

PROGRAMME FOR INTERNATIONAL
STUDENT ASSESSMENT (PISA)
RESULTS FROM PISA 2015 FINANCIAL LITERACY

PERU

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

Students in Peru score below the average of the 10 OECD countries and economies that were assessed in financial literacy in 2015 [Figure IV.3.2].

More than four in ten students in Peru (48%) perform at Level 1 in financial literacy (compared to 22% on average across OECD countries and economies) [Table IV.3.2]. At best, these students can identify common financial products and terms, recognise the difference between needs and wants, and make simple decisions on everyday spending in contexts that they are likely to have experienced personally. For instance, students performing below Level 2 in financial literacy can, at best, answer a question like INVOICE – Question 1 (available at <http://www.oecd.org/pisa/test>), which asks them to recognise the purpose of an everyday financial document, such as an invoice.

About one in four students in Peru (26%) perform at Level 2, which can be considered the baseline level of proficiency in financial literacy that is required to participate in society. At this level, students can recognise the value of a simple budget and undertake simple assessments of value-for-money, choosing between buying tomatoes by the kilogram or by the box, for example.

Some 18% of students in Peru perform at Level 3. These students can make simple financial plans in common contexts, such as starting to compare some of the financial consequences of borrowing money with different interest rates and repayments.

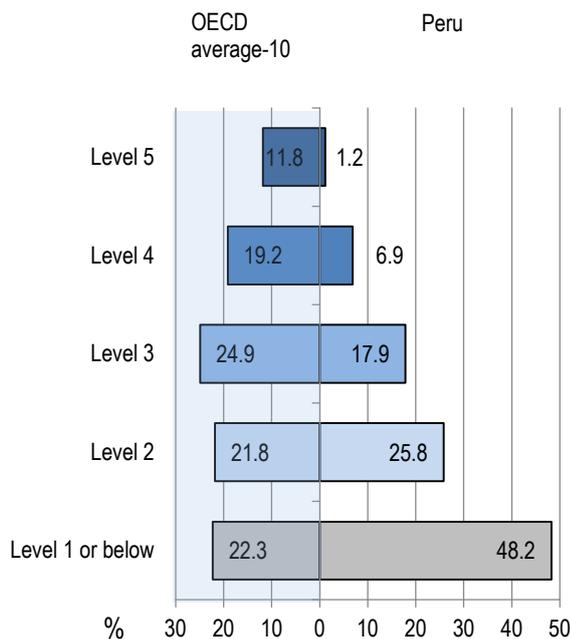
Some 7% of students are proficient at Level 4. Students at this level can apply their knowledge of less-common financial concepts and terms to contexts that will be relevant to them as they move towards adulthood. They can also make financial decisions taking into account longer-term consequences and can solve routine problems in perhaps unfamiliar financial contexts.

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

PISA defines financial literacy as “...knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life”. For a full explanation, see the [PISA 2015 Assessment and Analytical Framework](#).

Performance in financial literacy

Students at each level of proficiency in financial literacy



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

- Students in Peru score below the average of the 10 OECD countries and economies that were assessed in financial literacy in 2015 [Figure IV.3.2]. With a mean performance of 403 points, Peru ranks 14th among all 15 participating countries and economies [Figure IV.3.3].
- Average performance in Peru is not significantly different from the average performance in Brazil [Figure IV.3.2].

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

- In Peru, financial literacy is strongly correlated with mathematics and reading performance. Around 68% of the financial literacy score reflects skills that can be measured in the mathematics and/or reading assessments (the OECD average is 62%), while 32% of the score is not explained by the scores in mathematics and reading and can be considered to reflect factors that are uniquely captured by the financial literacy assessment and distinct associations of individual and school-level determinants with financial literacy skills [Table IV.3.10a].
- There are, however, wide variations in financial literacy performance for any given level of performance in mathematics and reading. Comparing students' actual financial literacy performance to the performance that would be expected based on their performance in mathematics and reading reveals that students in Peru perform at the same level in financial literacy that would be expected based on mathematics and reading performance [Table IV.3.11].

Mean performance in financial literacy

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

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

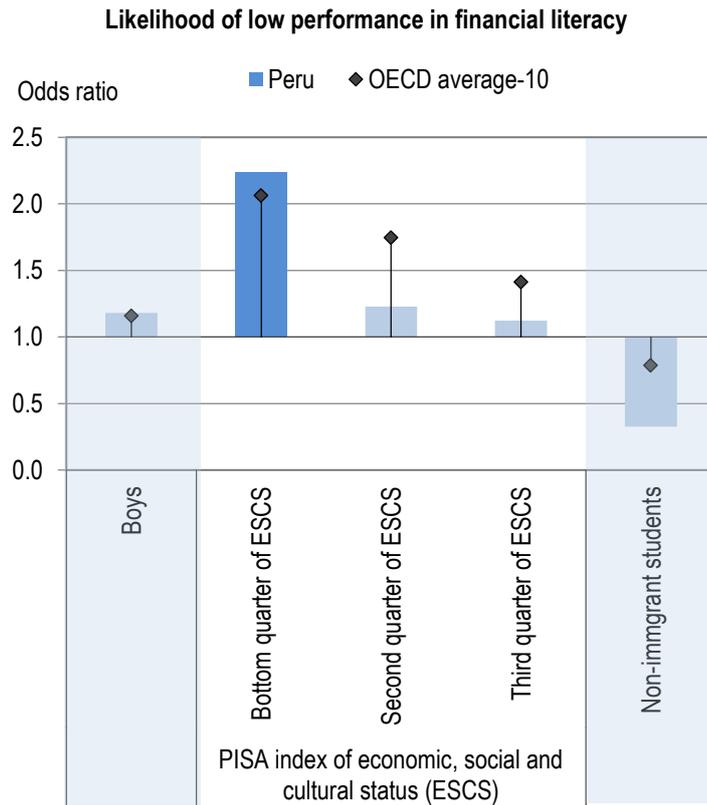
Notes: Partner countries and economies are marked in blue.

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

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

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

How performance varies across student characteristics



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

- In Peru, boys and girls perform at the same level in financial literacy, on average [Table IV.4.5]. There are as many boys as girl among low and top performers in Peru [Table IV.4.7].
- Socio-economically advantaged students (those in the highest 25% of socio-economic status) score 117 points higher in financial literacy than disadvantaged students (those in the lowest 25% of socio-economic status), equivalent to more than one proficiency level (OECD average difference: 89 score points) [Table IV.4.11].
- In Peru, 17% of the variation in student performance is associated with socio-economic status (OECD average: 10%) (Figure IV.4.7).
- Disadvantaged students are more than twice as likely as advantaged students to perform below Level 2 in financial literacy, after accounting for student characteristics and performance in mathematics and reading [Table IV.4.25a].

- In Peru, 26% of students attend schools located in rural areas (fewer than 3 000 people)¹ [Table IV.4.14]. Students in Peru who attend schools in cities perform better in financial literacy by 46 score points than students of similar socio-economic status and at the same level of education who attend schools in rural areas [Table IV.4.15].
- In Peru, about 7% of students speak a language at home that is different from the language they use at school [Table IV.4.21]. Students in Peru who do not speak the assessment language at home score 79 points lower in financial literacy than students of similar socio-economic status who speak the assessment language at home [Table IV.4.22].

Young people's access to financial products

Context

- Some 20% of 15-24 year-olds and 33% of 25-64 year-olds have an account at a formal financial institution [Table IV.3.12].

Legal framework

- In Peru, parental consent is typically required for a minor to open and operate an account; however, young people from the age of 16 may open current and saving accounts under specific circumstances (such as being married or being legally entitled to exercise a profession).
- Peru requires parents' consent to allow 15-year-olds to open and operate cash withdrawal/ATM cards, prepaid cards and debit cards.

¹ The PISA definition of rural areas (fewer than 3 000 people) differs from the one adopted by Peru's National Institute of Statistics and Informatics, whereby a rural area has less than 100 grouped houses or more than 100 scattered houses.

Students' financial literacy and expectations

- In Peru, 64% of 15-year-old students expect to complete university education (ISCED level 5A or 6) [Table IV.6.8]. Students in Peru who perform at Level 4 were more than twice as likely as students performing at or below Level 1 to report that they expect to complete university education, after accounting for student characteristics (such as their gender, socio-economic status, and motivation to achieve) and performance in mathematics and reading [Table IV.6.9].
- Some 72% of students in Peru expect to work in a high-skilled occupation around the age of 30 [Table IV.6.10]. Students in Peru who perform at Level 3 were 36% more likely than students performing at or below Level 1 to report that they expect to have a high-skilled occupation when they are 30 years old, after accounting for student characteristics (including gender, socio-economic status and motivation to achieve) and performance in mathematics and reading [Table IV.6.11].

Formal financial education

- Financial education was incorporated in the national curriculum for the first time in 2009, exclusively for secondary schools, as part of the curricular area History, Geography, and Economics. It was extended to primary schools in 2015 as part of the Personal/Social (Citizenship) curricular area. The 2017 Curriculum incorporates economic-financial competencies in the Personal/Social curricular area for primary schools as well as in the Social Science area for secondary schools.
- The ministry of education and the Peruvian Superintendence of Banking, Insurance and Private Pension Funds (SBS) developed pedagogical support for teachers and training programmes. For instance, since 2007, the teacher's training program "Finanzas en el Cole" has provided training to secondary school teachers in all regions of the country and has reached over 10 000 teachers. The ministry of education, the SBS and financial industry associations have also implemented pilot programmes ("Finanzas en mi colegio" in 2015-2016 and "Contigo en tus finanzas en aula" in 2017) to target high school teachers and students in various regions.

What is PISA?

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

Key features of the PISA 2015 assessment of financial literacy

The PISA 2015 assessment of financial literacy was the second of its kind. Fifteen countries and economies participated in the 2015 assessment, including 10 OECD countries and economies: Australia, the Flemish Community of Belgium, seven provinces in Canada (British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island), Chile, Italy, the Netherlands, Poland, the Slovak Republic, Spain and the United States; and five partner countries and economies: Brazil, four provinces/municipalities in China (Beijing, Shanghai, Jiangsu, Guangdong), Lithuania, Peru and the Russian Federation. Eight countries/economies participated in both the 2012 and 2015 assessments: Australia, the Flemish Community of Belgium, Italy, Poland, the Russian Federation, the Slovak Republic, Spain and the United States.

The assessment

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

The students

- Among the students who participated in the core PISA 2015 assessment of science, reading and mathematics, a subsample of students was randomly selected to sit the financial literacy test. In general, about 11 students were chosen at random in each participating school to sit the financial literacy assessment; the financial literacy assessment was conducted in a separate session after the core assessment. This is different from the sample design adopted in 2012, when, in sampled schools, two separate student samples sat the financial literacy test and the core PISA assessment.
- Around 48 000 students were assessed in financial literacy in 2015, representing about 12 million 15-year-olds in the schools of the 15 participating countries and economies.
- In Peru, 6 971 students completed the PISA 2015 assessment; of these, 1 804 students were assessed in financial literacy.

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