show that those surveyed maintain a high level of trust in the institutions that serve them, as was the case in 2010. The survey results suggest that the interviewees read the information provided by the institutions. However, this is not always key when making decisions. The advice of branch staff continues to be the main determining factor when choosing financial products, followed by the advice of family and friends. These results reinforce the importance of promoting financial training so that the information made available by institutions is understood and actually used when comparing alternative financial products – that is, the importance of reinforcing the citizen’s ability to understand, compare and decide for himself.

The interviewees’ high level of trust in the institutions that serve them highlights the critical nature, as well as the regulation of the duty of information that financial sector institutions must observe in their relationships with customers, and the surveillance of that observance. In a context in which a citizen trusts the institution serving him, it is essential to guarantee that customers have access to all the relevant information when deciding to acquire financial products.

The survey undertaken highlights the medium and long-term nature of the objectives for financial training, as continued work is necessary with various groups of the population to achieve robust results.

Students, the unemployed and pensioners have been identified by the 2015 survey as the groups with the lowest levels of financial literacy, in line with the 2010 survey results. Those on lower incomes and with less formal education also have greater shortcomings in financial literacy. Therefore, these groups of the population should be priorities for financial training.

Within the scope of the National Plan for Financial Education some of these groups are already targeted by structured initiatives in cooperation with a number of partner entities. An example of this is the strategy to introduce financial education in schools, a collaboration between the Ministry of Education and the financial supervisors, which aims to improve financial habits and knowledge of the young so that they may become more financially aware adults.

Other groups also require a more structured approach, as already recognised in the guidelines of the National Plan for Financial Education for the five-year period 2016-2020 published in July 2016. This is the case for the unemployed, pensioners and persons on low incomes, for whom it is important to take a more structured and comprehensive approach, and which needs to count on the support of new partners of the Plan.

On the other hand, the availability of new financial products and the expansion of digital channels has brought new challenges. The growing use of these channels makes access to financial products easier albeit with risks associated to the security of IT systems and the possibility of making financial decisions in a short space of time, without adequately considering the consequences of such decisions. These new challenges therefore bring about new financial training needs and emphasise the importance of the financial supervisors, in cooperation with their partners, remaining committed to the implementation of the National Plan for Financial Education.

The Financial Literacy Survey is a fundamental instrument to accompany the development of the financial literacy levels of the Portuguese population, and it is therefore important to carry out a new assessment, probably in 2020, to identify the progress made, as well as the areas and population groups most in need of training.

The National Council of Financial Supervisors

Carlos da Silva Costa, Chairman of the National Council of Financial Supervisors, Governor of Banco de Portugal

Elisa Ferreira, Director of Banco de Portugal

José Figueiredo Almaça, Chairman of the Portuguese Insurance and Pension Funds Supervisory Authority

Carlos Tavares, Chairman of the Securities Market Commission

Presentation of the 2nd Survey on the Financial Literacy of the Portuguese Population

The 2nd Survey on the Financial Literacy of the Portuguese Population was conducted in 2015 by the National Council of Financial Supervisors (that includes Banco de Portugal, the Securities Market Commission and the Portuguese Insurance and Pension Funds Supervisory Authority), within the scope of the National Plan for Financial Education that has been promoted since 2011 by the three financial supervisory authorities.

The 1st Survey on the Financial Literacy of the Portuguese Population was undertaken in 2010 by Banco de Portugal and was the first nationwide assessment of the population's financial literacy. The main results of this survey were published at the end of 2010 and a report containing an in-depth analysis of interviewees' responses was published in 2011. At that time a 2nd Financial Literacy Survey was announced to be conducted in 2015, in line with international best practice to regularly measure and monitor populations' levels of financial literacy, typically every five years.

The 2015 Financial Literacy Survey was more comprehensive than in 2010, benefiting from the participation of the three financial supervisory authorities and its integration in the international comparative exercise for financial literacy levels promoted by the International Network on Financial Education (INFE), the OECD's financial training network made up of central banks, regulators and financial supervisors, and other public authorities.

The 2015 Financial Literacy Survey includes and analyses a number of core questions developed by the INFE, considered essential to measure and compare levels of financial literacy at international level[1]. The results of the core questions are also available in the INFE/OECD study[2], enabling Portugal's position to be compared to that of other countries that participate in the international comparison exercise.

The importance of financial literacy is ever more recognised at international level and is considered fundamental to promote suitable budgeting of household budgets, personal financial planning in the medium to long term, and judicious choice of financial products. Adequate management of personal finances provides direct benefits to individuals, although the careful choice of financial products also has a positive effect on financial stability.

In recent years, a growing number of countries has adopted domestic financial education strategies with associated measuring exercises among their populations. These measuring exercises enable evidence to be obtained on the specific financial training needs of the population, indicating the knowledge gaps of each demographic group. On the other hand, the international comparison of results enables the identification of successful financial training policies and common solutions for similar challenges.

---

[1] OECD (2015) *OECD/INFE Toolkit for measuring financial literacy and financial inclusion*, revised version of the core questions published at the end of 2010.

[2] OECD (2016) *OECD/INFE International survey of adult financial literacy competencies,* OECD Publishing, Paris.

The evolution over time of the financial literacy survey results of the population enable progress made to be identified, confirm areas where there are shortcomings and specify new financial training needs. However, the assessment of the programmes developed within the scope of financial training should not be exclusively based on the results obtained of exercises conducted to measure financial literacy. The population of a country is surveyed randomly whereas the financial training programmes do not reach the whole population, with priority target publics, such as students or vulnerable groups being chosen. The success rate of these programmes can only be assessed in a controlled environment, restricted to those who participate in them. On the other hand, there are exogenous factors related with the development of the economic and social context that may justify changes in financial attitudes and behaviours, even in segments of the population that may not have participated in specific training programmes.

Objectives of the 2nd Financial Literacy Survey

The 2nd Financial Literacy Survey, like the previous one, sought to obtain information in 2015 on the levels of financial literacy of the population from three angles: financial attitudes, behaviours and knowledge.

The questionnaire contained questions related with financial inclusion and banking products used in the 1st Financial Literacy Survey undertaken by Banco de Portugal, which allows some of the 2015 results to be compared with those obtained in 2010. With the participation of the Securities Market Commission and the Portuguese Insurance and Pension Funds Supervisory Authority, the 2015 questionnaire also introduces questions related with the capital market and insurance. The core questions as defined by the International Network on Financial Education (INFE) were also included.

The 2nd Financial Literacy Survey was structured in a similar way to the 2010 edition, seeking to respond to the following objectives:

- **Assessment of the population's degree of financial inclusion**, through access to banking system indicators, such as holding one or more current accounts and how often transactions are performed, holding insurance products and holding investment products;
- **Characterisation of planning of household budget and savings**, through attitudes and behaviours related with the frequency with which households prepare their budgets and purpose of saving, ability to meet unexpected expenses, and medium and long-term retirement planning;

- **Characterisation of the financial products held and criteria for the choice**, by identifying the factors considered in choosing financial products, the most relevant sources of information, the reading habits of pre-contractual and contractual information, and product comparison habits;
- **Characterisation of information sources and ways of getting help**, by identifying the type of business and financial news followed regularly and the appeal bodies in the event of disagreement with the financial institution or difficulty in paying loan instalments;
- **Assessment of financial knowledge**, through numeracy questions that assess ability to do simple numerical operations and questions on key concepts associated with some financial products.

Methodological aspects

The questionnaire[3] used to assess financial attitudes, behaviours and knowledge included 102 multiple choice questions organised into five themed areas corresponding to the topics described above: financial inclusion, planning of household expenses and savings, choice and management of financial products, choice and knowledge of sources of information and financial understanding.

The initial version of the questionnaire was part of a pilot test of 55 interviews to assess whether the questions were clear and well understood by the majority of interviewees. Based on the pilot test results, some adjustments were made to the final version of the questionnaire.

The 2015 Financial Literacy Survey involved 1,100 doorstep interviews all over the country, conducted by Eurosondagem in May and June 2015, with each lasting on average 42 minutes. The undertaking of face-to-face interviews allowed the questionnaire to cover a greater number of questions across a wide spectrum of financial themes. Other interview methodologies (i.e. telephone or internet) would have a greater dropout risk due to the response time necessary and lack of theme-based responses.

The sample[4] of 1,100 interviewees was stratified according to the following criteria: gender, age, geographic location, employment situation and level of schooling. The interviewees were selected randomly, in accordance with stratification quotas, based on a population universe consisting of residents in Portugal aged 16 and over. The sample size enabled estimating, by statistical inference, that the results are applicable to the population as a whole with an average error of 2.2 per cent with a probability of 95 per cent.

---

[3] See questionnaire in Annex 2.

[4] For further details on the sample, see Annex 1.

Organisation of the report

Following the presentation of the main results in Chapter II, Chapter III has a detailed analysis of the interviewees' answers to each question in the 2015 Financial Literacy Survey, and where relevant, breaks down the results by socio-economic characterisation variables or responses to other questions. Whenever the available information allows, the results are also compared with those in the 2010 Financial Literacy Survey.

Chapter IV assesses the financial literacy level of the Portuguese population by constructing Financial Literacy Indices that aggregate the responses obtained in a selected set of questions. The chapter presents a Global Financial Literacy Index (Global FLI) and five partial indices, according to the defined thematic areas: Financial inclusion FLI, Planning of expenses and saving FLI, Choice of banking products FLI, Knowledge of sources of information FLI, and Financial understanding FLI.

Chapter V characterises population groups in terms of financial literacy and variables associated with financial behaviour. It investigates whether the Global FLI and the Partial Financial Literacy Indices (Partial FLIs) have different behaviour for the population groups defined in accordance with the socio-economic indicators, the financial products held by the interviewees, and with household budget planning and management behaviour. For this purpose, the medians of the Global FLI and Partial FLIs were analysed and clusters by financial literacy levels were constructed.

II

Main results

The results of the 2015 Financial Literacy Survey show that the Portuguese population generally has access to the financial system, reinforcing the results for financial inclusion obtained in the 2010 Financial Literacy Survey. The level of financial inclusion of the Portuguese population, measured by holding at least one current account, compares positively with that of other developed countries.

Behaviours related with planning of household budget and savings are adequate, as in the previous survey. The results now obtained point to an improvement in saving habits, despite revealing low proactivity in applying those savings in financial products.

The results of the 2015 Financial Literacy Survey also continue to reveal great confidence in the advice given by institutions and in recommendations of family and friends when choosing banking and financial products, rather than an assessment based on comparing the features of alternative products.

Despite some improvements compared to 2010, financial knowledge continues relatively low in 2015. If knowledge on the relationship between inflation and cost of living, and on the relationship between risk and return are very satisfactory, the same does not apply to concepts such as spread, Euribor, excess or capital guarantee, where there are clear shortcomings in understanding. There is also a continued overestimation of knowledge by the interviewees.

There is a direct correlation between financial literacy and education and income levels. The interviewees with higher levels of financial literacy mostly have higher education and belong to households with a gross monthly income greater than €1,000. These interviewees also have regular saving habits and a significant involvement with the financial system, simultaneously holding banking products, insurance and investment products, which suggests that experience in acquiring products is also associated with acquisition of financial knowledge.

On the other hand, the lowest levels of financial literacy belong to those interviewees without schooling, those members of households with a gross monthly income lower than €500, or without an income, those excluded from the financial system, those without a bank account or insurance, and those without saving habits.

However, there are some groups in the population that, despite low levels of global financial literacy (based on the Global FLI), have positive results in terms of planning of household budget and savings (based on the respective Partial FLI). This is the case for those aged over 70 and pensioners, whose results are above the average in planning of household budget and savings. In this area, the differences between men and women or based on levels of schooling are also less significant.

BOX 1 | Comparison with the results of the International Network on Financial Education study

The 2015 Financial Literacy Survey included a number of core questions defined by the International Network on Financial Education (INFE) that enabled international comparison of financial literacy levels[1]. The INFE recently published the results of the international study[2], which enabled the Portuguese situation[3] to be compared with a group of 30 countries, including 17 OECD members[4].

The INFE measures financial inclusion against various indicators, including holding current accounts, insurance and savings products. The INFE results show that the proportion of interviewees in Portugal with a current account (94 per cent) is greater than the average of the 30 countries taking part in the study (74 per cent), as well as the OECD average (86 per cent). The proportion of those with insurance policies in Portugal (77 per cent) is also greater that the average of countries under review (51 per cent) and the OECD countries (64 per cent). On the other hand, savings products held in Portugal (45 per cent) is lower than the average of 30 countries included in the international study and the 17-country average of OECD countries (58 per cent and 63 per cent respectively).

---

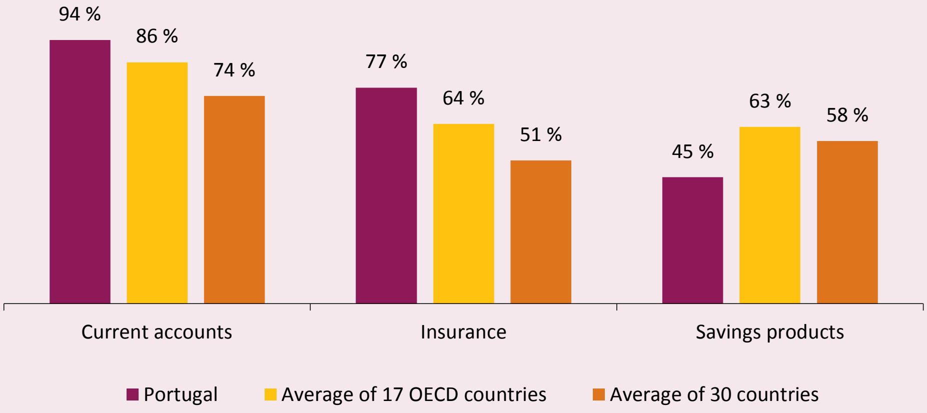
[1] OECD (2015) *OECD/INFE Toolkit for measuring financial literacy and financial inclusion*.

[2] OECD (2016) *OECD/INFE International survey of adult financial literacy competencies*, OECD Publishing, Paris. The INFE had already released preliminary results for a set of 17 European countries in April 2016 in the publication *Financial Education in Europe: Trends and Recent Developments*, OECD Publishing, Paris.

[3] The results presented for Portugal in the INFE study may not be exactly the same as those in this report because the sample used in this report includes interviewees from the age of 16, and the INFE restricted its analysis to those aged 18-79.

[4] This exercise includes: Albania, Austria, Belarus, Belgium, Brazil, British Virgin Islands, Canada, China – Hong Kong SAR, Croatia, Czech Republic, Estonia, Finland, France, Georgia, Hungary, Jordan, Latvia, Lithuania, Malaysia, Netherlands, New Zealand ,Norway, Poland, Portugal, Russian Federation, South Africa, South Korea, Thailand, Turkey and United Kingdom.

CHART C.1.1 | International comparison of financial inclusion, by type of product



Note: The values presented in the chart above are not exactly the same as those in Chapter III of this report as the INFE study restricted its sample to interviewees aged 18 to 79.

Financial literacy is analysed by INFE based on its three core areas (behaviour, attitudes and knowledge), with an aggregate indicator for each country being presented, as well as a global financial literacy indicator.

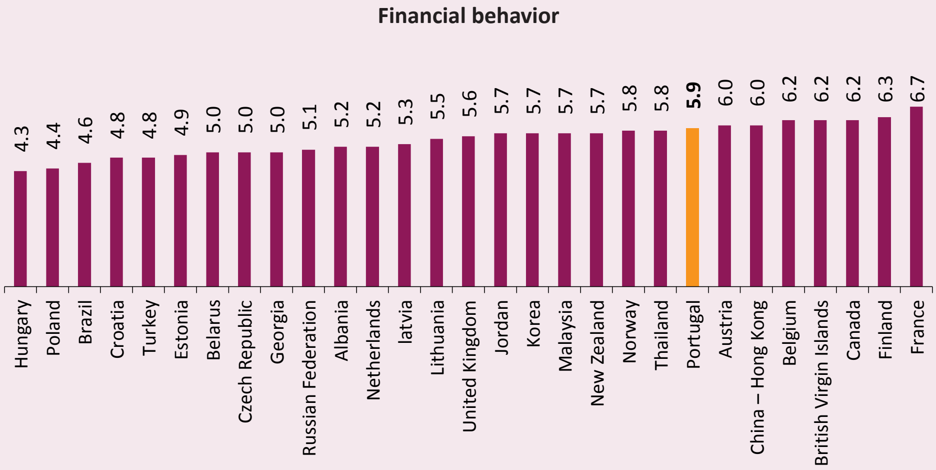
The aggregate indicator of financial behaviour, on a scale of 0-9, assesses responses to various questions on how interviewees manage their personal finances. In this indicator, Portugal was in 8th place out of 30 countries, with an average score of 5.9. The results for Portugal are above average in terms of having a household budget, systematically controlling personal finances, paying bills on time, and not borrowing to make ends meet. Although advice given at institutions' branches and recommendations from family and friends are important deciding factors when choosing financial products, Portugal also has above-average results in comparison of alternative products and in analysis of information prior to contracting, suggesting that contracting without having an underlying product comparison is general behaviour at international level. However, Portugal is below average in terms of proactivity when applying savings, due to a tendency to leave money in a current account, as well as indicating that income is insufficient to cover living expenses.

The aggregate indicator relating to financial attitudes is the average, from 1 (completely disagree) to 5 (completely agree), which the interviewees chose in relation to 3 statements. In this indicator, Portugal had a result of 3.4 points, putting it in 5th place. The Portuguese interviewees stand out because they mentioned more frequently that they prefer to save for the future than spend, and are concerned about the future, not living for the present.

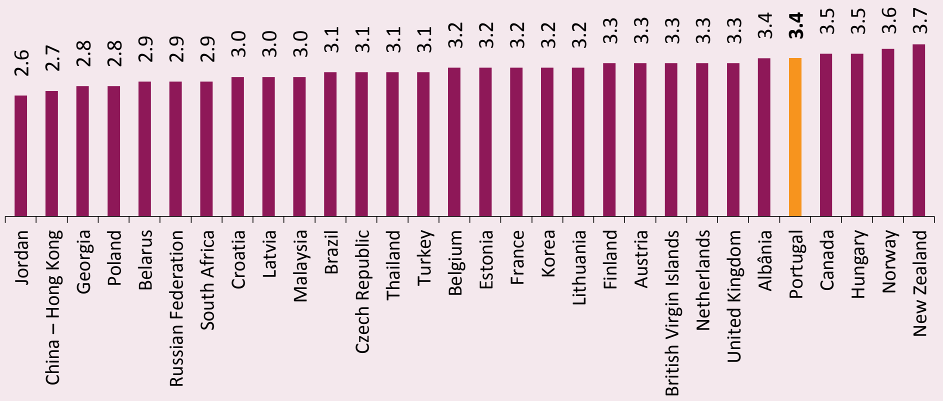
The aggregate indicator of financial knowledge adds the number of correct answers to 7 questions and may therefore have a value of 0-7 points. In Portugal, the interviewees responded correctly, on average, to 4.8 questions, putting the country in 13th place. The results for Portugal are in line with the average for most questions included in this indicator, namely in identifying interest on a loan, identifying the relationship between risk and return, in calculating simple and compound interest, although in the latter case, results are relatively low in the majority of countries. Portugal's results are above average in identifying the relationship between inflation and the cost of living and in recognising that diversification of investments on the capital market enables reduced risk.

The INFE global financial literacy indicator corresponds to the sum of the results in the three indicators described above, on a scale of 1 to 21 points. Portugal is in 10th place in the global financial literacy indicator with 14 points, above the OECD average (13.7) and the average of all the countries (13.2).

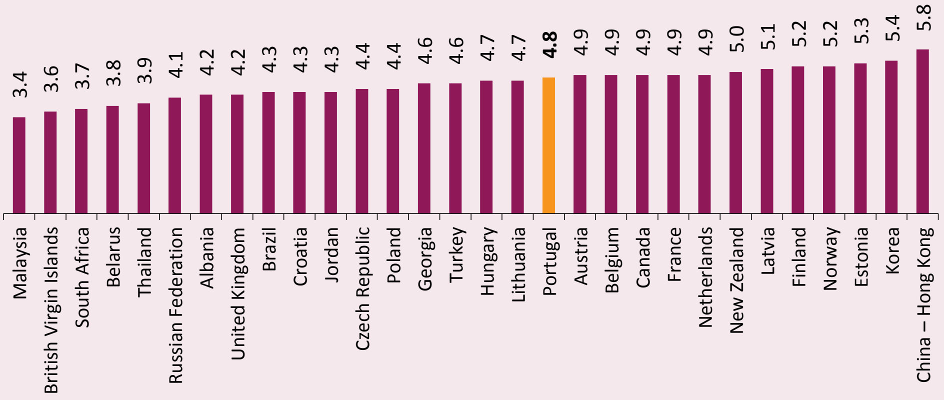
CHART C.1.2 | International comparison of financial literacy indicators developed by the INFE/OECD



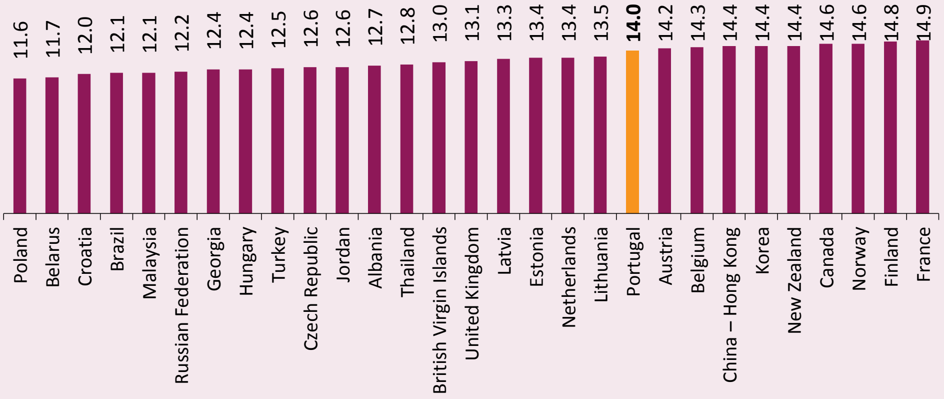
Financial attitudes



Financial knowledge



Global financial literacy indicator



Financial inclusion

The 2015 Financial Literacy Survey reveals more positive results on the financial inclusion of the Portuguese population than those obtained in 2010.

In 2015, 92.5 per cent of interviewees aged 16 and over held at least one current account (3.6 percentage points higher than in 2010), a proportion that increases to 93.5 per cent for those over 18 (2.8 percentage points higher than in 2010).

Most of the population is unaware of basic bank account services, designed to encourage financial inclusion. Nevertheless, the percentage of interviewees (about 5 per cent) that are aware of the access conditions and know such banking services in 2015 is slightly above that observed in 2010 (1.4 per cent).

In terms of insurance, in 2015, 73.1 per cent of those surveyed aged 16 and over claimed to have an insurance product, rising to 74.1 per cent of those aged over 18. Holding insurance is also greater than that registered in 2010.

Interviewees who did not have a current account are mostly the young and elderly, belong to the inactive population or are unemployed, have no formal schooling and are on low incomes. The characteristics of the interviewees that do not hold insurance products are very similar to those excluded from the banking system.

In turn, the number of interviewees holding investment products is residual, with only 4.4 per cent of interviewees claiming to currently hold investments in securities. Among investors, the most commonly held products are shares (83.3 per cent) and investment funds (41.7 per cent). On the other hand, 3.7 per cent state that, despite not holding any at the time of questioning, have invested in securities in the past. Having insufficient income to justify it, and having insufficient knowledge about securities and the associated risks are cited as the main reasons for not investing in these products.

Planning of household budget and savings

In 2015, 71.6 per cent of interviewees stated that they plan the household budget and 59 per cent mentioned that they usually save. In comparison with the 2010 results, there is an improvement in the population's saving habits (increase of 7 percentage points), although the proportion of those who plan the household budget has fallen (by 13 percentage points).

Of those who do not save (41 per cent in 2015 and 48 per cent in 2010), the majority cited having insufficient income as the reason for not saving. Among those who do save, the main purpose is to meet unexpected expenses, with the majority leaving their savings in their current accounts.

Approximately 61 per cent claim they would be able to meet an unexpected expense equivalent to their monthly income and almost two-thirds consider their income to be enough to cover their cost of living.

The majority of interviewees prefer to save before buying, control their personal finances, pay their bills on time, do not consider they have too much debt, and are risk-adverse when applying their savings.

In terms of retirement planning, just over half (54.1 per cent) of interviewees has little or no confidence in their retirement planning. Most interviewees aim to ensure their retirement pensions by way of the mandatory contributory regimes.

Choice and management of financial products

Current accounts are known by all interviewees and over 90 per cent have heard of insurance, time deposits, credit cards, mortgage credit and shares. The majority hold current accounts (92.5 per cent) and insurance (73.1 per cent). The other most common financial products are time deposits (38.7 per cent), credit cards (31.6 per cent) and mortgage credit (21.9 per cent). Approximately 6 per cent do not possess any kind of financial product.

About 40 per cent of interviewees state that insurance was the financial product most recently contracted, followed by current accounts (17 per cent) and credit cards (7.7 per cent).

The results of the 2015 Financial Literacy Survey continue to reveal customer confidence in the advice given by institutions when acquiring a financial product. The majority of respondents stated that they read the pre-contractual (82.9 per cent) and contractual (80.9 per cent) information of the financial products. However, approximately 59.1 per cent of interviewees follow the advice given at the branch of the institution where they acquire the product and 26.2 per cent do not do any research or comparison with alternatives. Advice from family and friends continues to be a decisive factor in choosing financial products (51.1 per cent).

Banking products

There was an improvement in the results of current accounts compared to 2010 in terms of monitoring transactions and knowledge of the account management fee. In 2015, about two-thirds of respondents monitor the transactions on their current accounts more than once a week, a percentage that was in the region of 54 per cent in 2010; and approximately three-quarters of interviewees state that they know the account management fee for their current account (albeit only 19 per cent know the exact value), compared to about 60 per cent in 2010.

In the investment of savings and recourse to credit, in 2015 only one in five interviewees knows the exact value of the interest rate applied, although the percentage of those who claimed not to know the value of such rates at all fell from about one fifth in 2010 to 15 per cent in 2015.

When resorting to credit, in 2015 the most important factor continues to be the value of the instalment when choosing a loan (44.2 per cent of respondents), although the annual percentage rate (APRC), indicated by 13.5 per cent of interviewees, is more important compared to 2010.

In terms of credit cards in 2015, slightly over half of respondents (54 per cent) pay the total outstanding amount at the end of each month, which is identical to the 2010 figure. However, of those who claim to partially pay their credit card balance in 2015 (43.1 per cent), 17.3 per cent are unaware that they pay interest due to not repaying the total balance at the end of the month they use their card.

The instalments of different loans consume less than half of the monthly income of 82.9 per cent of respondents and less than a quarter of 37.6 per cent of interviewees. The predominance of lower debt-to-income ratios is greater in households with lower income levels (under €500 a month) and in households with a monthly income greater than €2,500.

Insurance

The majority of those interviewed (76.9 per cent) refers to complying with a legal requirement as the main reason for contracting insurance, whilst 11.3 per cent claim to do so to guarantee the financial security of their family. Of the respondents with insurance, almost half (46.9 per cent) stated that they had benefited from contracting them.

The choice of insurance company in most cases is due to the recommendation of an intermediary (41.7 per cent), whilst 23.1 per cent state that their decision is influenced by the recommendation of family or friends. Price is a decisive factor in choosing an insurance company with 23.9 per cent of interviewees stating that they choose the company with the cheapest price. In insurance associated to credit, over half (57.6 per cent) of interviewees stated that they had no choice in the insurance contracted as they were part of the package presented to them by the institution, showing lack of awareness as to the possibility of choosing other insurance options.

Approximately 41 per cent of interviewees said they had contracted an insurance product in the previous two years. When asked about the type of insurance contracted, the majority indicated car insurance (78.2 per cent).

Questioned on changing their insurer, 16.9 per cent of interviewees with insurance claimed to have changed insurer in the preceding three years, with the principal factor for the change being a lower premium. On the other hand, satisfaction with the current insurer was cited as the main reason for not changing (78.9 per cent).

Investment products

The majority of respondents (64.3 per cent) recognise that they know little or nothing about securities markets and products, with only 4.4 per cent of interviewees stating they held this type of investments.

For 79.2 per cent of interviewees who hold securities, this investment represents a maximum of 25 per cent of their assets, and 79.1 per cent state that the money they invest in such products comes from their savings, with recourse to credit being low. Investors consider the possibility of obtaining a higher return than bank deposits as one of their main reasons for investing in securities (26.6 per cent), whilst the advice of the account manager is one of the most important factors in choosing investments, be it for existing investors or interviewees who have held investments in the past but no longer have them (37.5 and 36.6 per cent respectively).

Approximately 27 per cent of existing investors and about 46 per cent of former investors claim never to have lost money with investments in securities, and of those who have experienced losses with this type of investments, the majority attribute them to market fluctuations.

Choice and knowledge of information sources

In 2015, approximately half of interviewees said they follow news on the economy on a regular basis, about 31 per cent follow developments in interest rates and 19 per cent accompany changes in the regulation of financial products. Both percentages are similar to those of 2010.

The information sources on financial products most referred to by respondents are account managers (58.7 per cent) and family, friends and colleagues (45.3 per cent). Television and radio are mentioned by 22.2 per cent of interviewees, but only 11.2 per cent claim they use the internet to obtain this type of information.

In terms of knowing the entities customers may go to in the event of complaints about a financial product, the supervisory body is mentioned most often (46.5 per cent), followed by consumers' associations (32.5 per cent), and the courts (23.9 per cent). Two-thirds of interviewees would turn to family in the event of it being impossible to pay their loans.

Financial understanding

On average, interviewees responded correctly to 2.6 of the five numeracy questions (that assess ability to do simple arithmetic in a financial context), to 5.4 of the nine questions on banking products, to 1.9 of the four questions related with insurance and to 2.1 of the six questions on the capital market.

Numeracy

The majority of interviewees responded correctly to the division of €1,000 between five brothers (88 per cent) and identify the value of the interest on a loan of €25 for one day (86.5 per cent).

However, respondents' results were less positive when calculating interest. Approximately 58.4 per cent were able to calculate the simple interest of a 100 euro deposit over a period of one year with an annual interest rate of 2 per cent. However, only 39.5 per cent recognised the effect of compound interest on a 5-year deposit.

Banking products

The interviewees' knowledge of the relationship between inflation and cost of living and the relationship between risk and return on an investment is generally satisfactory: 87 per cent of respondents recognise that high inflation means reduced purchasing power and 81 per cent of respondents know that a high-return investment generally has a high associated risk.

The proportion of interviewees who in 2015 correctly identified a current account balance on a bank statement increased compared to 2010 (82 per cent in 2015 and 72.5 per cent in 2010), as well as the proportion of those who identified the need to use an overdraft facility following a debit transaction greater than that of the available balance (58.8 per cent in 2015 and 46 per cent in 2010).

However, only 21.4 per cent of respondents know what a spread is and a mere 10.5 per cent are aware of the concept of Euribor. Nevertheless, the proportion of interviewees who in 2015 correctly identified the concepts of spread and Euribor increased in comparison to 2010 (up 4.4 and 1.5 percentage points respectively).

Insurance

Over half of interviewees are unaware of the concept of excess: only 46.2 per cent know that the excess corresponds to the value of the compensation paid by the policyholder and only 39.9 per cent of respondents relate excess to premium cost, stating that the greater the excess, the smaller the premium. The percentage of interviewees aware of both concepts is 36.4 per cent.

The concept of a grace period is slightly better known, with 54.8 per cent of respondents correctly identifying that it is the period of time when the insurance or specific cover of the insurance policy cannot be used.

With regard to the insurance premium, the majority of interviewees (62.7 per cent) understands that it refers to the price paid for the insurance.

Investment products

Interviewees' knowledge of shares is satisfactory, with 72.4 per cent recognising that it is generally possible to reduce investment risk on the capital markets by buying a diversified portfolio of shares, and about 50 per cent acknowledge that shares are the securities with the most volatile prices.

The relationship between fixed rate bond price and market interest rates, as well as the meaning of guaranteed capital obtained the lowest number of correct answers (6.5 and 4 per cent respectively). The low number of correct answers in the self-assessment undertaken by the interviewees shows that their perception of their own financial knowledge does not match their actual knowledge of investment products.

III Descriptive analysis of the results

1. Characterisation of the interviewees
2. Financial inclusion
3. Planning of household budget and savings
4. Choice and management of financial products
5. Choice and awareness of information sources
6. Financial understanding

1. Characterisation of the interviewees

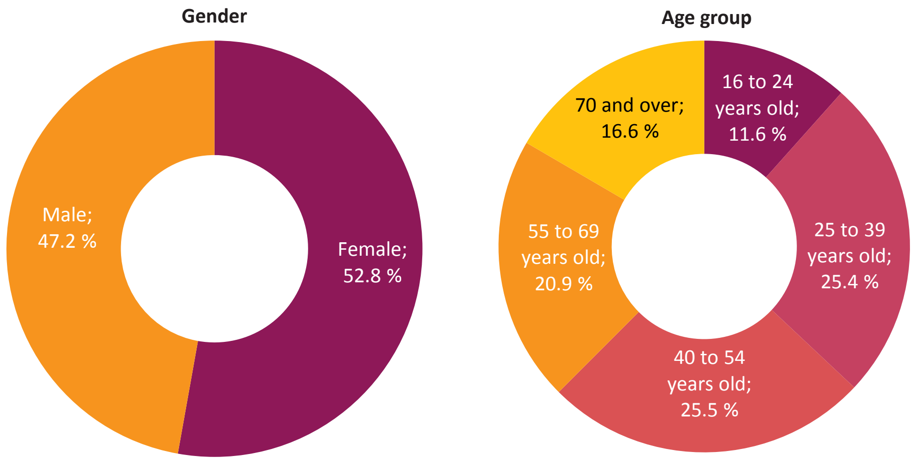
The sample of 1,100 interviewees was selected according to five stratification criteria:

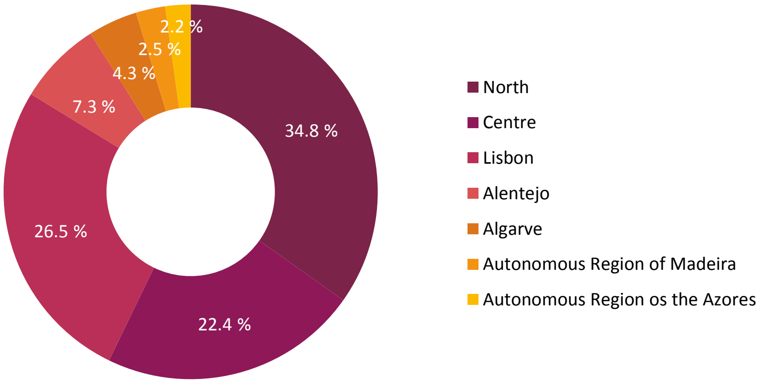
- Gender: male, female;
- Age group: 16 to 24 years old, 25 to 39 years old, 40 to 54 years old, 55 to 69 years old, 70 and over;
- Geographic location: North, Centre, Lisbon, Alentejo, Algarve, Autonomous Region of Madeira, Autonomous Region of the Azores;
- Employment situation: active, inactive;
- Level of schooling: no formal schooling, primary education (4th year), 2nd stage of basic education (6th year), elementary education (9th year), secondary education (12th year) and higher education.

The characteristics of the interviewees reflect the proportion in which the various strata considered for each stratification criterion occur in the Portuguese population aged 16 and over, according to data published by Statistics Portugal for the 2011 census.

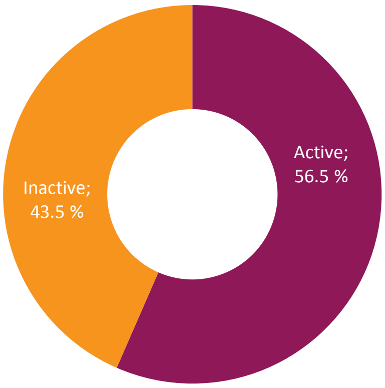
Of the 1,100 interviewees, 52.8 per cent are female and 56.5 per cent are part of the active population. Half are aged between 25 and 54 years old, and 16.6 per cent are over the age of 70. 34.8 per cent of the interviews were conducted in the North of the country, 26.5 per cent in Lisbon and 22.4 per cent in the Centre. Approximately 54 per cent of interviewees have at least primary education and 19.4 per cent have at least a university degree.

CHART III.1.1 | Characterisation of the interviewees by the stratification criteria of the sample | 2015

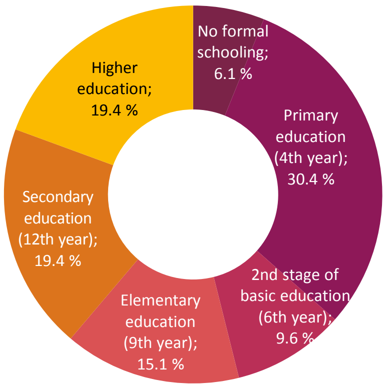




Geographic location



Employment situation



Level of schooling

Questions: A1, A2, A3, A4 and A5; Basis: 1,100 interviews.

In the breakdown of the interviewees by age group and level of schooling, the higher levels of schooling are associated with the population aged between 25 and 54 (71.6 per cent with a university degree are in this group). Approximately 80 per cent of interviewees aged 70 and over have no formal schooling or have only completed primary education, and in the age group between 55 and 69 years old this figure was about 60 per cent.

TABLE III.1.1 | Distribution of interviewees by age group and schooling level | 2015

	No formal schooling	Primary education (4th year)	2nd stage of basic education (6th year)	Elementary education (9th year)	Secondary education (12th year)	Higher education	Total
16 to 24 years old	0.0 %	0.7 %	1.1 %	3.3 %	3.9 %	2.6 %	11.6 %
25 to 39 years old	0.1 %	2.8 %	2.4 %	4.6 %	6.7 %	8.8 %	25.4 %
40 to 54 years old	0.2 %	7.1 %	2.9 %	4.3 %	5.9 %	5.1 %	25.5 %
55 to 69 years old	1.0 %	11.4 %	2.0 %	2.4 %	2.2 %	1.9 %	20.9 %
70 and over	4.8 %	8.4 %	1.2 %	0.5 %	0.7 %	1.0 %	16.6 %
Total	6.1 %	30.4 %	9.6 %	15.1 %	19.4 %	19.4 %	100.0 %

Questions: A3 and A4; Basis: 1,100 interviews.

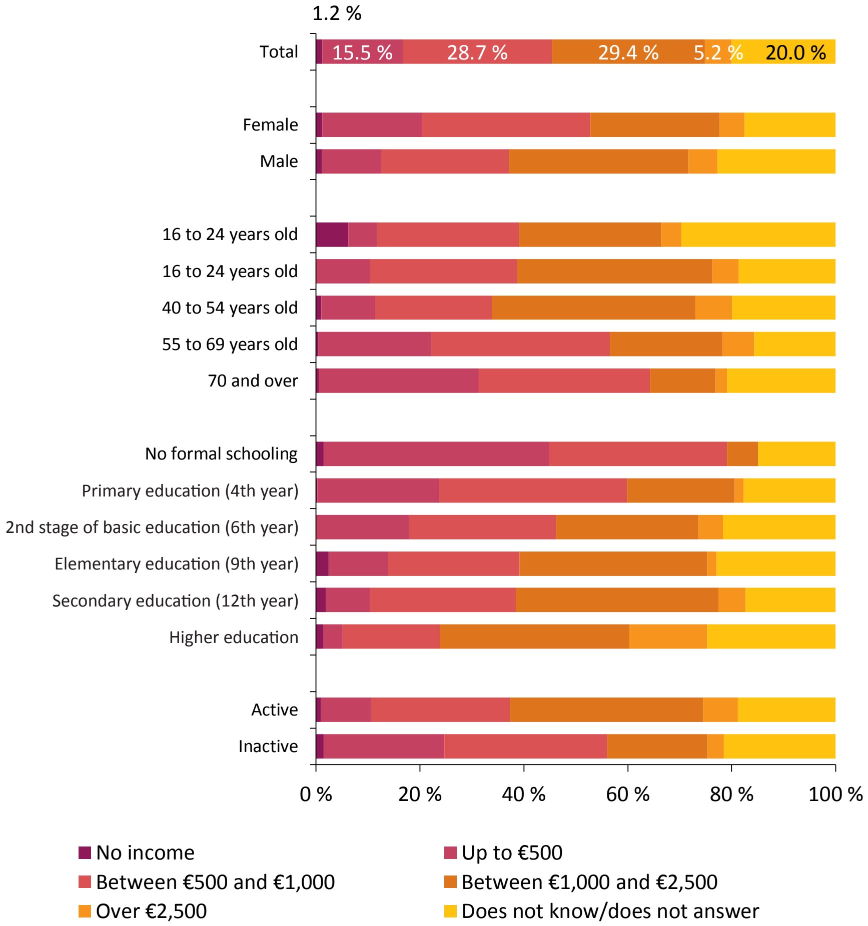
The characterisation of the interviewees in 2015 shows an ageing of the Portuguese population when compared to the representative sample of the same population universe used in the 2010 Financial Literacy Survey, based on data published by Statistics Portugal in the 2001 Census. The 16.6 per cent of the population aged 70 and over corresponds to an increase of 3.6 percentage points over the five years, whilst the proportion of the population between 16 and 24 fell by 4.7 percentage points, representing 11.6 per cent of the total. There has also been a slight increase in levels of schooling: the 6.1 per cent of interviewees who in 2015 stated they had no formal schooling represents a fall of 3.5 percentage points since 2010, whilst the proportion of respondents with higher education increased by 7.4 percentage points to 19.4 per cent in 2015. In turn, the share of active population dropped slightly in comparison to 2010 (1.5 percentage points lower)[1].

---

[1] The breakdown of the number of interviewees by region in 2015 does not compare directly to that of the 2010 Financial Literacy Survey. In 2015, the sample of interviewees in each region is directly proportional to the resident population, while in 2010 those regions with a smaller population were oversampled, namely Alentejo, Algarve, Autonomous Region of Madeira and Autonomous Region of the Azores.

In the breakdown by income levels, in 2015, 15.5 per cent of interviewees stated that their households have a gross monthly income of up to €500, 28.7 per cent earn €500 to €1,000, 29.4 percent earn between €1,000 and €2,500, and 5.2 per cent earn over €2,500. On the other hand, 1.2 per cent stated that their households have no income, and 20 per cent did not answer the question[2].

CHART III.1.2 | Characterisation of interviewees by income level of the household | 2015



Questions: A2, A3, A4, A5 and F21: Basis: 1,100 interviews.

---

[2] In the 2015 survey, respondents were questioned on their household income, whilst in the 2010 Financial Literacy Survey, they were asked about their own income. Therefore, in terms of income, the surveys are not comparable.

2. Financial inclusion

2.1. Access to the banking system

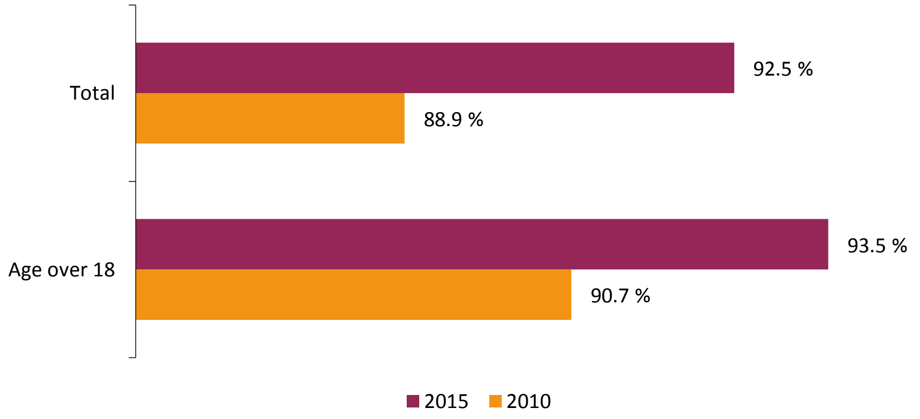
92.5 per cent have a bank account...

In 2015, 7.5 per cent of interviewees claimed not to hold a current account, in comparison to 11.1 per cent in the 2010 Financial Literacy Survey. Of those surveyed aged 18 and over in 2015, 6.5 per cent did not hold a current account, compared with 9.3 per cent in 2010. These results suggest an improvement in the population's level of financial inclusion, as a current account is the product that provides access to the banking system.

...an increase compared to the 88.9 per cent recorded in 2010

Among those who are not currently included in the banking system, 47 per cent have held a current account in the past but no longer hold one, the majority of whom are unemployed or retired.

CHART III.2.1.1 | Percentage of interviewees who do not have a current account | 2015 and 2010



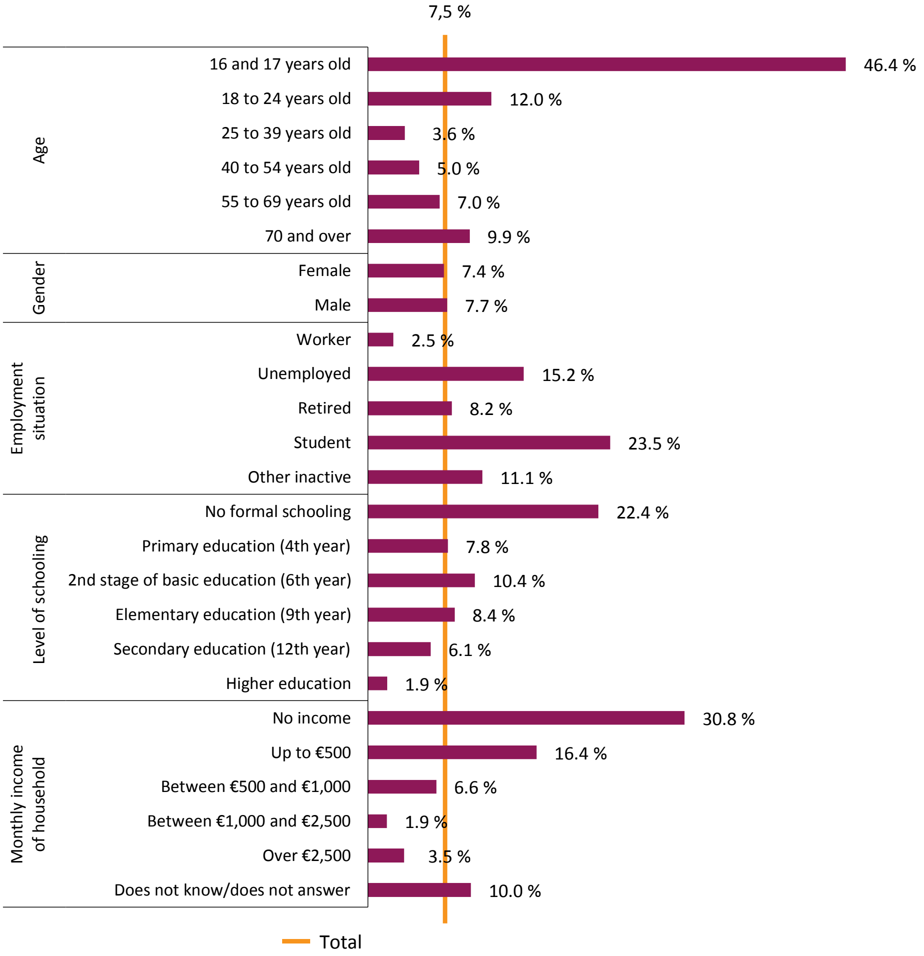
Questions 2015: A3 and B1; Basis: 1,100 interviews. Questions 2010: A4 and B1; Basis: 2,000 interviews.

The number of young interviewees without a bank account is noteworthy (46.4 per cent of those aged 16-17, and 12 per cent of those from 18-24 years old), which also occurs with 9.9 per cent of those aged 70 and over.

The proportion of interviewees without a bank account is higher than average in the inactive population, with special prevalence among students (23.5 per cent). Among the active population, the unemployed are those who most frequently do not hold a bank account (15.2 per cent). Those with the lowest levels of schooling and income are also associated with greater exclusion from the banking system. This is the case for 22.4 per cent of interviewees with no formal schooling, 30.8 per cent of those with no income, and 16.4 per cent of those with a monthly income of up to €500.

The population groups most excluded from the banking system in 2015 are identical to those identified in the 2010 Financial Literacy Survey.

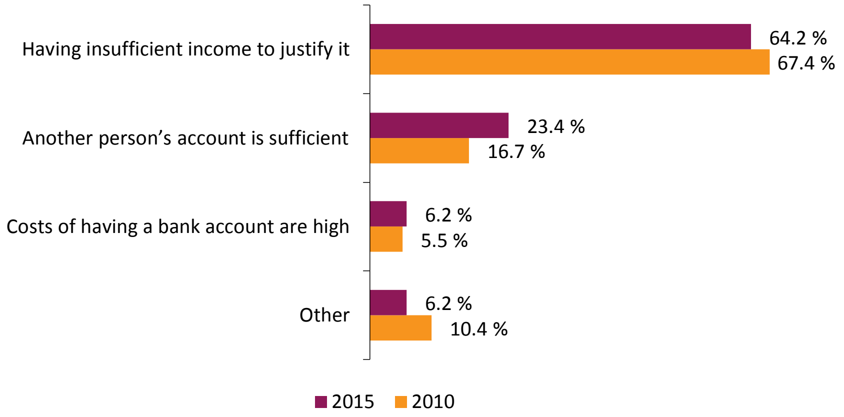
CHART III.2.1.2 | **Characterisation of interviewees who do not have a current account | 2015**



Questions: Questions: A2, A3, A4, A5, B1 and F21: Basis: 1,100 interviews.

As a reason for not holding a bank account, 64.2 per cent indicate that their income is insufficient to justify it and 23.4 per cent refer that another person’s account is sufficient. These motives were also most commonly mentioned in 2010.

CHART III.2.1.3 | Reason for not having a bank account | 2015 and 2010



Question 2015: B5; Base: 81 interviews. Question 2010: B5; Base: 221 interviews.

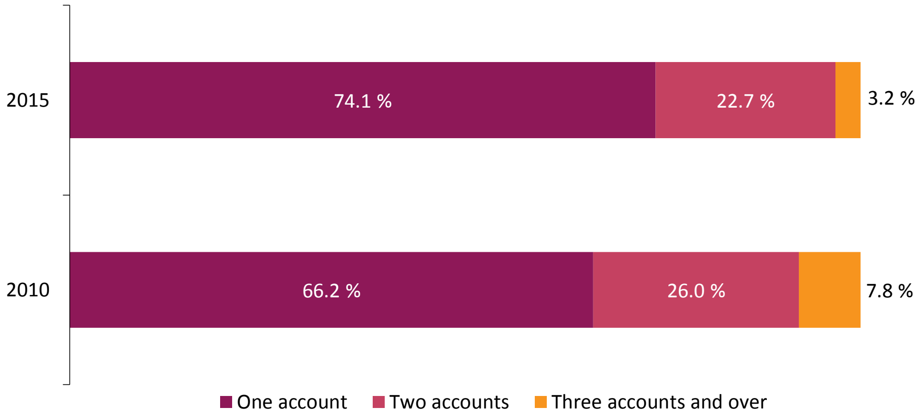
2.2. Use of current accounts

Interviewees with a current account hold, on average, 1.3 accounts. About 74 per cent of interviewees stated that they held one current account, with 22.7 per cent saying they held two accounts.

Approximately three-quarters have only one bank account

The average number of accounts in 2015 is slightly below the number in the 2010 Financial Literacy Survey (1.4 accounts), resulting in an increase in the proportion of interviewees who hold a single account. In 2015, 25.9 per cent of respondents had more than one current account, compared to 33.8 per cent in 2010.

CHART III.2.2.1 | Number of current accounts the interviewee holds | 2015 and 2010



Question 2015: B2; Base: 1,017 interviews. Question 2010: B2; Base: 1,769 interviews.

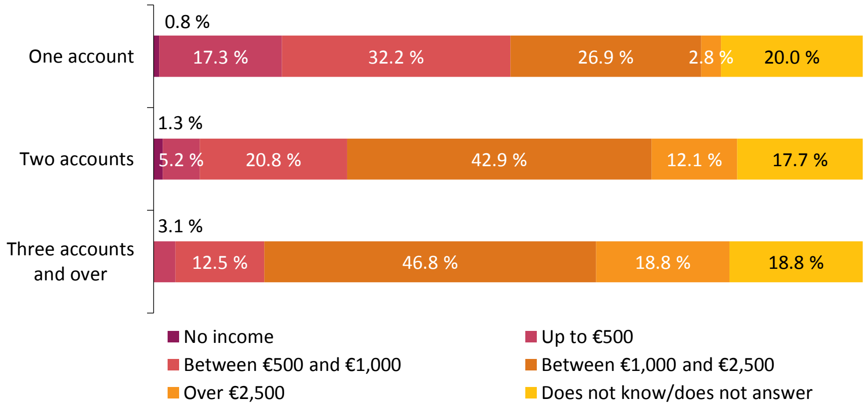
Holding more than one current account is associated with greater levels of income. Half of the interviewees with only one current account mentioned that their monthly household income was up to €1,000 and almost 30 per cent reported an income greater than €1,000. Amongst those holding two accounts, these proportions are 27.3 per cent and 55 per cent, respectively.

There is a positive correlation between number of accounts and level of schooling and income

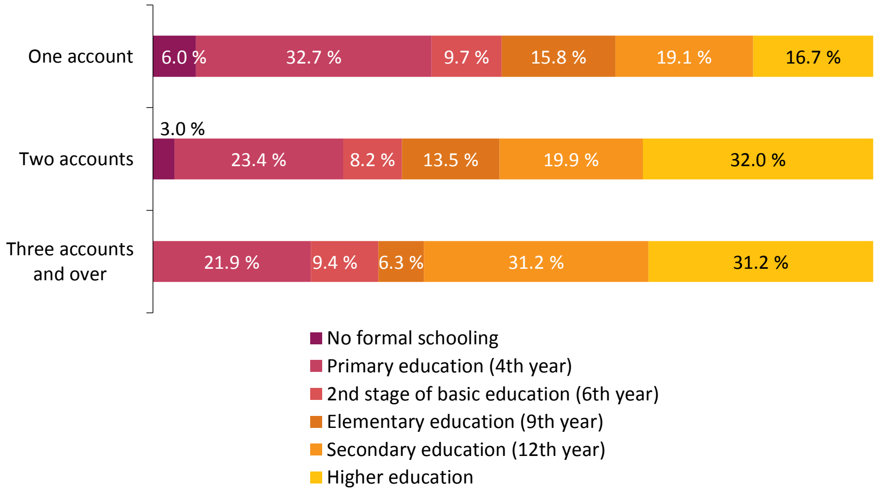
Distribution by level of schooling suggests that almost one-third of those with two or more current accounts have higher education, a percentage that falls to 16.7 per cent among those who have only one account.

CHART III.2.2.2 | Number of accounts by income and level of schooling | 2015

Income level



Level of schooling

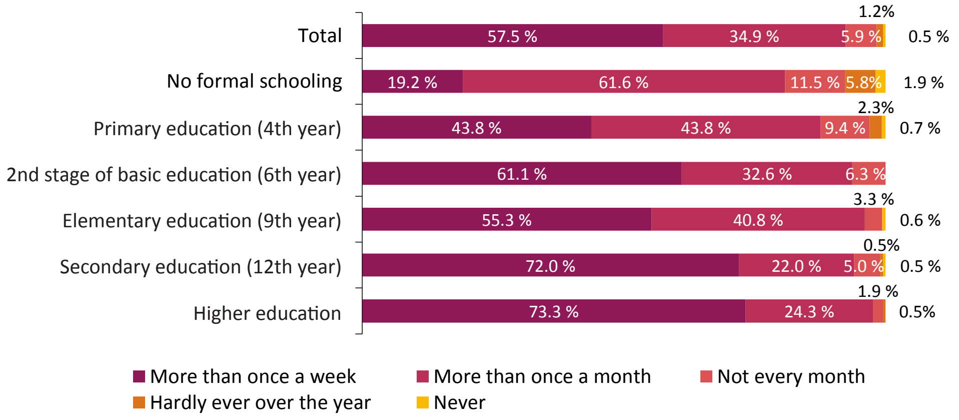


Questions: A4, B2 and F21; Basis: 1,017 interviews.

Over half use their bank account more than once a week

Of those interviewees with a current account, 57.5 per cent use the account more than once a week. This proportion is 19.2 per cent for interviewees with no formal schooling and 73.3 per cent for those with higher education. On the other hand, 11.5 per cent of interviewees with no formal schooling and 9.4 per cent of interviewees with primary education stated that they did not use their accounts even once a month.

CHART III.2.2.3 | Frequency of current account use, by level of schooling | 2015



Questions: A4 and B3; Basis: 1,017 interviews.

2.3. Access to basic bank accounts

Basic bank accounts enable access to a current account, debit card and other essential banking services at a reduced cost[3].

---

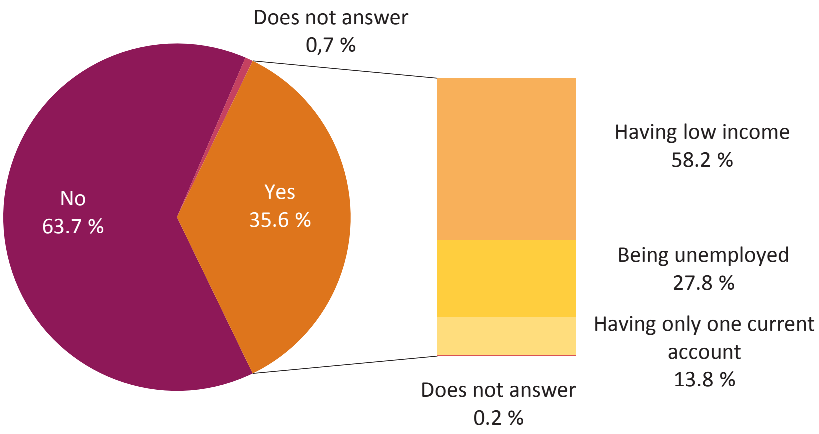
[3] With an annual commission not greater than one per cent of the national minimum wage, basic bank accounts include: opening and maintenance of a current account – the minimum banking services account; availability of a debit card for account transactions; access to transactions through ATMs, homebanking and branches of the credit institution; and deposits, withdrawals, payments of goods and services, direct debits and domestic interbank transfers. Individual customers who hold only one current account are eligible for a basic bank account. Since October 2015, if one of the account holders is over 65 years old or dependent on a third party (that is with a level of disability equal to or greater than 60 per cent) the basic bank account can be jointly held by a natural person who holds other current accounts. Until October 2015, basic bank accounts were sold by a group of participating institutions and from that date onwards, were made available by most credit institutions authorised to take deposits.

The majority of interviewees (63.7 per cent) claim to be unaware of these services, and even among those who say they know them, only 13.8 per cent correctly identify the conditions to access the a basic bank account: having only one current account. Therefore, only approximately 5 per cent of total interviewees demonstrated knowledge of basic bank accounts.

Only 5 per cent know what basic bank accounts are

Although knowledge of basic bank accounts is limited, there is a slight improvement compared to the 2010 Financial Literacy Survey, when only 1.4 per cent of respondents knew the conditions to access a basic bank account.

CHART III.2.3.1 | Knowledge of basic bank accounts and access conditions | 2015



Questions: F6 and F7; Basis: 1,100 and 391 interviews.

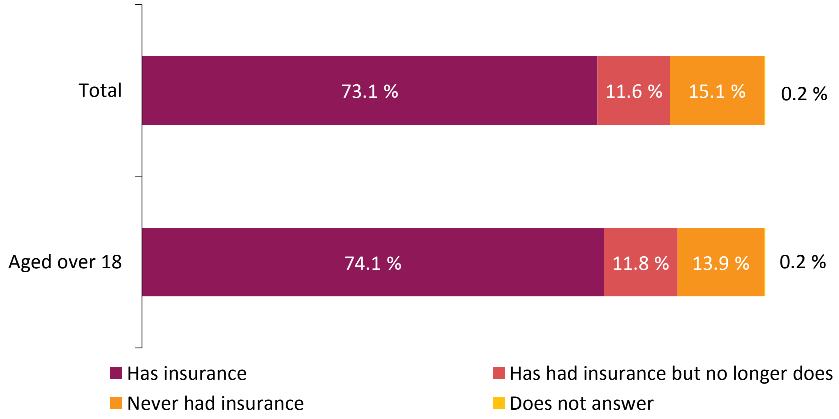
2.4. Holding insurance

The majority of interviewees (73.1 per cent) stated that they had at least one insurance product and 11.6 per cent said they have had insurance but no longer do. Only 15.1 per cent of respondents claimed never to have had insurance. This distribution is similar among those aged over 18, with a slightly lower proportion of those who have never had insurance (13.9 per cent).

Around 73 per cent have at least one insurance product

There is a small percentage of respondents (1.3 per cent) who state that they have insurance, but no other financial product.

CHART III.2.4.1 | Percentage of interviewees who have at least one insurance product | 2015



Questions: A3 and D36; Basis: 1,100 interviews.

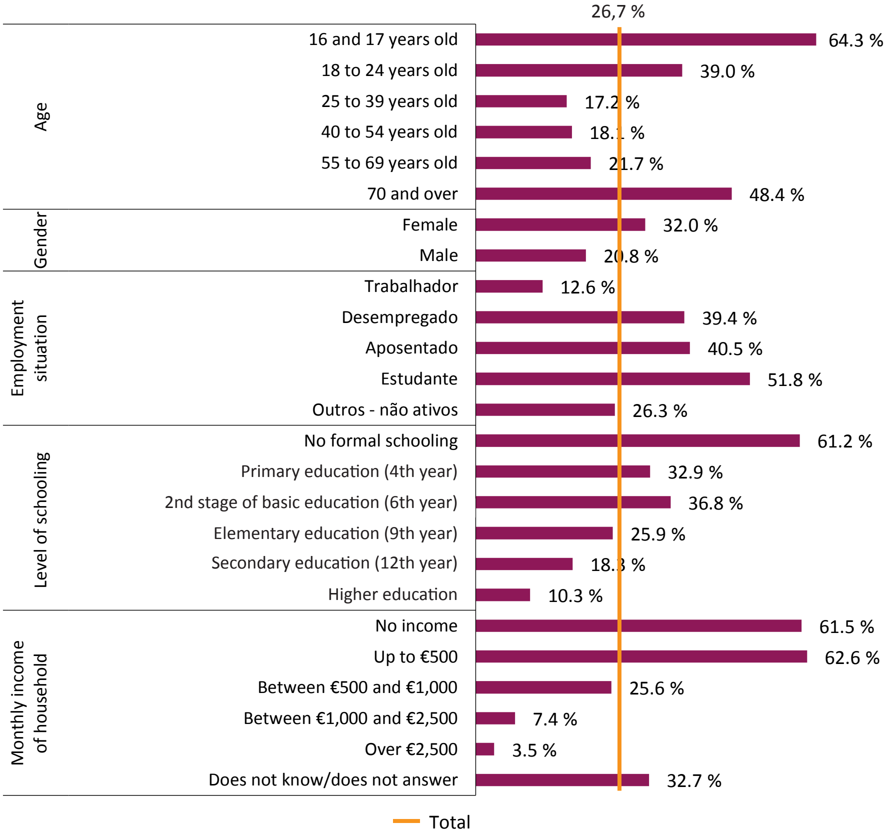
Of the 26.7 per cent of interviewees who have no insurance, young people stand out (64.3 per cent of 16-17 year olds and 39 per cent of those aged 18-24), as well as those aged 70 and over (48.4 per cent). The proportion of interviewees without insurance is also above average among students (51.8 per cent), pensioners (40.5 per cent), the unemployed (39.4 per cent) and women (32.0 per cent).

The results show that there is also a correlation between schooling and income levels and holding insurance. In fact, 61.2 per cent of interviewees with no formal schooling, 61.5 per cent of those with no income and 62.6 per cent of interviewees who belong to households with a monthly income below €500, do not hold insurance products.

Not having assets to protect is the main reason for not having insurance

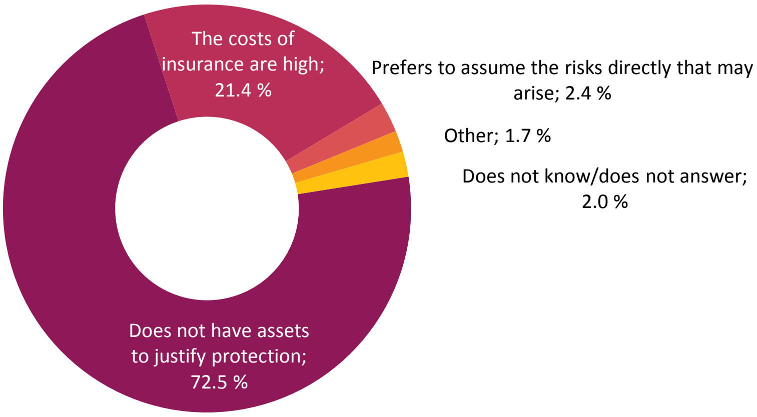
Among the reasons given for not having insurance are a lack of assets to protect (72.5 per cent) and the high cost of the insurance premiums (21.4 per cent).

CHART III.2.4.2 | Characterisation of interviewees who do not have insurance | 2015



Questions: A2, A3, A4, A5, D35 and F21: Basis: 294 interviews.

CHART III.2.4.3 | Reasons for not holding insurance | 2015



Questions: D37; Basis: 294 interviews.

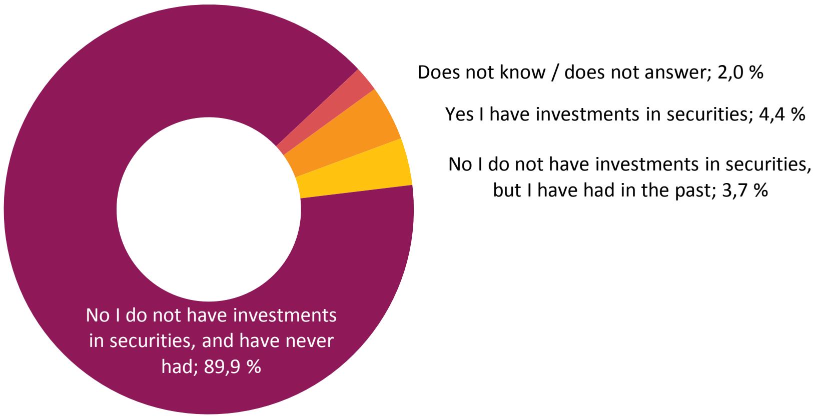
2.5. Holding investment products[4]

Only 4.4 per cent claim to have direct or indirect investments in any type of securities

Approximately 89.9 per cent of interviewees do not hold, nor have they ever held, any investment in securities. Only 4.4 per cent of respondents claim to hold either direct or indirect investments in securities, whilst 3.7 per cent stated that they do not currently have any investments but have invested in this type of products in the past.

Of those with investments, 83.3 per cent have shares and 41.7 percent hold mutual fund shares. The majority of existing investors (64.6 per cent) completed a minimum of secondary school, with 41.7 per cent having a university degree. In terms of gross monthly household income, 35.4 per cent earn €1,000 to €2,500 and 20.8 per cent earn over €2,500.

CHART III.2.5.1 | Percentage of interviewees with investments in securities | 2015

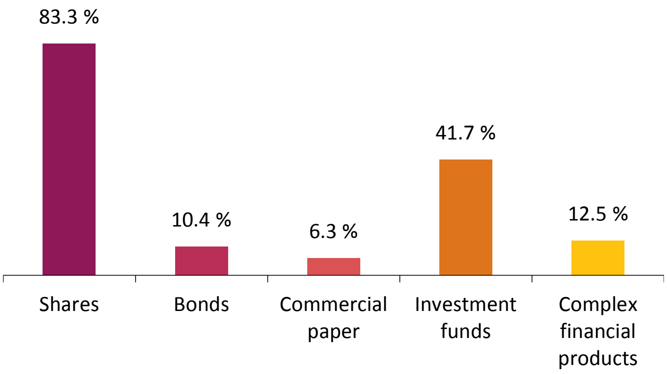


Question: D18; Basis 1,100 interviews.

---

[4] Investment products are considered to include shares, bonds, investment funds and others.

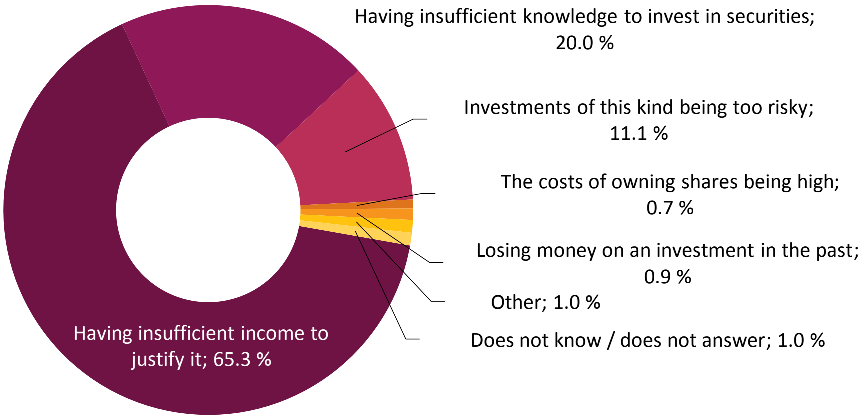
CHART III.2.5.2 | Type of securities held by interviewees | 2015



Question: D1.2; Basis: 48 interviews (multiple choice).

Of those interviewees who do not currently hold securities, 65.3 per cent stated to have insufficient income to justify such investment types and 20 per cent mentioned not having sufficient knowledge to invest in securities.

CHART III.2.5.3 | Main reason for not holding securities | 2015

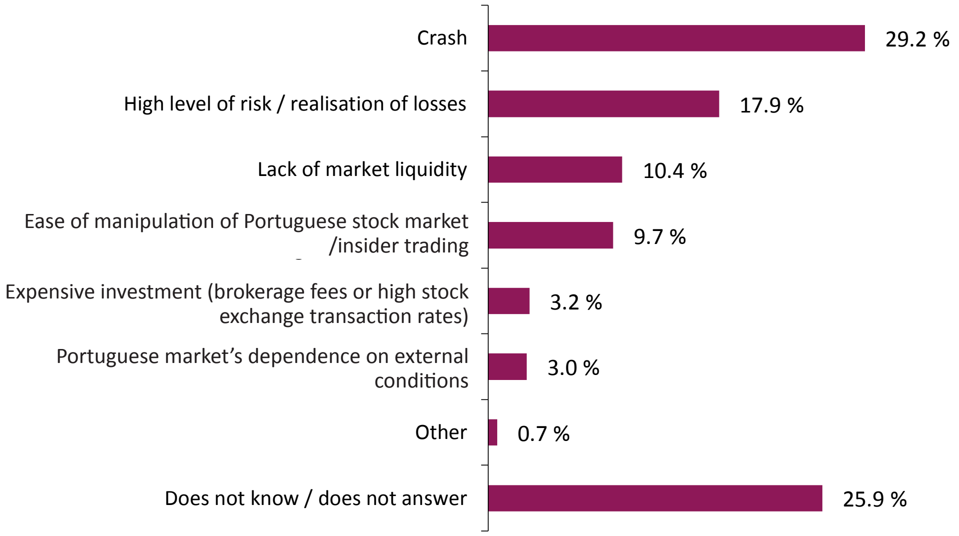


Questions: D30 and D32; Basis: 1,030 interviews.

Sharp and broad-based declines in prices are the main reason for not investing in securities

When questioned about their main concern in relation to the securities market, approximately 29.2 per cent of interviewees who do not currently hold securities fear a crash in securities prices and 17.9 per cent mentioned the high level of risk and realisation of losses. Of those interviewees whose greatest fear is a crash, 21.3 per cent completed higher education and 28.6 per cent completed only primary education, suggesting that this concern affects individuals with various levels of schooling in a relatively uniform way.

CHART III.2.5.4 | Main concern related with securities markets | 2015



Question: D34; Basis: 1,030 interviews.

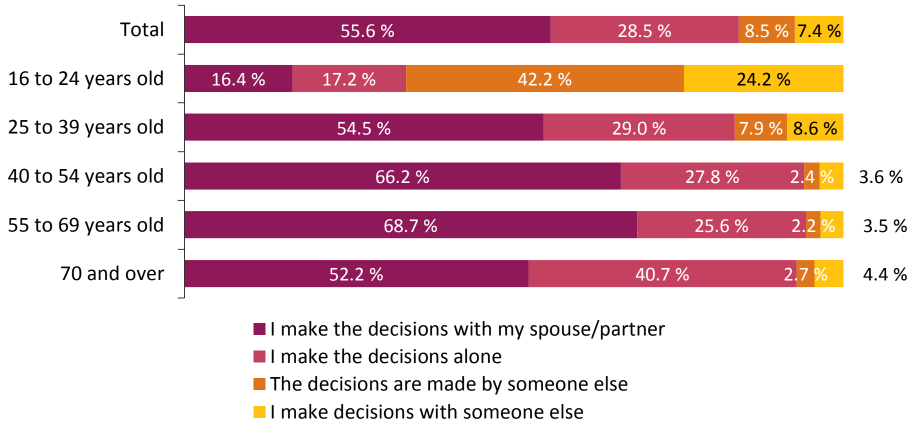
3. Planning of household budget and savings

3.1. Planning the household budget

Over half of those interviewed (55.6 per cent) stated that they make decisions on managing money jointly with their spouse or partner and 28.5 per cent stated that they make such decisions alone. However, among the interviewees that live with a spouse or partner, the proportion who state that they make money management decisions alone falls to 12.4 per cent.

In the 16 to 24 age group, 42.2 per cent of interviewees mentioned that responsibility for managing the household budget lies with another person. On the other hand, 40.7 per cent of those aged 70 and over make their own money management decisions.

CHART III.3.1.1 | Responsibility for making day-to-day decisions about money, by age group | 2015



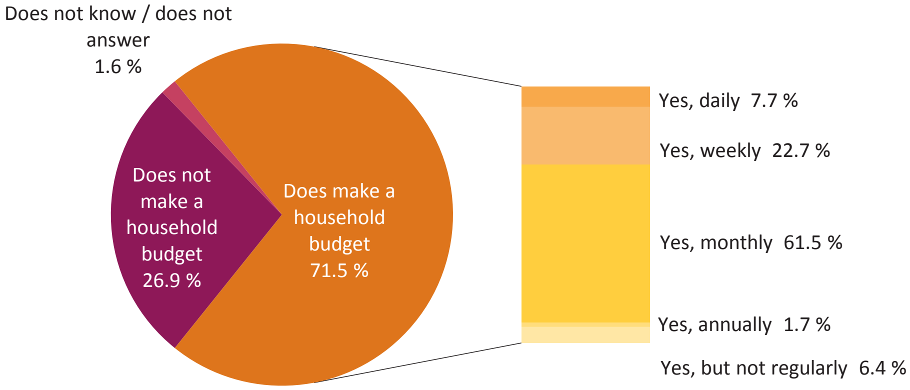
Questions: A3 and A7; Basis: 1,100 interviews.

Approximately 27 per cent do not plan the household budget

Approximately 27 per cent of interviewees claimed that their household does not make a budget to support money management. Of the interviewees who do plan the household budget, 61.5 per cent do so on a monthly basis whereas 22.7 per cent do it weekly.

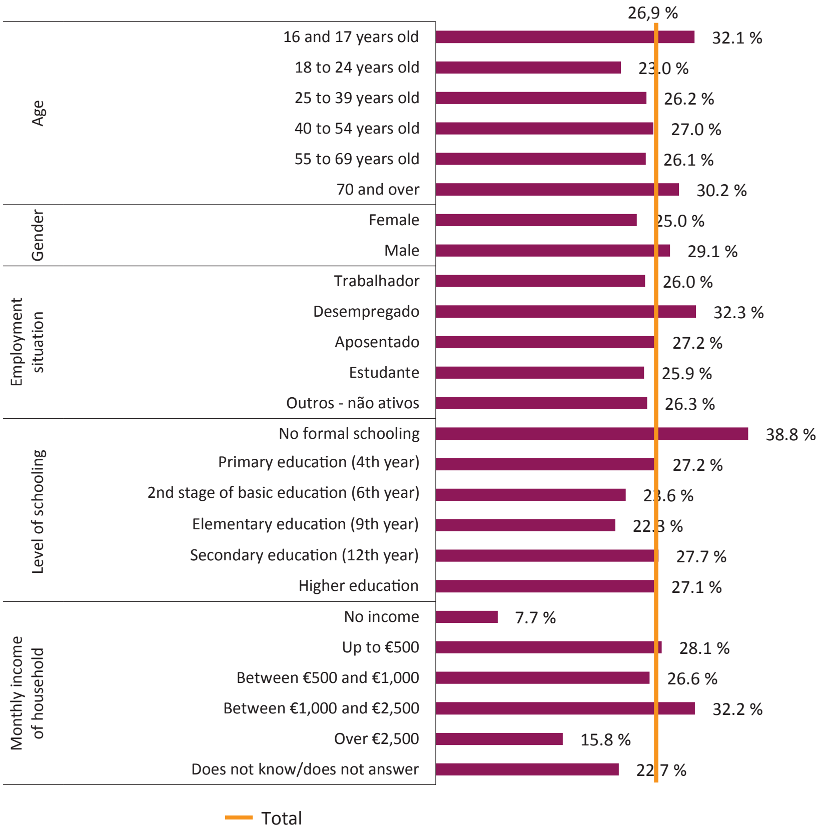
The number of young interviewees who do not budget stands out (32.1 per cent of 16-17 year olds), although this is also common among those aged 70 and over (30.2 per cent). The proportion of those who do not make a household budget is also higher than average among the unemployed (32.3 per cent) and those with no formal schooling (38.8 per cent). There is no direct correlation between making a household budget and the monthly household income, with emphasis on the 32.2 per cent of those with a monthly income of €1,000 to €2,500 who do not budget.

CHART III.3.1.2 | Frequency of household budget planning | 2015



Question: C1; Basis: 1,100 and 787 interviews.

CHART III.3.1.3 | Characterisation of interviewees who do not have an household budget | 2015



Questions: A2, A3, A4, A5, C1 and F21; Basis: 1,100 interviews.

3.2. Saving habits

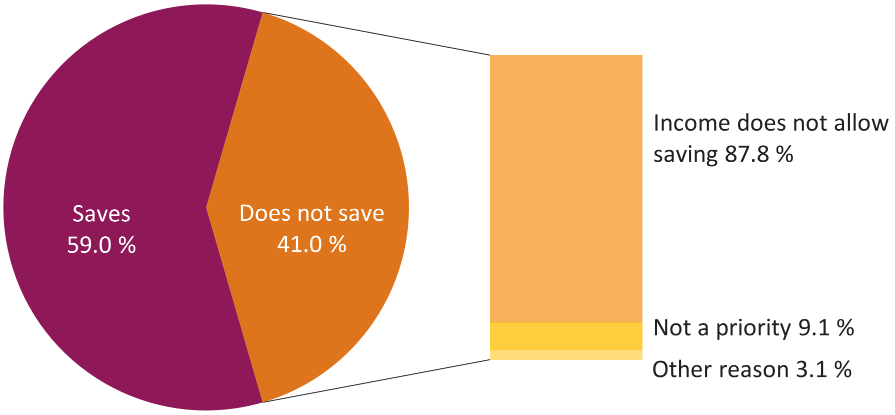
59 per cent save…

Saving is a habit mentioned by 59 per cent of interviewees, although only 30.3 do so regularly. Of the interviewees who do not save, 87.8 per cent stated that their incomes are too low and 9.1 per cent do not consider it a priority.

…an increase compared to the 52 per cent observed in 2010

In 2015, there was an improvement in saving habits compared to the results of the 2010 Financial Literacy Survey. The 41 per cent of interviewees who do not save compares to 48 per cent in 2010. The main reason for not saving remains: for those who do not save, about 88 percent stated that their incomes do not allow saving in both years.

CHART III.3.2.1 | Saving and the main reason for not saving | 2015

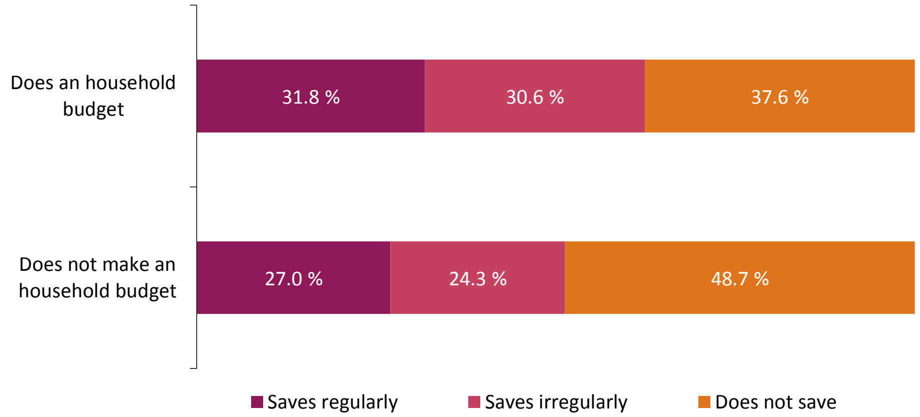


Questions: C2 and C3; Basis: 1,100 and 451 interviews.

The habit of saving is more common amongst those who plan the household budget

The increase in 2015, compared to 2010, in the percentage of respondents who claim to save (7 percentage points higher) contrasts with the fall in the proportion of those who plan the household budget (13 percentage points lower). Nevertheless, saving is more frequent among those interviewees who plan the household budget: 31.8 per cent save regularly and 30.6 per cent save irregularly, compared to 27 per cent and 24.3 per cent respectively of those without a household budget. On the other hand, almost half (48.7 per cent) of those who do not plan the household budget do not save, a proportion that falls to 37.6 per cent of those who do such planning.

CHART III.3.2.2 | Budgeting and saving | 2015



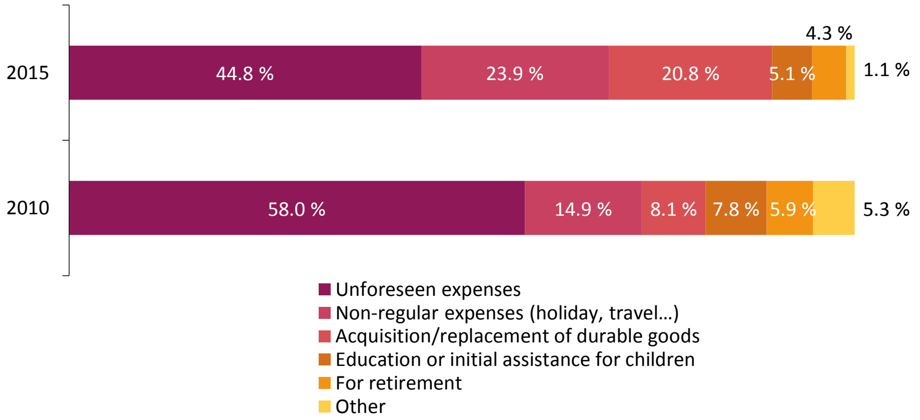
Questions: C1 and C2; Basis: 1,100 interviews.

Among interviewees who save, 44.8 per cent state meeting unforeseen expenses as their main reason for doing so, 23.9 per cent aim to cover future non-regular expenses and 20.8 per cent save to acquire or replace durable goods.

Comparing the 2015 results to those of the 2010 Financial Literacy Survey, there is a smaller proportion of interviewees who save for unforeseen expenses (13.2 percentage points lower), although there appears to be a greater concern for planning future expenditure, considering the increase in the proportion of interviewees who save to acquire durable goods (12.7 percentage points higher) and to meet non-regular expenses such as holidays (9 percentage points higher). Saving for retirement is cited as the main reason for saving by a relatively small proportion of respondents, with a slight fall in numbers between the two years analysed (4.3 per cent in 2015 and 5.9 per cent in 2010).

Saving is more closely associated to planning for future expenses than in 2010

CHART III.3.2.3 | Main reason for saving | 2015 and 2010



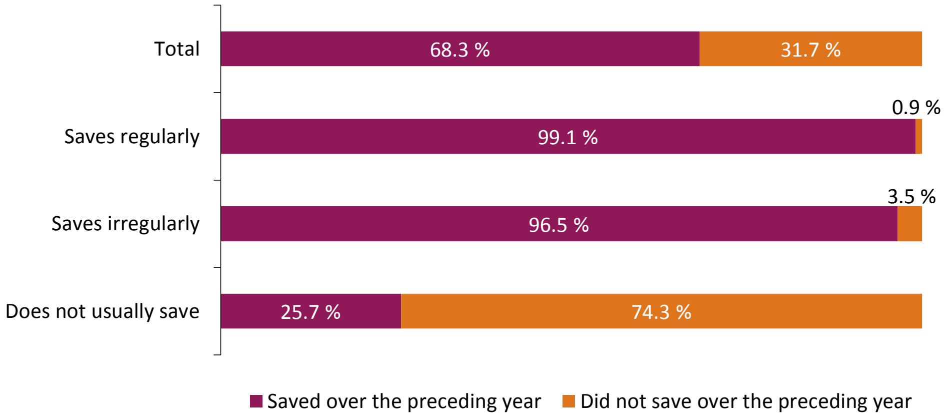
Question 2015: C3; Basis: 649 interviews. Question 2010: D5; Basis: 1,037 interviews.

When questioned as to whether they had actually saved in the preceding year, 68.3 per cent of interviewees answered positively. Most of those who say that they save confirmed that they have saved in the past year. In turn, about a quarter (25.7 per cent) of interviewees who do not usually save, claim to have done so in the past year.

Approximately half did not apply their savings in the past year

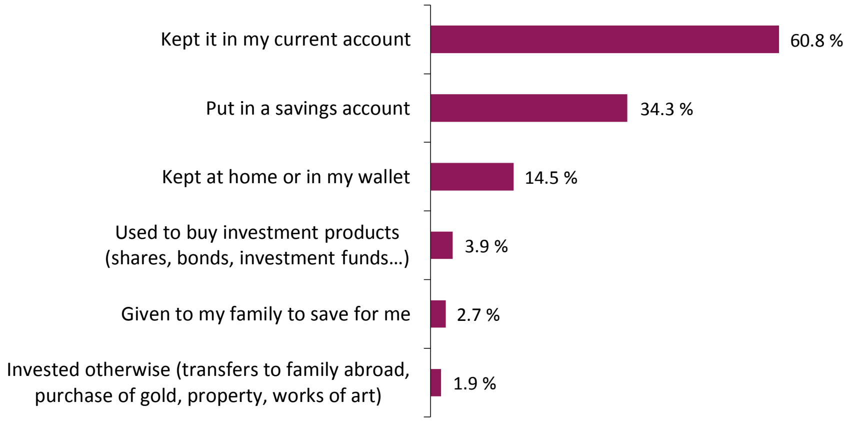
Interviewees show little proactivity in investing their savings, as 60.8 per cent of those who save claim to leave their money in a current account and 14.5 per cent keep the money at home. A little over one-third of interviewees (34.3 per cent) say they save their money in a savings account and 3.9 per cent invest it in investment products.

CHART III.3.2.4 | Saving in the past 12 months | 2015



Questions: C2 and C5; Basis: 1,100 interviews.

CHART III.3.2.5 | Investment of savings in the past 12 months | 2015



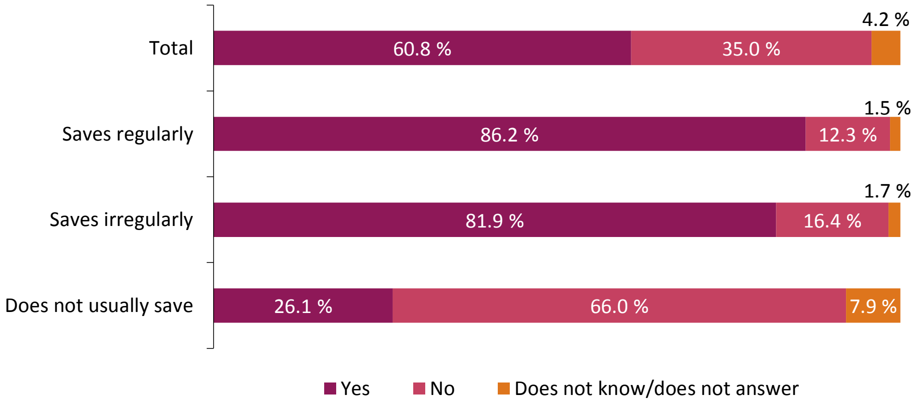
Question: C5; Basis: 752 interviews (multiple choice).

3.3. Situations of uncertainty in the household budget

Approximately 61 per cent of interviewees state they would be able to meet an unforeseen expense equivalent to their monthly income without having to borrow money or asking family and friends to help. This proportion is greater (86.2 per cent) among those respondents who claim to save regularly. By contrast, 35 per cent state they cannot cover an unforeseen expense for that amount, increasing to 66 per cent among those interviewees who do not usually save.

Approximately 61 per cent are able to meet an unforeseen expense of a sum equal to their monthly income...

CHART III.3.3.1 | Saving and the ability to meet an unforeseen expense equivalent to monthly income | 2015

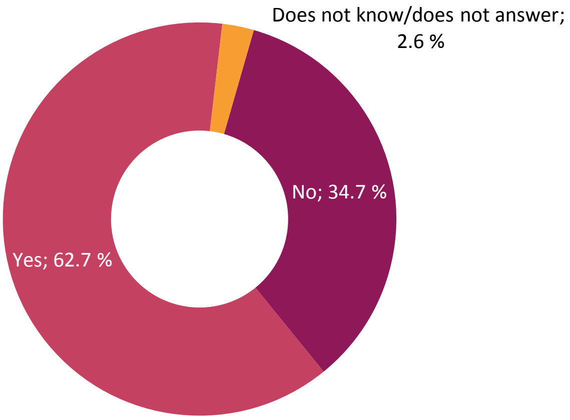


Questions: C2 and C6; Basis: 1,036 interviews.

...and almost two-thirds consider their income sufficient to cover living costs

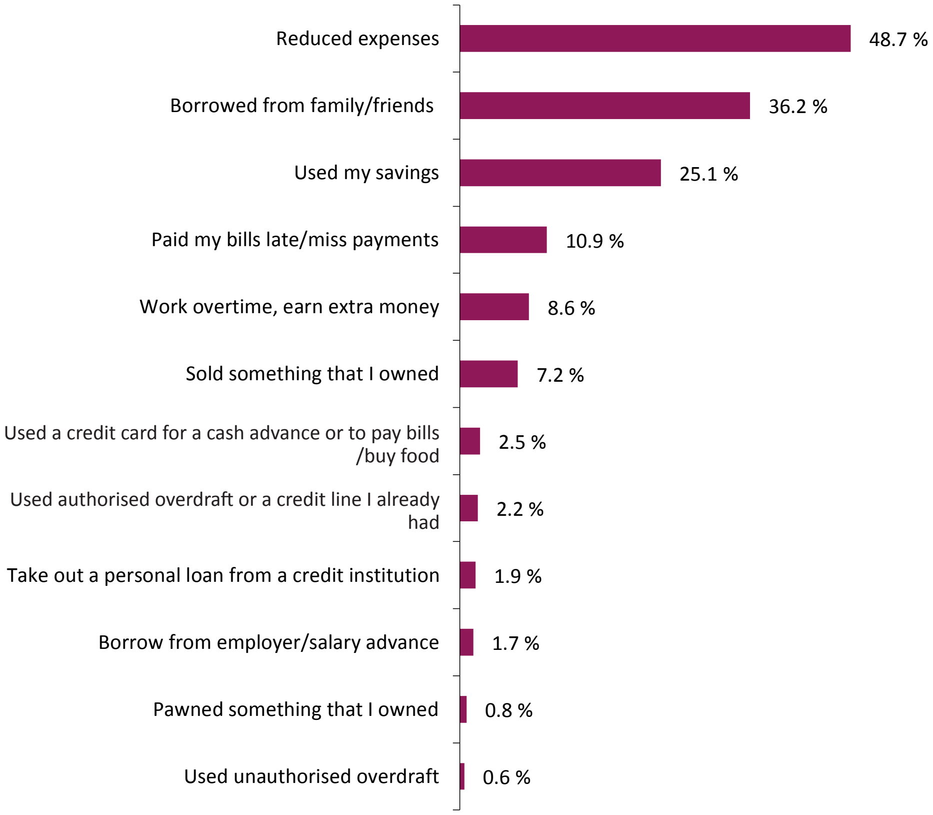
Approximately 63 per cent of interviewees stated that their income is sufficient to cover their living costs. The 34.7 per cent who mentioned that sometimes their income is insufficient to cover their living costs were asked what they had done to solve the problem the last time it happened: 48.7 per cent claimed to reduce their expenses, 36.2 per cent borrowed money from family or friends, 25.1 per cent used their savings and 10.9 per cent left their bills unpaid. Recourse to bank credit or employer or pawning of goods was mentioned by 7.2 per cent of respondents.

CHART III.3.3.2 | Income sufficient to cover living costs | 2015



Question: C7; Basis: 1,036 interviews.

CHART III.3.3.3 | Making ends meet in insufficient income | 2015



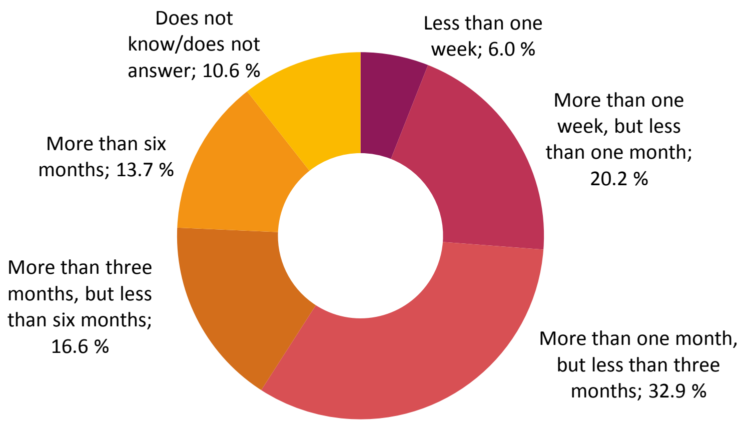
Question: C7.1; Basis: 359 interviews (multiple choice).

Questioned on how long the household would be able to cover living expenses without borrowing money or moving house in the event of losing the main source of household income, a little over a quarter of interviewees (26.2 per cent) indicate a period of less than one month. This percentage increases to about one-third among interviewees who live alone.

A quarter would not be able to meet monthly expenses if the household lost its main source of income

Approximately one-third (32.9 per cent) would be able make ends meet if it lost the main household income, for a period of between one and three months, and 13.7 per cent could do so for over six months.

CHART III.3.3.4 | Duration of ability to make ends meet in the event of losing main source of household income | 2015



Questions: C8 and F21; Basis: 1,087 interviews.

3.4. Attitudes and behaviours in managing the household budget

To understand interviewees' attitudes and behaviours in situations related to planning and managing the household budget, they were asked to classify a number of statements on the following scale: completely agree (5 points); agree (4 points); neither agree nor disagree (3 points); disagree (2 points); and completely disagree (1 point). Therefore, the statements with an average value above 3 are statements that the interviewees generally agree with; average values below 3 are those that the interviewees generally disagree with.

The majority prefer to save before buying...

The majority of interviewees consider their expenses and save for the future, as they generally agree with the statement "before I buy something I carefully consider whether I can afford it" (average of 4.45) and with the statement "I prefer to save before buying anything" (average of 3.66). On the other hand, the statements "when I want to buy something I use credit" and "I tend to impulse buy" have average values of 1.79 and 2.28 respectively, demonstrating that the interviewees disagree with these statements. Interviewees also tend to disagree with the statement "I find it more satisfying to spend money than to save it for the long term".

...control their personal finances...

Controlling personal finances is a common behaviour, considering that interviewees generally agreed with the statement "I keep a close personal watch on my financial affairs" (average of 4.05) and with the statement "I set long-term financial goals and strive to achieve them" (average of 3.44).

The results for statements on degree of satisfaction with their day-to-day financial situation are around the mid-point, in which interviewees generally neither agree nor disagree with the statement "my financial situation limits my ability to do things that are important to me" with 3.4 points and the statement "I am satisfied with my present financial situation" with a score of 2.8.

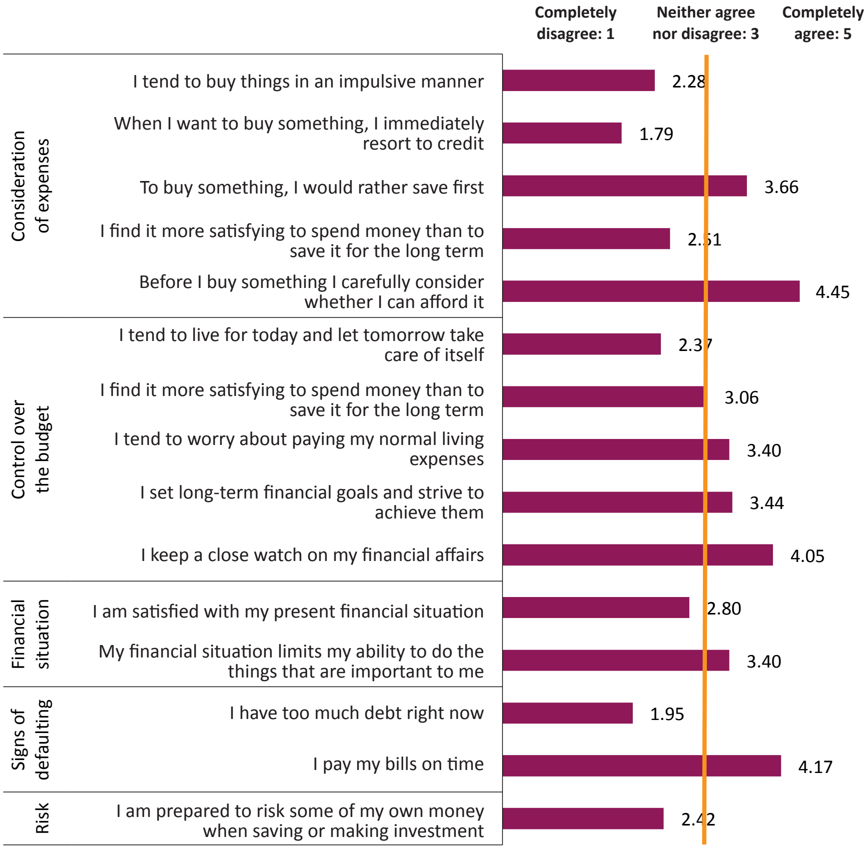
The majority of interviewees do not show signs of defaulting, agreeing with the statement "I pay my bills on time" (average of 4.17) and disagreeing with the statement "I have too many much debts right now" (average of 1.95).

...do not show signs of defaulting...

Interviewees appear to be somewhat risk-averse, as they generally disagree with the statement "I am prepared to risk some part of my own money when saving or making an investment invest in a financial product" (average of 2.42).

...and are risk-averse when applying savings

CHART III.3.4.1 | Interviewees' attitudes and behaviours when managing the household budget (averages) | 2015



Question: C9; Basis: 1,100 interviews.

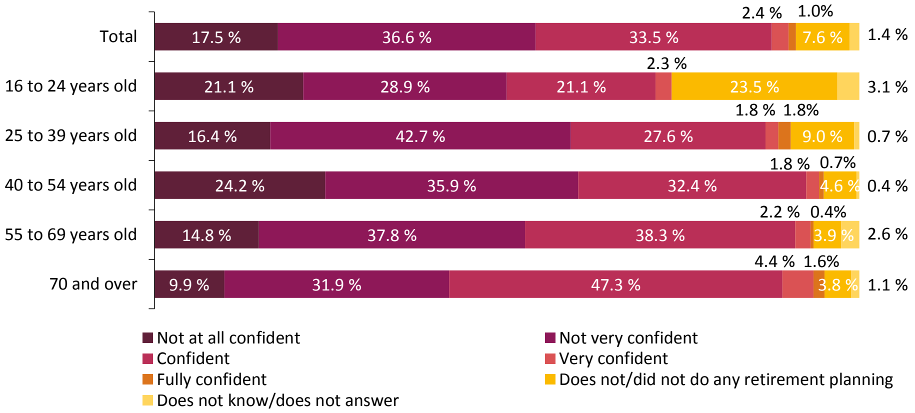
3.5. Retirement planning

The majority of interviewees (82.2 per cent) state that they will finance their retirement through deductions to social security or another compulsory contributory regime and only 11.9 per cent mentioned that they have a private pension plan.

54 per cent have little or no confidence in their retirement planning

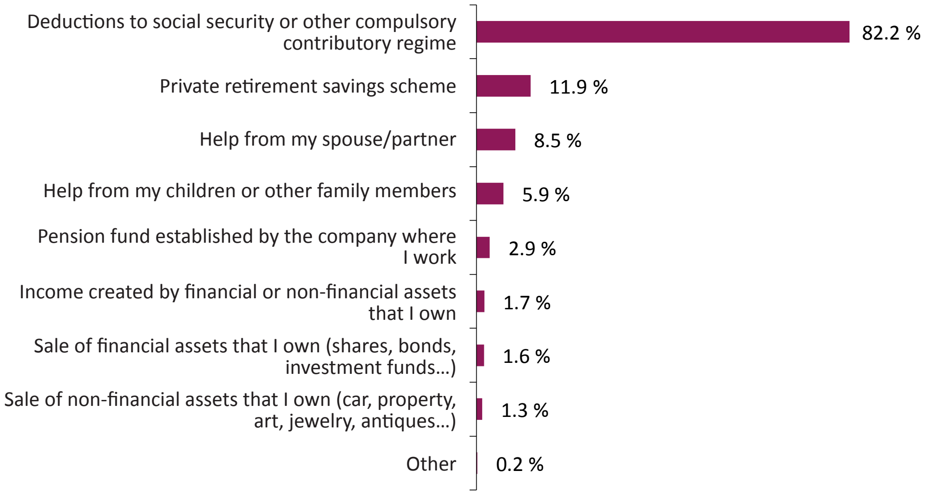
Retirement planning by interviewees shows some shortcomings as 7.6 per cent claimed not to do any planning whilst 54.1 per cent had little or no confidence in that planning. The proportion of interviewees with little or no confidence in retirement planning is greater among 25-54 year olds (approximately 60 per cent) with the most confident being aged 70 and over (53.3 per cent).

CHART III.3.5.1 | Degree of confidence in retirement planning, by age group | 2015



Questions: A3 and C10; Basis: 1,100 interviews.

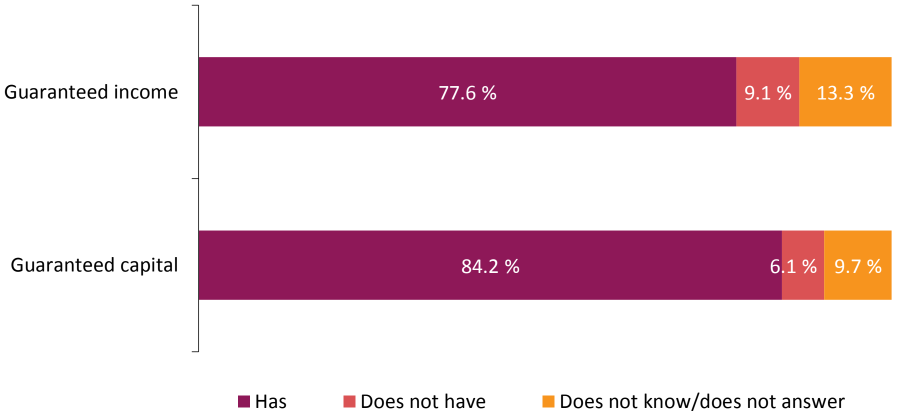
CHART III.3.5.2 | Method of financing retirement | 2015



Question: C10.1; Basis: 1,100 interviews (multiple choice).

Of those interviewees who have a private pension plan, 84.2 per cent state that it has guaranteed capital and 77.6 per cent mentioned that it has guaranteed income. The majority (73.3 per cent) state that their private pension plan has both guaranteed capital and income.

CHART III.3.5.3 | Characteristics of the private pension plan | 2015



Question: D45; Basis: 165 interviews.

4. Choice and management of financial products

4.1. Recently contracted financial products

Most interviewees had already heard of the various financial products

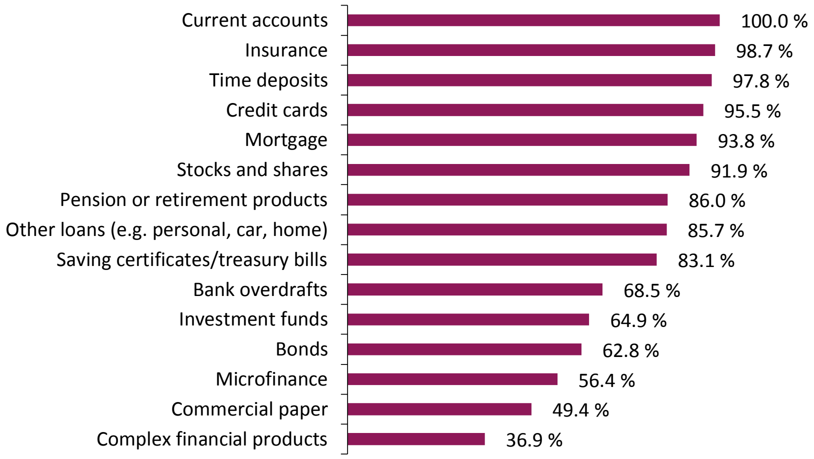
Current accounts are known by all interviewees and over 90 per cent have heard of insurance, time deposits, credit cards, mortgage and shares. However, only about half have heard of commercial paper (49.4 per cent) and less than half know of the existence of complex financial products (36.9 per cent). Other financial products that interviewees have less knowledge of are bank overdrafts (68.5 per cent), investment funds (64.9 per cent), bonds (62.8 per cent) and microcredit (56.4 per cent).

Current accounts and insurance are the most common financial products

In relation to the financial products held by the interviewees, 92.5 per cent stated that they have a current account and 73.1 per cent hold at least one insurance product. As well as these products, also frequent are time deposits (38.7 per cent), credit cards (31.6 per cent), mortgage loans (21.9 per cent) and other loans such as personal and car loans (15.5 per cent) and retirement savings schemes (15 per cent). However, 6.3 per cent do not possess any kind of financial product.

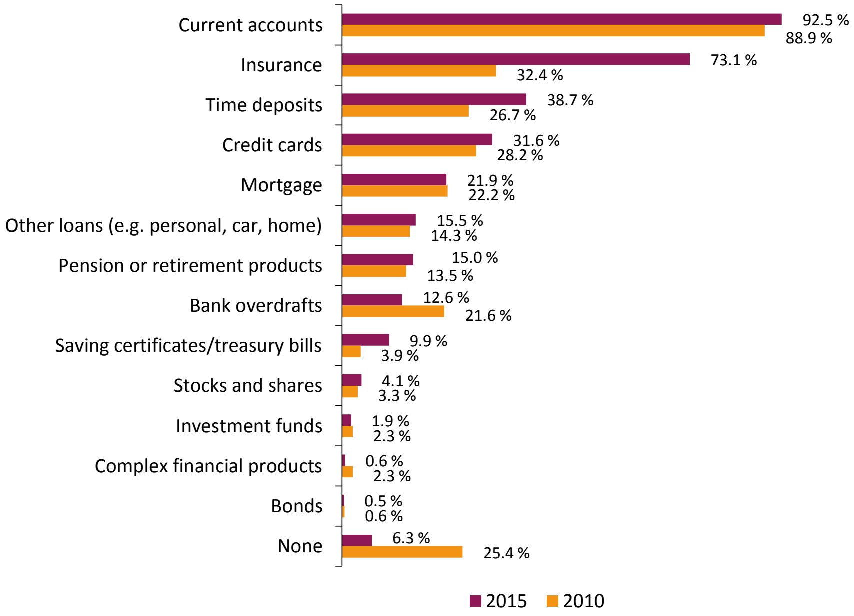
Compared to the results of the 2010 Financial Literacy Survey, in 2015 there has been a significant increase in the number of interviewees who have insurance (73.1 per cent against 32.4 per cent in 2010) and time deposits (38.7 per cent in 2015 and 26.7 per cent in 2010). On the other hand, there has been a significant fall in the percentage of holders of overdrafts (12.6 per cent in 2015 and 21.6 per cent in 2010). The percentage of interviewees who claim not to hold any financial products has also fallen from 25.4 per cent in 2010 to 6.3 per cent in 2015. These changes reflect a greater involvement in the financial system, but could also reflect improved perception by the interviewees of the concept of a financial product and the various products this concept includes.

CHART III.4.1.1 | Financial products known by the interviewee | 2015



Question: D1.1; Basis: 1,100 interviews (multiple choice).

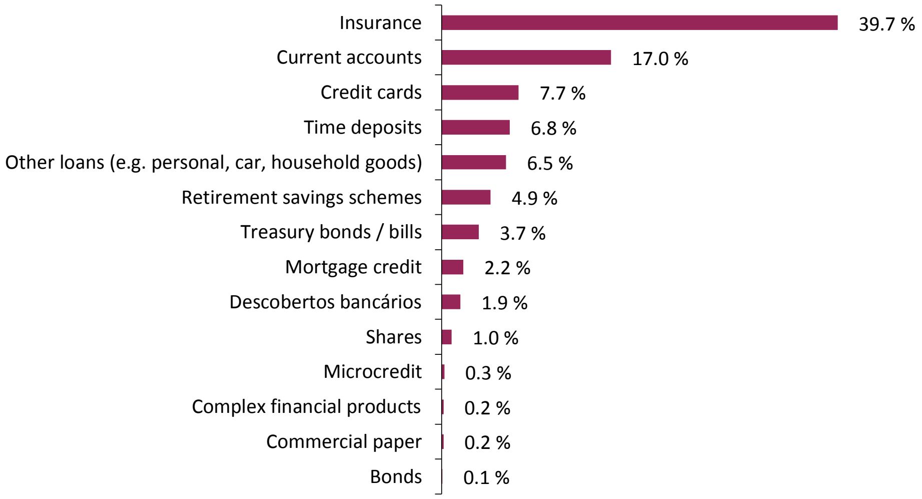
CHART III.4.1.2 | Financial products held by the interviewee | 2015 e 2010



Questions 2015: B1 and D1.2; Basis: 1,100 interviews (multiple choice). Question 2010: E1; Basis: 2,000 interviews.

Insurance is the financial product that the greatest number of interviewees mention having contracted most recently (39.7 per cent), followed by current accounts (17 per cent) and credit cards (7.7 per cent).

CHART III.4.1.3 | Financial products the interviewee contracted most recently | 2015



Question: D1.4; Basis: 1,100 interviews.

Interviewees were questioned about the process of choosing their most recently contracted financial product and the sources of information used in the process.

67.5 per cent consider various alternatives before choosing a financial product

Almost half of interviewees (44.6 per cent) considered various options from different institutions when choosing their most recently contracted financial product. However, about a quarter (26.2 per cent) state that they did no research or comparison with the alternatives.

In terms of banking products, 37.3 per cent of interviewees considered various options from different institutions and 22.5 per cent compared various options from the same institution. On the other hand, approximately 33 per cent of interviewees stated they had not undertaken any research or comparison with available alternatives prior to contracting the banking product in question.

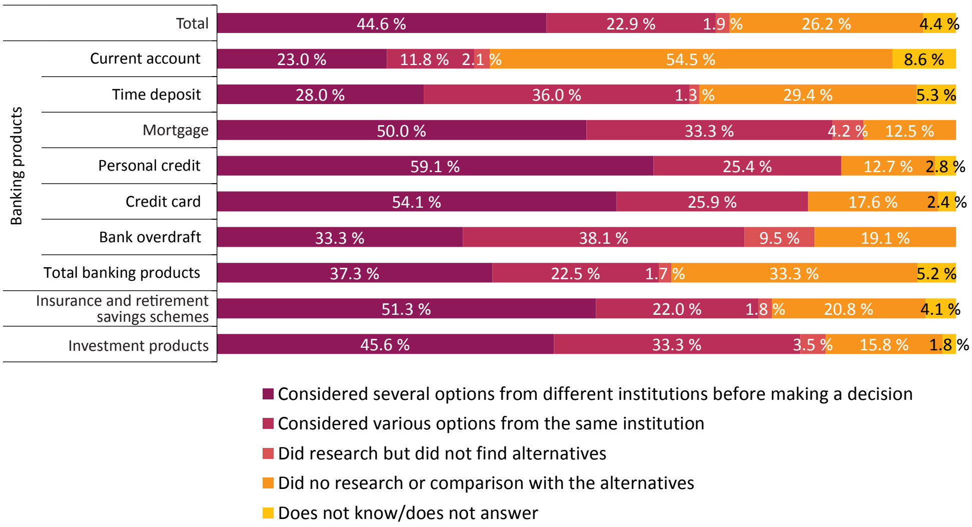
Mortgage is the banking product where the smallest percentage of interviewees (12.5 per cent) does not research nor compare with other options. However, current accounts are the product where not comparing alternatives is most frequent (54.5 per cent).

As far as personal loans and credit cards are concerned, the greatest percentage of interviewees, 59.1 per cent and 54.1 per cent respectively, stated they had considered various options from different institutions before making a decision.

In terms of insurance and pension funds, approximately half (51.3 per cent) of interviewees mentioned having considered various options in different institutions and 22 per cent stated they had analysed various options from the same institutions. On the other hand, 20.8 per cent of interviewees claimed not to have done any research or comparison with alternative options.

With investment products, 45.6 per cent of interviewees considered several options from different institutions and 33.3 per cent considered various options from the same institution. Only 15.8 per cent of interviewees claimed not to have done any research or comparison with alternative options.

CHART III.4.1.4 | Process of choosing the most recently contracted financial product | 2015



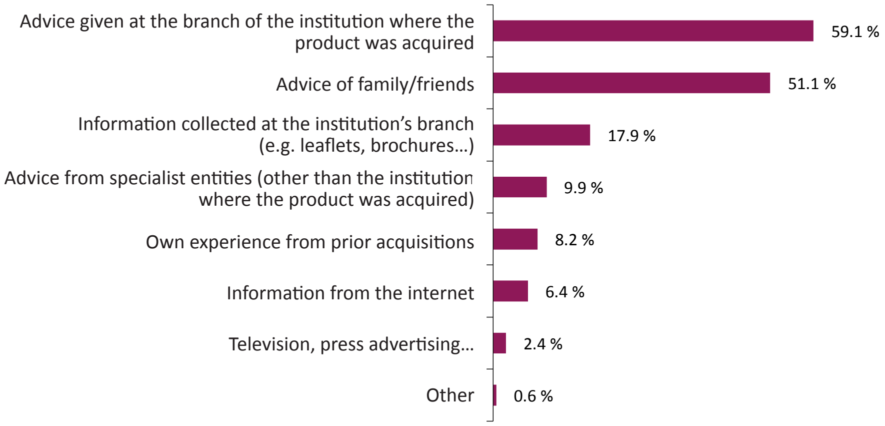
Questions: D1.4 and D2; Basis: 1,014 interviews.

Questioned on the sources of information that most influenced the choice of the most recently contracted financial product, 59.1 per cent of interviewees stated they had followed the advice given at the branch of the institution where they acquired the product and 51.1 per cent followed the advice of family and friends. The information collected at the institution's branch via, for example leaflets and brochures, was mentioned as the factor of choice by 17.9 per cent of interviewees, information from the internet by 6.4 per cent, and only 2.4 per cent of respondents mentioned television and press advertising. The sources of information identified by interviewees are similar across the different financial products, without notable differences when choosing banking products, insurance and investment products.

Advice given at the branch or by family and friends continues to be the main factor in choosing financial products

Advice received at the institution's branch and that of family and friends were the two sources of information most mentioned by interviewees in the 2010 Financial Literacy Report.

CHART III.4.1.5 | Sources of information that influenced the choice of financial product | 2015

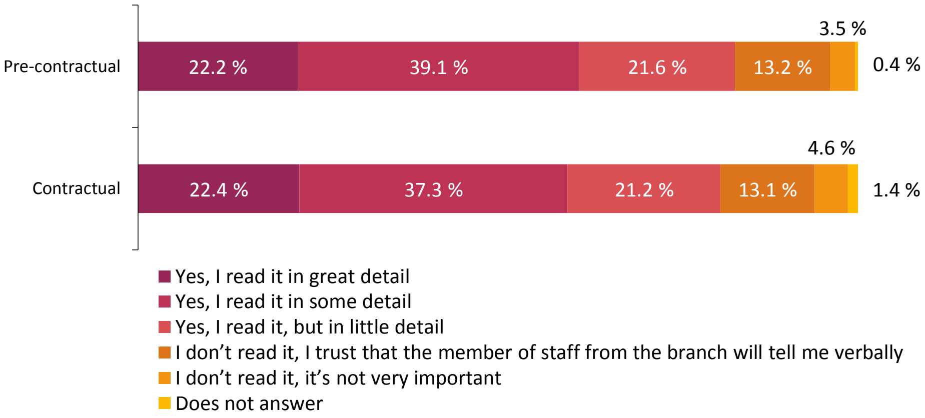


Questions: D1.4 and D3; Basis: 1,014 interviews (multiple choice).

Over 80 per cent claim to have read the pre-contractual and contractual information

The majority of respondents stated that they read the pre-contractual (82.9 per cent) and contractual (80.9 per cent) information of the financial products they contract. However, only about 22 per cent claim to read it in much detail. On the other hand, approximately 13 per cent of interviewees state that they do not read pre-contractual and contractual information and trust the information provided verbally by the branch staff, increasing to 41.5 per cent for those interviewees with no formal schooling.

CHART III.4.1.6 | Reading the pre-contractual and contractual information for financial products | 2015



Questions: D4 and D5; Basis: 1,031 interviews.

4.2. Banking products

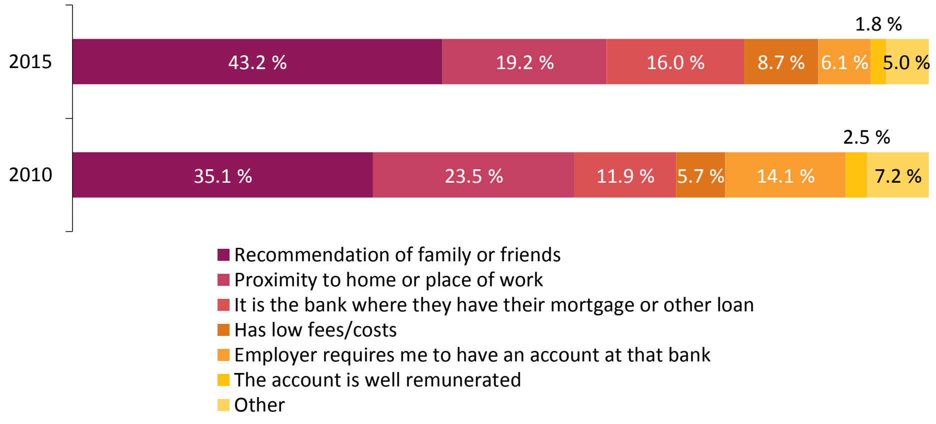
Current accounts[5]

The main reasons given by interviewees for choosing the bank where they hold their main current account are recommendation of family or friends (43.2 per cent), proximity to home or place of work (19.2 per cent) and the fact that it is the bank where they have their mortgage loan (16 per cent). The reasons related with cost or remuneration of the account are chosen by 8.7 per cent and 1.8 per cent respectively.

In comparison with the results of the 2010 Financial Literacy Survey, in the reasons for choosing the bank where they hold their main current account, there is an increase in 2015 of the prevalence of recommendation by family and friends (43.2 per cent in 2015 and 35.1 per cent in 2010) and the use of the same bank where they have their mortgage or other loans (16 per cent in 2015 and 11.9 per cent in 2010). There is also a slight increase in the relative importance of the cost of the account (8.7 per cent in 2015 and 5.7 per cent in 2010). On the other hand, proximity to home or place of work and imposition by employer are factors that are less important in 2015 than in 2010.

The recommendation of family and friends as a reason for choosing a bank gains importance in comparison to 2010

CHART III.4.2.1 | Main reason for choosing the bank for a main current account | 2015 and 2010



Question 2015: D6; Basis: 1,012 interviews. Question 2010: C11; Basis 1,742 interviews.

---

[5] Five of the 1,017 interviewees who claimed to be holders of one or more current accounts and who stated they perform transactions on their accounts more than once a week or more than once a month (questions B1, B2 and B3), did not signal the product 'current account' in question D1.2 and, considering the reply path planned in the questionnaire, they did not answer questions D6, D7 and D8, meaning that analysis of these questions is based on 1,012 interviewees.

Almost two-thirds check the transactions on their bank account more than once a week

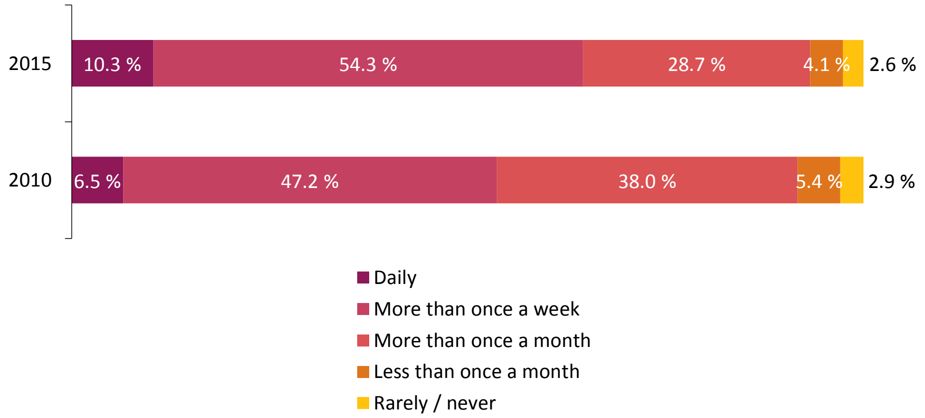
10.3 per cent of interviewees check current account transactions on a daily basis and 54.3 per cent do so more than once a week.

Approximately 75 per cent of interviewees state that they know the account servicing fee on their current accounts, although only 19.1 per cent know the exact amount. The remaining 24.6 per cent of interviewees are unaware of the account maintenance fee for their current accounts, a percentage that increases for those with lower levels of schooling: 51.9 per cent of interviewees with no formal schooling; 31.8 per cent of those with primary education and 30.5 per cent of interviewees with 2nd stage of basic education (6th year).

The frequency with which transactions are checked and knowledge of the account maintenance fee increased compared to 2010

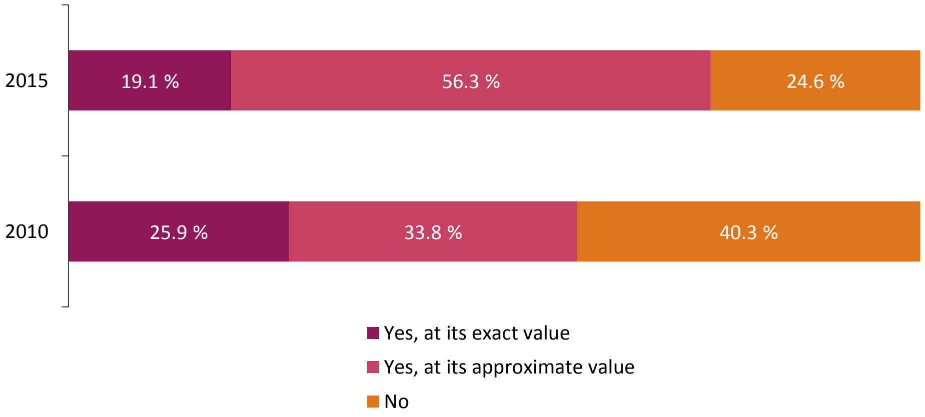
In relation to the results obtained in the 2010 Financial Literacy Survey, there has been an increase in the frequency with which interviewees monitor transactions on their current accounts: In 2015 64.6 per cent of interviewees monitor the transactions of their current account more than once a week, compared to 53.7 per cent in 2010. As far as knowledge of the account maintenance fee on a current account is concerned, despite the percentage of interviewees claiming to know the exact value having fallen since 2010 (from 25.9 per cent to 19.1 per cent), the number of interviewees who know the approximate value of the account maintenance fee has increased (from 33.8 per cent to 56.3 per cent). The proportion of those who are unaware of the value of this fee fell from 40.3 per cent in 2010 to 24.6 per cent in 2015.

CHART III.4.2.2 | Monitoring frequency of current account transactions | 2015 and 2010



Question 2015: D7; Basis: 1,012 interviews. Question 2010: C4; Basis 1,742 interviews.

CHART III.4.2.3 | Knowledge of current account maintenance fee | 2015 and 2010



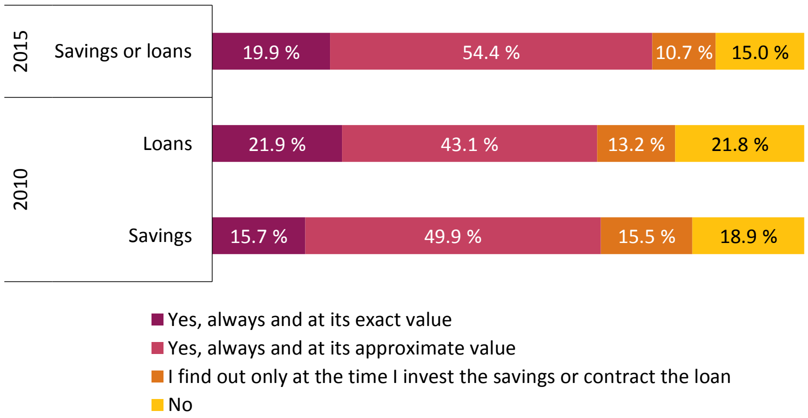
Question 2015: D8; Basis: 1,012 interviews. Question 2010: C15; Basis 1,742 interviews.

Interest rates

Approximately 75 per cent of interviewees stated that they know the interest rate on their savings and loans, although only 20 per cent stated that they know the exact interest rate. On the other hand, 15 per cent of interviewees claimed not to know the value of the interest they receive or pay and 10.7 per cent find out only at the time they invest the savings or contract the loan.

Only one-fifth knows the exact interest rates of their savings and loans...

CHART III.4.2.4 | Knowledge of the interest rates on savings and loans | 2015 and 2010



Question 2015: D9; Basis 693 interviews. Questions 2010: E4 and E6; Basis: 670 and 822 interviews.

...but knowledge of these rates has increased since 2010

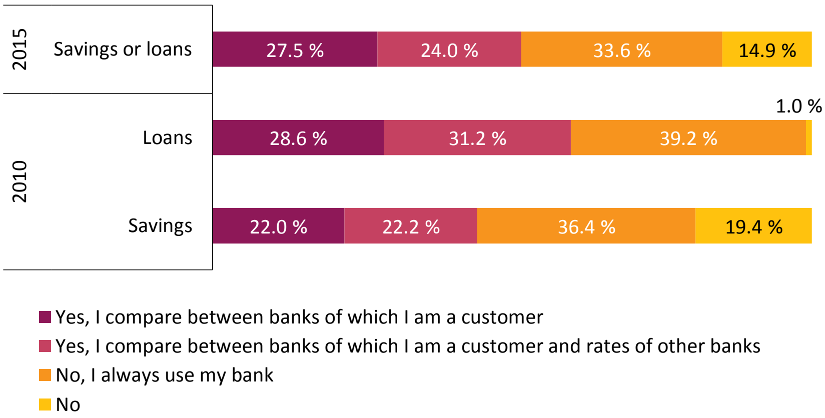
In the 2010 Financial Literacy Survey approximately 65 per cent stated that they knew the interest rates (10 percentage points less than in 2015) and approximately one-fifth did not know, a percentage greater than the 15 per cent registered in 2015.

Almost half do not compare interest rates before investing savings or contracting loans

In contracting savings or loan products, 48.5 per cent of interviewees admitted that they had made no prior comparison of the interest rates applied, 33.6 per cent due to always using their usual bank. 27.5 per cent of interviewees make a comparison of interest rates between the products of the banks they are customers of, whilst 24 per cent also compare those with the interest rates of other banks.

In relation to the 2010 Financial Literacy Survey, there are no significant changes in terms of interest rate comparison behaviour prior to contracting, although the results are not totally comparable, as in 2010 the interest rate comparison question was asked separately for investment of savings and for loans.

CHART III.4.2.5 | Comparison of interest rates prior to investing savings or contracting loans | 2015 and 2010



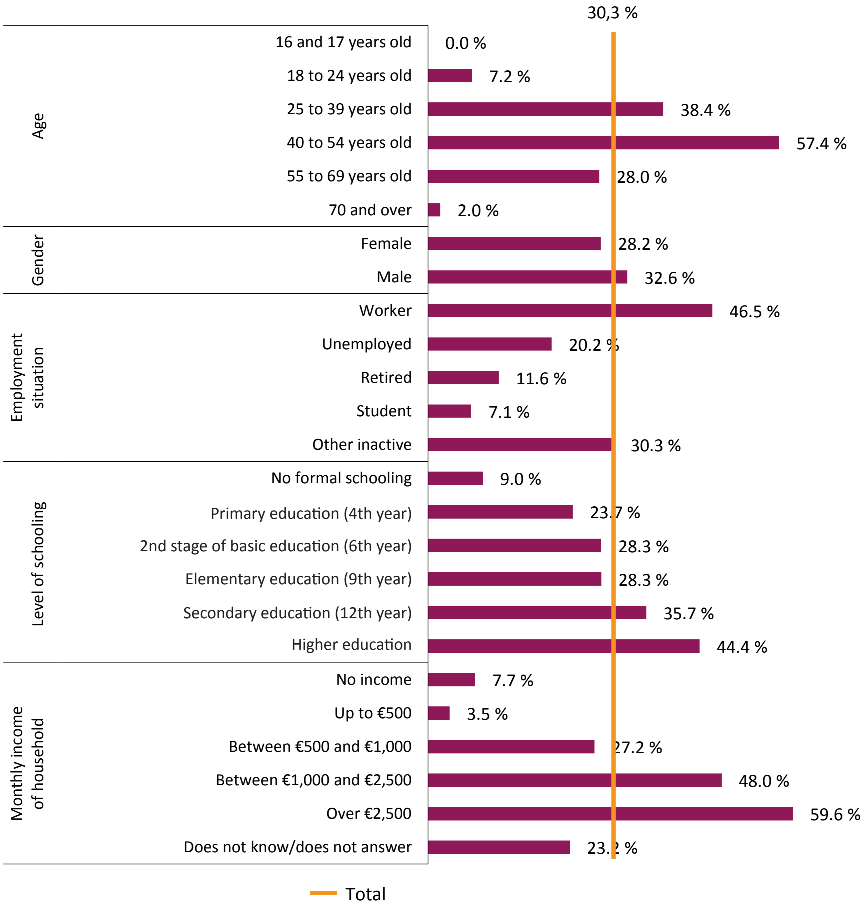
Question 2015: D10; Basis 693 interviews. Questions 2010: E5 and E7; Basis: 670 and 822 interviews.

Loans

About 30 per cent of interviewees state that they hold a mortgage loan and/or consumer loan. The proportion of interviewees with loans is higher than average for the 25 to 54 age group (57.4 per cent for 40-54 year olds and 38.4 per cent for 25-39 year olds) and workers (46.5 per cent).

The holding of loans tends to increase with levels of schooling and income, being greater than average among those who have higher education (44.4 per cent) and secondary education (35.7 per cent), as well as among interviewees whose households have higher gross monthly incomes (59.6 per cent of those earning over €2,500 and 48 per cent of those earning between €1,000 and €2,500).

CHART III.4.2.6 | Characterisation of interviewees who hold mortgage or consumer credit | 2015



Questions: A2, A3, A4, A5, D1.2 and F21; Basis: 1,100 interviews.

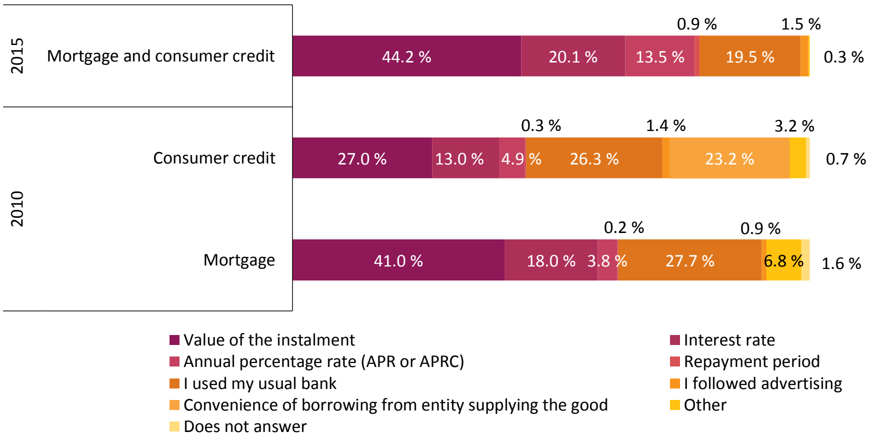
The value of the instalment is the most important factor in choosing a loan for 44.2 per cent of interviewees, followed by the interest rate (20.1 per cent). The annual percentage rate (APR) on mortgage loans and the annual percentage rate of charge (APRC) on consumer loans, which reflect the overall cost of the loan on an annual basis (interest, commissions and other fees) are mentioned by 13.5 per cent of interviewees.

Almost two-thirds cite as the main reason for choosing their loans to be the instalment or interest rate...

...but the APR and APRC have become more important as the main factors of choice compared to 2010

In 2015, the proportion of interviewees who refer to the instalment amount as the main reason for choosing the loan increased in relation to the results of the 2010 Financial Literacy Survey, when it was equally cited as the most frequent factor of choice. The proportion of interviewees that refers to interest rates or the APR/APRC as main factors in choosing a loan is also greater in 2015. In the case of the APR/APRC, mentioned by 13.5 per cent of interviewees in 2015, the increase is significant as it compares with 2010 percentages of 3.8 per cent for mortgage loans and 4.9 per cent for consumer loans.

CHART III.4.2.7 | Main reason for choosing mortgage or consumer credit | 2015 and 2010



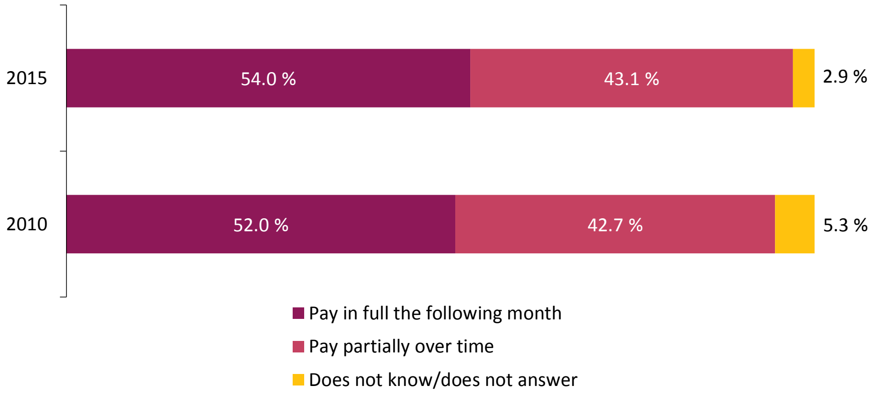
Question 2015: D11; Basis 333 interviews. Questions 2010: E17 and E23; Basis: 444 and 285 interviews.

54 per cent pay the outstanding balance on their credit card at the end of each month

When using a credit card, a little over half of interviewees (54 per cent) claim to pay the full outstanding amount at the end of each month and 43.1 per cent stated that they partially pay the balance, in line with the percentages obtained in 2010.

Most interviewees who have a credit card (82.2 per cent) know that if they pay a part of the outstanding balance they have an interest burden. This percentage is identical for those who pay only part of the debt and those who pay it off fully. Therefore, 17.3 per cent of those who partially pay the outstanding balance are unaware that they pay interest for not fully repaying the debt on their credit card each month.

CHART III.4.2.8 | Credit card repayment scheme | 2015 and 2010



Question 2015: D14; Basis: 348 interviews. Question 2010: E28; Basis: 564 interviews.

TABLE III.4.2.1 | Credit card repayment scheme and knowledge of payment of interest | 2015

"If I pay part of my credit card balance, I won't pay interest."	True	False
Pay in full the following month	18.6 %	81.4 %
Pay partially over time	17.3 %	82.7 %
Does not know/does not answer	10.0 %	90.0 %

Questions: D14 and F5.1; Basis: 348 interviews.

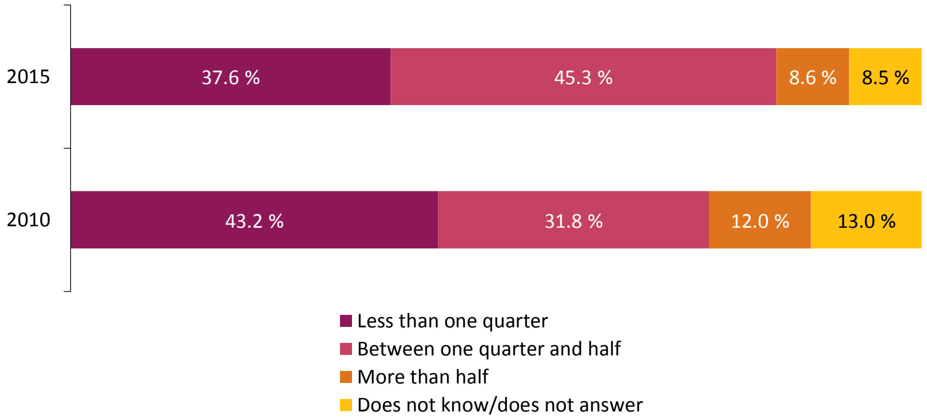
Loan instalments consume less than one quarter of the monthly income of 37.6 per cent of interviewees who hold loans and for 45.3 per cent they represent more than one quarter but less than half of their income. The weight of instalments on the monthly income of the household is the so-called debt burden ratio, an indicator used to assess the capacity to reimburse a loan. The prevalence of lower debt burden ratios, lower than a quarter of monthly income, is greater for interviewees whose monthly household income is lower than €500 (50 per cent) and those whose monthly income is over €2,500 (44.9 per cent). For intermediate income brackets, approximately half of interviewees stated that their debt burden ratio is between one quarter and half the monthly household income.

Approximately 54 per cent have a debt burden ratio greater than one-quarter of monthly income

The percentage of those who do not know their debt burden ratio fell compared to 2010

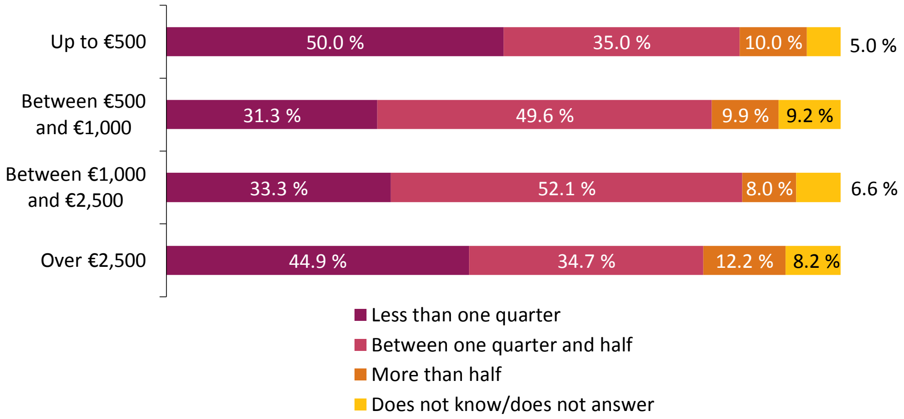
Compared to the results of the 2010 Financial Literacy Survey, there is a fall of 5.6 percentage points in the proportion of interviewees with lower debt burden ratios (less than one quarter of monthly income) and an increase of 13.5 percentage points of those who indicate intermediate debt burden ratios (between a quarter and half of monthly income). There is also a reduction in the percentage of interviewees with loans where instalments represent more than half of income (3.4 percentage points lower) and those respondents who do not know their debt burden ratio (4.5 percentage points).

CHART III.4.2.9 | Debt burden ratio (weight of loan instalments on monthly income) | 2015 and 2010



Question 2015: D12; Basis 505 interviews. Question 2010: E8; Basis 822 interviews.

CHART III.4.2.10 | Debt burden ratio, by gross monthly household income bracket | 2015



Questions: D12 and F21; Basis: 505 interviews.

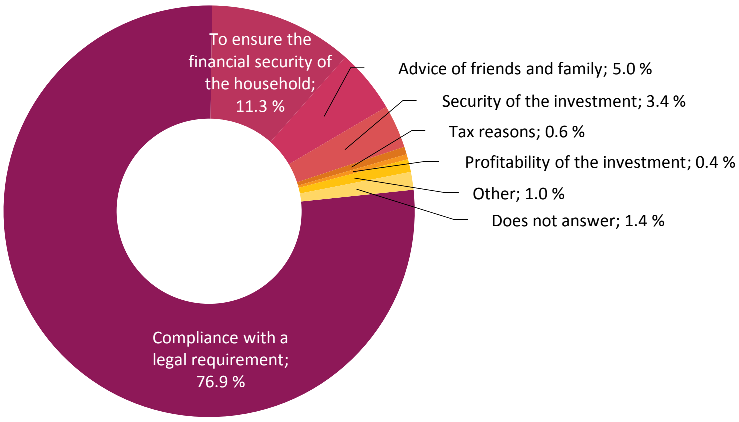
4.3. Insurance

Most interviewees stated that the main reason for holding insurance is the need to comply with a legal requirement (76.9 per cent) and only 11.3 per cent hold insurance to ensure the financial security of the household.

Approximately 77 per cent have insurance to meet a legal requirement

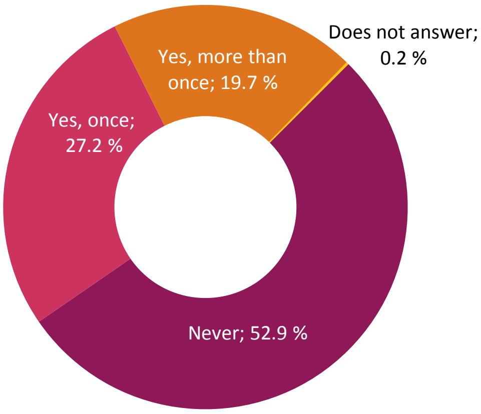
Almost half of interviewees with insurance (46.9 per cent) have benefited from insurance: 27.2 per cent only once and 19.7 per cent more than once.

CHART III.4.3.1 | Main reason for holding insurance | 2015



Question 27: D39; Basis: 804 interviews.

CHART III.4.3.2 | Percentage of interviewees that have benefited from insurance | 2015

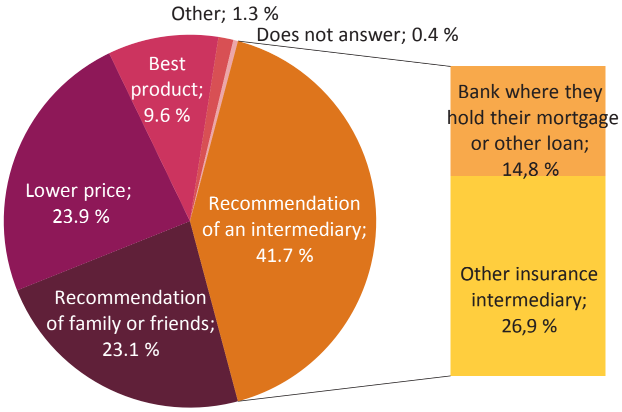


Question: D44; Basis: 804 interviews.

Approximately 42 per cent chose their insurer on the advice of an intermediary and 23 per cent on the advice of family or friends

The recommendation of an intermediary is mentioned by 41.7 per cent of interviewees with insurance as the main reason for choosing their insurer, although in 14.8 per cent of cases it is simultaneously the bank where they hold their mortgage or other loan. Price is also one of the factors that most influences the choice of insurer (23.9 per cent), followed by recommendation of family or friends (23.1 per cent).

CHART III.4.3.3 | Main reason for choosing insurer | 2015

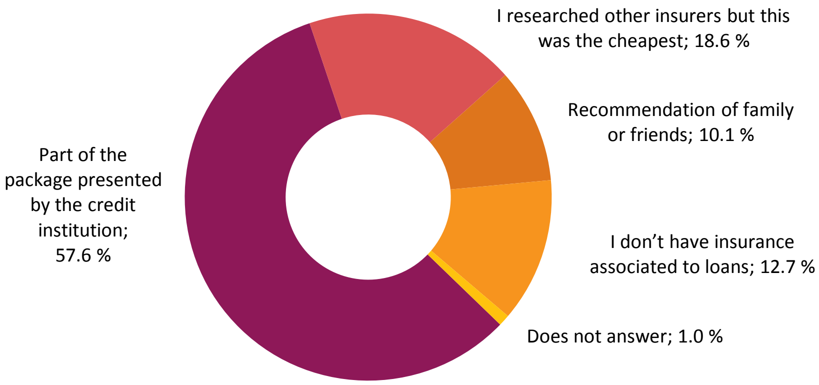


Question: D40; Basis: 804 interviews.

In the process of choosing insurance associated with loans, over half of interviewees (57.6 per cent) stated that the policy was part of the package presented by the credit institution, showing lack of knowledge in terms of the right to choose insurance and insurer.

In the case of interviewees with a mortgage loan, the percentage of those who mentioned not having been presented with a choice when contracting the insurance demanded by the credit institution increases to 75.5 per cent.

CHART III.4.3.4 | Process of choosing insurance associated to loans | 2015



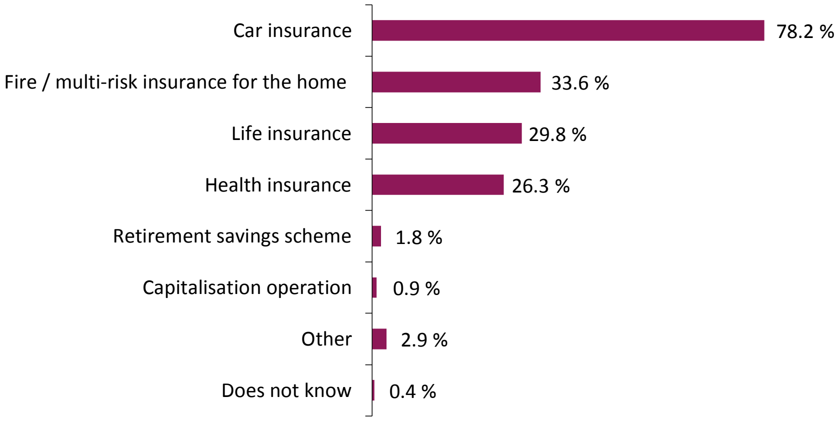
Questions: D1.2 and D13; Basis: 505 interviews.

Approximately 41 per cent of interviewees said they had taken out an insurance product in the preceding two years. In the majority of cases the insurance policy taken out was car insurance (78.2 per cent).

About one-third also mentioned that they subscribe to fire insurance for their homes. Life and health insurance were also referred to by 29.8 per cent and 26.3 per cent respectively of interviewees who had contracted insurance in the preceding two years.

Car insurance was the most frequently contracted in the last two years

CHART III.4.3.5 | Insurance contracted in the preceding two years | 2015



Question: D38; Basis: 449 interviews (multiple choice).

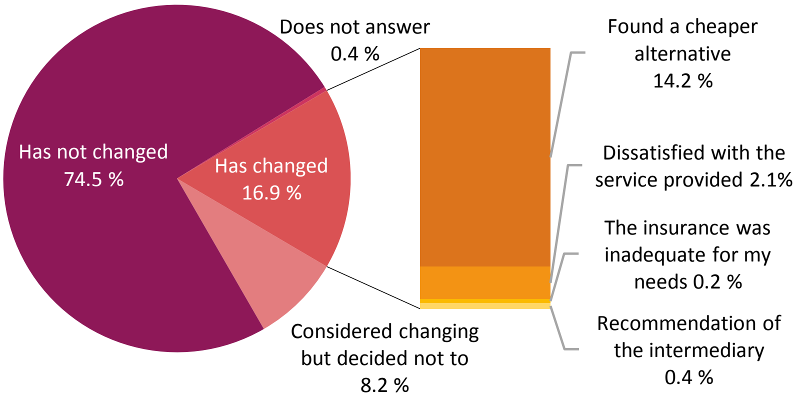
82.7 per cent have not changed their insurer in the past three years...

Questioned on changing their insurer, 16.9 per cent of interviewees with insurance claimed to have changed insurer in the preceding three years, with the principal factor for the change being a lower premium. On the other hand, 82.7 per cent of respondents claimed not to have changed insurer, although 8.2 per cent admitted to having considered such an option.

...with the main reason being satisfaction with their current insurer

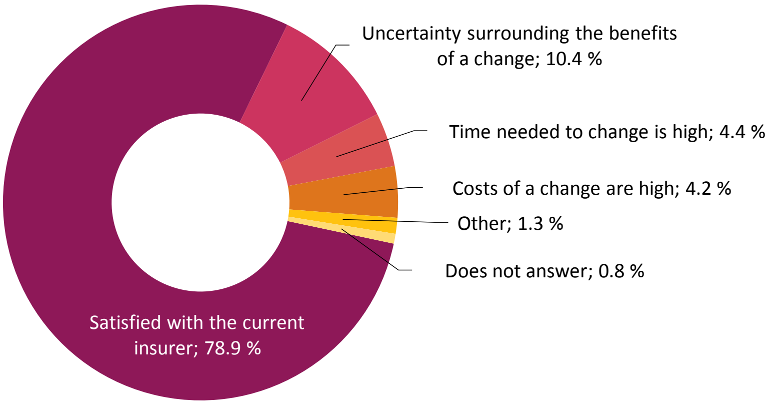
Satisfaction with the current insurer was cited by interviewees as the main reason for not changing (78.9 per cent). Uncertainty surrounding the benefits of a change was indicated by 10.4 per cent of respondents and, to a lesser degree, reasons relating to the time needed (4.4 per cent) and high costs of a change (4.2 per cent).

CHART III.4.3.6 | Changing and reasons for changing insurer in the last three years | 2015



Questions: D41 and D43; Basis: 804 interviews.

CHART III.4.3.7 | Reasons for not changing insurer | 2015



Question: D42; Basis: 665 interviews.

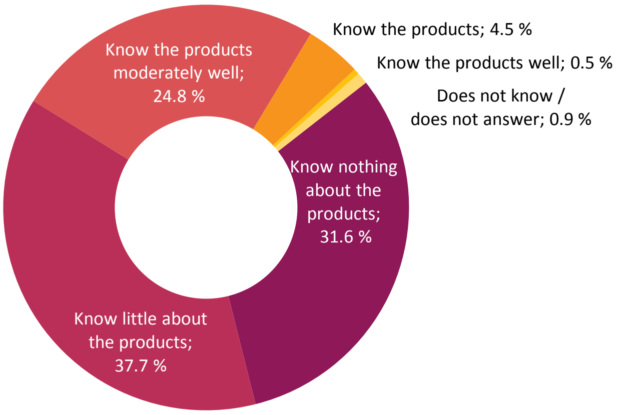
4.4. Investment products

With the aim of assessing knowledge and investment criteria in securities products and markets, such as shares, bonds and investment funds among others, interviewees were asked about the type of securities they invest in or the reasons why they stopped investing and the determining factors for their investment decisions.

The majority of interviewees admitted they knew little (37.7 per cent) or nothing (31.6 per cent) of the products and securities markets. Only 0.5 per cent claimed to know them well. The perception of knowledge of the securities market increases with the respondents' level of schooling: 44.4 per cent of those who claim to have knowledge or a lot of knowledge have higher education, with 10.9 per cent stating they have no knowledge.

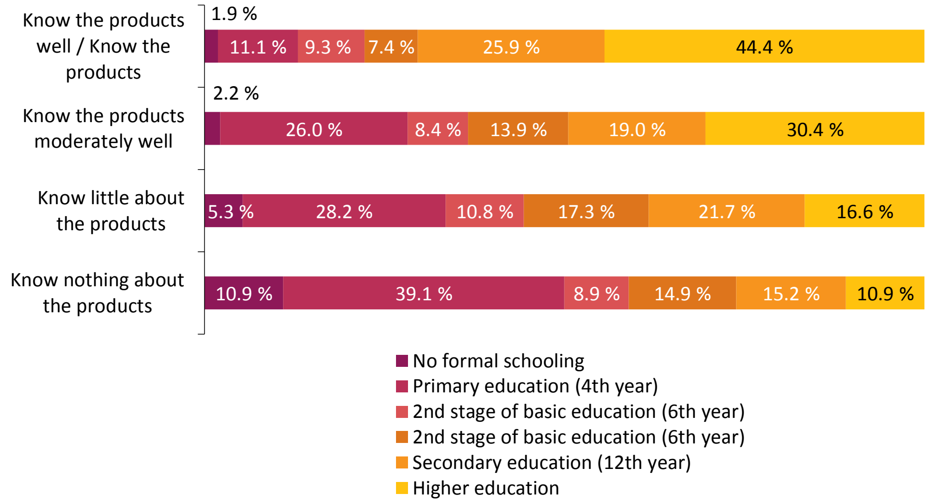
The majority admit they know little or nothing about securities products and markets

CHART III.4.4.1 | Knowledge of securities products and markets | 2015



Question: D17; Basis: 1,100 interviews.

CHART III.4.4.2 | Knowledge of securities products and markets by level of schooling | 2015



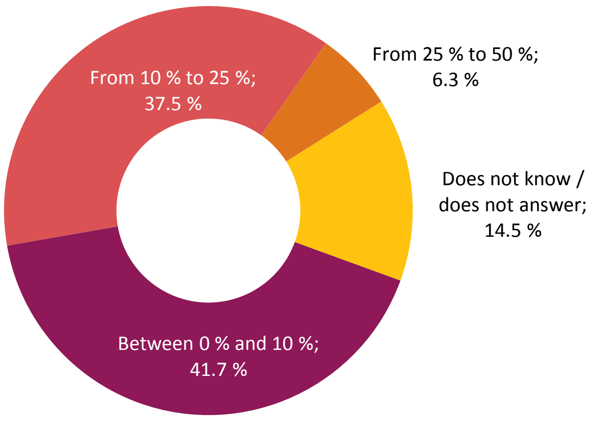
Questions: A4 and D17; Basis: 1,100 interviews.

Around 80 per cent invest less than a quarter of their assets in securities

Few interviewees (48) currently hold securities. These interviewees are conservative in the percentage of assets they invest in such financial products. None of the respondents stated that their securities portfolio represents more than 50 per cent of assets. A small percentage invests between 25 and 50 per cent of their assets in securities (6.3 per cent) and 35 per cent claim to invest between 10 and 25 per cent.

Approximately 42 per cent invest up to 10 per cent of their assets in this type of financial products, of whom 55 per cent belong to households with a gross monthly income of €500 to €1,000.

CHART III.4.4.3 | Assets invested in securities | 2015

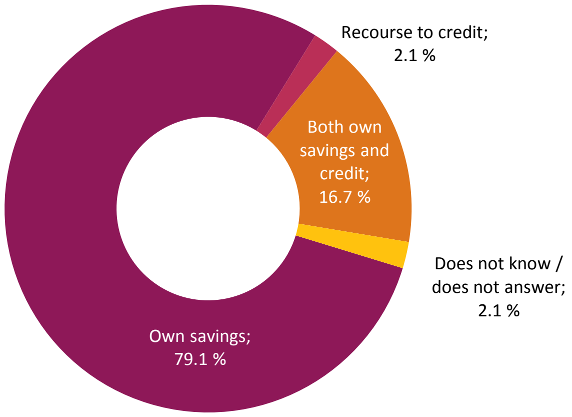


Question: D19; Basis: 48 interviews.

Most interviewees finance their investments in securities through their savings (79.1 per cent). Only 2.1 per cent seek recourse only to credit and 16.7 per cent resort to savings as well as credit.

The majority does not seek recourse to credit to invest in securities

CHART III.4.4.4 | Financing investment in securities | 2015

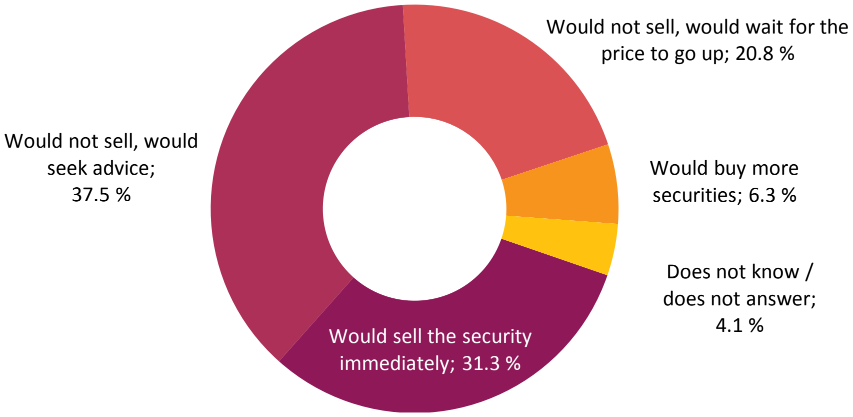


Question: D20; Basis: 48 interviews.

When faced with a hypothetical situation of a sharp fall in the value of a security, approximately 37.5 per cent of investors would not sell and would seek advice, 31.3 per cent would sell the security immediately and 20.8 per cent would wait until the price rose again. Only 6.3 per cent would buy more securities against a background of a sharp fall in price.

Around 58 per cent would not sell the security faced with a sharp fall in its price

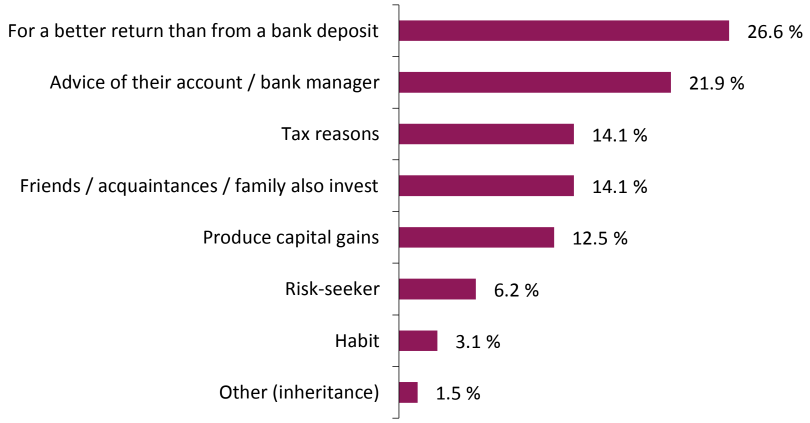
CHART III.4.4.5 | Reaction to a sharp fall in the value of a security | 2015



Question: D21; Basis: 48 interviews.

The reasons leading to a decision to invest in securities are quite diverse, with 26.6 per cent of interviewees opting to invest in securities because they believe they will receive better returns than with bank deposits and 21.9 per cent stating that the advice of their account manager was a determining factor. Tax reasons or the fact that family and friends have similar investments also lead respondents to invest in securities.

CHART III.4.4.6 | Reasons for investing in securities | 2015

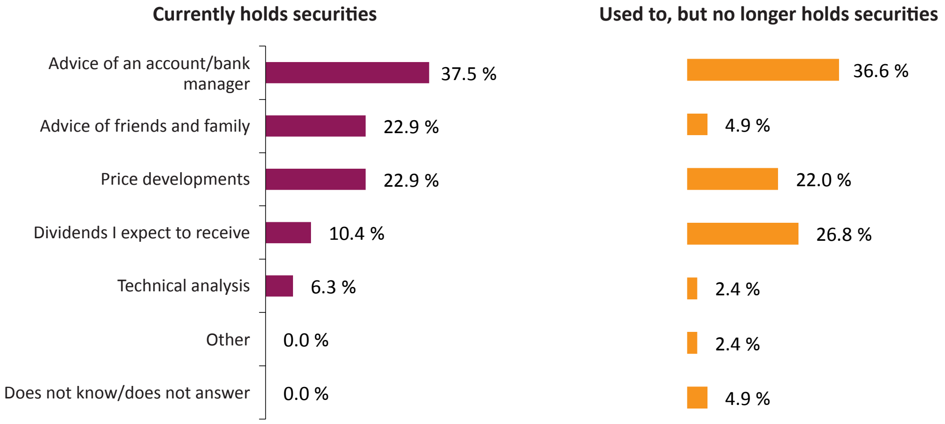


Question: D22; Basis: 48 interviews (multiple choice).

Advice of the account manager is the most relevant factor in choosing investments

When questioned on what is most important when choosing investments, both interviewees who currently hold securities investments and those who do not currently but who have held them in the past emphasised the advice of an account manager (37.5 and 36.6 per cent respectively). In the case of current investors, the advice of family and friends and price developments are also important. For 26.8 per cent of interviewees who no longer hold investments, the main reason for investing was the dividends they expected to receive, with 22 per cent mentioning price developments.

CHART III.4.4.7 | Most relevant factor in choosing securities investments | 2015



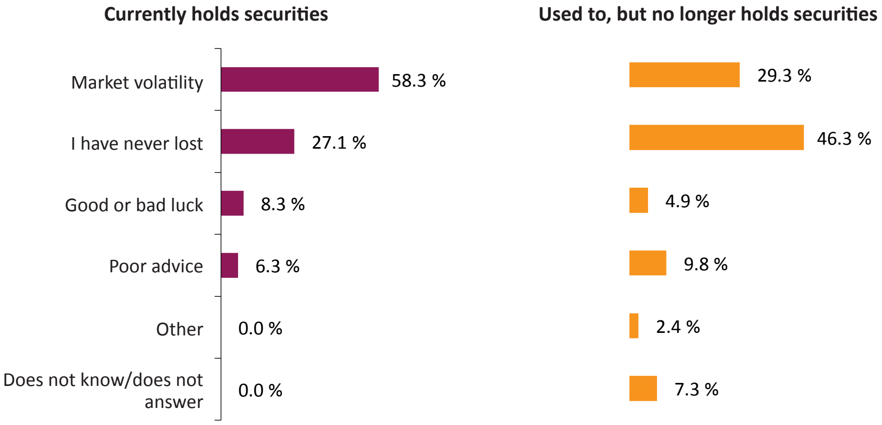
Questions: D23 and D26; Basis: 48 and 41 interviews.

Losing money in securities market investments is, for 58.3 per cent of current investors, associated with market volatility. In turn, approximately 27.1 per cent of investors claimed never to have lost money with such investments.

With regard to the interviewees who have held securities investments in the past, 46.3 per cent never lost money with such investments, whilst 29.3 per cent attribute financial loss to market volatility.

Over half of current investors blame market volatility as the main reason for losing money

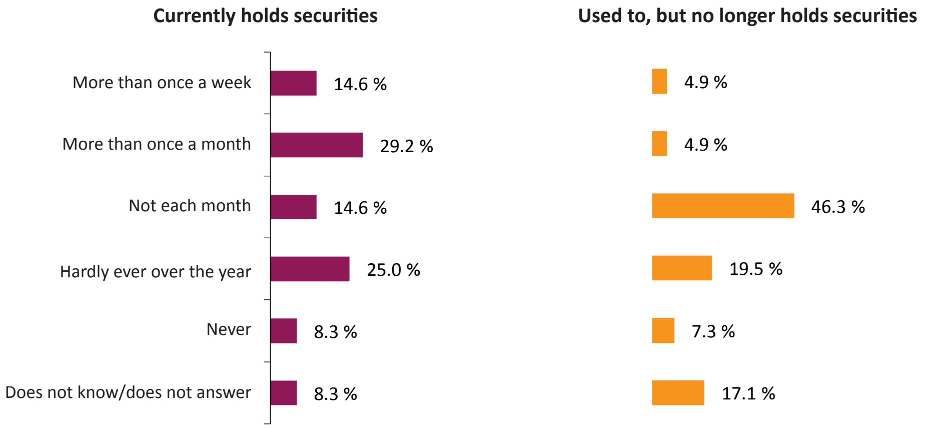
CHART III.4.4.8 | Reasons attributed to losses in securities investments | 2015



Questions: D24 and D27; Basis: 48 and 41 interviews.

When questioned on the frequency of transactions involving securities, 14.6 per cent of current investors state that they carry out transactions more than once a week, whilst 29.2 per cent claim to carry out transactions over once a month and 25 per cent indicate that they hardly ever carry out transactions over the year. In turn, the frequency of transactions carried out by respondents who have had investments in the past was low, with 46.3 per cent stating that they hadn't carried out transactions each month and 19.5 per cent hardly ever doing so.

CHART III.4.4.9 | Frequency of securities market transactions | 2015



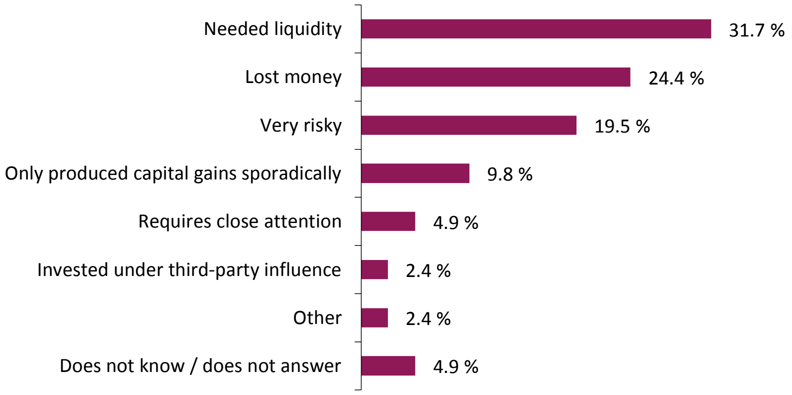
Questions: D25 and D28; Basis: 48 and 41 interviews.

Around one-third stopped investing because of liquidity requirements

Among the interviewees who have held securities investments in the past, 31.7 per cent stated that they had withdrawn their investments because they needed liquidity, 24.4 per cent cited loss of money and 19.5 per cent considered that high risk was the main reason.

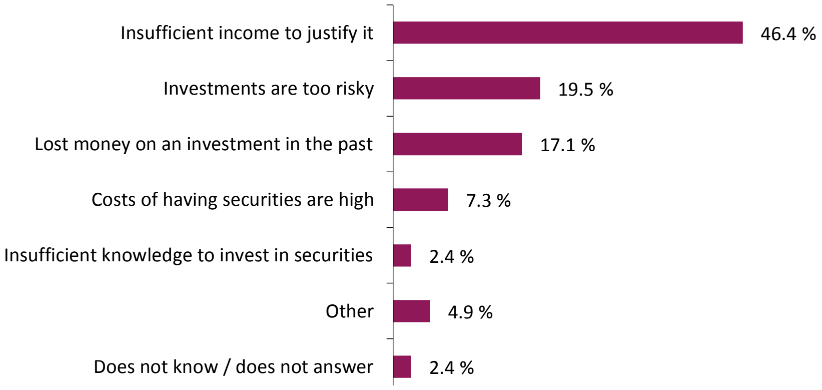
When questioned about the main reason for not currently holding securities, 46.4 per cent of respondents stated that their income did not warrant it.

CHART III.4.4.10 | Main reason for no longer investing in securities | 2015



Question: D29; Basis: 41 interviews.

CHART III.4.4.11 | Main reason for not currently holding securities | 2015



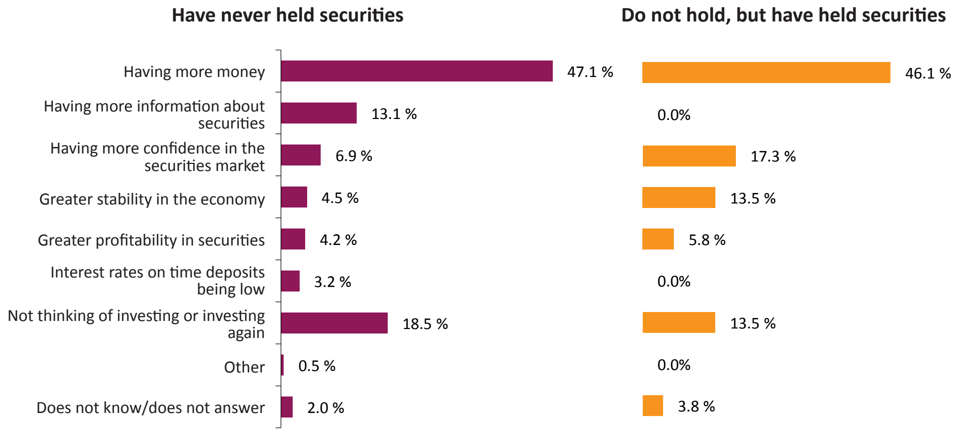
Question: D30; Basis: 41 interviews.

In line with the reason for withdrawing investments in securities, 46.1 per cent of interviewees stated that to reinvest in such instruments, they would require more money. In turn, approximately 13.5 per cent do not think about investing or reinvesting and the same percentage stated that greater economic stability would influence their decision to reinvest in securities.

Almost half claimed that in order to invest in securities, they would need more money

Among the interviewees who have never held securities investments, having more money was the most common requirement mentioned to invest (47.1 per cent) while 13.1 per cent said that in order to do so they would need more information about securities.

CHART III.4.4.12 | Factors that would lead to investing in securities | 2015



Questions: D33 and D31; Basis: 989 and 41 interviews.

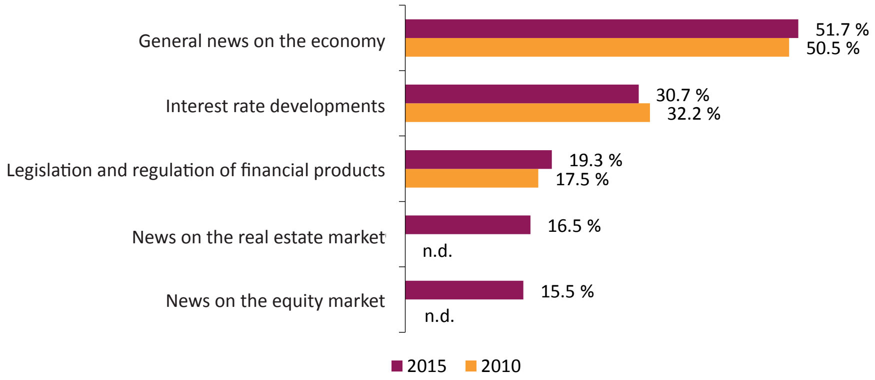
5. Choice and awareness of information sources

Just over half follow general news on the economy

Approximately half of interviewees (51.7 per cent) claim to regularly follow general news on the economy, although the proportion of affirmative responses falls to 30.7 per cent when questioned whether they follow information on interest rate developments regularly. Information on legislation and regulation of financial products is followed by about one-fifth of interviewees. In turn, only 16.5 and 15.5 per cent claim to follow news on the property market and equity market respectively.

The results on the proportion of interviewees who follow general economic news, developments in interest rates, and legislation and regulation of financial products are similar to those obtained in the 2010 Financial Literacy Survey.

CHART III.5.1 | Type of economic and financial information followed regularly | 2015 and 2010

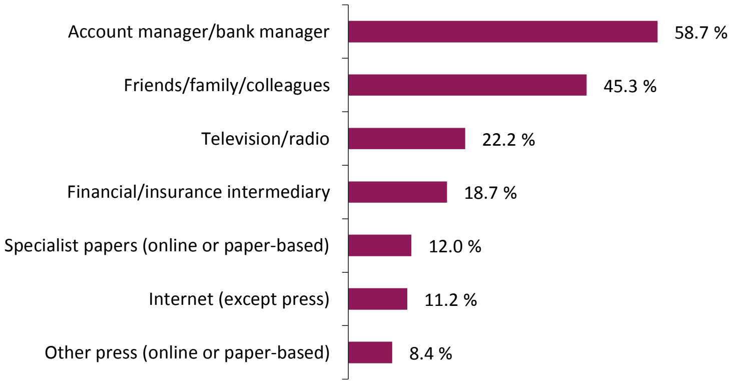


Question 2015: E1; Basis 1,100 interviews. Question 2010: F4; Basis: 1,742 interviews.

Only 11 per cent use the internet to obtain information on financial products

The information sources on financial products most referred to by respondents are account managers (58.7 per cent) and family, friends and colleagues (45.3 per cent). Television and radio are mentioned by 22.2 per cent of interviewees, but only 11.2 per cent claim they use the internet to obtain this type of information.

CHART III.5.2 | Sources used to obtain information on financial products | 2015



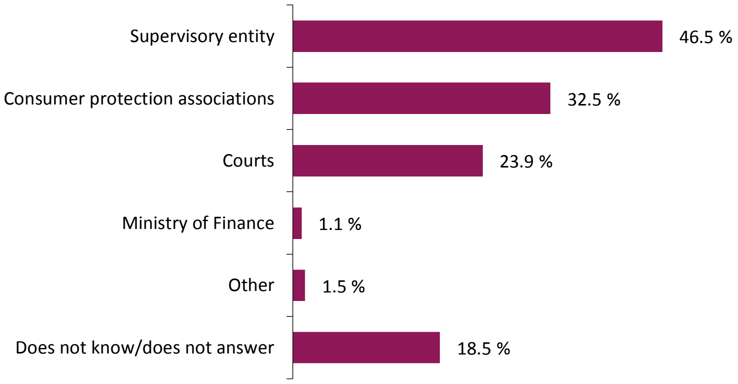
Question: E2; Basis: 1,100 interviews (multiple choice).

When questioned about the entities they would seek recourse to in the event of disagreement with the institution in relation to a financial product, 46.5 per cent mentioned the supervisory entity (Banco de Portugal, Portuguese Insurance and Pension Funds Supervisory Authority and Securities Market Commission), followed by consumer protection associations (32.5 per cent) and the courts (23.9 per cent). On the other hand, 18.5 per cent of interviewees do not know or do not answer the question.

Approximately one-fifth are unaware of which entity to resort to in the event of disagreement on a financial product

These results are very similar to those obtained in the 2010 Financial Literacy Survey.

CHART III.5.3 | Entity resorted to in the event of disagreement on a financial product | 2015



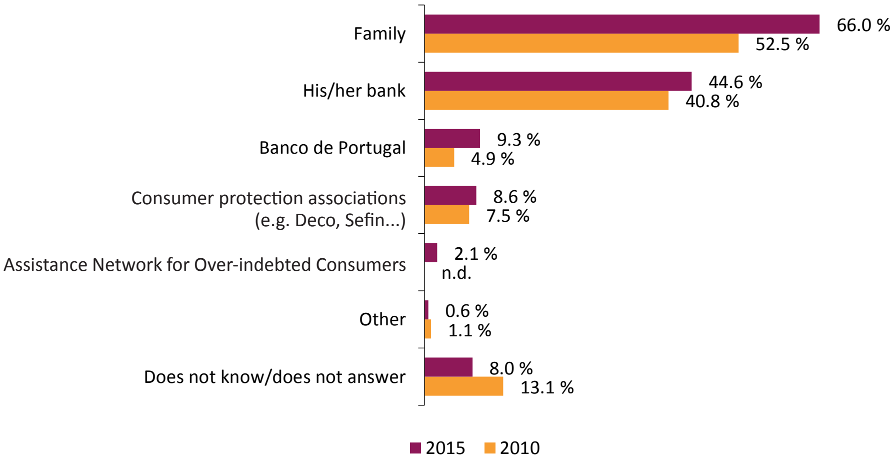
Question: E3; Basis: 1,100 interviews (multiple choice).

Two-thirds would resort to family in the event of difficulty in paying their loan instalments

In the event of not being able to meet their loan instalments, 66 per cent of interviewees would resort to family and 44.6 to their bank. On the other hand, 8 per cent of interviewees stated that they did not know which entity to resort to in the event of difficulty in paying loan instalments.

Compared to the results of the 2010 Financial Literacy Survey, the percentages of interviewees who, in 2015, mention family (up 13.5 percentage points), Banco de Portugal (up 4.4 percentage points) and their own bank (3.8 percentage points) increase, and there is a fall in the proportion of those who do not know whom to resort to (down 5.1 percentage points).

CHART III.5.4 | Entity resorted to in the event of inability to pay loan instalments | 2015 and 2010



Question 2015: E4; Basis 1,100 interviews. Question: F7; Basis: 1,742 interviews (multiple choice).

6. Financial understanding

6.1. Numeracy

Interviewees were asked five questions containing a simple numerical calculation to obtain the correct answer. The questions are as follows:

1. Five brothers are going to be given a gift of €1,000 in total. If the brothers have to share the money equally how much does each one get?
2. Now imagine that the brothers have to wait for one year to get their share of the €1,000 and inflation stays at 2 per cent. In one year's time will they be able to buy [more/the same/less] than they could today?;
3. You lend €25 to a friend one evening and he gives you €25 back the next day. How much interest has he paid on this loan?
4. Suppose you put €100 into a no fee and tax free savings account with a guaranteed interest rate of 2 per cent per year. You don't make any further payments into this account and you 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?;
5. And how much would be in the account at the end of five years? (Considering that no fees or taxes are deducted and that you leave the interest in the deposit account at the end of each year) [More/the same as/less than €110].

No-one responds correctly to the five numeracy questions...

In the five numeracy questions, interviewees answered 2.6 questions correctly, on average. None of the interviewees responded correctly to all five questions, 17.6 per cent responded correctly to four questions, and 42.1 per cent got three questions right.

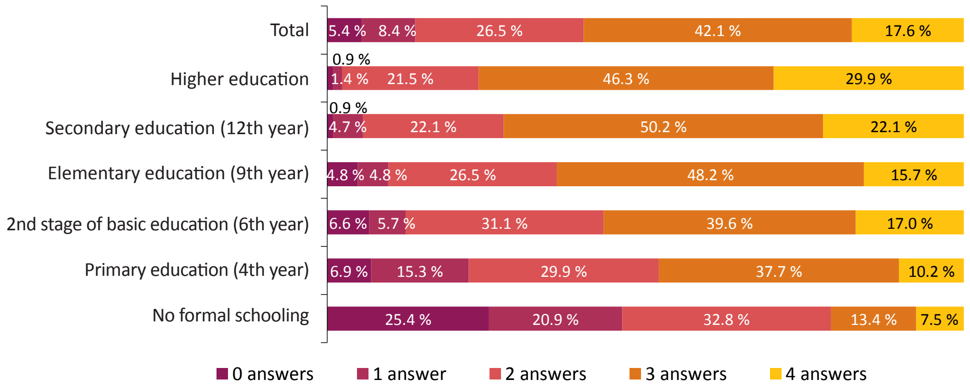
...and answer 3 questions correctly, on average

The number of correct answers increases with level of schooling: approximately 30 per cent of interviewees with higher education answered four questions correctly, whilst one-quarter of interviewees with no formal schooling did not answer a single question correctly and only 7.5 per cent gave the correct answer to four questions.

The majority of interviewees responded correctly to the division of €1,000 between five brothers (88 per cent) and identified the value of the interest on a loan of €25 for one day (86.5 per cent). However, little over half (52.9 per cent) recognised the loss of purchasing power resulting from an inflation rate of 2 per cent.

Interviewees also revealed less positive results when questioned on the calculation of simple and compound interest. When calculating simple interest, 58.4 per cent of interviewees knew how much they would have in their account if they held a time deposit for €100, for one year, at an annual rate of 2 per cent. However, only 39.5 per cent of interviewees knew that they would have a greater sum in their account at the end of five years than they would have through simple interest.

CHART III.6.1.1 | Number of correct answers to numeracy questions, by level of schooling | 2015



Questions: A4, F2, F2.1, F3, F4.1 and F5.1: Basis: 1,100 interviews.

TABLE III.6.1.1 | Response to numeracy questions | 2015

	Correct	Incorrect	Does not know/does not answer
Division of €1,000 between 5 brothers	88.0 %	3.9 %	8.1 %
Implications of a 2% inflation rate	52.9 %	29.8 %	17.3 %
Loan of €25 to a friend for one day	86.5 %	1.0 %	12.5 %
Calculation of simple interest	58.4 %	11.3 %	30.3 %
Calculation of compound interest	39.5 %	33.5 %	27.0 %

Questions: F2, F2.1, F3, F4.1 and F5.1; Basis: 1,100 interviews.

6.2. Banking products

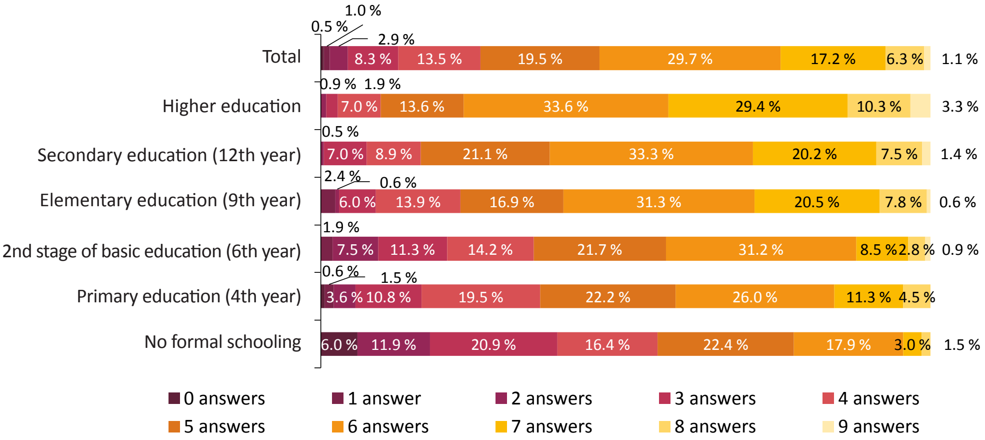
The interviewees were questioned about some of the characteristics of the most common banking products, related with current accounts, credit card costs and interest rates on loans. They were also faced with financial concepts related with risk and inflation.

In the nine questions referring to banking products, interviewees answered on average, 5.4 questions correctly. Only 1.1 per cent of interviewees got all their questions correct and 6.3 per cent answered eight questions correctly.

About 54 per cent gave the right answer to six or more of the nine questions on banking products

Knowledge of banking products increases with level of schooling: 76.6 per cent of interviewees with higher education answered six or more questions correctly, in comparison with 22.4 per cent of interviewees with no formal schooling, being that among the latter group, no-one answered all the questions correctly.

CHART III.6.2.1 | Number of correct answers related with banking products, by level of schooling | 2015



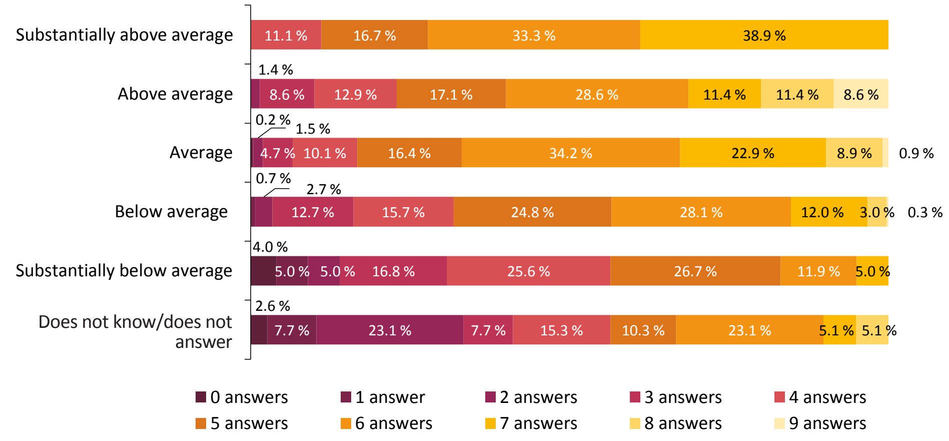
Questions: A4 F5.1, F5.2, F5.4, F8, F9, F10, F11 and F15.7; Basis: 1,100 interviews.

Interviewees do not always have a good perception of their financial knowledge in terms of banking products. Approximately 60 per cent of those who, resulting from self-assessment, stated they had above-average knowledge[6] responded correctly to 6 or more questions on banking products (the average of all interviewees was 5.4 correct answers). This percentage increases to 67 per cent in the case of interviewees who stated that their knowledge was similar to the Portuguese average. Among those interviewees whose self-assessment suggested their knowledge was substantially higher than the Portuguese average, no one responded correctly to all nine of the questions that test knowledge of banking products.

---

[6] When questioned how they assessed their financial knowledge, 1.6 per cent of interviewees claimed it was substantially higher than the average of the Portuguese population, 6.4 per cent as higher than average, 52.1 per cent as average, 27.2 per cent as lower than average, and 9.2 per cent as substantially lower than average. The remaining 3.5 per cent did not know or did not answer the question.

CHART III.6.2.2 | **Number of correct answers to questions related with banking products, by banking product knowledge self-assessment levels | 2015**



Questions: F1 F5.1, F5.2, F5.4, F5.5, F8, F9, F10, F11 and F15.7; Basis: 1,100 interviews.

82 per cent identified the balance on a bank statement

In 2015, as with the 2010 Financial Literacy Survey, to assess the level of understanding of the information contained in a bank statement, a sample bank statement was included in the questionnaire and interviewees were asked to identify the current account balance. The percentage of interviewees who correctly identified the account balance in 2015 increased in comparison to the results of the previous survey (82 per cent in 2015 and 72.5 per cent in 2010). The results were also better for the question on whether it would be possible to perform an additional transaction on the account and whether that would imply the use of an overdraft, with 58.8 per cent of interviewees giving the correct answer in 2015, an improvement of 12.8 percentage points on 2010.

In relation to knowledge of how credit cards work, 79.5 per cent of interviewees know that if they use their cards for a cash advance, they pay a commission on the amount withdrawn, and 75.8 per cent know that if they partially pay the balance on their credit card, they have to pay interest.

The relationship between inflation and cost of living is the concept with the best results...

The majority of interviewees (87 per cent) understand the concept of inflation, agreeing with the statement “high inflation means that the cost of living is increasing rapidly”. Moreover, 81 per cent of interviewees correctly assessed the correlation between expected return and risk, agreeing with the statement “an investment with a high return is likely to be high risk”. However, 44 per cent of interviewees did not correctly assess the degree of risk of a time deposit, associating medium/high risk to a guaranteed capital product.

...and the concept of Euribor where interviewees show the least knowledge

In relation to knowledge of the concepts of spread and Euribor, important in mortgage and consumer loan contracts, there was a slight improvement compared with the 2010 results. Nevertheless, only 21.4 per cent of interviewees recognise that the spread is “the difference between the interest rate charged by a bank to a borrower and the reference interest rate, which may vary between customers” and only 10.5 per cent know that the Euribor is a “based on the interest rates at which a panel of European banks borrow funds from one another” (17 per cent and 9 per cent respectively in 2010). The concept of spread is that which most interviewees recognise despite not knowing what it means (41.7 per cent).

TABLE III.6.2.1 | Responses to questions on knowledge related with banking products | 2015

	Correct	Incorrect	Does not know/does not answer
Relationship between inflation and cost of living	87.0 %	11.3 %	1.7 %
Identification of a current account balance	82.0 %	9.6 %	8.4 %
Correlation between investment return and risk	81.0 %	17.6 %	1.4 %
Fees on credit card cash advance	79.5 %	18.3 %	2.2 %
Interest on partial payment of credit card balance	75.8 %	22.1 %	2.1 %
Identifying the current account balance following a transaction	58.8 %	29.9 %	11.3 %
Assessment of time deposits’ degree of risk	46.1 %	44.0 %	9.9 %
Concept of spread	21.4 %	36.9 %	41.7 %
Concept of Euribor	10.5 %	65.3 %	24.2 %

Questions: F5.1, F5.2, F5.4, F5.5, F8, F9, F10, F11 and F15.7; Basis: 1,100 interviews.

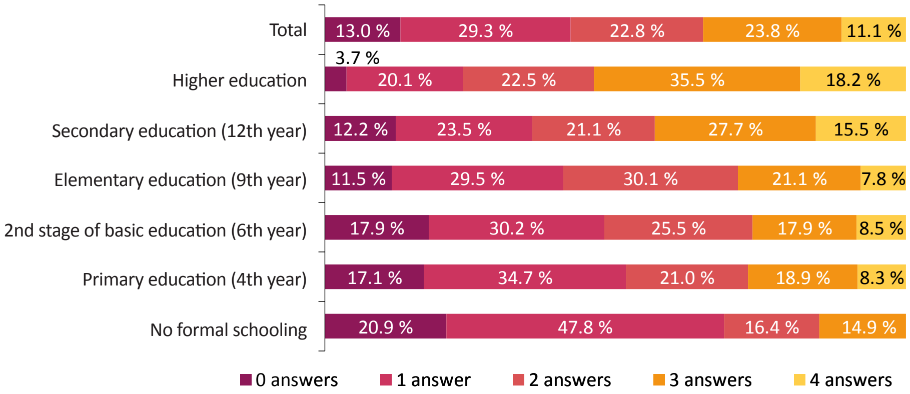
6.3. Insurance

Approximately 42 per cent of interviewees gave incorrect answers to three or four questions on insurance

In the four questions referring to insurance concepts, interviewees answered on average, 1.9 questions correctly. Around 11 per cent of interviewees got all their questions correct and 13 per cent answered all four questions incorrectly.

Knowledge of insurance products also increases with level of schooling: 18.2 per cent of interviewees with higher education answered all four questions correctly. None of the interviewees with no formal schooling answered all four questions correctly and 20.9 per cent answered all the questions incorrectly.

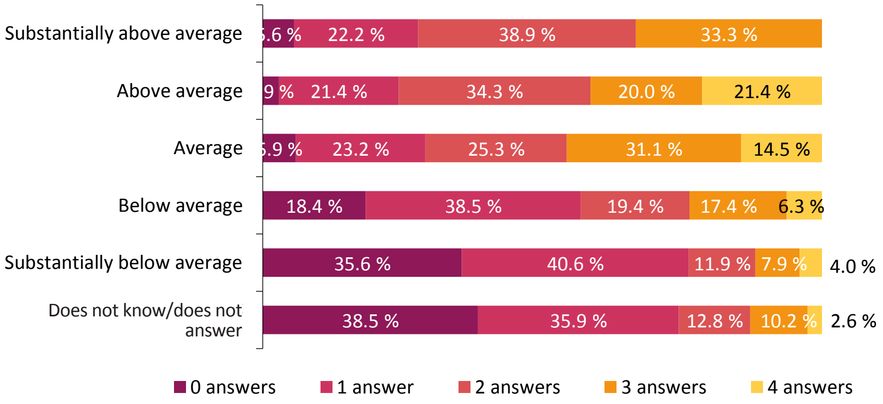
CHART III.6.3.1 | Number of correct answers related with insurance, by level of schooling | 2015



Questions: A4, F5.3, F12, F13 F14; Basis: 1,100 interviews.

Approximately 75.7 per cent of those who, resulting from self-assessment, stated they had above-average knowledge and responded correctly to 2 or more questions on their knowledge of insurance (the average for all interviewees was 1.9 correct answers), a higher percentage than those whose self-assessment resulted in knowledge equal to the average of the population (70.9 per cent).

CHART III.6.3.2 | Number of correct answers related with insurance, by self-assessment levels of financial knowledge | 2015



Questions: F1, F5.3, F12, F13, F14: Basis: 1,100 interviews.

Fewer than half know what an insurance excess is

Around 63 per cent of interviewees know the concept of an insurance premium (price paid for the insurance) and approximately 46 per cent of interviewees correctly identified the concept of excess, stating that it corresponds to “the amount the policyholder is required to pay towards a claim made”. Approximately 40 per cent also recognises that “the higher the excess, the lower the insurance premium”. Circa 36 per cent of interviewees responded correctly to both questions, showing an understanding of how the excess works.

In relation to the concept of a grace period, 54.8 per cent of interviewees recognise that the grace period corresponds to “the period of time during which the policy or part of its cover cannot be used”.

TABLE III.6.3.1 | Responses to questions on knowledge related with insurance | 2015

	Correct	Incorrect	Does not know/does not answer
Concept of insurance premium	62.7 %	35.5 %	1.8 %
Concept of grace period	54.8 %	13.5 %	31.7 %
Concept of excess	46.2 %	21.4 %	32.4 %
Relationship between premium and excess	39.9 %	55.0 %	5.1 %

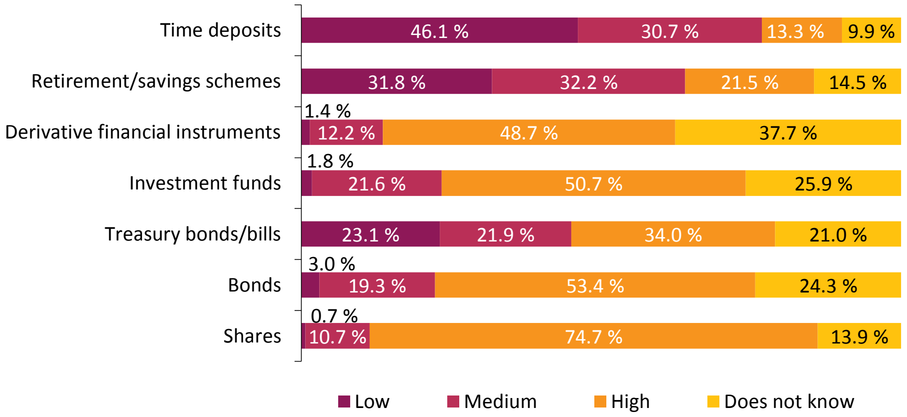
Questions: F5.3, F12, F13, F14: Basis: 1,100 interviews.

6.4. Investment products

There is a lack of knowledge of the level of risk of financial investments

The perception that interviewees have of the degree of risk of different financial investments suggests a lack of understanding of the functioning and characteristics of these products. On the one hand, there is a high percentage of interviewees who do not know or choose not to answer the question, especially in terms of degree of risk associated with derivatives, investment funds and bonds. On the other hand, the risk assessment made by interviewees of the investment is often incorrect as, for example, only 48.7 per cent recognise that derivatives are high-risk financial instruments.

CHART III.6.4.1 | Degree of risk assigned to financial investments | 2015



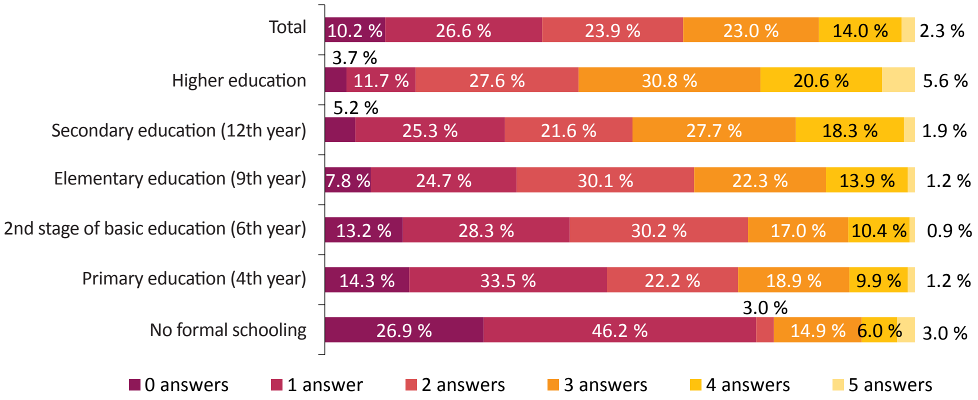
Question: F15; Basis: 1,100 interviews.

In terms of the six questions on concepts and the functioning of the securities market, interviewees answered, on average, 2.1 questions correctly. No respondent answered all six financial understanding questions correctly within the scope of investment products and only 2.3 per cent answered five questions correctly. On the other hand, 10.2 per cent answered all the questions incorrectly.

There is a correlation between knowledge of investment products and level of schooling. Of those interviewees with no formal schooling, 26.9 per cent did not answer any questions correctly, falling to 3.7 per cent for those interviewees who had completed higher education. In terms of the maximum number of correct answers obtained, the highest percentage of those who answered five questions correctly was among interviewees with higher education (5.6 per cent).

On average, approximately two out of six questions on investment products were answered correctly

CHART III.6.4.2 | Number of correct answers related with investment products, by level of schooling | 2015

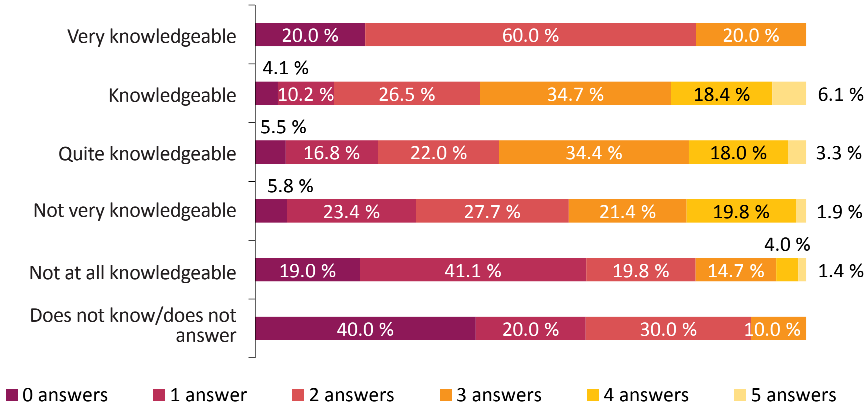


Questions: A4, F5.6, F16, F17, F18, F19, F20: Basis: 1,100 interviews.

The low number of correct answers in the self-assessment undertaken by the interviewees shows that their perception of their own financial knowledge does not match their actual knowledge in questions on investment products.

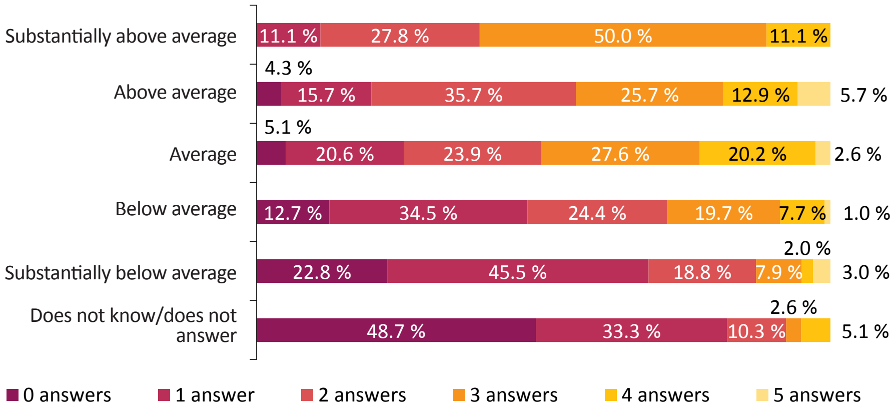
Of the respondents who consider themselves very knowledgeable on securities products and markets, 60 per cent gave correct answers to only two of the six questions posed and no-one responded correctly to more than three questions. On the other hand, around one-fifth of those who have little or moderate knowledge answered four or five questions correctly. This overstatement of knowledge remains when the comparison is with the population average, considering general financial knowledge of securities products and markets.

CHART III.6.4.3 | Number of correct answers to questions related with investment products, by securities product and market knowledge self-assessment levels | 2015



Questions: D17, F5.6, F16, F17, F18, F19, F20: Basis: 1,100 interviews.

CHART III.6.4.4 | Number of correct answers to questions related with investment products, by financial knowledge self-assessment levels | 2015



Questions: F1, F5.6, F16, F17, F18, F19, F20: Basis: 1,100 interviews.

Interviewees showed some knowledge of shares...

The questions with the greatest percentage of correct answers are connected with shares. The majority of respondents knows that, as a rule, it is possible to mitigate the risk of investing in capital markets by buying a diverse share portfolio. Furthermore, approximately half of interviewees correctly stated that shares are the asset which are at greater risk of losing their total value in the event of insolvency of the company and which, in general, are the asset with the highest price volatility among the securities considered.

When questioned on the financial instrument with the greatest long-term expected return, only 27.4 per cent correctly answered that it would be shares.

...although the majority does not understand the concept of guaranteed capital in a security

It was also observed that 96 per cent of interviewees do not understand that when a security has capital guaranteed at maturity, this means that the issuer of the security redeems the capital invested on the maturity date provided it is in a position to do so. Thus the majority is not familiar with the concept of the issuer's credit risk to which investments in capital guaranteed products are exposed.

On the other hand, when faced with what would happen to the price of a fixed rate bond if market interest rates fell, 93.5 per cent of interviewees did not mention that the bond's selling price should increase.

TABLE III.6.4.1 | Response to questions on knowledge of investment products | 2015

	Correct	Incorrect	Does not know/ does not answer
Relationship between investment risk and share portfolio diversification	72.4 %	25.7 %	1.9 %
Asset with greatest price variation	50.4 %	16.1 %	33.5 %
Asset with highest risk in the event of insolvency	50.2 %	12.7 %	37.1 %
Investment with greatest long-term return	27.4 %	38.4 %	34.2 %
Relationship between interest rate and bond price	6.5 %	58.3 %	35.2 %
Meaning of guaranteed capital on maturity date	4.0 %	52.3 %	43.7 %

Questions: F5.6, F16, F17, F18, F19 and F20: Basis: 1,100 interviews.

IV

Financial Literacy Indices

1. Global Financial Literacy Index
2. Parcial Financial Literacy Indices

The calculation of Financial Literacy Indices (FLIs) enables an aggregated analysis of the financial literacy levels of the Portuguese population, complementing the results of each question presented in the previous chapter. In calculating the indices, the methodology used is the same as in 2010[1]. The answers obtained in a significant set of questions were aggregated in a synthetic indicator – the Global Financial Literacy Index (Global FLI). Partial Financial Literacy Indices (Partial FLIs), one for each thematic area of the Survey, were also calculated.

The indices should not be interpreted as absolute values in the assessment of the population's financial attitudes, behaviours and knowledge, but enable a comparison between population groups in the different thematic areas in order to identify the Portuguese population's most vulnerable groups.

Comparing the 2015 indices with those of 2010 is also not possible because, despite following the same methodology, it was not possible to use the same questions when composing each index. The FLIs presented in this report include questions on specific behaviours and knowledge of the insurance and capital markets, themes not covered in the previous survey, as well as questions on the banking sector that are different to those included in the 2010 indices.

---

[1] See Report on the Survey on the Financial Literacy of the Portuguese Population 2010.

1. Global Financial Literacy Index

1.1. Calculation methodology

To construct the Global Financial Literacy Index (Global FLI), 88 questions were selected that assess financial behaviours, attitudes and knowledge, thus covering the three components of financial literacy.

The responses to the selected questions were classified on a scale {-2, -1, 0, 1, 2}[2] in order to produce a global financial literacy indicator. As the distribution of question scores is not always the same, due to their importance in the degree of financial literacy and the variability of possible answers, not all were eligible for the maximum score of '+2' and/or the minimum of '-2'.

In the questions on financial understanding, the maximum score was given to the correct answer and the minimum to the remaining options. In the questions that assess financial behaviour and attitudes, the classification of the responses on the aforementioned scale is based on behaviour/attitude considered most adequate and which shows greater capacity to manage personal finances. To construct this indicator, no questions to determine the interviewee's socio-economic profile were selected, nor were those on possession of a given financial product or others in which behaviour or attitude cannot to be assessed.

An index was created for each interviewee that results from the arithmetic sum of their answers[3], divided by the number of questions asked. Therefore, the index for each interviewee considers only the questions answered, enabling a comparison between the number of interviewee indices with a different number of answers.

Having calculated the index for each interviewee, the lowest value observed is -1.3 and the highest is 1.46. However, as the interviewees did not necessarily respond to the same questions, the individual indices are not all at the same scale, therefore they have been transformed into a scale of 0 a 100[4]. The values expressed on the scale constitute a Global FLI that is comparable between interviewees.

---

[2] For each question, the value of '-2' is the lowest level of financial literacy and, at the opposite end of the scale, '+2' is the highest level of financial literacy, with '0' being a neutral position.

[3] Considering all the responses, the maximum possible score is 157 points and the minimum is -161 points.

[4] According to the questions answered by each interviewee, a correspondence was established between the minimum theoretical value of '0' and the maximum theoretical value to the value of 100 per cent.

1.2. Analysis of the index distribution

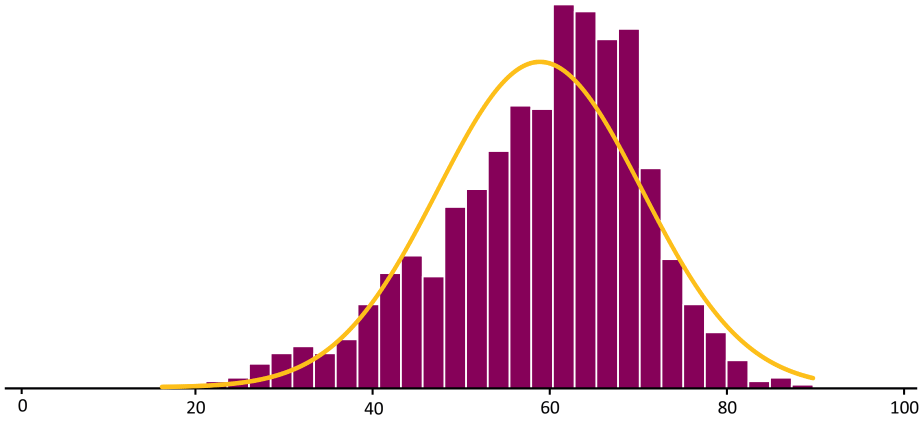
The distribution of the Global FLI presents a median (60.85) above the average (58.92) meaning that over half of interviewees have indices greater than the Global FLI average. Furthermore, 75 per cent of interviewees (3rd quartile) have a Global FLI below 67.23 although the opposite group of interviewees, that is of the 1st quartile (52.12) who contribute most markedly to making the average Global FLI lower than the median and the distribution slightly asymmetric leftward.

This leftward bias[5] suggests that the test to normality[6] rejects the hypothesis that the Global FLI distribution is close to a normal distribution. This result must be taken into account in the multivariate statistical analysis in the following chapter, namely with regard to the type of test used to assess the equality of medians between different groups of the population.

TABLE IV.1.1.1 | Descriptive statistics of the original Index and Global FLI | 2015

	Minimum	Maximum	Average	Median	Standard deviation
Original Index	-1.30	1.46	0.30	0.37	0.44
Global ILF	16.24	89.77	58.92	60.85	11.53

CHART IV.1.1.1 | Histogram of the Global Financial Literacy Index | 2015



---

[5] The Global FLI presents a skewness of -0.6373 and a kurtosis of 3.2950.

[6] Based on the test described by D'Agostino, Belanger, and D'Agostino Jr. (1990) adjusted by Royston (1991), we can reject the hypothesis that the Global FLI follows a normal distribution (p-value of 0.0000).

2. Parcial Financial Literacy Indices

2.1. Calculation methodology

Analysis of the Global FLI is complemented by the analysis of partial indices, calculated for each of the five thematic areas of the survey: financial inclusion; planning of household budget and savings; choice and management of financial products; choice and understanding of sources of information; and financial knowledge.

The calculation methodology of these partial indices follows that used for the Global FLI, that is, for each interviewee, the sum of the scores obtained in the questions of this group was divided by the number of questions answered to the individual. Then, the Index was transformed to the scale of 0 to 100, according to the minimum and maximum values for each respondent.

2.2. Analysis of the distributions of the indices

The median of each Partial FLI is higher than the respective average, as was observed for the Global FLI. The application of the normality test to each one of the Partial FLIs leads to the conclusion that their distributions do not follow a normal distribution[7].

The Financial inclusion FLI is the index that presents the highest median (82.61) while the Financial knowledge FLI presents the lowest median (50.85). The Planning of household budget and savings FLI and the Choice and management of financial products FLI present identical medians (66.67), despite the latter index having a lower average.

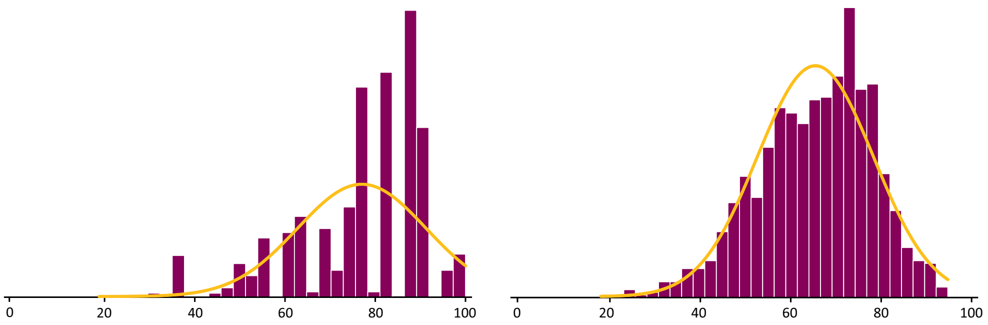
TABLE IV.2.1.1 | Descriptive statistics of the Partial Financial Literacy Indices | 2015

	Minimum	Maximum	Maximum	Median	Standard deviation
Financial inclusion FLI	18.75 %	100.00 %	76.99 %	82.61 %	14.26 %
Planning of household budget and savings FLI	17.95 %	94.74 %	65.42 %	66.67 %	12.83 %
Choice and management of financial products FLI	8.70 %	93.55 %	62.50 %	66.67 %	15.41 %
Choice and understanding of sources of information FLI	13.64 %	100.00 %	63.23 %	63.64 %	18.40 %
Financial knowledge FLI	0.00 %	89.17 %	49.19 %	50.85 %	15.52 %

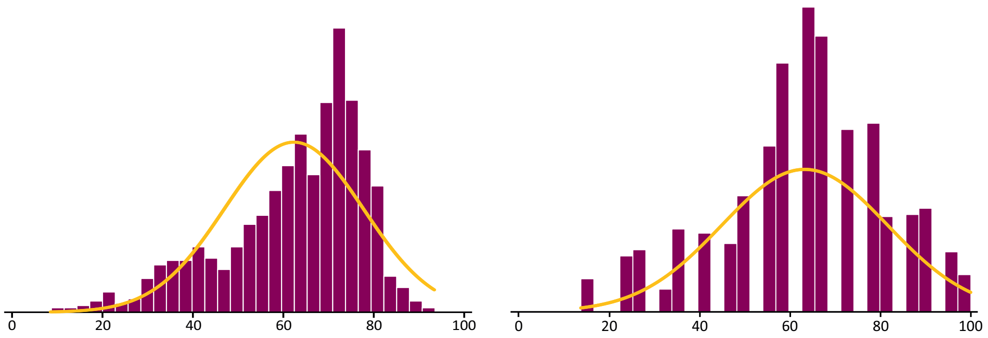
---

[7] For each partial index, we reject the hypothesis that the partial indices follow a normal distribution (p-value of 0.0000 for each).

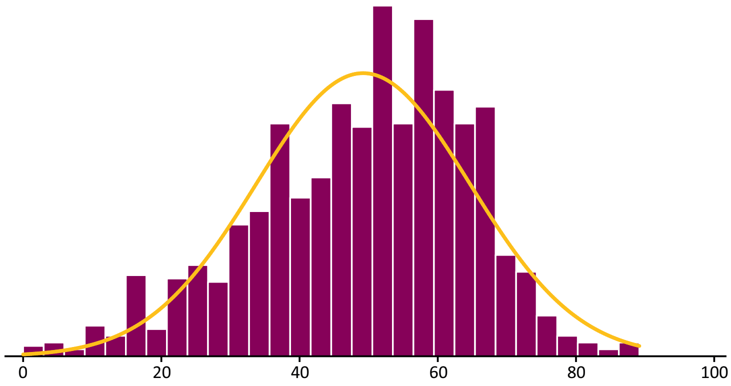
CHART IV.2.1.1 | Histograms of the Partial Financial Literacy Indices | 2015


Financial inclusion

Planning of household budget and savings


Choice and management of financial products

Choice and understanding of sources of information


Financial knowledge

V Population groups by levels of financial literacy

1. Analysis of the medians of the financial literacy indices
2. Cluster analysis

The Financial Literacy Indices (FLIs) are assessed in terms of socio-economic indicators[1] (gender, age, employment situation, level of schooling and income level), the financial products held by interviewees and the financial management habits of households, to identify population groups with different levels of financial literacy.

For this assessment, equality of medians tests and cluster analysis are used. The equality of medians tests assess whether the values of the Global FLI and the Partial FLIs of different population groups are similar. In cases where the test leads to the conclusion that there is no evidence of equality of medians, it is possible to identify the population groups with medians above that of the respective FLI. To complement this analysis, population groups where a high proportion of interviewees present indices equal to or above the median of the respective Global FLI or Partial FLIs are identified, concluding that these population groups have financial literacy results above the majority of interviewees. From the cluster analysis it can be concluded that there are two distinct levels of financial literacy between the interviewees, enabling the characterisation of the population groups associated to each of these levels of financial literacy.

Both methodologies allow for the drawing of similar conclusions on the population groups with higher and lower levels of financial literacy, which confers robustness to the results obtained.

---

[1] An analysis using geographical location is not presented because, due to sample size, the margins of error of some regions are very high (see appendix 1 - methodology).

1. Analysis of the medians of the financial literacy indices

1.1. Tests on the equality of the medians of the Global FLI

The Kruskal-Wallis test leads to the conclusion that the medians of the Global FLI of the population groups considered in each socio-economic indicator, for each group of financial products held, and for different household financial management habits are statistically different. The null hypothesis of this test is that the medians of different population groups are identical, thus the rejection of this hypothesis (p-value below 0.05[2]) leads to the conclusion that the medians of each population group are different.

By socio-economic indicators

From the comparison between medians of population groups characterised in terms of gender, age, employment situation, level of schooling and income level, the following are highlighted:

- **Gender:** The median of the Global FLI for men (62.87) is higher than that for women (58.5);
- **Age:** The medians of the Global FLI for the youngest (16-24) and oldest (70 and older) age groups are the lowest (55.61 and 55.02 respectively);
- **Employment situation:** The median of the Global FLI of workers (64.07) is the highest, whilst that of students is the lowest (52.84);
- **Level of schooling:** The median of the Global FLI increases with level of schooling. Interviewees with no formal schooling show a median Global FLI of 49.25 compared to 67.95 in those with higher education;
- **Income level:** The median of the Global FLI of interviewees who belong to households with gross monthly income below €500 is the lowest (50.35), and increases with income level to a maximum of 68.42 for those from households with income greater than €2,500 gross per month.

---

[2] Level of confidence of 95 per cent.

TABLE V.1.1.1 | Kruskal-Wallis test to the global FLI, by socio-economic indicators | 2015

Gender	median Global FLI	p-value
Men	62.87	0.0001
Women	58.50	
Age	**median Global FLI**	**p-value**
16 to 24 years old	55.61	0.0001
25 to 39 years old	63.00	
40 to 54 years old	62.66	
55 to 69 years old	60.78	
70 and over	55.02	
Employment situation	**median Global FLI**	**p-value**
Worker	64.07	0.0001
Unemployed	55.56	
Retired	57.04	
Student	52.84	
Other inactive	57.45	
Level of schooling	**median Global FLI**	**p-value**
No formal schooling	49.25	0.0001
Primary education (4th year)	56.57	
2nd stage of basic education (6th year)	59.29	
Elementary education (9th year)	60.36	
Secondary education (12th year)	62.58	
Higher education	67.95	
Gross household monthly income	**median Global FLI**	**p-value**
No income	51.74	0.0001
Up to €500	50.35	
Between €500 and €1,000	59.59	
Between €1,000 and €2,500	65.99	
Over €2,500	68.42	
Does not know/does not answer	58.92	

By holding of financial products

The medians of the Global FLI of interviewees who hold a greater variety of financial products are, as a rule, higher than those who hold fewer products. From the comparison between medians, the following stand out:

- **Bank accounts:** The median of the Global FLI of those who hold at least one account (61.62) is higher than that of those without a bank account (43.97);
- **Insurance:** The median of the Global FLI of those who hold insurance (63.41) is higher than that of those who do not (48.80);
- **Investment products:** The median of the Global FLI of those who hold investment products (74.37) is higher than that of those who do not (60.41);
- **Basket of financial products:** The median of the Global FLI of those who hold more than two types of financial product (banking, insurance, savings or treasury certificates, and investment products) is the highest (70.45) and that of those who hold no financial products is the lowest (41.88).

TABLE V.1.1.2 | Kruskal-Wallis test to global FLI, by holding of financial products | 2015

Bank accounts	median Global FLI	p-value
Without a bank account	43.97	0.0001
With a bank account	61.62	
Insurance	median Global FLI	p-value
Without insurance	48.80	0.0001
With insurance	63.41	
Investment products	median Global FLI	p-value
Without investment products	60.41	0.0001
With investment products	74.37	
Basket of financial products	median Global FLI	p-value
Without financial products	41.88	0.0001
With only banking products or insurance	50.50	
With only two types of products (from among banking, insurance, savings certificates and investment products)	62.59	
With more than two types of financial product (from among banking insurance, savings certificates and investment products)	70.45	

By household budget and savings management habits

In the variables concerning household budget and savings management, the following stand out:

- **Household budget:** The median of the Global FLI of those who plan the household budget (61.69) is higher than that of those who do not (58.72);
- **Saving habits:** The median Global FLI of those who claim to save regularly (67.01) is greater than of those who save irregularly (62.77), and which is in turn higher than the median of those who claim not to save (53.80);
- **Unforeseen expenses:** The median of the Global FLI of those who state they have sufficient savings to cover an unforeseen expense equivalent to their monthly income (64.63) is greater than those who do not have such savings (54.9);
- **Confidence in retirement planning:** The median of the Global FLI increases in line with the degree of confidence in retirement planning: from 55.3 for those not at all confident to 66.16 for the very confident. However, the median of the Global FLI falls for the group of interviewees who claim to have total confidence in their retirement planning (60.13).

TABLE V.1.1.3 | Kruskal-Wallis test to global FLI, by household financial management habits | 2015

Household budget	median Global FLI	p-value
With household budget	61.69	
Without household budget	58.72	0.0001
Does not know/does not answer	44.07	
Saving habits	**median Global FLI**	**p-value**
Regular	67.01	
Irregular	62.77	0.0001
Does not save	53.80	
Savings enough to meet unforeseen expenses equivalent to monthly income	**median Global FLI**	**p-value**
Yes	64.63	0.0001
No	54.90	
Does not know/does not answer	45.79	
Not applicable – has no personal income	53.68	
Confidence in retirement planning	**median Global FLI**	**p-value**
Not at all confident	55.30	0.0001
Not very confident	60.39	
Confident	65.25	
Very confident	66.16	
Totally confident	60.13	
Does (or did) no retirement planning	52.95	
Does not know/does not answer	48.20	

1.2. Tests on the equality of the medians of the Partial FLIs

As with the Global FLI analysis, the Kruskal-Wallis test on the equality of medians was also undertaken for each Partial FLI according to socio-economic indicators, financial products held by interviewees and household financial management habits.

Most tests indicate that the medians are statistically different, with the exception of the Planning of household budget and savings FLI, where there is no evidence of difference in the medians between men and women.

For population groups where, in the Partial FLIs, there is statistical evidence of a difference between the medians, the relation between them may not be the same as that observed in the Global FLI. This is the case of the Planning of household budget and savings FLI, where the medians increase with age groups and those aged 70 and over have the highest median indices, whilst in the Global FLI the 25 to 39 age group has the best results. Another example is the Financial knowledge FLI, in which students present a higher median than that of the unemployed and of pensioners, when in the Global FLI they are the group with the lowest median.

1.3. Comparison of population groups

Aiming to characterise the population groups with higher and lower levels of financial literacy, the groups of interviewees with financial literacy indices (FLIs) equal to or above the median value of the Global FLI are presented, as well as the groups of interviewees with FLI lower than the Global FLI median. The same analysis is carried out for each Partial FLI. As previously, the results are disaggregated in line with socio-economic indicators, financial products held by interviewees and household financial management habits.

Global Financial Literacy Index

From comparing the interviewees' FLIs for the various population groups and the **median Global FLI**, the following stand out:

- **Gender:** The percentage of men with indices equal to or above the median of the Global FLI (58 per cent) is higher than that of women (43 per cent);
- **Age:** 60 per cent of those aged 40-54 present indices equal to or above the median of the Global FLI; 64 per cent of the youngest age group, aged 16-24, and 68 per cent of those aged 70 and over presented indices lower than the median of the Global FLI;
- **Employment situation:** 67 per cent of workers have indices equal to or above the median of the Global FLI; 70 per cent of the unemployed and 71 per cent of students present indices below the median of the Global FLI;
- **Level of schooling:** 81 per cent of those with higher education have indices equal to or above the median of the Global FLI; 90 per cent of those with no formal schooling present indices below the median of the Global FLI;
- **Income level:** 88 per cent of those from households with a gross monthly income over €2,500 have indices equal to or above the median of the Global FLI; 88 per cent of those with households with incomes up to €500 have indices below the median of the Global FLI;
- **Bank accounts:** 94 per cent of those without a bank account have indices lower than the median of the Global FLI;

- **Insurance:** 87 per cent of those without insurance have indices lower than the median of the Global FLI;
- **Investment products:** 96 per cent of those with investment products have indices equal to or above the median of the Global FLI;
- **Basket of financial products:** 89 per cent of those who have more than two types of financial products (including banking products, insurance, savings or treasury certificates and investment products) present indices equal to or above the median of the Global FLI;
- **Household budget:** 59 per cent of those who do not plan the household budget have indices lower than the median of the Global FLI;
- **Saving habits:** 77 per cent of those who save regularly have indices equal to or above the median of the Global FLI; 77 per cent of those who claim they do not save present indices below the median of the Global FLI;
- **Unforeseen expenses:** 68 per cent of respondents who claim to have enough savings to cover unforeseen expenses equal to or greater than their monthly income presented indices equal to or above the median of the Global FLI; 74 per cent of those who stated they do not have such level of savings presented indices lower than the median of the Global FLI;
- **Confidence in retirement planning:** 69 per cent of individuals who admit to being very confident of their retirement planning presented indices equal to or above the median of the Global FLI; on the other hand, 68 per cent of those who admit not having any confidence and 55 per cent of those who are totally confident present indices lower than the median of the Global FLI.

Comparing these results with those obtained in the 2010 Financial Literacy Survey, there are improvements in those respondents aged 55 and over. In 2010, over half of the interviewees aged 55 to 69 revealed indices lower than the median of the Global FLI, whilst in this survey, half of this group of interviewees presented indices equal to or above the median of the Global FLI. As far as interviewees aged 70 and over are concerned, they no longer appear in the group with the worst results, that is, the group in which less than 25 per cent of interviewees present indices equal to or above the median of the Global FLI.

Conversely, in 2010 over half of respondents who had completed lower secondary education presented indices equal to or above the median of the Global FLI. However, in 2015, these interviewees belonged to the opposite group.

Partial Financial Literacy Indices

The behaviour of the Partial FLIs generally follows the characteristics of the Global FLI. However, there are some differences in relation to the **Planning of household budget and savings FLI**:

- **Age:** 60 per cent of those aged 70 and over show indices equal to or above the median of the partial Planning of household budget and savings FLI (compared to 32 per cent in the Global FLI);
- **Employment situation:** 61 per cent of pensioners have indices equal to or above the median of the partial Planning of household budget and savings FLI (compared to 38 per cent in the Global FLI);
- **Basket of financial products:** 33 per cent of those who hold only banking products or only insurance show indices equal to or above the median of the partial Planning of household budget and savings FLI (compared to 14 per cent in the Global FLI).

TABLE V.1.3.1 | Percentage of interviewees with financial literacy indices equal to or above the median,* by socio-economic indicators | 2015

	Global FLI	Financial inclusion FLI	Planning of household budget and savings FLI	Choice and management of financial products FLI	Choice and understanding of information sources FLI	Financial knowledge FLI
Gender						
Men	58 %	56 %	52 %	59 %	65 %	60 %
Women	43 %	46 %	50 %	43 %	54 %	44 %
Age group						
16 to 24 years old	36 %	32 %	32 %	42 %	52 %	47 %
25 to 39 years old	58 %	61 %	50 %	56 %	66 %	63 %
40 to 54 years old	60 %	64 %	52 %	55 %	64 %	55 %
55 to 69 years old	50 %	50 %	55 %	52 %	58 %	52 %
70 and over	32 %	27 %	60 %	38 %	47 %	32 %
Employment situation						
Worker	67 %	70 %	54 %	61 %	70 %	65 %
Unemployed	30 %	32 %	30 %	40 %	46 %	42 %
Pensioner	38 %	33 %	61 %	41 %	51 %	37 %
Student	29 %	22 %	25 %	28 %	41 %	46 %
Other inactive	35 %	44 %	44 %	47 %	56 %	37 %
Level of schooling						
No formal schooling	10 %	15 %	45 %	23 %	37 %	12 %
Primary education (4th year)	37 %	40 %	51 %	43 %	52 %	37 %
2nd stage of basic education (6th year)	41 %	48 %	48 %	41 %	49 %	35 %
Elementary education (9th year)	47 %	48 %	43 %	51 %	56 %	52 %
Secondary education (12th year)	59 %	57 %	50 %	52 %	61 %	62 %
Higher education	81 %	76 %	61 %	71 %	83 %	83 %
Gross monthly household income						
No income	23 %	23 %	31 %	44 %	23 %	38 %
Up to €500	12 %	8 %	31 %	27 %	37 %	19 %
€500 to €1,000	45 %	46 %	50 %	48 %	60 %	47 %
€1,000 to €2,500	75 %	76 %	59 %	66 %	77 %	70 %
Over €2,500	88 %	89 %	84 %	75 %	88 %	82 %
Does not know/does not answer	41 %	45 %	49 %	40 %	43 %	49 %

* The distribution of some Partial FLIs presents a group of individuals with indices equal to the value of the respective median. This means there are some variables in which all the response options present over half of respondents with an index equal to or above the median.

TABLE V.1.3.2 | Percentage of interviewees with financial literacy indices equal to or above the median,* by holding of financial products | 2015

	FLI Global	FLI Financial inclusion	FLI Planning of household budget and savings	FLI Choice and management of financial products	FLI Choice and knowledge of the sources of information	FLI Financial knowledge
Bank accounts						
Without a bank account	6 %	0 %	19 %	36 %	20 %	17 %
With a bank account	54 %	55 %	53 %	51 %	62 %	54 %
Insurance						
Without insurance	13 %	0 %	32 %	17 %	30 %	25 %
With insurance	64 %	69 %	58 %	60 %	70 %	61 %
Investment products						
Without investment products	48 %	49 %	49 %	49 %	57 %	50 %
With investment products	96 %	100 %	85 %	90 %	98 %	83 %
Basket of financial products						
Without financial products	3 %	0 %	13 %	–	12 %	14 %
Only with banking products or insurance	14 %	0 %	33 %	16 %	19 %	27 %
Only with two types of products (from among banking, insurance, savings certificates and investment products)	59 %	43 %	53 %	56 %	53 %	55 %
With more than two types of products (from among banking, insurance, savings certificates and investment products)	89 %	79 %	80 %	76 %	71 %	79 %

* The distribution of some Partial FLIs presents a group of individuals with indices equal to the value of the respective median. This means there are some variables in which all the response options present over half of respondents with an index equal to or above the median.

TABLE V.1.3.3 | Percentage of interviewees with financial literacy indices equal to or above the median,* by household financial management habits | 2015

	FLI Global	FLI Financial inclusion	FLI Planning of household budget and savings	FLI Choice and management of financial products	FLI Choice and knowledge of the sources of information	FLI Financial knowledge
Household budget						
With household budget	54 %	54 %	60 %	51 %	60 %	53 %
Without household budget	41 %	45 %	30 %	52 %	58 %	49 %
Does not know/does not answer	6 %	0 %	12 %	0 %	12 %	18 %
Saving habits						
Regular	77 %	73 %	85 %	66 %	76 %	70 %
Irregular	60 %	62 %	64 %	53 %	67 %	52 %
Does not save	23 %	27 %	17 %	36 %	41 %	38 %
Savings enough to meet unforeseen expenses equivalent to monthly income						
Yes	68 %	65 %	74 %	60 %	69 %	61 %
No	26 %	33 %	17 %	37 %	46 %	41 %
Does not know/does not answer	14 %	26 %	12 %	24 %	21 %	23 %
Not applicable – has no personal income	30 %	25 %	39 %	34 %	55 %	38 %
Confidence in retirement planning						
No confidence	32 %	38 %	28 %	38 %	48 %	40 %
Not very confident	48 %	52 %	48 %	51 %	60 %	49 %
Confident	67 %	62 %	69 %	63 %	71 %	63 %
Very confident	69 %	62 %	77 %	58 %	69 %	62 %
Totally confident	45 %	36 %	45 %	50 %	45 %	55 %
Does (or does not) plan for retirement	26 %	31 %	32 %	19 %	31 %	38 %
Does not know/does not answer	27 %	13 %	47 %	14 %	27 %	27 %

* The distribution of some Partial FLIs presents a group of individuals with indices equal to the value of the respective median. This means there are some variables in which all the response options present over half of respondents with an index equal to or above the median.

TABLE V.1.3.4 | Population groups with over half of interviewees above or below the median of the Global FLI | 2015

Groups with over half of interviewees with indices equal to or above the median of Global FLI	Groups with over half of interviewees with indices below the median of Global FLI
• Men	• Women
• Aged 25 to 54	• Aged 16 to 24 or 70 and over
• Workers	• Students, the unemployed and pensioners
• With secondary or higher education	• With no formal schooling or with schooling until lower-secondary level
• With a gross monthly household income over €1,000	• With a gross monthly household income less than €1,000
• Hold at least one bank account	• Without a bank account
• Insurance holders	• Without insurance
• With investment products	• Without investment products
• That hold greater variety of investment products(with 2 or more types of product)	• Without financial products or with only one type of financial product
• Household prepares budget	• Household does not prepare budget
• With regular or irregular saving habits	• Without saving habits
• Savings enough to meet unforeseen expenses equivalent to monthly income	• Savings not enough to meet unforeseen expenses equivalent to monthly income
• Confident or very confident in retirement planning	• Having no confidence, little confidence or total confidence in retirement planning, or still have not planned retirement

TABLE V.1.3.5 | Population groups with best and worst results of financial literacy (3rd and 1st quartiles) | 2015

Best results (over 75 per cent with indices equal to or above the median of Global FLI)	**Worst results** (under 25 per cent with indices equal to or above the median of Global FLI)
• With higher education	• With no formal schooling
• With a gross monthly household income over €1,000	• With a gross monthly household income less than €1,000
• With more than two types of financial product	• Without a bank account • Without insurance • Without financial products
• With regular saving habits	• Without regular saving habits

2. Cluster analysis

The methodology adopted to identify financial literacy clusters is identical to that used in 2010[3]. Thus, when constructing clusters, the Global FLI and Partial FLIs were used. Using the k-means[4] methodology, 2 clusters with the following characteristics were identified:

- **Cluster 1:** high financial literacy (75 per cent of interviewees, with a Global FLI average of 63.9 per cent);
- **Cluster 2:** low financial literacy (25 per cent of interviewees, with a Global FLI average of 43.8 per cent).

The analysis of these two clusters by socio-economic indicators, by financial products held by the interviewees and by household financial management habits confirms the results obtained in the analysis of medians, giving robustness to the conclusions reached.

By socio-economic indicators

From analysing clusters by gender, age, employment situation, level of schooling and gross monthly household income, the following stand out:

- **Gender:** 81 per cent of men are in cluster 1 (High FL), a percentage greater than that of women (69 per cent);
- **Age:** 83 per cent of those aged 25-39 and 82 per cent of those aged 40-54 are in cluster 1 (high FL), percentages greater than those of the younger age group between 16 and 24 (61 per cent) and those aged 70 and over (59 per cent);
- **Employment situation:** 88 per cent of workers are in cluster 1 (high FL) and 49 per cent of workers are in cluster 2 (low FL);
- **Level of schooling:** 94 per cent of those with higher education are in cluster 1 (high FL) and 55 per cent of those with no formal schooling are in cluster 2 (low FL);
- **Income level:** 98 per cent of those who belong to households with a gross monthly income of €2,500 and 94 per cent of those who earn €1,000 to €2,500 are in cluster 1 (high FL); whilst 54 per cent of those who belong to households with no income and 57 per cent of those whose households have a gross monthly income under €500 are in cluster 2 (low FL).

---

[3] See Report on the Survey on the Financial Literacy of the Portuguese Population 2010.

[4] This is a clustering technique that creates divisions of groups that do not overlap. In this method, the number of clusters (k) is chosen a priori and, following an iterative process, each observation is made to correspond to the group whose average is closest (the Euclidean distance was used as the measurement). The process continues until no single observation changes group. The Calínski and Harabasz stopping rule (1974) was used for the choice of the number of clusters.

TABLE V.2.1 | Characterisation of the clusters, by socio-economic indicators | 2015

Percentage of interviewees	Cluster 1 High FL	Cluster 2 Low FL
Gender		
Men	81 %	19 %
Women	69 %	31 %
Idade		
16 to 24 years old	61 %	39 %
25 to 39 years old	83 %	17 %
40 to 54 years old	82 %	18 %
55 to 69 years old	77 %	23 %
70 and over	59 %	41 %
Employment situation		
Worker	88 %	12 %
Unemployed	63 %	37 %
Pensioner	64 %	36 %
Student	51 %	49 %
Other inactive	74 %	26 %
Level of schooling		
No formal schooling	45 %	55 %
Primary education (4th year)	65 %	35 %
2nd stage of basic education (6th year)	70 %	30 %
Elementary education (9th year)	76 %	24 %
Secondary education (12th year)	84 %	16 %
Higher education	94 %	6 %
Gross monthly household income		
No income	46 %	54 %
Up to €500	43 %	57 %
€500 to €1,000	77 %	23 %
€1,000 to €1,000	94 %	6 %
Over €2,500	98 %	2 %
Does not know/does not answer	66 %	34 %

By holding of financial products

In terms of financial products held by the interviewees, the following become apparent through the cluster analysis:

- **Bank accounts:** 80 per cent of those at least one bank account are in cluster 1 (high FL) and 90 per cent of those with no bank account are in cluster 2 (low FL);
- **Insurance:** 91 per cent of insurance policyholders are in cluster 1 (high FL);
- **Investment products:** all investment product holders are in cluster 1 (high FL);
- **Basket of financial products:** 99 per cent of those who hold more than two types of financial product (out of banking products, insurance, savings and treasury certificates, and investment products) and 90 per cent of those who have two types of financial products are in cluster 1 (high FL); all those who have no financial products and 61 per cent of interviewees who have only banking products or only insurance are in cluster 2 (low FL).

TABLE V.2.2 | Characterisation of the clusters, by holding of financial products | 2015

Percentage of interviewees	Cluster 1 High FL	Cluster 2 Low FL
Bank accounts		
Without a bank account	10 %	90 %
With a bank account	80 %	20 %
Insurance		
Without insurance	31 %	69 %
With insurance	91 %	9 %
Investment products		
Without investment products	74 %	26 %
With investment products	100 %	0 %
Basket of financial products		
Without financial products	0 %	100 %
Only with banking products or insurance	39 %	61 %
Only with two types of products (from among banking, insurance, savings certificates and investment products)	90 %	10 %
With more than two types of financial product (from among banking, insurance, savings certificates and investment products)	99 %	1 %

By household budget and savings management habits

When analysing clusters concerning household budget and savings management, the following stand out:

- **Saving habits:** 91 per cent of those with regular saving habits are in cluster 1 (high FL), compared to 56 per cent of those who claim not to save;
- **Unforeseen expenses:** 87 per cent of those who claim to have enough savings to cover unforeseen expenses equal to or greater than their monthly income are in cluster 1 (high FL); 37 per cent of those who stated they do not have such levels of savings are in cluster 2 (low FL);
- **Confidence in retirement planning:** 89 per cent of those who are confident and 85 per cent of those who are very confident in their retirement planning are in cluster 1 (high FL); 57 per cent who have no retirement planning are in cluster 2 (low FL).

In terms of planning the household budget, there are no big differences between both clusters as the proportion of interviewees (78 per cent) who plan the household budget and are in cluster 1 (high FL) is very close to the 75 per cent of respondents in this cluster.

TABLE V.2.3 | Characterisation of the clusters, by household financial management habits | 2015

Percentage of interviewees	Cluster 1 High FL	Cluster 2 Low FL
Household budget		
With household budget	78 %	22 %
Without household budget	73 %	27 %
Not know/does not answer	0 %	100 %
Hábitos de poupança		
Regular	91 %	9 %
Irregular	85 %	15 %
Does not save	56 %	44 %
Savings enough to meet unforeseen expenses equivalent to monthly income		
Yes	87 %	13 %
No	63 %	37 %
Does not know/does not answer	42 %	58 %
Not applicable – has no personal income	52 %	48 %
Confidence in retirement planning		
Not at all confident	65 %	35 %
Not very confident	75 %	25 %
Confident	89 %	11 %
Very confident	85 %	15 %
Totally confident	64 %	36 %
Does (or did) no retirement planning	43 %	57 %
Does not know/does not answer	47 %	53 %

TABLE V.2.4 | Population groups predominant in clusters 1 and 2 | 2015

Groups with over 75 per cent of interviewees in cluster 1 (high financial literacy)	Groups with over 25 per cent of interviewees in cluster 2 (low financial literacy)
• Men	• Women
• Aged 25 to 69	• Aged 16 to 24 or 70 and over
• Workers	• Students, the unemployed and pensioners
• With lower secondary school or more	• With no formal schooling or schooling complete to upper primary level
• With a gross monthly household income over €500	• Without income or with income up to €500
• Hold at least one ban account	• Without a bank account
• Insurance holders	• Without insurance
• With investment products	• Without investment products
• Who hold a greater variety of financial products (two or more types of financial products)	• Without financial products or with only banking products or only insurance
• Household prepares budget	• Household does not prepare budget
• With regular or irregular saving habits	• Without saving habits
• Savings enough to meet unforeseen expenses equivalent to monthly income	• Savings not enough to meet unforeseen expenses equivalent to monthly income
• Confident or very confident in retirement planning	• Having no confidence or total confidence in retirement planning

Annexes

1. Methodology
2. Questionnaire

1. Methodology

The 2nd Survey on the Financial Literacy of the Portuguese Population involved the design of the questionnaire, the definition of the sample and the carrying out of the fieldwork.

This work was undertaken with the assistance of a company specialising in opinion polling, Eurosondagem, specifically with the fieldwork.

1. Questionnaire

The questionnaire that provided the base for the 2015 Financial Literacy Survey was structured to assess the financial attitudes, behaviours and knowledge of the Portuguese population, whilst considering five specific objectives: assessing the population's level of financial inclusion, characterising its planning of household budget and savings habits, characterising choice criteria and the form of accompanying the financial products contracted, knowing the information sources and methods used for getting help and assessing the financial knowledge of the population.

The objectives defined meant the preparation of a questionnaire with 102 questions, organised in accordance with the following sections:

- A – Interviewee profile (9 questions): questions to ensure the interview is framed within the sampling criteria defined in terms of gender, age, geographical location, employment situation and level of schooling, which enable a sociological characterisation to be obtained at the same time.
- B – Inclusion in the banking system (5 questions): questions to assess the participation of the population in the banking system, through holding one or more current accounts and to understand reasons for not having a bank account for those excluded from the banking system.
- C – Planning of household budget and savings (12 questions): questions to understand the frequency of keeping within the household budget, frequency and purpose of saving, ability to meet unexpected expenses, and medium and long-term retirement planning.
- D – Choice and management of financial products (49 questions): questions to identify the financial products contracted and criteria for choosing them, assess habits of comparing products and reading precontractual and contractual information, and understand the reasons for choosing a bank and insurance company. The questions also seek to gauge knowledge of commissions and interest rates, as well as identify attitudes and behaviours in terms of investment risk.
- E – Choice and understanding of information sources (4 questions): questions to identify the type of economic and financial news followed regularly as well as knowledge on the ways to obtain assistance in the event of disagreement with a financial institution or in the case of difficulty in meeting loan instalments.

- F – Financial understanding (23 questions): questions to assess numeracy and the knowledge of the population on various key concepts related with certain financial products, namely current account statements, interest rates, excess and grace periods for insurance contracts, risks associated with financial applications and the relationship between expected return and risk.

The questionnaire includes 32 questions (core questions) defined by the OECD's International Network on Financial Education (INFE), which enabled Portugal's participation in the second international study to measure and compare the populations' financial literacy levels promoted by an international organisation. In 2015, the survey involved 30 countries.

All the questions in sections 'A – Interviewee profile', 'E – Choice and understanding of information sources' and 'F – Financial understanding' were posed to all interviewees. In the remaining sections, some questions depended on the interviewee's answers to previous questions. Thus, in these sections, not all questions were posed to all interviewees.

The questionnaire was subject to a pilot test of 55 interviews to assess the ease of use of the questions by the interviewers and ease of response by the interviewees. The pilot test was carried out in the North, Centre and Lisbon regions, covering interviewees of all age groups and levels of schooling. The questionnaire was deemed suitable, meaning no significant changes were made to the final version that was implemented in the sample of interviewees selected for this survey.

2. Sample

The 2015 Financial Literacy Survey was carried out aiming to ascertain the degree of financial literacy of the Portuguese population resident in Portugal (Mainland and Autonomous Regions) aged 16 and over. For this purpose a sample of 1,100 persons was defined, so as to enable estimating, by statistical inference, the results with an average error of 3 per cent with a probability of 95 percent.

The sample was segmented according to five stratification criteria: gender, age, geographic location, employment situation and level of schooling, for which the following disaggregation was considered:

- **Gender:** male; female.
- **Age:** 16 to 24 years old, 25 to 39 years old, 40 to 54 years old, 55 to 69 years old, 70 or older.
- **Geographic location:** North, Centre, Lisbon, Alentejo, Algarve, Autonomous Region of Madeira, and Autonomous Region of the Azores.
- **Employment situation:** active; inactive.
- **Level of schooling**[1]**:** no formal schooling, primary education (4th year), 2nd stage of basic education (6th year), elementary education (9th year), secondary education (12th year) and higher education.

---

[1] The levels of schooling considered here refer to the highest level of schooling that the interviewee concluded.

The strata were subject to the definition of quotas according to the proportions in which they occur in the Portuguese population in the 2011 Census.

The implementation in the field according to the five stratification criteria is complex as it requires interviewees with very specific features to be located. There was a slight deviation from the actual quota vis-à-vis the planned quota in some strata, although it is irrelevant for statistical purposes. From the comparison between the planned and actual quotas, there are, in each stratum, percentage deviations from that planned equal to or less than 0.1 p.p.

TABLE VI.1 | Planned and actual quotas for each stratum

Stratum	Planned quota		Actual quota	
Geographic location				
North	383	34.8 %	383	34.8 %
Centre	246	22.4 %	246	22.4 %
Lisbon	292	26.5 %	292	26.5 %
Alentejo	80	7.3 %	80	7.3 %
Algarve	47	4.3 %	47	4.3 %
Madeira A.R.	27	2.4 %	28	2.5 %
Azores A.R.	25	2.3 %	24	2.2 %
Age group				
16 to 24 years old	129	11.7 %	128	11.6 %
25 to 39 years old	279	25.4 %	279	25.4 %
40 to 54 years old	281	25.5 %	281	25.5 %
55 to 69 years old	230	20.9 %	230	20.9 %
70 and over	181	16.5 %	182	16.6 %
Gender				
Male	581	52.8 %	581	52.8 %
Female	519	47.2 %	519	47.2 %
Employment situation				
Active	622	56.5 %	622	56.5 %
Inactive	478	43.5 %	478	43.5 %
Level of schooling				
No formal schooling	67	6.1 %	67	6.1 %
Primary education (4th year)	335	30.5 %	334	30.4 %
2nd stage of basic education (6th year)	105	9.5 %	106	9.6 %
Elementary education (9th year)	166	15.1 %	166	15.1 %
Secondary education (12th year)	213	19.4 %	213	19.4 %
Higher education	214	19.4 %	214	19.4 %

The average margins of error of the sample were calculated for each stratum, which depend on the number of interviewees included in that stratum.

TABLE VI.2 | Average margin of error of each stratum

Stratum	Margin of error
Geographic location	
North	5.0 %
Centre	6.2 %
Lisbon	5.7 %
Alentejo	10.9 %
Algarve	14.3 %
Madeira A.R.	19.7 %
Azores A.R.	18.7 %
Age group	
16 to 24 years old	8.6 %
25 to 39 years old	5.9 %
40 to 54 years old	5.8 %
55 to 69 years old	6.4 %
70 and over	7.3 %
Gender	
Male	4.3 %
Female	4.1 %
Employment situation	
Active	3.9 %
Inactive	4.5 %
Level of schooling	
No formal schooling	12.0 %
Primary education (4th year)	5.4 %
2nd stage of basic education (6th year)	9.6 %
Elementary education (9th year)	7.6 %
Secondary education (12th year)	6.5 %
Higher education	6.9 %

3. Interviews

The interviews were carried out face-to-face and door-to-door between 26 May and 26 June 2015 and lasted on average 42 minutes.

In locating the interviewee, a random route method was used, selecting randomly, albeit conditioned to the quotas defined for each stratum. To improve the implementation of the random route method of locating the interviewee, a finer division of 'place' was introduced, according to the number of inhabitants, from which departure points for the interviewer are defined (i.e. street, door number, floor).

The continuation of the interview depended on the answers given by the interviewee in section "A – Interviewee profile", which define their correct inclusion in the sample, and the answers given to some questions in section "B – Financial inclusion", which were used to determine the possibility of obtaining a significant number of answers with quality suited to the aims of the study. Specifically, interviews did not continue, nor were they included in the sample for cases in which interviewees refused to answer or said they did not know if they had a current account and/or how often they performed transactions on that account.

The 1,100 interviews considered in the sample were validated, in person by interviewer coordinators, as well as by cross-checking information to ensure the coherence of the responses obtained.

49 interviewers carried out the interviews, who had taken part in training sessions on the aims of the study and each question specifically, prior to the fieldwork. The interviewers were also given a manual with instructions on how to apply the questionnaire.

2. Questionnaire

Interview No. ________________

2nd Survey on the Financial Literacy of the Portuguese Population

QUESTIONNAIRE

Good morning/afternoon/evening. My name is .... I am working for the firm EUROSONDAGEM, in a national level project for Banco de Portugal, Comissão do Mercado de Valores Mobiliários and Autoridade de Supervisão de Seguros e Fundos de Pensões, the former Instituto de Seguros de Portugal (show identification/statement), which is part of an international OECD project.

In Portugal, the 1st Survey on the Financial Literacy of the Portuguese Population was conducted in 2010. This second survey aims to evaluate the evolution of the personal finance management habits of the Portuguese, as well as to compare it to habits in other countries.

In addition to being of great importance to this project, your answers will be strictly confidential and used exclusively for the purposes of this study. Your personal data will not be passed on to any other person or organisation.

This interview will take about 40 minutes. May we conduct it now or would you prefer to schedule it for another time?

A – Profile of the interviewee

Do you live permanently at this residence?

Yes |___| (continue) No |___| (thank the interviewee and end)

A1 – REGION (Record the region of residence) (See quotas)	
North	1
Centre	2
Lisbon	3
Alentejo	4
Algarve	5
Autonomous Region of Madeira	6
Autonomous Region of the Azores	7

A1.1 – MUNICIPALITY/PARISH
(Record municipality and parish of residence) (See quotas)

Municipality:	Parish:

A1.2 – PLACE (See quotas)

Up to 4999 inhabitants	1
From 5000 to 19 999 inhabitants	2
From 20 000 to 99 999 inhabitants	3
100 000 or more inhabitants	4

A2 – GENDER (Record the gender of the interviewee) (See quotas)

Female	1
Male	2

A3 – AGE: ___________ years
(Record the age group in which the person is classified) (See quotas)

Note: The interviewer should provide an estimate if the interviewee does not wish to answer.

16 to 17 years	1
18 to 24 years	2
25 to 39 years	3
40 to 54 years	4
55 to 69 years	5
70 to 79 years	6
80 or older	7

A4 – What is your level of schooling? (Show card A4) (See quotas)	
No formal education	1
Attended primary education	2
Primary education (4th year)	3
Attended elementary education	4
Elementary education (9th year)	5
Attended secondary education	6
Secondary education (12th year)	7
Attended polytechnic education	8
Technical education beyond secondary level	9
Attended university education	10
Undergraduate or graduate education	11
More than a completed licentiate degree (Master’s/PhD)	12
Does not answer (do not read)	13

A5 – What is your current work or occupational situation? (See quotas)	
Active – Self-employed	1
Active – Employee	2
Active – Trainee/apprentice	3
Active – Unemployed looking for work	4
Not active – Works at home looking after the family	5
Not active – Retired	6
Not active – Disabled/Retired due to sickness or ill-health	7
Not active – Not working and not looking for work	8
Not active – Student	9
Active – Other (specify) ____	10
Not active – Other (specify) ____	11
Does not answer (do not read)	12

A6 – Who do you usually live with in your household? (Multiple answer) (Show card A6)	
Alone	1
With spouse/partner	2
With children under the age of 18 (yours or your spouse's/partner's)	3
With children over the age of 18 (yours or your spouse's/partner's)	4
With parents or parents-in-law	5
With other family members	6
With friends, colleagues or students	7
In some other type of household	8
Does not answer (do not read)	9

A7 – Who is responsible for making day-to-day decisions about money in your household? (Show card A7)	
You make these decisions by yourself	1
You make these decisions with your spouse/partner	2
You make these decisions in conjunction with another person	3
Someone else makes these decisions	4
Does not know (do not read)	5
Does not answer (do not read)	6

B – Inclusion in the banking system

B1 – Do you hold one or more current accounts?		
Yes	→ Go to B2	1
No	→ Go to B4	2
Does not know (do not read)	→ End the interview (does not count for the sample)	3
Does not answer (do not read)	→ End the interview (does not count for the sample)	4

B2 – How many current accounts do you hold, in total?	
Number: _____________	1
Does not know (do not read)	2
Does not answer (do not read)	3

B3 – How often do you use your **main** bank account, including payments by ATM? (Show card B3)		
More than once a week	→ Go to C1	1
More than once a month	→ Go to C1	2
Not every month	→ Go to C1	3
Almost never over the year	→ Go to C1	4
Never	→ Go to C1	5
Does not know (do not read)	→ End the interview (does not count for the sample)	6
Does not answer (do not read)	→ End the interview (does not count for the sample)	7

B4 – So, please tell me if:		
You have never had a bank account		1
You have had one in the past, but no longer have a bank account		2
Does not answer (do not read)	→ Go to C1	3

B5 – Why have you never had a bank account? (1 answer only)	
Do not have income to justify it	1
Another person's bank account is sufficient	2
The costs of having a bank account are high	3
Another reason. Which? ____	4
Does not know (do not read)	5
Does not answer (do not read)	6

C – Planning of household budget and savings

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

A **household budget** is used to decide what share of your household income will be used for spending, saving or paying bills.

C1 – Does your household have a budget? How frequently do you plan it? (Show card C1)	
Yes, daily	1
Yes, weekly	2
Yes, monthly	3
Yes, annually	4
Yes, but not regularly	5
No	6
Does not know (do not read)	7
Does not answer (do not read)	8

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

C2 – Do you save? (Read)		
Yes, regularly		1
Yes, irregularly (extra income, holiday allowance or Christmas bonus, other bonuses…)		2
No	→ Go to C4	3
Does not answer (do not read)		4

C3 – What is the main reason that leads you to save? (1 answer only) (Show card C3)

For non-regular subsequent expenses (holidays, travel...)	1
To buy/replace durable goods (bigger house, furniture, household appliances, means of transport…)	2
For children's education or to help them when they start working	3
To meet unforeseen expenses	4
To use in retirement	5
Other. Which? ____	6
Does not answer (do not read)	7

→ Go to C5

C4 – Why do you not save? (1 answer only) (Show card C4)

Your income does not allow it	1
You do not consider it a priority	2
You make unplanned expenses – impulse buying	3
Other reason. Which? ______________________________________	4
Does not answer (do not read)	5

C5 – In the past 12 months have you been saving money in any of the following ways, whether or not you still have the money. (Multiple answer) (Show card C5)

Building up a balance of money in your bank account	1
Paying money into a savings account	2
Buying financial investment products, other than pension funds (shares, bonds, investment funds...)	3
Applying the money in another way (transfers to family overseas, purchase of gold, purchase of property, purchase of art, …)	4
Giving money to family to save on your behalf	5
Saving cash at home or in your wallet	6
I did not save (do not read)	7
Does not know (do not read)	8
Does not answer (do not read)	9

C6 – 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		1
No		2
Does not know (do not read)		3
Not applicable – I don't have any personal income (do not read)	→ Go to C8	4
Does not answer (do not read)		5

C7 – Sometimes people find that their income does not quite cover their living costs. In the last 12 months, has this happened to you, personally?		
Yes	→ Go to C7.1	1
No	→ Go to C8	2
Does not know (do not read)	→ Go to C8	3
Does not answer (do not read)	→ Go to C8	4

C7.1 – What did you do to make ends meet the last time this happened? (Multiple answer) Note to the interviewer: do not read, but you can give examples. The headings merely serve as a guide for the interviewer. The interviewer may ask: "And did you do anything else?".	
Existing resources	
Draw money out of savings or transfer savings into current account	1
Cut back on spending, spend less, do without	2
Sell something that you own	3
Creating resources	
Work overtime, earn extra money	**4**
Access credit by using existing contacts or resources	
Borrow from family or friends	**5**
Borrow from employer (e.g.: loan, salary advance…)	**6**
Pawn something that you own	**7**
Borrow from existing credit line	
Use overdraft or line of credit	**8**
Use credit card for a cash advance or to pay bills/buy food	**9**

Access additional credit	
Take out a personal loan from a bank or financial institution	10
Take out a loan from another entity (informal)	11
Fall behind/go beyond arranged amount	
Use an overdraft on current account higher than the authorised amount	12
Pay my bills late/miss payments	13
Other responses	
Other. What? ____	14
Does not know (do not read)	15
Does not answer (do not read)	16

C8– If you lost your main source of household income, how long could your household continue to cover living expenses, without borrowing any money or moving house? (Show card C8)

Less than a week	1
At least a week, but not one month	2
At least one month, but not three months	3
At least three months, but not six months	4
More than six months	5
Does not know (do not read)	6
Does not answer (do not read)	7

C9 – Tell me to what extent you agree with the statements I am going to read. On a scale of 1 to 5, where 1 (totally disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree) and 5 (totally agree). (Show card C9)

	Totally disagree	Disagree	Neither agree nor disagree	Agree	Totally agree	Does not answer (do not read)
1. Before I buy something I carefully consider whether I can afford it	1	2	3	4	5	6
2. I tend to live for today and let tomorrow take care of itself	1	2	3	4	5	6
3. I find it more satisfying to spend money than to save it for the long term	1	2	3	4	5	6
4. I pay my bills on time	1	2	3	4	5	6
5. I am prepared to risk some of my own money when saving or making investment	1	2	3	4	5	6
6. I keep a close watch on my financial affairs	1	2	3	4	5	6
7. I set long-term financial goals and strive to achieve them	1	2	3	4	5	6
8. Money is there to be spent	1	2	3	4	5	6
9. My financial situation limits my ability to do the things that are important to me	1	2	3	4	5	6
10. I tend to worry about paying my normal living expenses	1	2	3	4	5	6
11. I have too much debt right now	1	2	3	4	5	6
12. I am satisfied with my present financial situation	1	2	3	4	5	6
13. To buy something, I would rather save first	1	2	3	4	5	6
14. When I want to buy something, I immediately resort to credit	1	2	3	4	5	6
15. I tend to buy things in an impulsive manner	1	2	3	4	5	6

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

C10 – How confident are you that you have done a good job of making financial plans for your retirement? (Show card C10)	
Not at all confident	1
Not very confident	2
Confident	3
Very confident	4
Totally confident	5
Does not (or did not) plan for retirement (do not read)	6
Does not know (do not read)	7
Does not answer (do not read)	8

C10.1 – How will you – or do you - fund your retirement? (Multiple answer) (Show card C10)	
From drawing a government pension (social security or another compulsory scheme)	1
From an occupational or workplace pension plan	2
From a private pension plan	3
From selling your financial assets (such as: stocks, shares, bonds, investment funds…)	4
From selling your non-financial assets (such as a car, property, art, jewels, antiques…)	5
From income generated by your financial or non-financial assets	6
By relying on a spouse or partner to support you	7
By relying on your children or other family members to support you	8
Something else. Which? ____	9
Does not know (do not read)	10
Does not answer (do not read)	11

D – Choice and management of financial products

The next set of issues relates to financial products and services. We will not ask you questions about your account balances or other values. We are only interested in your experience in choosing and managing financial products and services.

D1.1 – Please can you tell me whether you have heard of any of these financial products? (Multiple answer) (Show card D1.1)

D1.2 – Now can you tell me whether you (personally or jointly) currently hold any of these types of products? (Multiple answer)

Note to interviewers: read only the options chosen by the interviewees in question D1.1

D1.3 – In the past two years, which of the following types of financial products have you chosen (personally or jointly) whether or not you still hold them? Please do not include products that were renewed automatically. (Multiple answer)

Note to interviewers: read only the options chosen by the interviewees in question D1.1

D1.4 – Which of these did you choose most recently?

Note to interviewers: If the interviewee has already answered D1.3, read these options. Otherwise, read the options chosen in D1.1.

	D1.1 I have heard about them	D1.2 Have them	D1.3 Took them out in the last 2 years	D1.4 Took them out more recently
1. Current account	1	1	1	1
2. Time deposits (savings account)	2	2	2	2
3. Saving certificates/Treasury bills	3	3	3	3
4. Stocks and shares	4	4	4	4
5. Bonds	5	5	5	5
6. Commercial paper	6	6	6	6
7. Investment funds	7	7	7	7
8. Complex financial products	8	8	8	8
9. Pension or retirement product (Do not consider compulsory contributions to social security or other compulsory contribution schemes)	9	9	9	9
10. Insurance	10	10	10	10

11. Credit card	11	11	11	11
12. Bank overdraft	12	12	12	12
13. Home loan or mortgage	13	13	13	13
14. Other loans (e.g.: personal loan, car loan, home)	14	14	14	14
15. Microfinance loan (for professional/ commercial financing)	15	15	15	15
16. Others. Which? ______________________	16	16	16	16
17. None	17	17	17	17
18. Does not know (do not read)	18	18	18	18
19. Does not answer (do not read)	19	19	19	19

D2 – Which of the following statements best describes how you made your choice? (Show card D2)	
I considered several options from different institutions before making my decision	1
I considered the various options from one institution	2
I looked around but I there were no other options to consider	3
I did’t consider any other options at all	4
Does not know (do not read)	5
Does not answer (do not read)	6

D3 – (For the product chosen by the interviewee in question D1.4) Which sources of information do you feel most influenced your decision? (Multiple answer) Note to the interviewer: wait for the answer, only read if necessary. Do not read the headings, these merely serve as a guide to the interviewer.	
General advice	
Advice from sales staff of the institution where you acquired the product	1
Advice of friends/relatives	2
Best buy guidance	
Recommendation from independent financial adviser or broker	3
Specialist magazines/publication	4

Product specific information	
Information picked up in a branch (e.g.: leaflets, flyers…)	5
Product specific information found on the internet	6
Unsolicited information sent through the post	7
Adverts	
Advertising on TV, radio, newspapers…	8
Media coverage	
Television or radio programmes, newspaper articles…	9
Other	
My own previous experience	10
Other. Which? ____	11
Does not know (do not read)	12
Does not answer (do not read)	13

Note to the interviewer: If D1.2 and D1.3 and D1.4 equal to "None" (Has no Financial Product) → Go to D15

D4 – Before you take out a financial product (e.g. savings applications, investments, loans, insurance…) do you read the information which the institution gives you on the conditions of the products? (Show card D4)	
Yes, I read it in great detail	1
Yes, I read it in some detail	2
Yes, I read it, but not in great detail	3
I don't read it, I trust what the branch employee conveys me verbally	4
I don't read it, I don't consider it very important	5
Does not answer (do not read)	6

D5 – Do you read the contracts of the financial products (e.g. savings applications, investments, loans, insurance …) you take out? (Show card D5)	
Yes, I read it in great detail	1
Yes, I read it in some detail	2
Yes, I read it, but not in great detail	3
I don't read it, I trust in what the branch employee conveys me verbally	4
I don't read it, I don't consider it very important	5
Does not answer (do not read)	6

Note to the interviewer: If B1=1 and D1.2 = 1 (Sight Deposit) → Do D6, D7 and D8.
Otherwise → Go to the Note before D9.

D6 – What is the main reason why you chose the bank where you have your main current account? (Show card D6)	
Recommendation from a family member or friend	1
It is the bank where you have your home loan or other loan	2
It has low fees/costs	3
The account is better remunerated	4
The employer entity requires having an account in this bank	5
Proximity to home or the workplace	6
Other reason. Which? ____	7
Does not answer (do not read)	8

D7 – With what frequency do you monitor the movements and balance of your main bank account? (Show card D7)	
Daily	1
More than once a week	2
More than once a month	3
Less than once a month	4
Rarely	5
Never	6
Does not answer (do not read)	7

D8 – Do you know the maintenance fee your bank charges for your current account? (Read)	
Yes, the exact amount	1
Yes, approximately	2
No	3
Does not answer (do not read)	4

Note to the interviewer: If D1.2 = (2 or 3 or 11 or 12 or 13 or 14) (Time Deposit; Saving Certificates/Treasury bills; Credit card; Bank overdraft; Home loans or mortgage loans; Other loans (e.g.: personal loan, car loan, home)) → Do D9 and D10. Otherwise → Go to Note before D11.

D9 – Do you know the value of the interest rates of the savings applications or loans you have? (Show card D9)	
Yes, always and in the exact value	1
Yes, always and in an approximate value	2
I only ask when I take out the savings product or loan	3
No	4
Does not answer (do not read)	5

D10 – And do you compare the interest rates before taking out a savings application or a loan? (Show card D10)	
Yes, among the banks where I am a customer	1
Yes, among the banks where I am a customer and with those of other banks	2
No, I always use my bank	3
No	4
Does not answer (do not read)	5

Note to the interviewer: If D1.2 = (13 or 14) (Home loan or mortgage loans; Other loans (e.g.: personal loan, car loan, home)) → Do D11. Otherwise → Go to Note before D12.

D11 – What is the main reason for the choice of your loans (home loan or consumer credit)? (Show card D11)	
Value of instalment	1
Interest rate	2
Annual Percentage Rate of Charge (APRC or APR)	3
Repayment period	4
I went to my usual bank	5
I followed the bank's advertising	6
Other. Which? ____	7
Does not answer (do not read)	8

Note to the interviewer: If D1.2 = (11 or 12 or 13 or 14) (Credit card; Bank overdraft; Home loan or mortgage loans; Other loans (ex: personal loan, car loan, home)) → Do D12. Otherwise → Go to Note before D13.

D12 – Do you have an idea of how much the service of loans represent on your monthly income? (Read)	
Less than a quarter (25 %)	1
Less than half	2
More than half	3
Does not know (do not read)	4
Does not answer (do not read)	5

Note to the interviewer: Se D1.2 = (11 or 12 or 13 or 14) (Credit card; Bank overdraft; Home loan or mortgage loans; Other loans (ex: personal loan, car loan, home)) → Do D13. Otherwise → Go to Note before D14.

D13 – How did you choose the insurance you have associated to your loans? (Show card D13)	
I had no choice. The insurance was part of the package that was presented to me	1
I checked with other insurance companies but this was the cheapest	2
It was recommended by a family member or friend	3
Other reason. Which? ____	4
I have no insurance associated with the loans	5
Does not answer (do not read)	6

Note to the interviewer: If D1.2 = 11 (Credit card) → Do D14. Otherwise → Go to D15.

D14 – What payment scheme do you normally use with your credit card? (Read)	
Pay the next month, in full	1
Pay it off partially	2
Does not know (do not read)	3
Does not answer (do not read)	4

For everyone

D15 – How would you rate your level of risk in relation to investments in financial products? (Show card D15)	
Very risk averse/I do not like to take risks at all	1
Risk averse/I do not like to take risks	2
Neutral in relation to risk/I am indifferent to taking risks	3
I like to take risks	4
I like to take risks a lot	5
Does not know (do not read)	6
Does not answer (do not read)	7

D16 – What attitude best describes your behaviour in relation to investments in financial products? (Show card D16)	
The priority is not to lose the money invested	1
The priority is not to lose the money invested, but I can tolerate small losses	2
The priority is to earn money, so I am willing to tolerate moderate losses	3
The priority is to earn as much money as possible, so I am willing to tolerate big losses	4
Does not know (do not read)	5
Does not answer (do not read)	6

D17 – How would you rate your knowledge on securities markets and products? (Show card D17)	
Not knowledgeable at all	1
Not very knowledgeable	2
Reasonably knowledgeable	3
Knowledgeable	4
Very knowledgeable	5
Does not know (do not read)	6
Does not answer (do not read)	7

For the next set of questions, consider investments in securities such as stocks, bonds, investment units, government debt securities, derivatives (such as futures and options), among others.

C7 – Do you currently have investments in any security (including individual portfolio management services)? (Read) Confirm with the interviewee that answer D1.2 = 4 or 5 or 6 or 7 or 8

Yes, I do		1
Not now, but I had in the past	→ Go to D26	2
I have never had any	→ Go to D32	3
Does not know (do not read)	→ Go to D35	4
Does not answer (do not read)	→ Go to D35	5

D19 – What percentage of your total assets does your current securities portfolio represent? (Show card D19)

Between 0 and 10 %	1
From 10 % to 25 %	2
From 25 % to 50 %	3
More than 50 %	4
Does not know (do not read)	5
Does not answer (do not read)	6

D20 – How do you normally finance your investments in securities? (Show card D20)

Own savings	1
Resort to credit	2
Both, own savings and credit	3
Does not know (do not read)	4
Does not answer (do not read)	5

D21 – As a rule, what would you do in the case of a sharp drop in the price of a security held by you? (Show card D21)	
I would sell the security immediately	1
I would not sell it and would seek advice	2
I would not sell it and I would hope that the price would go up	3
I would buy more securities	4
Other. Which? ____	5
Does not know (do not read)	6
Does not answer (do not read)	7

D22 – What reasons would make you decide to invest in securities? (Multiple answer) (Show card D22)	
Tax reasons	1
The return is higher than bank deposits	2
I like the risk	3
Out of habit	4
Friends/acquaintances/family members also invest	5
Advised by the account/bank manager	6
Earn capital gains	7
Other reasons. Which? ____	8
Does not know (do not read)	9
Does not answer (do not read)	10

D23 – What is most important when choosing your investments in securities? (only 1 answer) (Show card D23)	
Tax reasons	1
The return is higher than bank deposits	2
I like the risk	3
Out of habit	4
Friends/acquaintances/family members also invest	5
Advised by the account/bank manager	6
Earn capital gains	7
Other reasons. Which? ____	8
Does not know (do not read)	9
Does not answer (do not read)	10

D24 – If you lost money with investments made in the securities markets, why would you say you lost the money? (Show card D24)

I have never lost money	1
Market vicissitudes	2
Good luck or bad luck	3
Bad advice	4
Other. Which? ____	5
Does not know (do not read)	6
Does not answer (do not read)	7

D25 – How often do you carry out transactions involving securities?
(Show card D25) → Go to D35

More than once a week	1
More than once a month	2
Not every month	3
Almost never throughout the year	4
Never	5
Does not know (do not read)	6
Does not answer (do not read)	7

D26 – What was most important when choosing your investments in securities?
(Show card D26)

The advice of the account/bank manager	1
The advice of friends	2
The evolution of prices	3
The dividends you were expecting to receive	4
Preference for large companies	5
Preference for well-known companies	6
Technical analysis	7
Other. Which? ____	8
Does not know (do not read)	9
Does not answer (do not read)	10

D27 – If you lost money with investments made in the securities markets, why would you say you lost the money? (Show card D27)	
I have never lost money	1
Market vicissitudes	2
Good luck or bad luck	3
Bad advice	4
Other. Which? ____	5
Does not know (do not read)	6
Does not answer (do not read)	7

D28 – How often did you carry out transactions involving securities? (Show card D28)	
More than once a week	1
More than once a month	2
Not every month	3
Almost never throughout the year	4
Never	5
Does not know (do not read)	6
Does not answer (do not read)	7

D29 – What was the main reason why you stopped investing in securities: (only 1 answer) (Show card D29)	
I lost money	1
I needed liquidity	2
It is too risky	3
You need to keep a close eye on things	4
I only earned capital gains sporadically	5
I do not know anything about this	6
I was influenced to buy	7
Termination or maturity of the security (example: bonds)	8
Other. Which? ____	9
Does not know (do not read)	10
Does not answer (do not read)	11

D30 – What is the main reason why you do not have securities at present? (only 1 answer) (Show card D30)

The income does not justify it	1
Not knowledgeable enough to invest in securities	2
These investments are too risky	3
The costs of having a securities account are high	4
Lost money in a past investment	5
Other reason. Which? ____	6
Does not know (do not read)	7
Does not answer (do not read)	8

D31 – What would have to happen for you to decide to invest in securities once again? (Multiple answer) (Show card D31) → Go to D34

Have more money	1
Higher return on securities	2
Low interest rates on term deposits	3
Have more information on securities	4
Have more trust in the securities market	5
There must be greater stability in the economy	6
Not thinking of investing or investing once again	7
Other. Which? ____	8
Does not know (do not read)	9
Does not answer (do not read)	10

D32 – What is the main reason why you do not have securities? (only 1 answer) (Show card D33)

The income does not justify it	1
Not knowledgeable enough to invest in securities	2
These investments are too risky	3
The costs of having a securities account are high	4
Lost money in a past investment	5
Other reason. Which? ____	6
Does not know (do not read)	7
Does not answer (do not read)	8

D33 – What would have to happen for you to start investing in securities? (Multiple answer) (Show card D33)	
Have more money	1
Higher return on securities	2
Low interest rates on term deposits	3
Have more information on securities	4
Have more trust in the securities market	5
There must be greater stability in the economy	6
Not thinking of investing or investing once again	7
Other. Which? ______________________________	8
Does not know (do not read)	9
Does not answer (do not read)	10

D34 – What is your biggest fear in relation to the securities market? (only 1 answer) (Show card D34)	
Crash (sharp, sudden and generalised drop in prices)	1
Ease of manipulation of the Portuguese securities market/abuse of insider knowledge	2
High risk level/realisation of losses	3
Dependence of the Portuguese market on external conditions	4
Lack of liquidity in the market	5
Expensive investment (high broker commissions or stock exchange fees)	6
Other. Which? ______________________________	7
Does not know (do not read)	8
Does not answer (do not read)	9

D35 – Do you currently have any insurance? (car, fire, life, health, accidents at work insurance). Confirm with the interviewee that answer D1.2 = 10		
Yes	→ Go to D38	1
No		2
Does not know (do not read		3
Does not answer (do not read)		4

D36 – Then please tell me if: (Read)	
you have never had insurance	1
you had insurance in the past but you no longer have insurance	2
Does not answer (do not read)	3

D37 – What is the main reason why you do not have insurance? (only 1 answer) (Show card D37) → Go to Note before D45	
Do not have assets that are worth protecting	1
The costs of insurance are too high	2
Prefer to bear the risks that may come to pass directly	3
Other. Which?____	4
Does not know (do not read)	5
Does not answer (do not read)	6

D38 – Did you buy or subscribe any of the following products in the last two years? (Multiple answer) (Show card D38) Confirm with the interviewee that answer D1.3 = 10	
Life insurance	1
Car loan insurance	2
Fire/multi-risk home insurance	3
Health insurance	4
Capitalisation operation	5
Retirement Savings Plan	6
Other. Which? ____	7
Did not subscribe insurance	8
Does not know (do not read)	9
Does not answer (do not read)	10

D39 – What was the main reason that led you to take out insurance? (Show card D39)	
Compliance with a legal obligation	1
Guarantee the financial security of the members of my family	2
Tax reasons	3
Security of the investment	4
Profitability of the investment	5
Advice from friends/family members	6
Other. Which? ____	7
Does not answer (do not read)	8

D40 – What was the main reason that led you to choose the insurance company where you have your insurance? (Show card D40)	
Recommendation of a family member or friend	1
Recommendation of an insurance broker	2
Recommendation of the bank where I have a home loan or other loan	3
It was the cheapest one	4
It was the one that presented the best product	5
Other. Which? ____	6
Does not answer (do not read)	7

D41 – In the last 3 years did you think of changing your insurance to another insurance company? (Read)	
Yes, and I have already changed it → Go to D43	1
Yes, but I have never changed it	2
No	3
Does not answer (do not read)	4

D42 – Why did you not change to another insurance company? (Show card D37) → Go to D44	
High costs involved	1
It is takes too much time to change to another insurance company	2
I am happy with the current insurance company	3
Uncertain about the benefit of changing	4
Other. Which? ____	5
Does not answer (do not read)	6

D43 – Why did you change insurance companies? (Show card D43)	
I found a cheaper alternative	1
Dissatisfied with the service provided	2
The insurance was not suited to my objective	3
Recommendation of a friend/family member	4
Recommendation of my insurance broker	5
Other. Which? ____	6
Does not answer (do not read)	7

D44 – Have you ever benefitted from insurance (for example, after a car accident, theft or fire)? (Read)	
Yes, once	1
Yes, more than once	2
Never	3
Does not answer (do not read)	4

Note to the interviewer: Ask question D45 if D1.2 = 9 (Retirement Savings Plan)

D45 – Does your retirement savings plan: (Read)

	Yes	No	Does not know (do not read)	Does not answer (do not read)
1. Have guaranteed capital	1	2	3	4
2. Have guaranteed income	1	2	3	4

Note to the interviewer: If D1.2 = (1 to 10) (Sight deposits; Term deposits; Saving certificates/Treasury bills; Shares; Bonds; Commercial paper; investment funds; Complex financial products; Retirement savings plans; Insurance) → Do D46 → Otherwise go to E1

D46 – How often do you read information regarding the profitability of your applications in financial products? (Read)	
Very often	1
Not very often	2
As a rule, I do not	3
Does not know (do not read)	4
Does not answer (do not read)	5

E – Choice and awareness of information sources

E1 – What type of information do you follow regularly? (Read)		
	Yes	No
1. General news on the economy	1	2
2. News on the real-estate market	1	2
3. News on the stock market	1	2
4. Changes in interest rates	1	2
5. Legislation and regulations on financial products	1	2
6. Other. Which?___________________________________	1	2

E2 – What other sources of information do you normally resort to when you want to obtain information on financial products? (Multiple answer) (Show card E2)	
Account/bank manager	1
Financial intermediary/insurance broker	2
Friends/family members/colleagues	**3**
Speciality newspapers (paper or online)	**4**
Other press (paper or online)	**5**
Television/radio	**6**
Internet (except the press)	7
Others. Which? ____	8
Does not know (do not read)	9
Does not answer (do not read)	10

E3 – What entity would you consult, or have you consulted, in the event of disagreement/ misunderstanding about a financial product? (Spontaneous – Multiple answer)	
To the supervisory body (Banco de Portugal, Comissão do Mercado de Valores Mobiliários or Autoridade de Supervisão de Seguros e Fundos de Pensões, the former Instituto de Seguros de Portugal)	1
Courts	2
Consumer associations (e.g.: Deco, Sefin, etc.)	**3**
Ministry of Finance	4
Other. Which?____	5
Does not know (do not read)	6
Does not answer (do not read)	7

E4 – What entity would you consult, or have you consulted, in the event of inability to pay the instalments of your loans? (Spontaneous – Multiple answer)	
Family	1
Your bank	2
Banco de Portugal	**3**
Consumer associations (e.g.: Deco, Sefin, etc.)	**4**
Assistance Network for Over-indebted Consumers	**5**
Ministry of Finance	6
Other. Which? ____	7
Does not know (do not read)	8
Does not answer (do not read)	9

F – Financial understanding

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 it probably is because you do know it. If you do not know the answer, please say that you do not know.

F1 – Could you tell me how you would rate your overall knowledge about financial matters compared with the Portuguese population? (Show card F1)	
Very high	1
Quite high	2
About average	3
Quite low	4
Very low	5
Does not know (do not read)	6
Does not answer (do not read)	7

F2 – Imagine that five brothers are given a gift of 1000 euros in total. If the brothers have to share the amount equally how much does each one get?	
Record response	1
Does not know (do not read)	2
Does not answer (do not read)	3

F2.1 – Now imagine that the brothers have to wait for one year to get their share of the 1000 euros and inflation stays at 2%. In one year's time will they be able to buy: (Show card F2.1)	
More with their share of the money than they could today	1
The same amount	2
Or, less than they could buy today	3
It depends on the types of things that they want to buy (do not read)	4
Does not know (do not read)	5
Does not answer (do not read)	6

F3 – You lend 25 euros to a friend one evening and he gives you 25 euros back the next day. How much interest has he paid on this loan?	
Amount: _______________	1
Does not know (do not read)	2
Does not answer (do not read)	3

F4 – Suppose you put 100 Euros into a no fee and tax free savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you 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?	
Amount: _______________	1
Does not know (do not read)	2
Does not answer (do not read)	3

F4.1 – How much would be in the account at the end of 5 years? (Considering that no fees or taxes are charged and that at the end of each year you leave the amount of interest in the same savings account)	
More than 110 Euros	1
Exactly 110 Euros	2
Less than 110 Euros	3
It is impossible to tell from the information given	4
Does not know (do not read)	5
Does not answer (do not read)	6

F5 – I would like to know whether you think the following statements are true or false:		
	T	F
1. If you pay off your credit card balance partially, you do not pay interest.	1	2
2. If you withdraw money at the ATM with your credit card, you pay fees on that amount.	1	2
3. The insurance premium is the price paid for the insurance.	1	2
4. High inflation means that the cost of living is increasing rapidly.	1	2
5. An investment with a high return is likely to be high risk.	1	2
6. It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares.	1	2

F6 – Do you know that there are basic bank account services?		
Yes		1
No	→ Go to F8	2
Does not answer (do not read)	→ Go to F8	3

F7 – What is necessary to have access to basic bank account services? (Read)	
To have a low income	1
To be unemployed	2
To have only one current account	**3**
Does not know (do not read)	4
Does not answer (do not read)	5

I am going to ask you to look at the following statement of a current account.

(Show card – Statement)

Bank ABC, S. A.

Current account – Account statement as at 20 April 2015 — EUR

Date	Description	Amount	Balance
	Previous balance		110.00
24-03-2015	ATM withdrawal	-60.00	50.00
30-03-2015	Transfer of salary	1 200.00	1250.00
01-04-2015	Transfer to term deposit	-120.00	1130.00
02-04-2015	Mortgage loan instalment	-525.00	605.00
03-04-2015	Mobile phone	-40.00	565.00
08-04-2015	Supermarket	-210.00	355.00
12-04-2015	Electricity	-60.00	295.00
13-04-2015	Restaurant	-40.00	255.00
16-04-2015	Cheque	-70.00	185.00
18-04-2015	ATM withdrawal	-50.00	135.00
20-04-2015	XPT petrol station	-35.00	100.00
	Available balance		100.00
	Authorised balance		1060.00

F8 – According to this statement, what is the balance of the current account that can be used as at 20 April 2015 without the use of a bank overdraft? (Spontaneous)	
110 euros	1
100 euros	2
1060 euros	3
1160 euros	4
Does not know (do not read)	5
Does not answer (do not read)	6

F9 – Suppose that the insurance of your car, in an amount of 150 euros, will be debited on 21 April 2015. Is the balance of the account sufficient to meet this payment? (Show card F9)	
No	1
Yes, but the account will have an overdraft of 50 euros	2
Yes, the balance of the account is sufficient, an overdraft is not necessary	3
Yes, but the account will have an overdraft of 150 euros	4
Does not know (do not read)	5
Does not answer (do not read)	6

F10 – For most mortgage loans, the interest rate paid to the bank is indexed to a reference rate, which is normally the “Euribor”. Please tell me if the Euribor: (Show card F10)	
Is a rate defined by the Portuguese Government	1
Is a rate defined by Banco de Portugal	2
Is a rate defined by the European Central Bank	3
Is the rate resulting from the loans made amongst a group of European banks	4
Does not know (do not read)	5
Does not answer (do not read)	6

F11 – Do you know what the “spread” is? (Show card F11)	
Does not know	1
It is the total interest rate charged by your bank on loans	2
It is the increase established by your bank in relation to a reference interest rate, which may vary from customer to customer	3
It is the increase established by your bank in relation to a reference interest rate, which is the same for all customers	4
It is an interest rate defined by your bank according to the amount of the loans	5
Other. Which? ____	6
Does not answer (do not read)	7

F12 – In an insurance contract, the deductible corresponds to: (Read)		
The amount of the indemnity which is borne by the insurer		1
The amount of the indemnity which is borne by the insured		2
Does not know (do not read)	→ Go to F14	3
Does not answer (do not read)	→ Go to F14	4

F13 – The higher the deductible: (Read)	
The lower the price of the insurance	1
The higher the price of the insurance	2
Does not know (do not read)	3
Does not answer (ndo not read)	4

F14 – In an insurance contract, the grade period corresponds to: (Read)	
The period of time during which the insurance or a certain insurance coverage cannot be used	1
The period of time taken by the insurer to pay the indemnity of the accident	2
Does not know (do not read)	3
Does not answer (do not read)	4

F15 – Classify, on a scale from 1 to 3, the following financial products by degree of risk, related to the chance of getting back the money invested. (Show card F15)	1 Low	2 Average	3 High	Does not know
1. Shares	1	2	3	4
2. Bonds	1	2	3	4
3. Saving certificates/Treasury bills	1	2	3	4
4. Investment funds	1	2	3	4
5. Financial derivative instruments (e.g.: CFD, warrants, Forex, Swaps)	1	2	3	4
6. Retirement/savings plans	1	2	3	4
7. Term deposits	1	2	3	4

F16 – What does it mean for a security has guaranteed capital on the maturity date? (Show card F16)	
I am entitled to receive the capital invested at any time	1
On the maturity date I always receive the capital invested	2
The issuer of the security reimburses the capital invested on the maturity date, provided it has the financial conditions to do so	3
Does not know (do not read)	4
Does not answer (do not read)	5

F17 – If you had to choose a financial investment to invest in the long term, usually which of the following should give you more money at the end? (Show card F17)	
Portuguese government bonds	1
Shares	2
Investment funds	3
Term deposits	4
Capitalisation insurance	5
Saving certificates	6
Other. Which? ____	7
Does not know (do not read)	8
Does not answer (do not read)	9

F18 – Normally, which of the assets below has greater price fluctuations over time? (Show card F18)	
Bonds	1
Investment fund	2
Pension fund	3
Retirement savings plan	4
Shares	5
Does not know (do not read)	6
Does not answer (do not read)	7

F19 – If a company goes bankrupt, which of the following assets is more likely to worth close to zero? (Read)	
Senior bonds of the company	1
Subordinated bonds of the company	2
Shares of the company	3
Does not know (do not read)	4
Does not answer (do not read)	5

F20 – You invested in a fixed-rate bond. In the meantime, interest rates in the market declined. If you sell that bond, the price should be: (Read)	
Higher than the price you paid for it	1
Lower than the price you paid for it	2
The same price that you paid for it	3
Does not know (do not read)	4
Does not answer (do not read)	5

F21 – Could you tell me which of these categories your household gross monthly income usually falls into? (Show card F21)	
No income	1
Up to 500 euros	2
Between 500 and 1000 euros	3
Between 1000 and 2500 euros	4
Over 2500 euros	5
Does not know (do not read)	6
Does not answer (do not read)	7

This ends your interview. Thank you for your collaboration.

Observations:

____

____

____

____

____

Name of the interviewee: ____

Address: ____

Place: ______________________________________ Telephone: _________

Statement of responsibility

I declare that I conducted this interview honestly, in agreement with the general and special instructions given to me.

Interviewer:__________________________________ Date: ____/____/2015

National Council
of Financial Supervisors