



# MEASURING FINANCIAL LITERACY AND FINANCIAL INCLUSION IN CROATIA

© 2015 Ipsos. All rights reserved. Contains Ipsos' Confidential and Proprietary information and may not be disclosed or reproduced without the prior written consent of Ipsos.

**GAME CHANGERS**



# Contents

- 01 Methodology
- 02 Financial literacy
- 03 Finances management
- 04 Financial products and services

- 05 Strategies of economic survival
- 06 Attitude towards savings and consumption

# Method, sample and objectives

## TYPE AND LENGTH OF RESEARCH

- Quantitative research
- Computer-assisted personal interview (CAPI)
- Length of field work 21 Oct. – 20 Nov. 2015

## SAMPLE

- 18 – 79 years
- Nationally representative by age, gender, region, size of settlement and education
- Sample N = 1049

## RESEARCH OBJECTIVES

- Examination of financial literacy and financial inclusion of Croatian citizens
- Collection of information on financial behaviour, attitudes and knowledge of Croatian citizens

To make the level of financial literacy of Croatian citizens comparable with the results of other countries, standard OECD methodology was used.

# Sample structure

Gender	Male	47%
	Female	53%
Age	18 – 19 years	3%
	20 – 29 years	17%
	30 – 39 years	17%
	40 – 49 years	18%
	50 – 59 years	19%
	60 – 69 years	14%
Level of education	70 – 79 years	12%
	Primary school	27%
	Secondary school	51%
Monthly household income	Higher and high education	21%
	Up to HRK 3 750	27%
	HRK 3 750 – 6 250	36%
	HRK 6 250 or more	28%
	Don't know/ Refused	9%

## N = 1049

Data have been weighted by gender, age, region, size of settlement, and education to provide a better picture of the general population in the Republic of Croatia.

The differences between subgroups have been tested for **statistical significance of 95%**.

Size of settlement	Less than 3 000 inhabitants	49%
	From 3 000 to 15 000 inhabitants	8%
	From 15 000 to 100 000 inhabitants	20%
	From 100 000 to 1 000 000 inhabitants	24%
Region	Zagreb and the surrounding area	26%
	Northern Croatia	17%
	Slavonija	17%
	Lika and Banovina	8%
	Hrvatsko primorje and Istria	12%
	Dalmatia	20%

**Zagreb and the surrounding area** (counties): City of Zagreb, Zagreb County  
**Northern Croatia** (counties): Krapina-Zagorje, Varaždin, Koprivnica-Križevci, Bjelovar-Bilogora, Virovitica-Podravina, Međimurje  
**Slavonija** (counties): Požega-Slavonia, Slavonski Brod-Posavina, Osijek-Baranja, Vukovar-Srijem  
**Lika and Banovina** (counties): Sisak-Moslavina, Karlovac, Lika-Senj  
**Hrvatsko primorje and Istria** (counties): Primorje-Gorski Kotar, Istria  
**Dalmatia** (counties): Zadar, Šibenik-Knin, Split-Dalmatia, Dubrovnik-Neretva



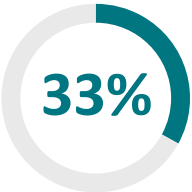
# FINANCIAL LITERACY

GAME CHANGERS

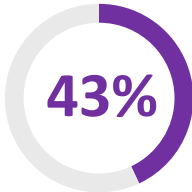


# Components of financial literacy

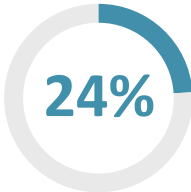
Financial knowledge



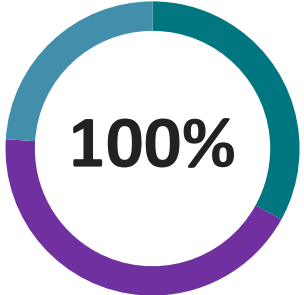
Financial behaviour



Attitude towards spending money



Financial literacy



**4 exercises and 1 question** determining the understanding of key economic concepts  
**Maximum 7 points**

**11 questions** determining conscientiousness and methodical approach to managing own finances  
**Maximum 9 points**

**3 claims** determining the tendency to spending money as opposed to saving money  
**Maximum 5 points**

Combination of **awareness, knowledge, skill, attitude and behaviour** necessary to make sound financial decisions and ultimately achieve individual financial wellbeing\*

\* OECD Definition (2015: 5) - [link](#)

# Financial knowledge of Croatian citizens

## Financial knowledge



**4.2/7.0**

Croatian citizens scored on average 4.2 out of the possible 7 points.

## Citizens with the lowest level of knowledge

- Aged below 19 (**3.6**) and above 70 (**3.6**)
- Primary education (**3.7**)
- Household income below HRK 3 750 (**3.7**)
- From Hrvatsko primorje and Istria (**3.7**) and Dalmatia (**4.0**)

# Financial knowledge of Croatian citizens

**74%** of citizens are aware of the effect of inflation on their lives, but only **48%** know how to solve the inflation exercise.

**80%** understand the exercise which requires comprehension of the concept of interest on a loan.

**62%** of citizens know how to calculate a simple interest.

**33%** of citizens know how to calculate a compound interest.

**69%** of citizens are familiar with the fact that high risks are associated with potentially high earnings.

**66%** of citizens are aware of the benefits of risk diversification.

High level of financial knowledge



**45%**

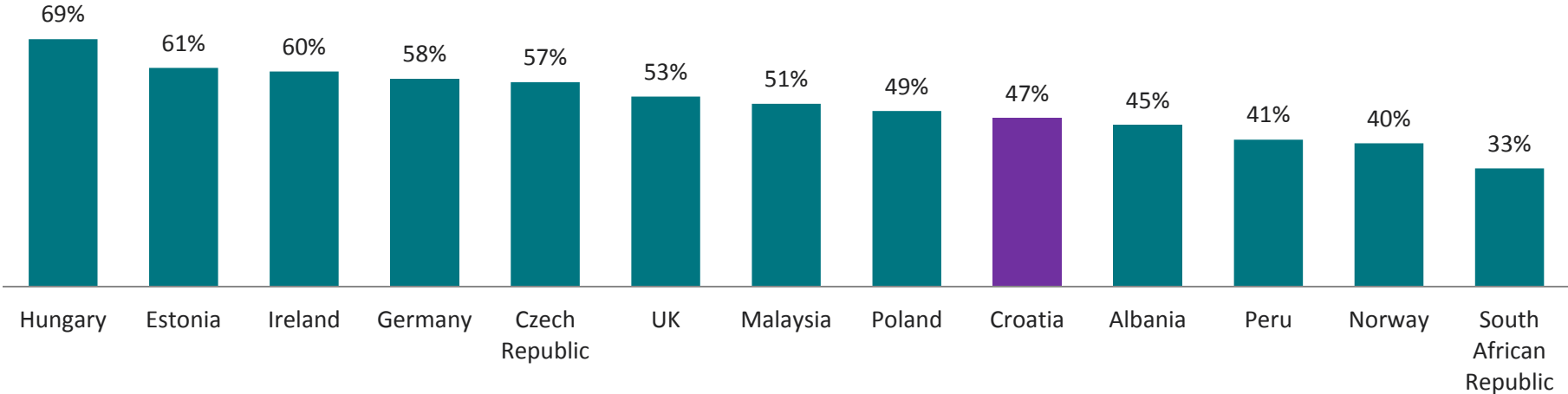
45% of citizens scored 6 or 7, which according to OECD is considered good financial literacy.



# International comparison of knowledge

Compared with the 2012 OECD [Report](#)\* data. A high score on the financial knowledge scale implies 6 or more correct answers.

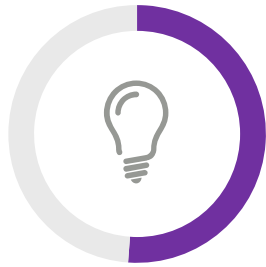
## Percentage of respondents scoring high in financial knowledge



**Note:** That survey had more questions (8 as compared to 7 questions of this survey) measuring financial knowledge. To ensure better comparability, the results of this year’s research for Croatia were weighted by the average percentage of correct answers in the observed countries (88%).

# Financial behaviour of Croatian citizens

## Financial behaviour



**4.6/9.0**

Croatian citizens scored on average 4.6 out of the possible 9 points.

### Citizens with the lowest level of financial behaviour

- Aged below 19 (**3.2**) and aged 20 - 29 (**4.2**)
- With primary education (**3.9**)
- With household income below 3 750 kn (**4.0**)

### Citizens with the highest level of financial behaviour

- From the Zagreb region (**5.4**)
- From towns with population exceeding 100 000 (**5.4**)

# Financial behaviour of Croatian citizens

**62%** think twice before making a purchase.

**61%** pay bills on time.

**63%** keep a close watch on their finances.

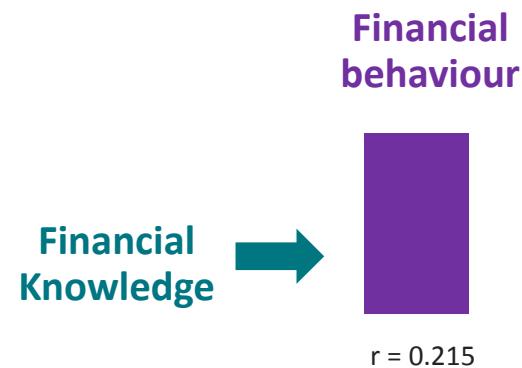
**45%** set long-term financial objectives.

**63%** personally manage household finances and keep a household budget.

**16%** at least to an extent try to make financial decisions based on good quality and independent information from several sources.

**20%** found themselves in the last 12 months in a situation where they could not cover their expenses and had to resort to loans or borrowing.

Financial behaviour is insufficiently linked to financial knowledge.



# International comparison of behaviour

Compared with the [2012 OECD Report](#) data. A high score on the scale of financial behaviour implies the score of 6 or more financially responsible behaviours.

## Percentage of respondents scoring high in financial behaviour



# Attitude of Croatian citizens towards money

## Attitude towards money



**3.0/5.0**

Croatian citizens scored on average 3 out of the possible 5 points.

## Citizens with least responsible attitude towards money

- Aged below 19 (2.5)

**Other citizens have a similar attitude towards money.** As a result, differences in attitudes are not statistically significant in terms of key demographic characteristics.

## General attitude

**30%** of citizens live for today, not thinking about the future.

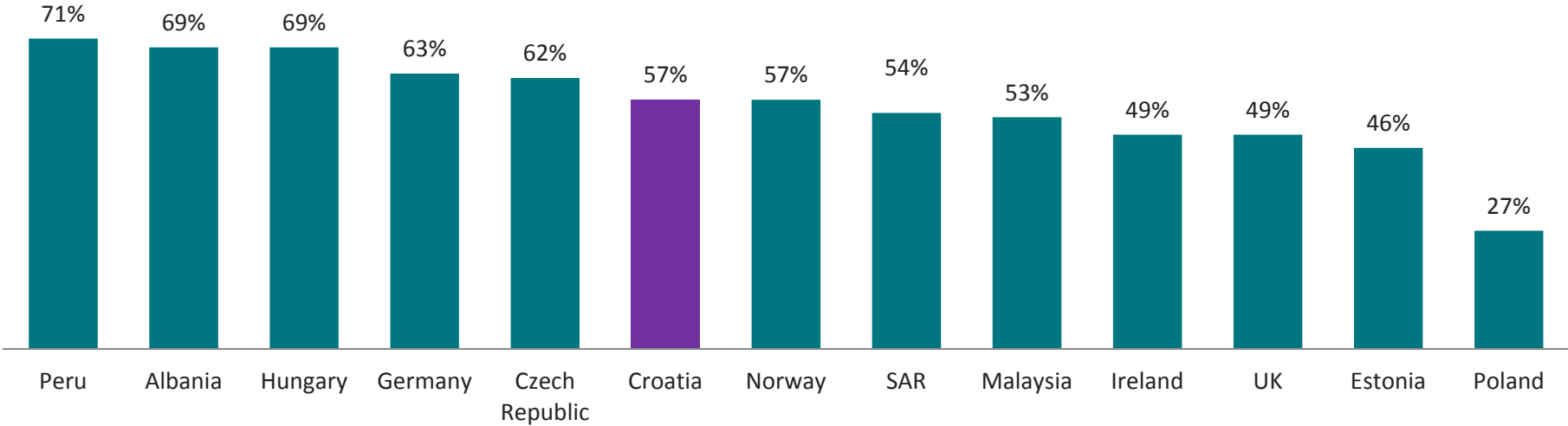
**28%** of citizens prefer to spend the money today, rather than save long-term.

**50%** of citizens think that money is there to be spent.

# International comparison of attitude towards money

Compared with the [2012 OECD Report](#). A high score on the scale of attitude towards money implies the average score of 2 or less\* on the relevant questions.

## Percentage of respondents scoring high in attitude towards money



\* Scale of measurement on relevant questions: 1 – Completely agree... 5 – Completely disagree.

# Financial literacy of Croatian citizens

## Average financial literacy



**11.7/21.0**

Croatian citizens scored on average 11.7 out of the possible 21 points.

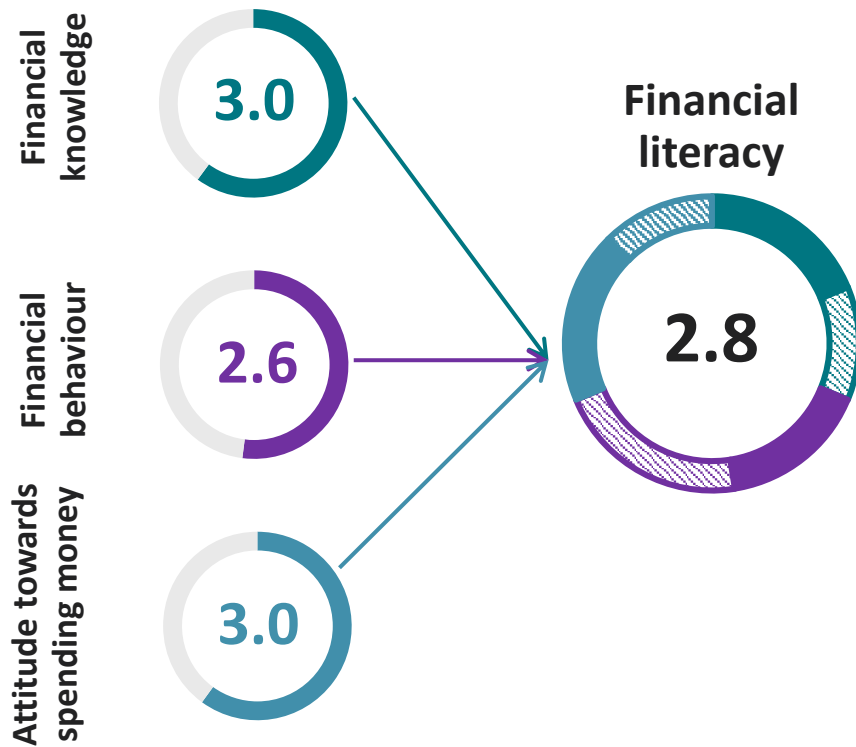
## Citizens with the lowest level of financial literacy

- Aged below 19 (**9.3**)

## Citizens with the highest level of financial literacy

- Those with higher and high education (**12.8**)
- Those with household income above HRK 6 250 kn (**12.8**)
- Those from towns exceeding 100 000 inhabitants (**13.1**)

# Normalised results on the scale of 1 to 5



## All three indicators of financial literacy show room for improvement

- Even though the results on the scales of financial knowledge and attitude towards spending money are slightly better than those on the scale of financial behaviour, it is still average knowledge.
- In citizen education, special attention should be paid to those:
  - below 29 and above 70 years of age
  - with primary education
  - with lower income
  - from Hrvatsko primorje, Istria and Dalmatia.





# FINANCES MANAGEMENT

# Finances management

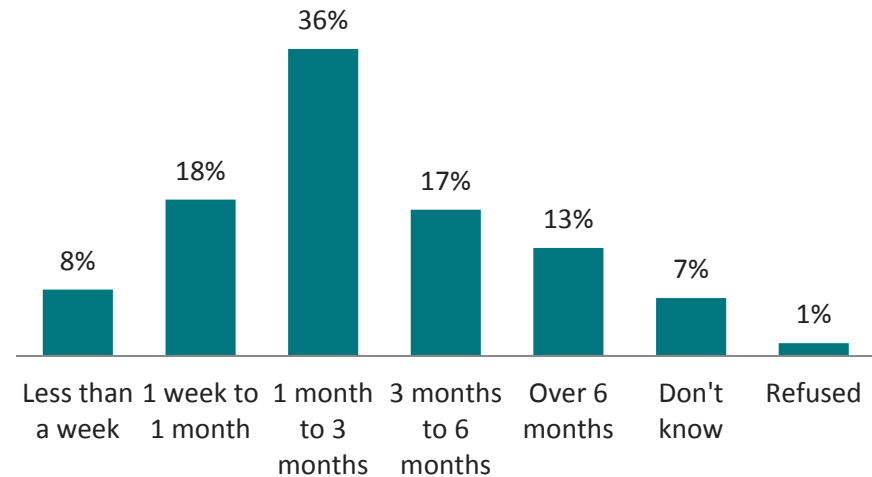
**70%** of citizens keep a household budget.

**68%** use at least one form of active savings.

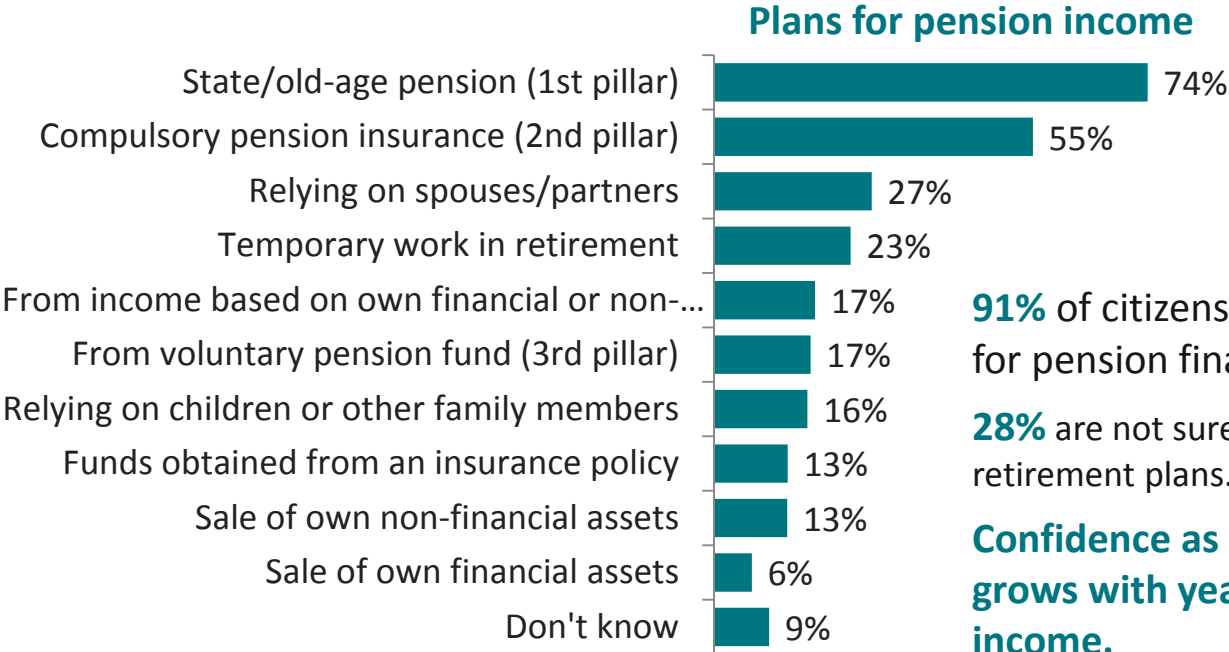
**50%** keep the money in their wallets, not earning any interest on this type of saving.

**48%** would not be able to cover an unexpected cost in the amount of their monthly income.

Length of covering living expenses after losing the main source of income



# Pension planning



**91%** of citizens have at least a general plan for pension financing.

**28%** are not sure they have made good quality retirement plans.

**Confidence as regards own pension plans grows with years, education and monthly income.**



## **FINANCIAL PRODUCTS AND SERVICES**

# Knowledge and use of financial products

*Included are products such as current and giro accounts, housing savings, life- and non-life insurance, voluntary pension funds, different types of loans, etc. A total of 18 products were tested.*

**9%** of citizens do not use any financial products and only 1% are not familiar with any type of financial products.

**62%** of citizens make thorough enquiries before negotiating a financial service; **14%** negotiate financial services without considering alternative options.

**49%** of citizens state that their decision on the selection of a product was influenced by information obtained in operating units.

**13%** do not have a current and/or a giro account in any bank (predominantly non-working age population or the unemployed and housewives).

**Knowledge of financial products** grows in proportion to the level of education and monthly income.

**In the use of financial products** there are differences between citizens with regard to all demographic characteristics.

**GAME CHANGERS**





# STRATEGIES OF ECONOMIC SURVIVAL

# Coverage of living expenses

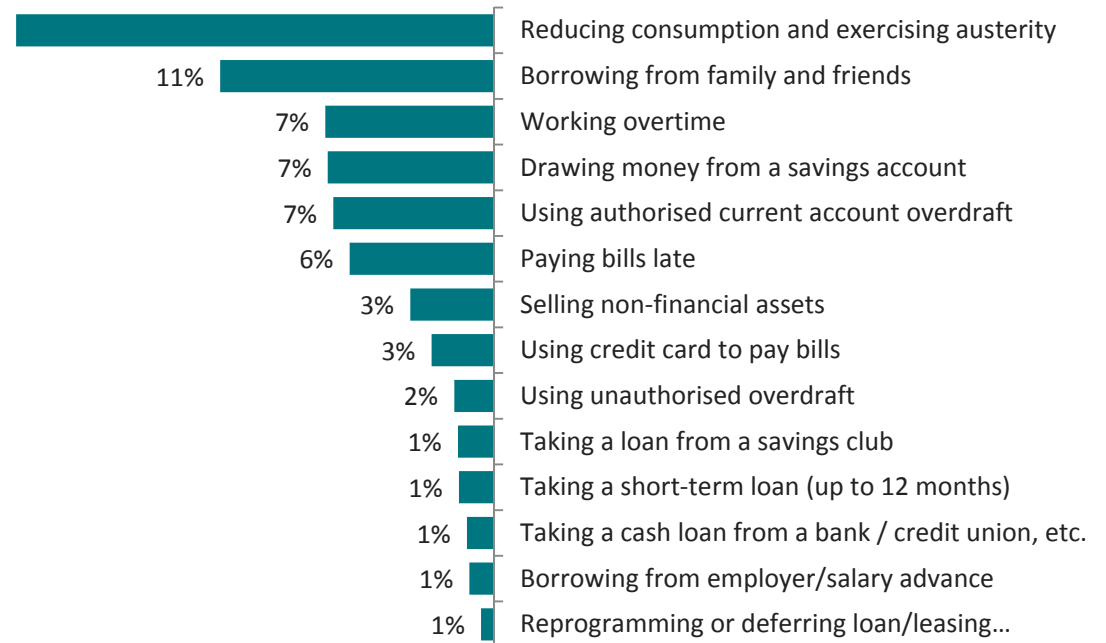
**34%** of citizens had problems covering living expenses in the last 12 months.

**20%** resorted to reducing consumption and other austerity measures to “make the ends meet” the last time they were unable to cover living expenses.

**11%** had to borrow money from family and friends.

**1%** had to take up a short-term loan and **1%** had to take a cash loan from a bank, credit union and other similar financial corporation.

## “Making ends meet”





# ATTITUDE TOWARDS SAVINGS AND CONSUMPTION

GAME CHANGERS





# Attitude towards savings and consumption

**63%** of citizens carefully manage their financial transactions.

**21%** consider they have too many debts.

**38%** are satisfied or very satisfied with their present financial situation.

**39%** feel that their financial situation prevents them from doing the things that are important to them.

# Attitude towards savings and consumption

