



# Diagnosing the Epidemic:

## National Attitudes and Approaches to Financial Literacy

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# Diagnosing the Epidemic

## Why Undertake This Study?

- Symptoms of financial illiteracy are all around us – practitioners/decision makers need to make informed choices about treating the causes
- Digging deeper – What is financial literacy to us?
- How do we view our own levels of financial knowledge?
- Where do we go for financial assistance? What do we think of the quality of that assistance?
- What are the barriers to becoming financially literate?



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## Research Methods

### *Phase I: Quantitative*

- Online survey with a national sample of 805 adults
- Topics
  - Current familiarity and knowledge of financial literacy
  - Type of financial information sought/used
  - Where information is typically found
  - Sources and materials used
  - Challenges to learning about financial topics

### *Phase II: Qualitative*

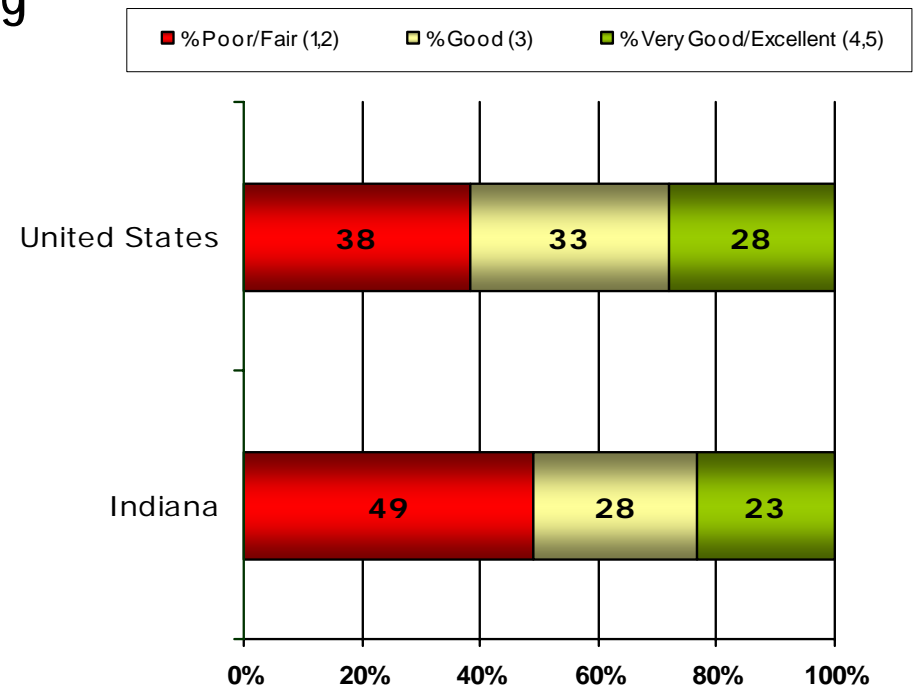
- One-on-one telephone interviews with 15 adults to clarify responses



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## Key Findings – Looking at Ourselves

- Understanding, managing, saving, spending and investing money wisely are key components of many adults' definitions of financial literacy.
- Less than 30% of U.S. adults view their personal financial knowledge as very good or better.
- Indiana adults are even less confident
- The majority of U.S. adults have not received any financial literacy instruction in the past 12 months.



U.S. = 591; IN = 214

Q3. How would you rate your personal knowledge of Financial Literacy?



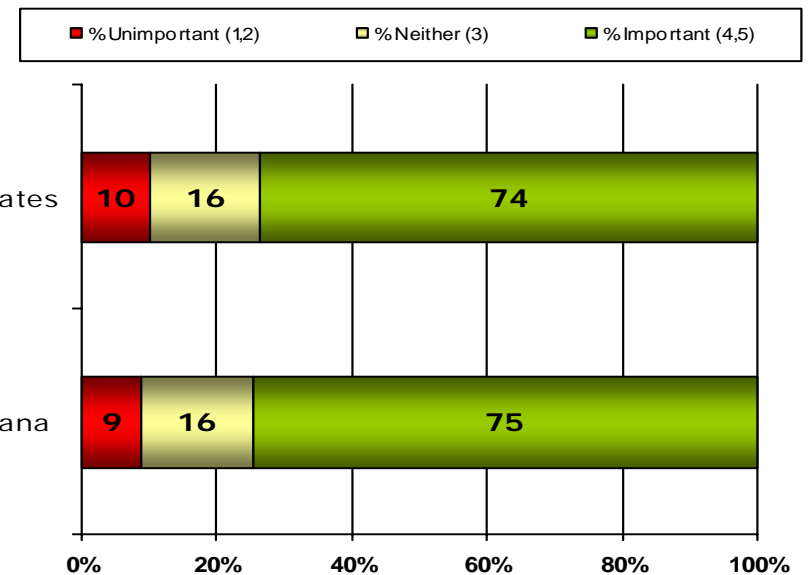
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## Key Findings – Importance of Financial Literacy

- Most adults in the U.S. and Indiana think it is important to enhance their own personal financial education and knowledge:

- to save and prepare for their future
- to feel more confident and informed
- to feel financially secure and independent
- to make wise choices

- More than 8 in 10 U.S. and Indiana adults think it is important that financial literacy be taught.



U.S. = 591; IN = 214

Q11a1. Overall, how important do you personally think it is for you to enhance your own personal financial education and knowledge?



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## Key Findings – Where Do We Turn?

<i>People Sources</i>	<b>U.S.</b>		<b>Indiana</b>	
	<i>% Used</i>	<i>% Most Valuable</i>	<i>% Used</i>	<i>% Most Valuable</i>
<b>Family Members</b>	<b>44%</b>	<b>27%</b>	<b>42%</b>	<b>25%</b>
<b>Friends/Colleagues</b>	<b>36%</b>	<b>24%</b>	<b>46%</b>	<b>22%</b>
<b>Financial Planners</b>	<b>40%</b>	<b>32%</b>	<b>42%</b>	<b>36%</b>
<b>Banking Personnel</b>	<b>34%</b>	<b>25%</b>	<b>36%</b>	<b>14%</b>
<b>Tax Preparers/Agents</b>	<b>27%</b>	<b>12%</b>	<b>24%</b>	<b>14%</b>
<b>Insurance Agents</b>	<b>23%</b>	<b>10%</b>	<b>29%</b>	<b>15%</b>
<b>Accountants/CPAs</b>	<b>21%</b>	<b>14%</b>	<b>15%</b>	<b>14%</b>
<b>Brokers</b>	<b>18%</b>	<b>12%</b>	<b>22%</b>	<b>15%</b>
<b>Human Resources</b>	<b>13%</b>	<b>5%</b>	<b>17%</b>	<b>12%</b>
<b>Credit Counselors</b>	<b>14%</b>	<b>7%</b>	<b>9%</b>	<b>2%</b>

U.S. Rec'd Info = 206; IN Rec'd Info = 59

Q6b1. From which of the following people sources have you received information, assistance and/or instruction from on financial topics in the past 12 months?

Q6b2. Of the PEOPLE SOURCES you have received information, assistance, and/or instruction from, which ONE to THREE do you feel provided the most valuable information to you?



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## Key Findings – Information Gap

- Less than 30% have personally received financial literacy assistance within the past 12 months.
- Most sought:
  - investing
  - taxes
  - retirement planning
- Americans feel most confident in their knowledge of banking, spending, budgeting, money management, saving habits and credit.

Financial Area Requiring Help	U.S.	Indiana
Investing	32%	49%
Retirement Planning	33%	25%
Taxes	23%	17%
Financial Planning	16%	29%
Saving Money	17%	15%
Consumer Rights	15%	20%
Budgeting	14%	17%
Money Management	12%	14%
Credit	12%	9%
Home Ownership Financing	12%	5%
Spending Money	10%	9%
Insurance	9%	9%
Lending/Borrowing	8%	2%
Banking	2%	3%

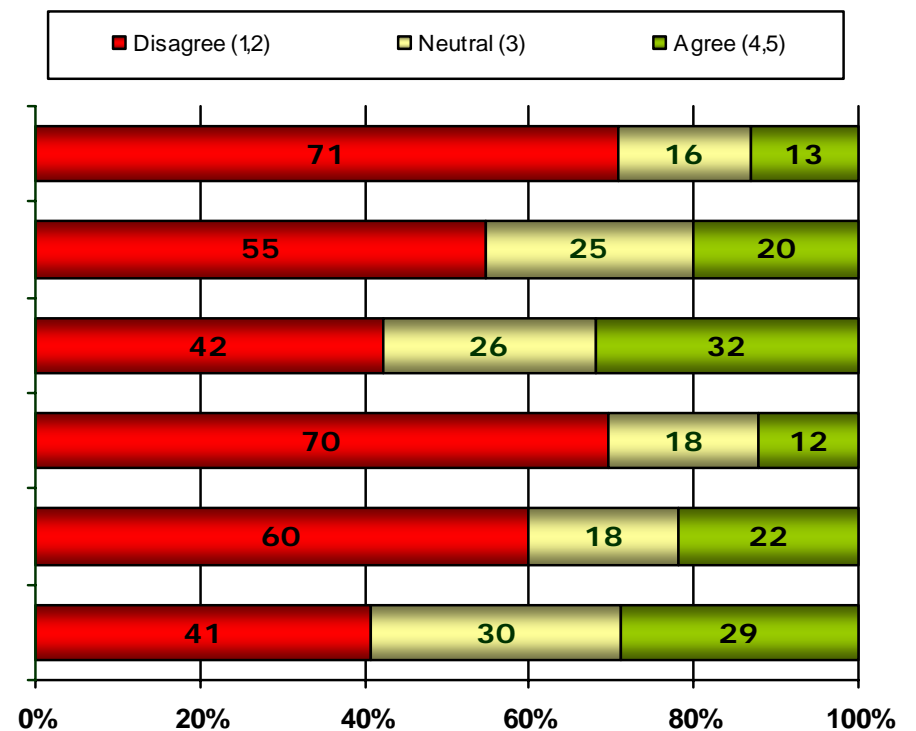
U.S. Rec'd Info = 206; IN Rec'd Info = 59  
 Q5d. In which of the following financial areas do you feel you need the most help with your own personal financial education?



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## Key Findings – Many Do Not Seek Help

- 65% of adults have not received financial information in the last 12 months; few of those adults rely on someone else to handle their finances.
- Although they don't seek help, most think it is important to learn more about financial topics.
- Inversely, 4 out of 10 adults had never thought about learning more regarding financial topics.



U.S. Not Rec'd Info = 385 IN Not Rec'd Info = 155  
Q9b. How much do you agree or disagree with the following statements about yourself?



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## Key Findings – Many Do Not Seek Help

- Primary roadblocks to seeking help:

- Lack of funds
- Lack of need
- Lack of time
- Anticipated cost

Roadblocks	U.S.	Indiana
Lack of Funds	43%	59%
Lack of Need	29%	27%
Lack of Time	29%	23%
Anticipated Cost	22%	23%
Lack of Access	10%	8%
Uncomfortable w/ FL	6%	12%
Lack of Materials	7%	3%
Other	3%	1%
None of the Above	11%	8%

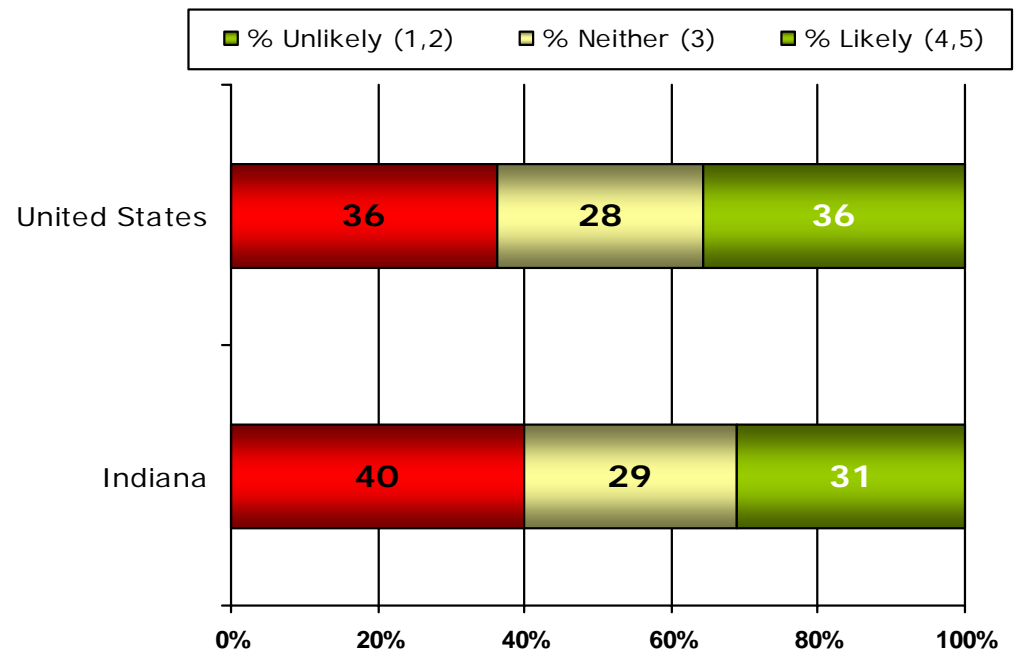
U.S. Not Rec'd Info = 385 IN Not Rec'd Info = 155  
Q9c. Think about the possible roadblocks or challenges that prevent you from learning more about financial topics. Which of the following are the primary challenges for you?



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## Key Findings – Opportunity to Influence Behavior

- About one-third of adults in the U.S. or Indiana are likely to seek financial information, assistance and/or instruction within the next 12 months.
- Another 30% are undecided.



U.S. Not Rec'd Info = 385; IN Not Rec'd Info = 155  
Q10c. In the next 12 months, how likely will you be to seek information, assistance and/or instruction on financial topics?



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## Conclusions

- US adults understand the importance of financial literacy, but this understanding does not necessarily translate to action.
- Cost are major perceived barriers to accessing information.
- National economic trends (e.g. foreclosure) do not necessarily validate personal confidence in our financial skills.
- Apparent call to action for individuals, companies, and educators to close the gap between skills/knowledge and economic outcomes.



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## For More Information

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