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PRESS RELEASE

BVI SCORES HIGHEST IN POSITIVE FINANCIAL BEHAVIOURS

IN INTERNATIONAL SURVEY

Tortola, British Virgin Islands – 9 May, 2012 – BVI has the highest score in positive financial behaviours when compared to other countries, according to an international financial literacy survey. This is the finding of a pilot study undertaken in 14 countries around the world by the Organisation for Economic Cooperation and Development (OECD) International Network on Financial Education (INFE).

The findings were recently published in an OECD paper, *Measuring Financial Literacy*, authored by Adele Atkinson and Flore-Anne Messy. The paper analyses the differences in financial knowledge, behaviour and attitude across countries and within countries by socio-demographics, such as age, gender and income.

Managing Director of the BVI Financial Services Commission, Mr. Robert Mathavious, says he is pleased that “as part of the Commission’s Financial Literacy Programme, the BVI’s data is included in the international study and that we compare relatively well.”

The survey includes questions that test financial literacy in three areas: financial knowledge, financial behaviour, and financial attitude. The OECD defines financial literacy as “a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual wellbeing.”

“It is clear that the data collected for this pilot exercise provides the first ever rich and detailed insight into the financial literacy of diverse populations,” note Atkinson and Messy.

The authors say the findings also highlight reasons for concern, particularly in the financial knowledge section. “It appears that most people have some very basic financial knowledge, but understanding of other, everyday financial concepts such as compound interest and diversification is lacking amongst sizeable proportions of the population in every country.”

The questions testing financial knowledge, range from division, interest paid on a loan, definition of inflation, compound interest, to diversification. The BVI’s financial knowledge scores are average, putting it below Hungary, Estonia, Ireland and Germany, but above the United Kingdom, Poland, Peru and Norway, for example.

The BVI, however, scores highest, followed by Malaysia and Germany, in the financial behaviour section. Financial behaviours noticeably vary across countries, and the authors say this too concerns them. “The way which a person behaves will have a significant impact on their financial wellbeing.”

Malaysia, Germany and the BVI are active savers, but Hungary, Estonia and Armenia are less active when it comes to saving. Peru, the BVI and Armenia are most likely to set long term financial goals. While Germany, Ireland and the United Kingdom are most likely to have made active financial product choices by shopping around and using independent information or advice.

In the financial attitude section, BVI’s scores follow those of Albania, Peru, Hungary and Norway, which have the most positive attitudes towards planning for the future.

In analyzing the demographics, Atkinson and Messy say they are concerned about the gender gaps. “Some countries need to work particularly hard to ensure that women are not left behind: women have lower levels of financial knowledge than men in almost every country studied,” note the authors. Hungary is the only country without a gender gap in financial knowledge.

Women are also less likely to gain high scores for financial behavior than men in several countries. In the BVI for example, 78 percent of men but only 66 percent of women gained a high score.

The reverse happens with financial attitudes; in most countries women are more likely than men to have high attitude scores.

Differences are also noticeable by age and income; in most countries, middle age is associated with higher levels of financial literacy, while the oldest and youngest respondents are more likely to have no high scores. Lower levels of education and income are also associated with lower levels of financial literacy.

Overall, the BVI stands out with Germany as the top countries with high levels of financial literacy, while Armenia, Poland and South Africa show low levels of financial literacy.

The 14 countries in the OECD pilot study were Albania, Armenia, Estonia, Germany, Hungary, Ireland, Malaysia, Norway, Peru, Poland, South Africa, the United Kingdom and the British Virgin Islands.

The authors of the paper say the study “shows that it is possible to apply the same set of questions to very different populations around the world and create simple, meaningful indicators of financial literacy.”

Mr. Mathavious says, “the findings will allow the BVI to collaborate and create partnerships to identify and tackle particular financial literacy issues at an international level.”

The international pilot study was conducted in the 14 countries using an OECD INFE core questionnaire. Twelve countries completed the original survey in 2010, and Albania and the BVI completed the survey in 2011.

The *Report on BVI Financial Literacy Survey* and the OECD Paper, *Measuring Financial Literacy*, can both be found at the Money Matters BVI website, www.MoneyMattersBVI.org.

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About the British Virgin Islands Financial Services Commission

The BVI Financial Services Commission is an autonomous regulatory agency responsible for the regulation and supervision of financial services conducted in and from within the Territory.

The Registry of Corporate Affairs is a division within the BVI Financial Services Commission that administers the BVI Business Companies Act.

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