

Press Release

Not knowing the financial basics costs people not only self-confidence, but also a lot of money

- **Allianz Study finds that almost a quarter of people polled in seven markets lack sufficient skills and knowledge to make sound financial decisions and that this is costing average households between EUR 1,750 and EUR 4,740 every year.**
- **Held back by a lack of confidence, women remain more likely to exhibit lower financial literacy than men, with Millennials and Gen Z lagging behind Baby Boomers too – with the exception of Germany, the only country where women are on average more financially literate than men.**
- **Allianz provides online Financial Literacy hub and free expert coaching to help people build their financial knowledge, skills and confidence.**

Munich, July 27th 2023 Low financial literacy could be costing the average household from EUR 1,750 in Spain to EUR 4,740 in the USA every year, according to a new study by Allianz. Over a ten year period, this could amount to between EUR 22,500 Euro (Spain) and EUR 79,300 (USA) compared to households led by people who really understand financial basics. The study surveyed more than 1,000 people each in the United States of America, United Kingdom, France, Spain, Italy, Germany and Australia, asking them a series of questions designed to test their understanding of financial basics, such as interest rates, inflation, and investment risks and returns.

Worryingly, the results reveal that more than a quarter or 26% of respondents lack the knowledge and skills to make sound financial decisions – what Allianz classes as 'low financial literacy'. Meanwhile 60% are averagely financial literate and only 15% demonstrate high financial literacy. This is roughly similar to all countries surveyed. Interestingly, two-thirds (66%) of all people polled worry that they know less than the average investor about financial markets and investing.

But what kind of money could a broader financial knowledge actually add to a households' budget? Based on the amount of financial assets owned by the average household, Allianz calculates that the difference in income from any kind of investment can quite dramatically differ between people with low, average and high financial literacy. A person with high financial literacy can expect to earn an extra between EUR 1,910 (in Spain) and EUR 5,000 (in the USA).

"Low financial literacy really hurts," says Ludovic Subran, chief economist at Allianz. "In fact, over long investment periods, like when saving for retirement, it can literally cost you a fortune. But the good news is that making smart financial decisions is not rocket science. By acquiring basic knowledge and skills, people can move from low to average financial literacy and put a lot more money in their pockets."

A Huge Gap in Confidence – especially among women

Given the challenging economic climate, the study also asked participants for their views on their financial future. While about seven out of ten people polled across markets rate the economic outlook for their country as fairly bad to very bad, a significantly lower proportion (49%) of people with average financial literacy say the same about their own individual economic prospects. Compared to that about 10% with very high finance-skills feel very confident about their financial situation.

This lack of confidence is especially notable among women, with a cross-market-average of 66% not confident about their financial situation. Across markets polled on average more women were also found to exhibit low financial literacy than men (30% of women versus 20% of men) – except for Germany, the only country where women are on average more financially literate than men. Interestingly, across markets women were more likely to answer 'don't know' to one or more of the financial literacy quiz questions. This also suggests low faith in their financial knowledge and decision-making.

It is a similar story for the generational divide too. The study shows financial knowledge and skills increase with age, with a higher concentration of highly financially literate people among Baby Boomers (21%) than Gen Z (6%) and Millennials (11%) put together.

"Typically, financial literacy programmes concentrate on boosting numeracy skills, but financial literacy is more than mathematics," says Patricia Pelayo Romero, Senior Economist at Allianz and co-author of the study. "Any successful financial literacy intervention, particularly those catering to women and young people, should start with confidence building."

A level playing field for everyone

To help fill the financial literacy gap and create a level playing field for everyone, Allianz has launched an online Financial Literacy hub. There, people can find easy-to-understand information and explainers, use interactive budgeting tools and register for free coaching from Allianz experts. For more information, see: [Financial Literacy hub](#)

In addition, Allianz recently launched The Squared Ball, a campaign to shine a light on the challenges faced by female footballers and help talented young players achieve their goals with confidence and financial know-how. For more information, see: <https://www.allianz.com/squared-ball>

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