

Short study 2023

FINANCIAL LITERACY.

WHAT IS THE LEVEL OF FINANCIAL LITERACY IN GERMANY?

MOST CONSIDER THEIR OWN FINANCIAL LITERACY TO BE GOOD.

Eight out of ten people in Germany rate their financial literacy as very good to quite good – and nine out of ten think financial literacy is quite important to very important. That's what a representative study conducted by IU International University of Applied Sciences shows. However, only 49.2% say they feel financially literate due to their schooling.

FINANCIAL LITERACY... ... A SELF-ASSESSMENT



How do you rate your own financial literacy? In %

■ Very good / Good / Quite good ■ Quite poor / Poor / Very poor

... TAUGHT AT SCHOOL



How do you rate the level of financial literacy you gained from your school education (e.g. in subjects like economics, social studies)? In %

■ Very good / Good / Quite good ■ Quite poor / Poor / Very poor

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92.3%

of respondents find financial literacy quite important to very important. *

* Question: How important is financial literacy to you? Only respondents who answered "Very important", "Important" and "Quite important" on scale of 1 to 6

FINANCIAL LITERACY

is the knowledge and ability to make sound financial decisions. Dealing with money and understanding investments, debts and financial instruments is what determines whether people lead financially stable lives and reach financial goals.

There could be marginal deviations in the results due to rounding off.

EDUCATION SOURCES ARE A QUESTION OF AGE.

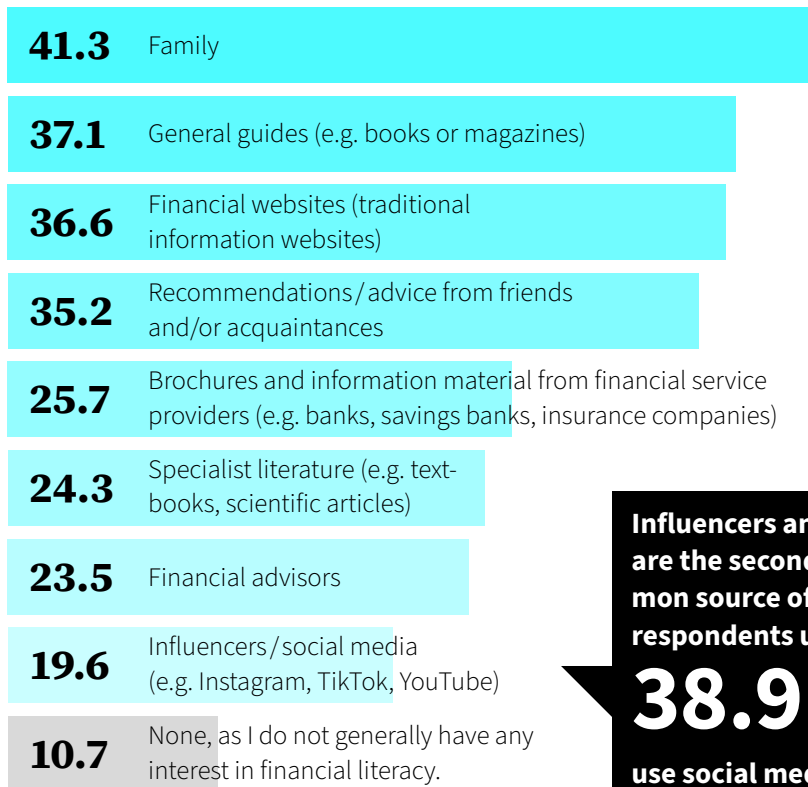
THE YOUNGER THE PERSON, THE MORE LIKELY THIS WILL BE SOCIAL MEDIA.

Nine out of ten respondents are continuing their education in financial matters. They rely primarily on the knowledge of family and friends – as well as on general guides and financial websites.

What is striking when it comes to respondents under the age of 25 (Generation Z) is that **family is by far the most common source of financial knowledge, followed by social media and influencers.**

What sources do you use to (further) educate yourself financially?

In %: top 9 answers



89.3%
take charge of their own financial literacy.

60.6%
of respondents under 25 say that family is their most common source of information.



Influencers and social media are the second most common source of education for respondents under 25:
38.9%
use social media for their financial literacy.

“I TRUST MYSELF.”

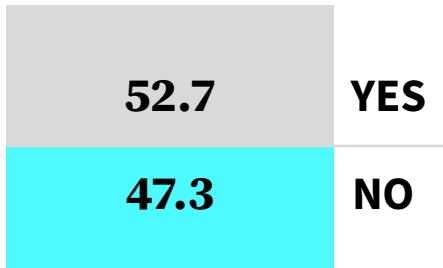
To what extent do you trust the recommendations or advice of the following people when making financial decisions? In %: only respondents who answer “Trust completely” and “Trust to a large extent” on a scale of 1 to 5

	Own decision	Family	Friends	Financial advisors
	82.1	60.4	43.6	39.0

INVESTMENTS. WHO IS INVESTING? WHO IS NOT?

THE YOUNGER THE RESPONDENTS, THE LESS LIKELY THEY ARE TO BE WELL INFORMED.

Do you currently invest or place your money in financial products? In %

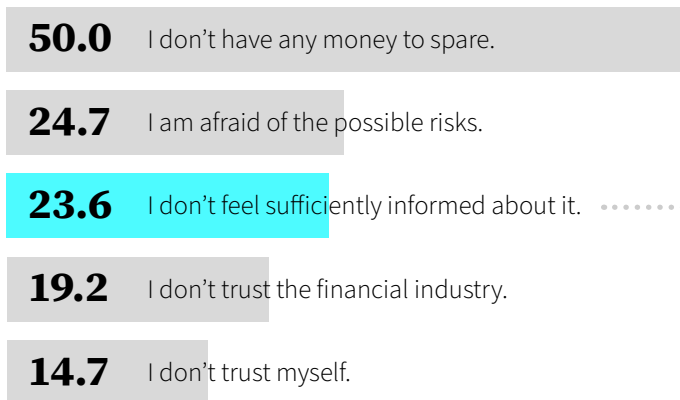


Slightly more than half of the respondents invest in financial products such as funds, shares, material assets – or put money aside, e.g. in a current account, as day-to-day money or via a savings book.

The other half of the respondents do not. This is mainly because they have no money left at the end of the month (50.0%), are risk-averse (24.7%) or do not feel sufficiently informed about financial products (23.6%). **The latter is especially true for Generations Z (38.7%) and Y (31.0%).**

Why don't you currently invest or place your money in financial products?

In %: only respondents who do not currently invest money in financial products; top 5 answers



GENERATION Z
AGED UP TO 25

38.7



GENERATION Y
AGED 26 TO 40

31.0



GENERATION X
AGED 41 TO 55

17.6



BABY BOOMERS
AGED 56 TO 65

10.0



Financial literacy is a lifelong task, which is why people with more life experience feel better informed. A few years ago, the EU introduced legislation to ensure much greater transparency in the financial market in order to protect investors. This covers advisory obligations, product governance and more. But many do not understand the information well enough. We need to provide young people in particular with better financial literacy, because this is precisely the age at which the greatest results can be achieved in terms of pension provision, for example.”

Prof. Dr. Johannes Treu

Professor of General Business Administration and Economics at IU International University of Applied Sciences

SELF-ASSESSMENT VERSUS REALITY.

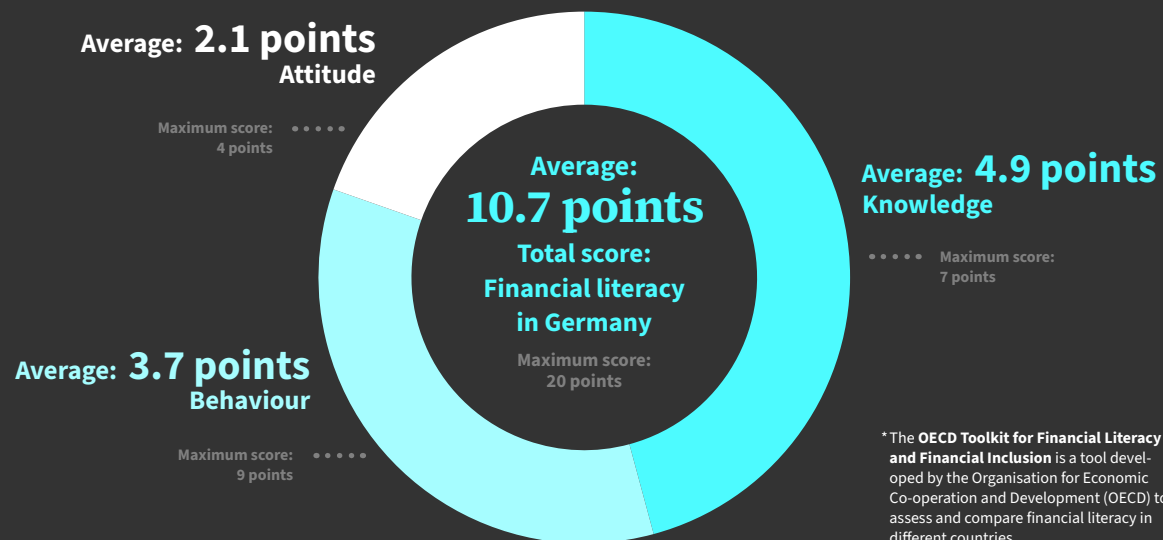
WHAT IS THE LEVEL OF FINANCIAL LITERACY IN GERMANY IN REALITY?

Respondents score an average of 10.7 out of 20 points in a survey on financial literacy in Germany conducted by IU International University of Applied Sciences, adapted from the OECD Toolkit.*

The study participants were asked questions about their “Knowledge”, their “Behaviour” and their “Attitude” regarding financial issues.

MEASURING FINANCIAL LITERACY IN GERMANY.

Representative survey on financial literacy in Germany; the average overall score is calculated from the following aspects: knowledge, behaviour and attitude. Maximum possible total score: 20 points; Measurement adapted from OECD Toolkit*



PEOPLE IN GERMANY OVERESTIMATE THEIR FINANCIAL LITERACY.

Finances are always about trust. But if you trust yourself, your family or influencers too much, you are taking an unnecessary risk. With below-average financial literacy in this country, we urgently need more easy-to-understand information and educational investment in this area.”

Prof. Dr Johannes Treu

Professor of General Business Administration and Economics
at IU International University of Applied Sciences

WHY IS FINANCIAL LITERACY SO IMPORTANT?

A CONVERSATION WITH PROFESSOR OF ECONOMICS PROF. DR JOHANNES TREU



Prof. Dr Johannes Treu
Professor of General
Business Administration and
Economics at IU International
University of Applied Sciences

They say that people don't talk much about money in Germany. Is financial literacy neglected because of this culture?

Yes – issues related to money, wealth and income are unfortunately still a taboo subject for many people in Germany. The logical consequence is that if you don't talk much about something, it becomes all the more difficult to address it. This is less than ideal when it comes to financial literacy in Germany.

What can be the consequences when people invest money without knowing much about it?

When people listen to their gut feeling rather than being fully informed, this carries great risks, especially in financial matters, for example when the relationship between return and risk or individual credit risks are misjudged.

What should policymakers do specifically to reinforce the subject of finance as part of general education?

Financial literacy must be firmly anchored in school education, preferably in a separate subject and not as a marginal issue. Nationwide initiatives could also help to draw attention to the importance of financial literacy and to reduce fears and resistance.

Young people rely more on influencers and social media when making financial decisions. What do you think of this trend?

I see this as a typical example of herd mentality. Information can be spread quickly and easily via social media. However, the information is often not verified by experts, and many positive success stories are shared. This last point is especially dangerous, because it can lead to underestimating or even ignoring the financial risk, because dealing with money and securities etc. looks so easy and promising.

Financial literacy is a tool for self-empowerment. What do you recommend so that everyone can make their own competent financial decisions for themselves – from insurance to retirement planning?

Everyone should look carefully at the contract documents and conditions and ask about anything they don't understand. School education should provide a basic understanding, and we need digital, verified places where everyone can get easy-to-understand information.

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The Ministry of Economics, Science and Digital Society of the State of Thuringia is responsible for the IU International University of Applied Sciences at all study locations in matters relating to higher education law.

Target group:

1,202 respondents in Germany
between the ages of 16 and 65,
representative of age and gender

Survey period: 28.04.2023–03.05.2023
Panel: Gapfish

Although gender requires more than a binary classification into female and male, the data currently available for such an analysis is limited. In general, the numbers are too small to allow a statistically significant breakdown by additional variables. Therefore, for the purposes of this study, gender is considered in a binary system.

Contact us

If you have any questions or comments,
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You can also find us on:

