

Overview of ING International Survey results on financial competence

Graphical illustrations of notable differences



INDEX

- 1 Financial education
- 2 Financial knowledge
- 3 Keeping control of money
- 4 Men and women
- 5 Conflicts concerning money
- 6 Financial shopping attitude
- 7 Contact Information

Overview of ING
International Survey
results on financial
competence

Graphical illustrations of
notable differences

AUTHORS
Ian Bright
Robbert Keller

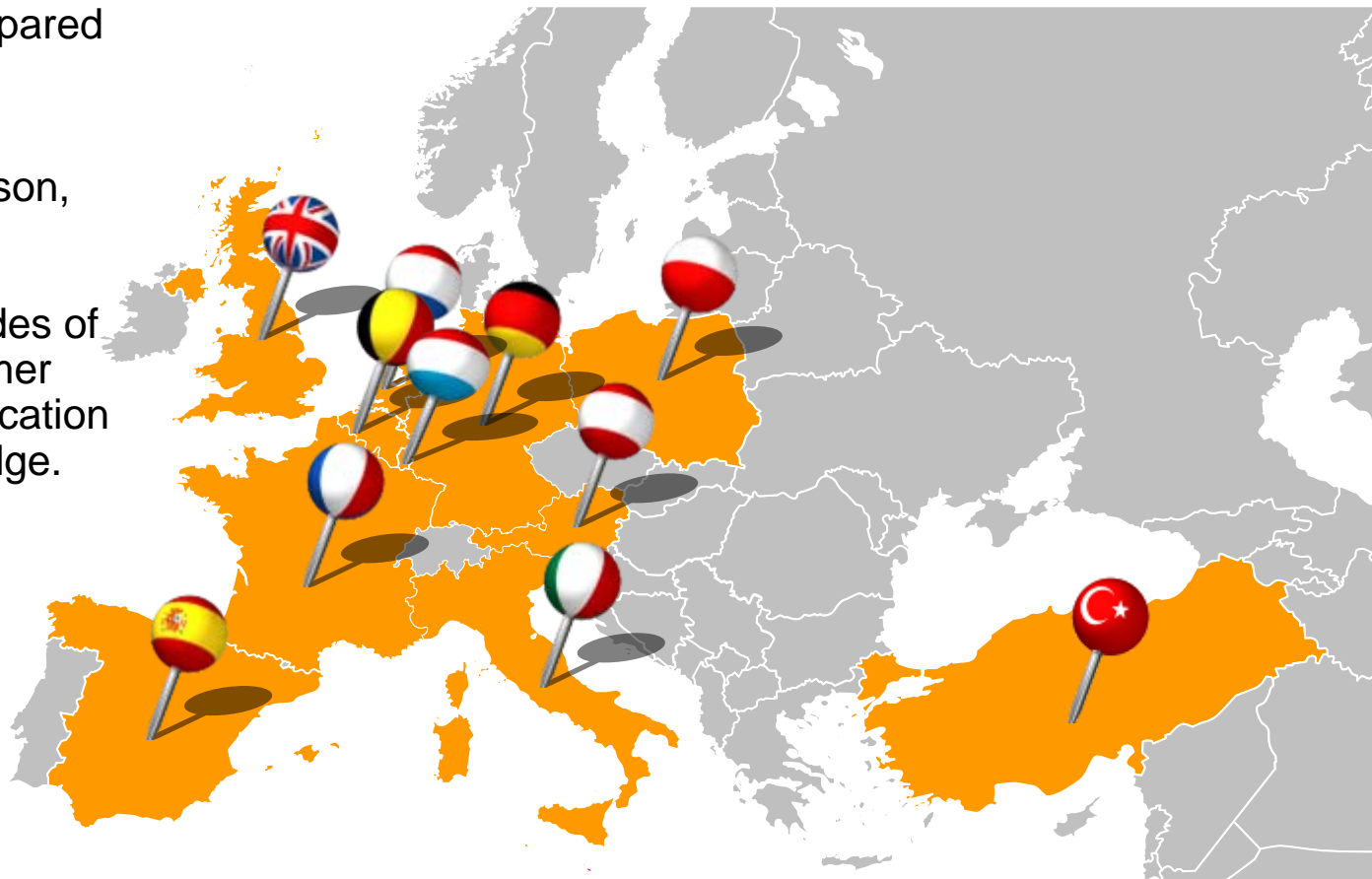
CLIENT
ING Bank N.V.

SECTOR
TNS NIPO

DATE CREATED
May 8th, 2012

Overview of ING International Survey results on financial competence

- 11 countries are compared in this report.
- Besides this comparison, this report also offers graphs reflecting the perception and attitudes of the European consumer towards financial education and financial knowledge.

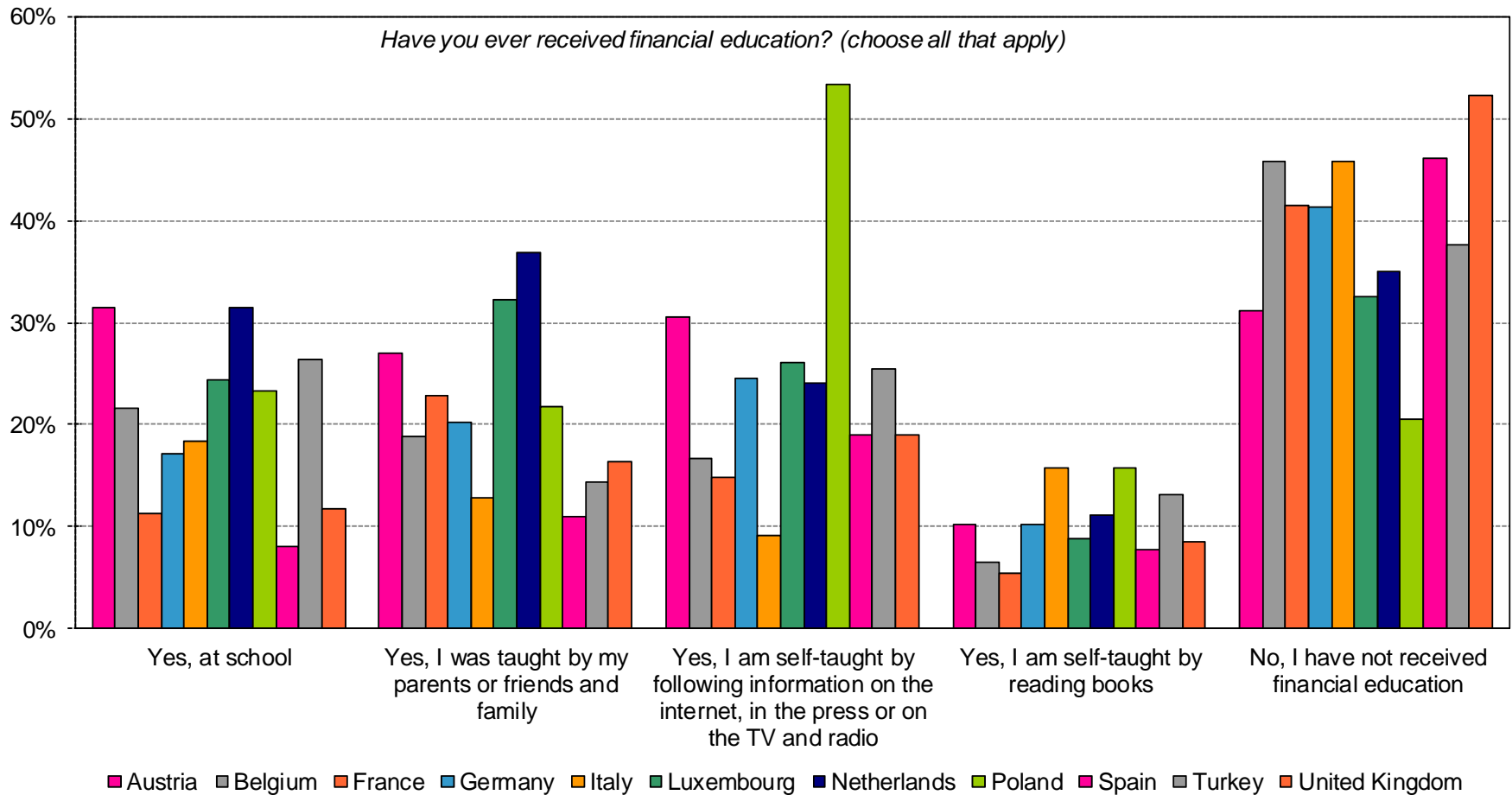


Financial education

1

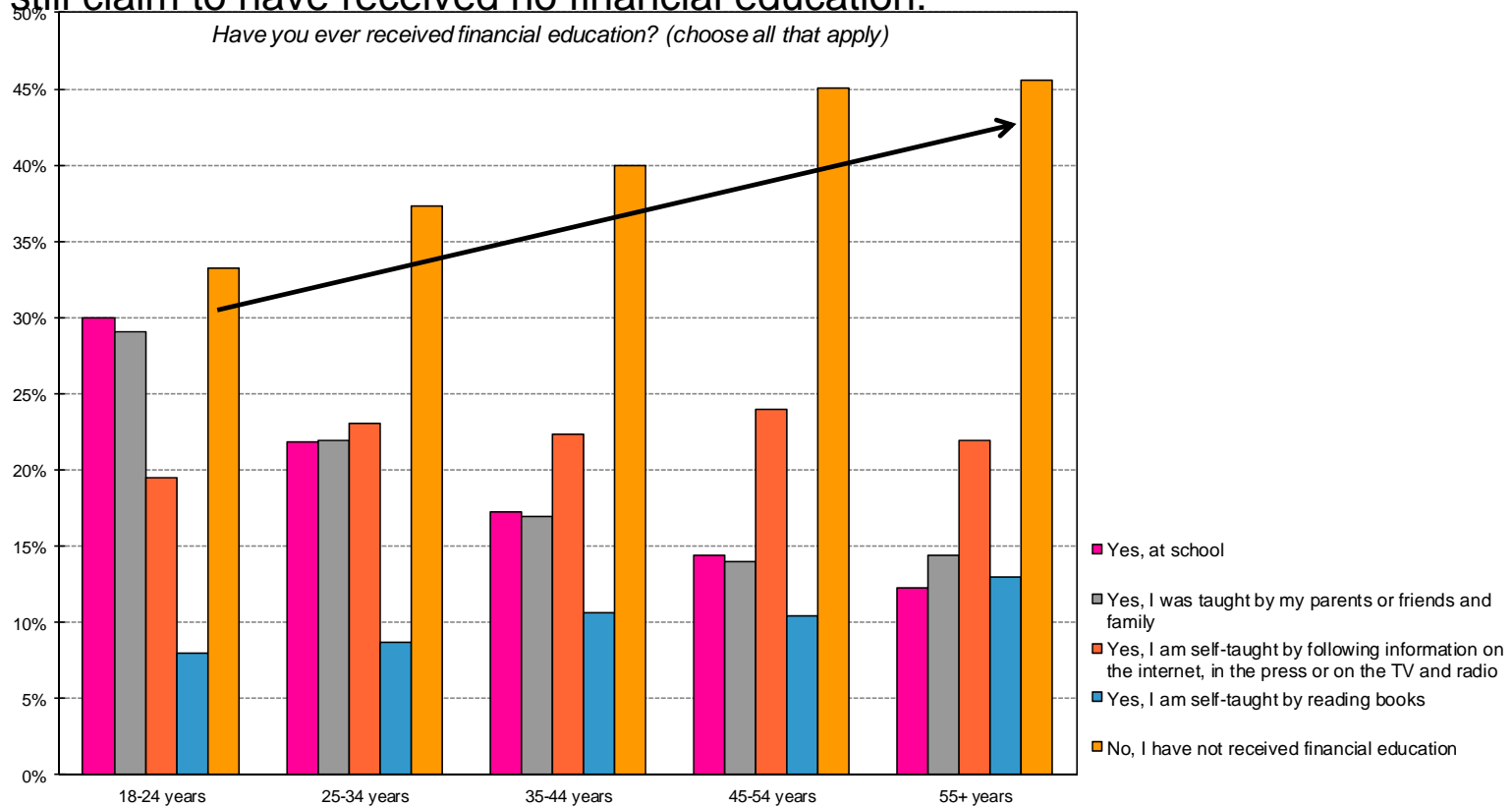
Major differences between countries in the level of financial education received

On average, fewer than half of consumers say they have not received any financial education. Fewer than 30% of all consumers have received financial education at school.



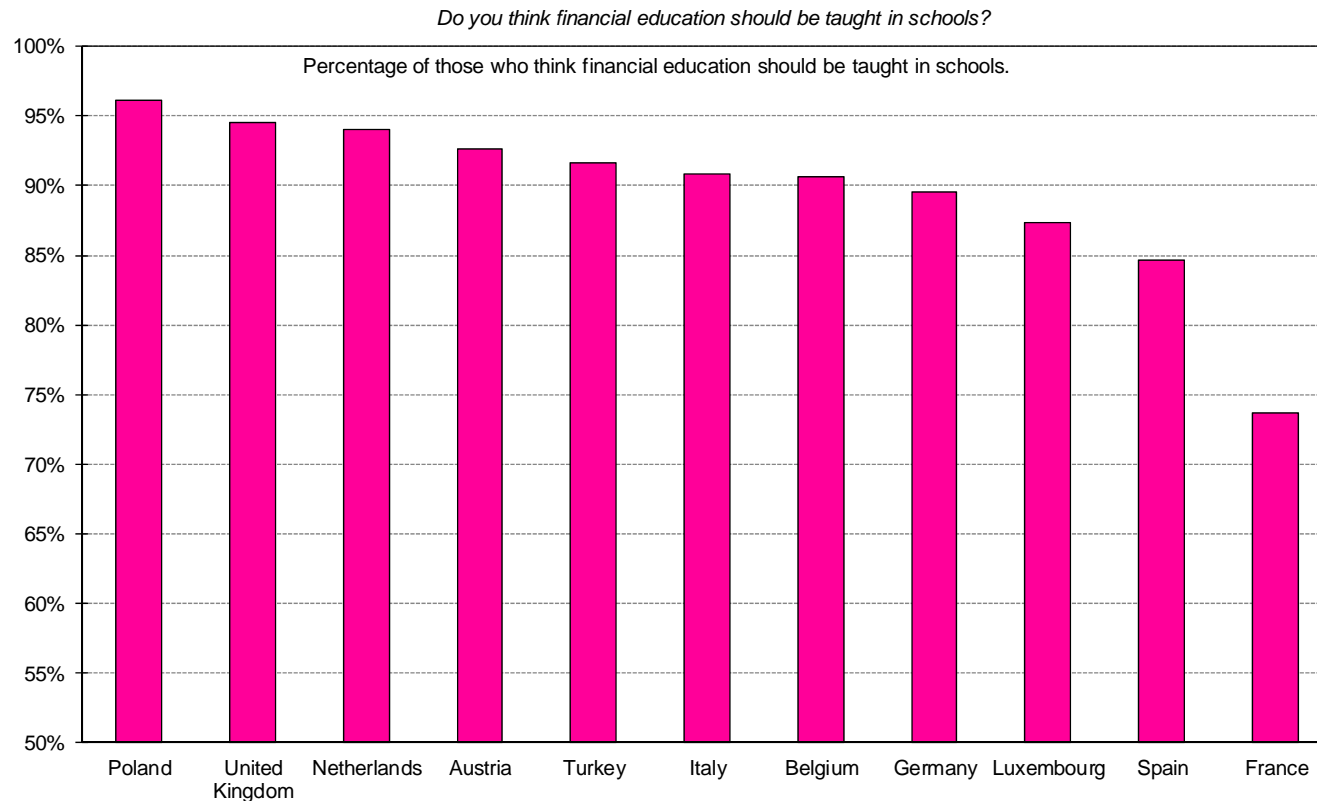
The proportion of consumers who have not received any financial education is lowest among young people

Young people (18-24) are the group that most often claim to have received financial education at school. Receiving financial education correlates negatively with age. Despite the fact that one out of three young people say they had financial education at school, a third still claim to have received no financial education.



Strong preference across Europe for financial education to be taught in schools

On average, more than four out of five consumers think that financial education should be taught in schools. France has the lowest percentage of consumers who think financial education should be taught in schools.



Financial knowledge

2



Testing financial competence (1 of 2)

The IIS asked respondents five questions to assess their understanding of concepts and products that are important in managing money.

Question 1: Understanding how interest rates work

Suppose you had €100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

Possible answers: (a) Around €102 (b) Around €105 (c) Around €110 (d) Do not know (e) Prefer not to answer

Question 2: Understanding how inflation affects how much people can buy

Imagine the interest rate on your savings account was 1% and inflation was 2% per year. After one year, how much would you be able to buy with the money in this account?

Possible answers: (a) More than today (b) Exactly the same as today (c) Less than today (d) Do not know (e) Prefer not to answer

Question 3: Understanding how bonds work

If interest rates rise, what will typically happen to bond prices ?

Possible answers: (a) They will rise (b) They will fall (c) They will stay the same (d) Do not know (e) I do not know what a bond is (f) Prefer not to answer

Testing financial competence (2 of 2)

Question 4: Understanding how mortgages work

A 15 year mortgage typically requires higher monthly payments than a 30 year mortgage, but the total interest paid over the life of the loan will be less.

Possible answers: (a) True (b) False (c) Do not know (d) Prefer not to answer

Question 5: Understanding risk and return

For the same amount of money, a person can enter one of the following lotteries. Lottery A pays a prize of \$200 and the chance of winning is 5%. Lottery B pays a prize of \$90,000 and the chance of winning is 0.01%. In either case, if one does not win, one does not get any money. Which lottery pays the higher average amount?

Possible answers: (a) Lottery A (b) Lottery B (c) The two lotteries pay the same average amount (d) Do not know (e) Prefer not to answer

Note these questions are the same as used in several international surveys and studies that test and benchmark financial competence and financial education.

Results of financial competence test

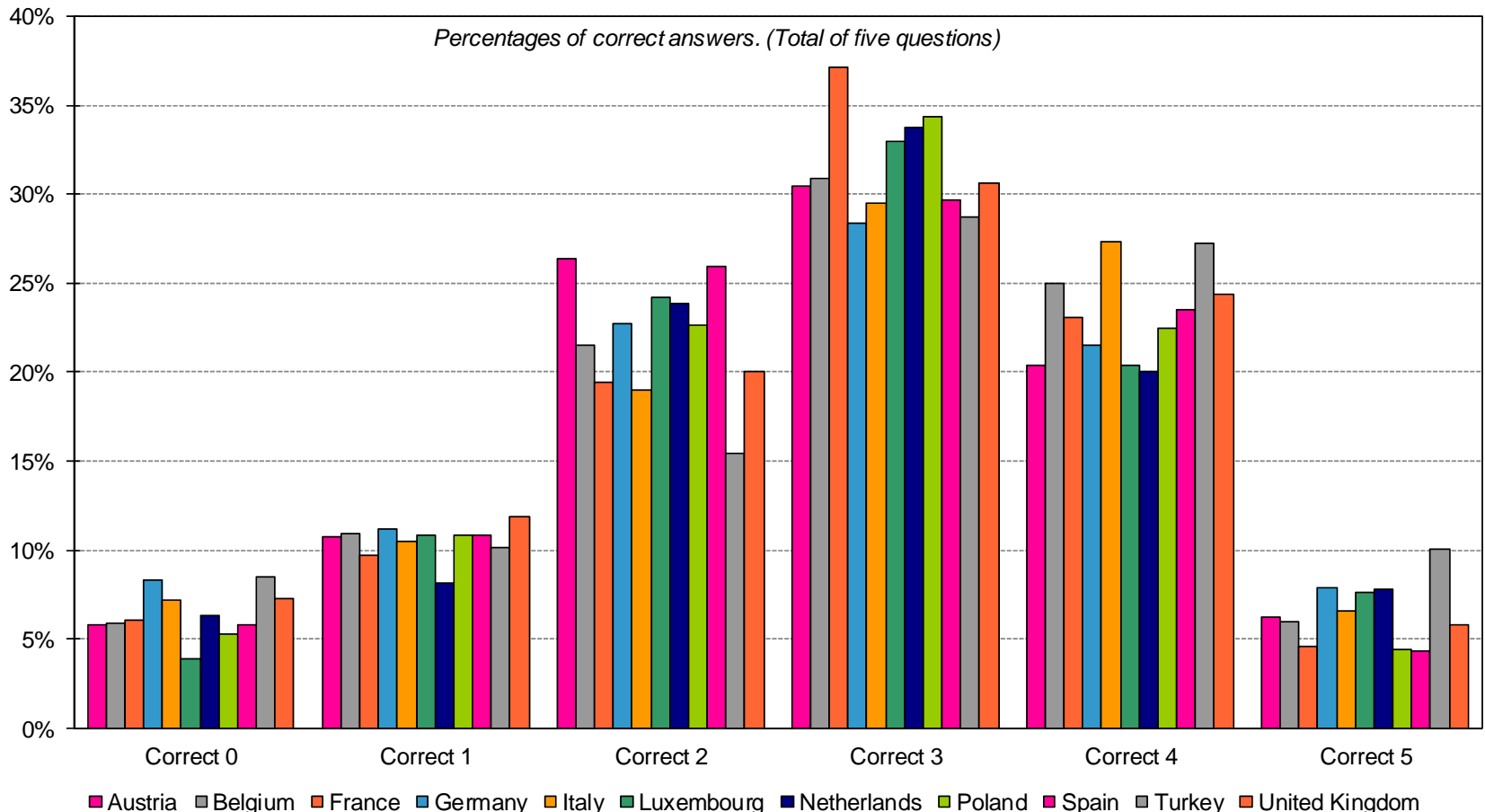
The overall results of the five-question financial competence test showed interest rates and inflation were widely understood. But the relationship between bonds and interest rates was only known by one-in-four respondents.

	Correct	Incorrect	Did not know or did not answer
Interest rate question	79%	11%	10%
Inflation question	75%	9%	16%
Bond question	25%	38%	37%*
Mortgage question	54%	24%	22%
Risk and return question	41%	27%	32%

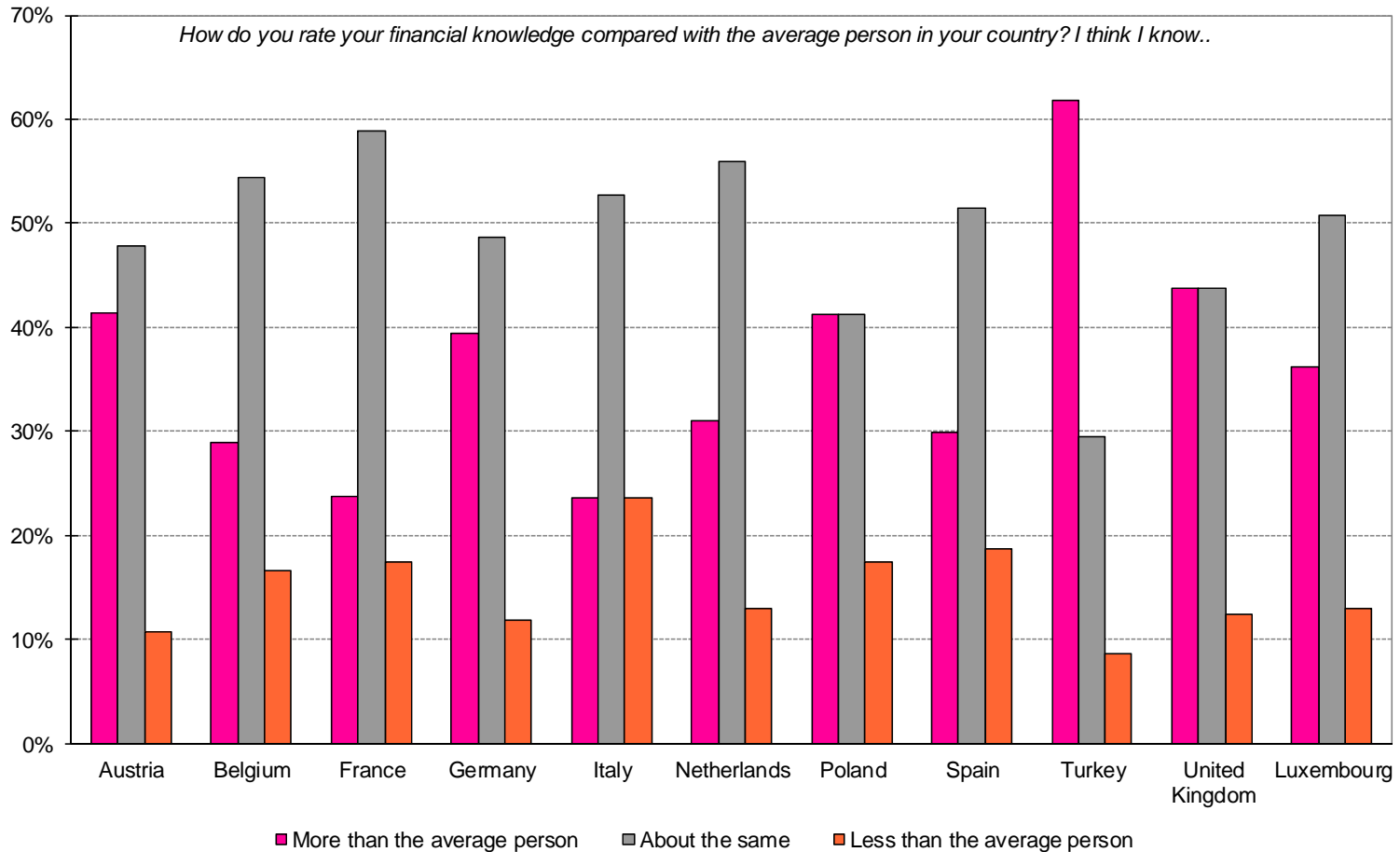
*Includes seven percent of who replied “I do not know what a bond is.”

Turkey performs best in the financial education test

It is remarkable that Turkey not only most frequently answered all questions correctly (also four / five answers combined), it is also the country with the highest percentage without any correct answers.



Few respondents thought that their level of financial knowledge was less than the average in their own country



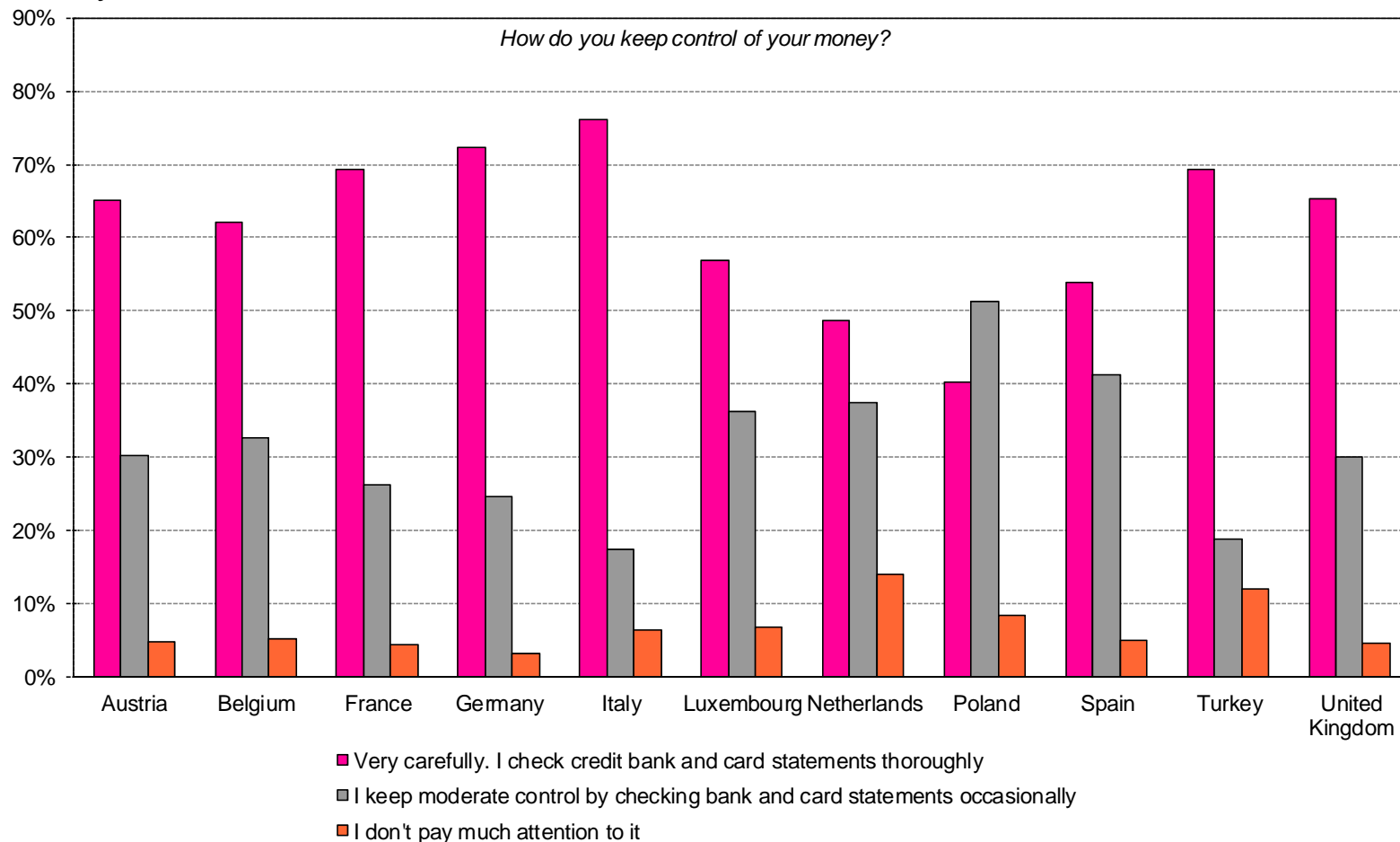
Keeping control of money

3



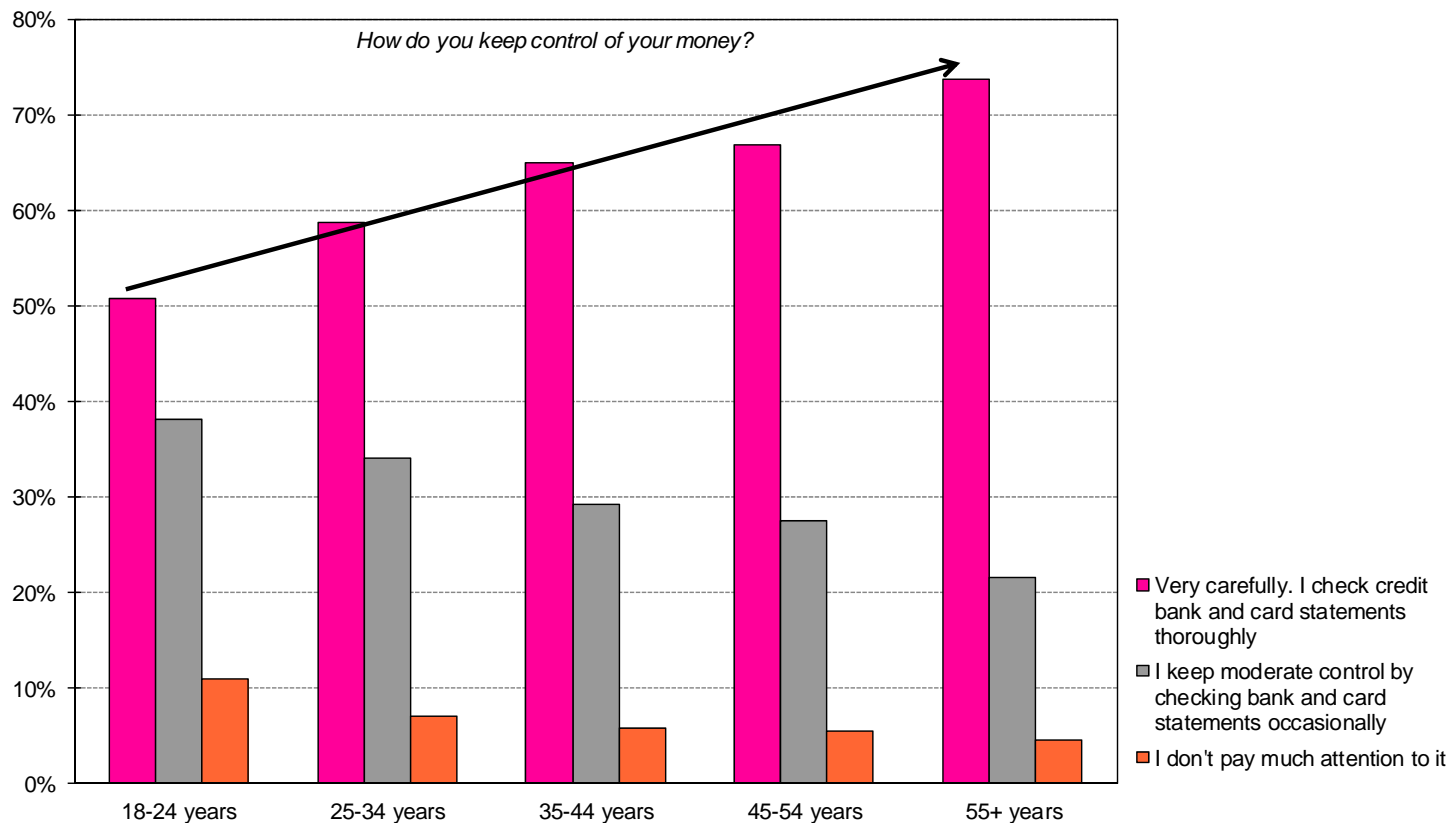
In the majority of European countries people monitor their financial affairs very carefully

On average, more than six out of ten consumers monitor their financial affairs very carefully. The only country where more people monitor their money moderately rather than carefully is Poland.



The extent to which financial affairs are monitored increases with age

On average, 6% of consumers claim not to pay much attention to their financial affairs. This percentage is highest among young people. More than 1 in 10 young people do not pay much attention to this at all.



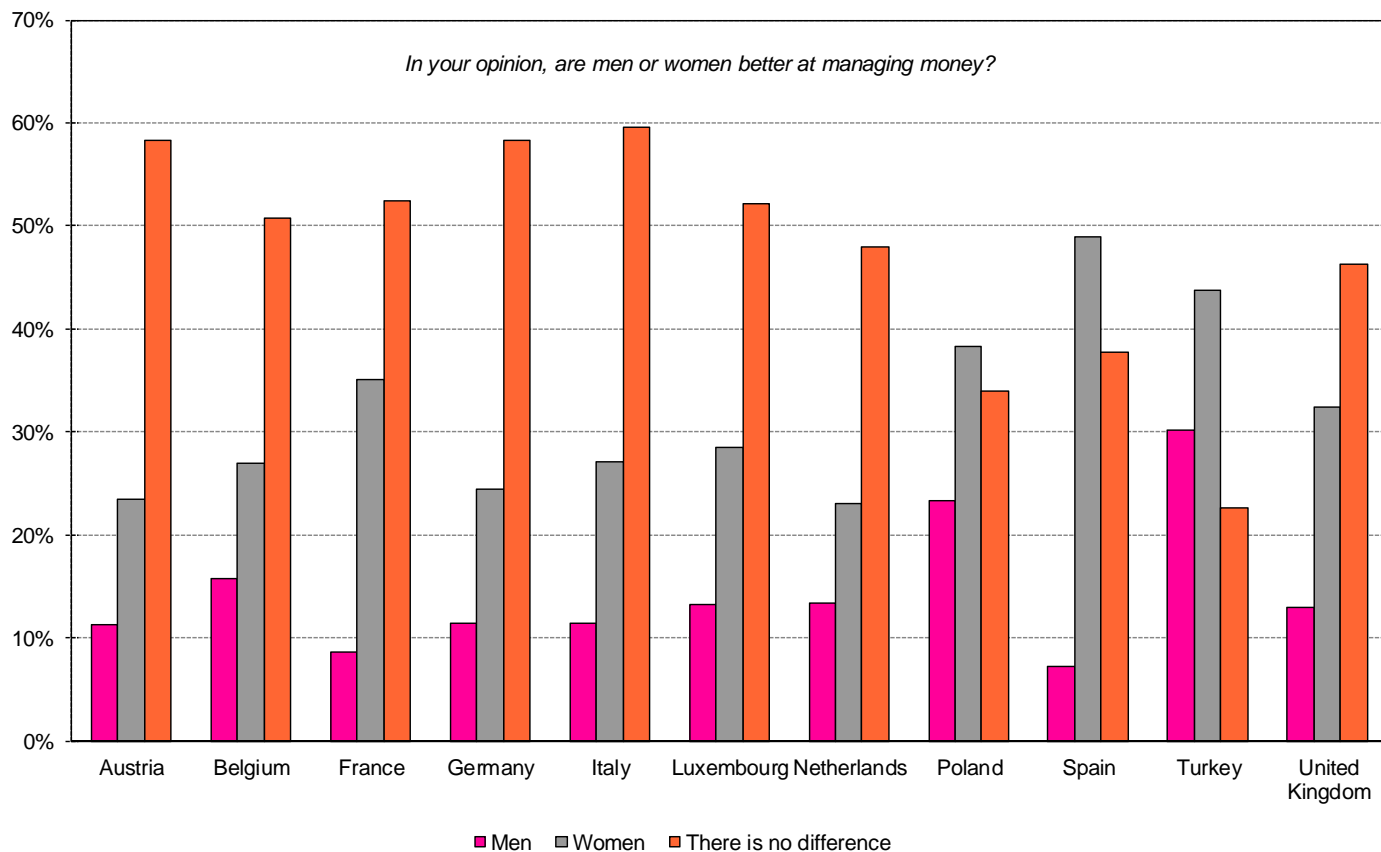
Men and women

4



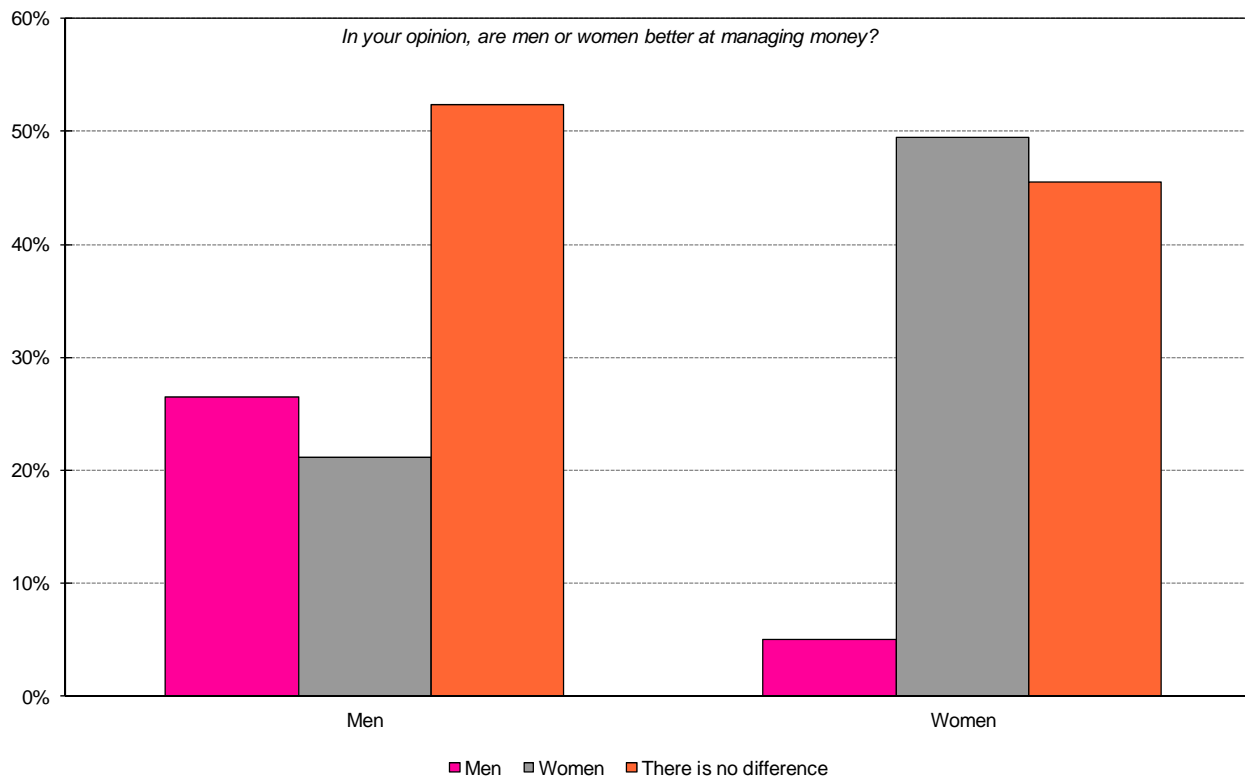
In the majority of countries people think that men and women are equally capable of managing money

In Poland, Spain and Turkey, people believe that women are better at managing money than men. No country claimed men to be better at managing money than women.



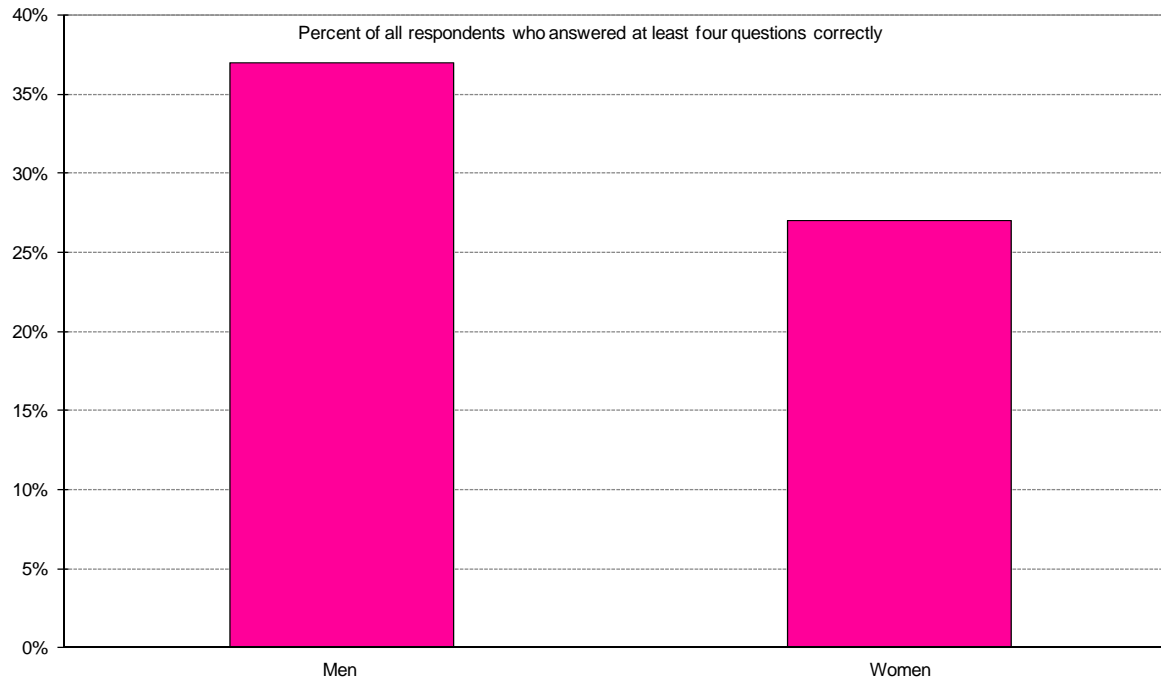
Major difference in perception between men and women concerning money management

The majority of men think that men and women are equally capable of managing money. Both men and women have a preference for their own gender concerning managing money. This preference is extremely large among women, in comparison with what men indicate.



In general, men scored higher than women in this survey's test of financial competence

When the percentage of respondents who answered at least four questions in the test correctly is broken down by sex, we see a higher rate for men than women. This is perhaps surprising in light of the perceptions of which sex is better at managing money.



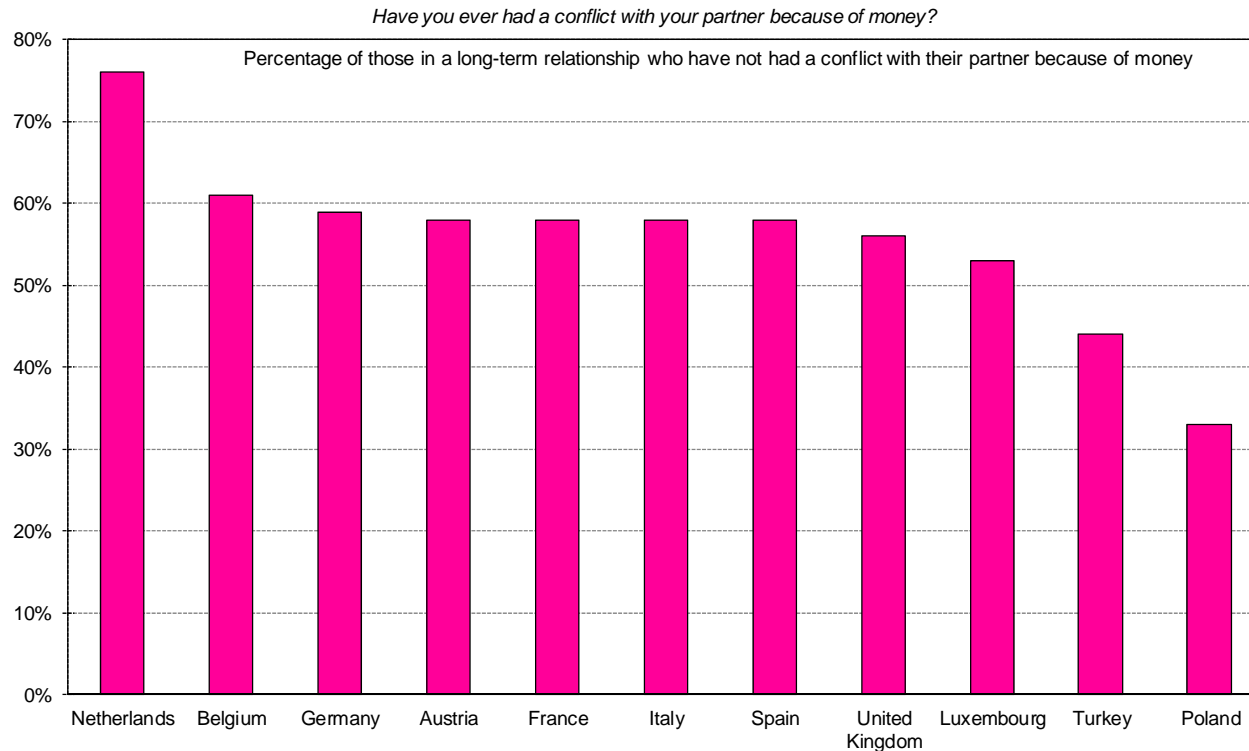
Conflicts concerning money

5



The majority of consumers in a long-term relationship have no conflicts concerning financial affairs

The Netherlands has the highest percentage of couples that have not had a conflict with their partner because of money. Only in Turkey and Poland is the number of couples that have ever had a conflict concerning financial affairs higher than the number of couples that never had such a conflict.



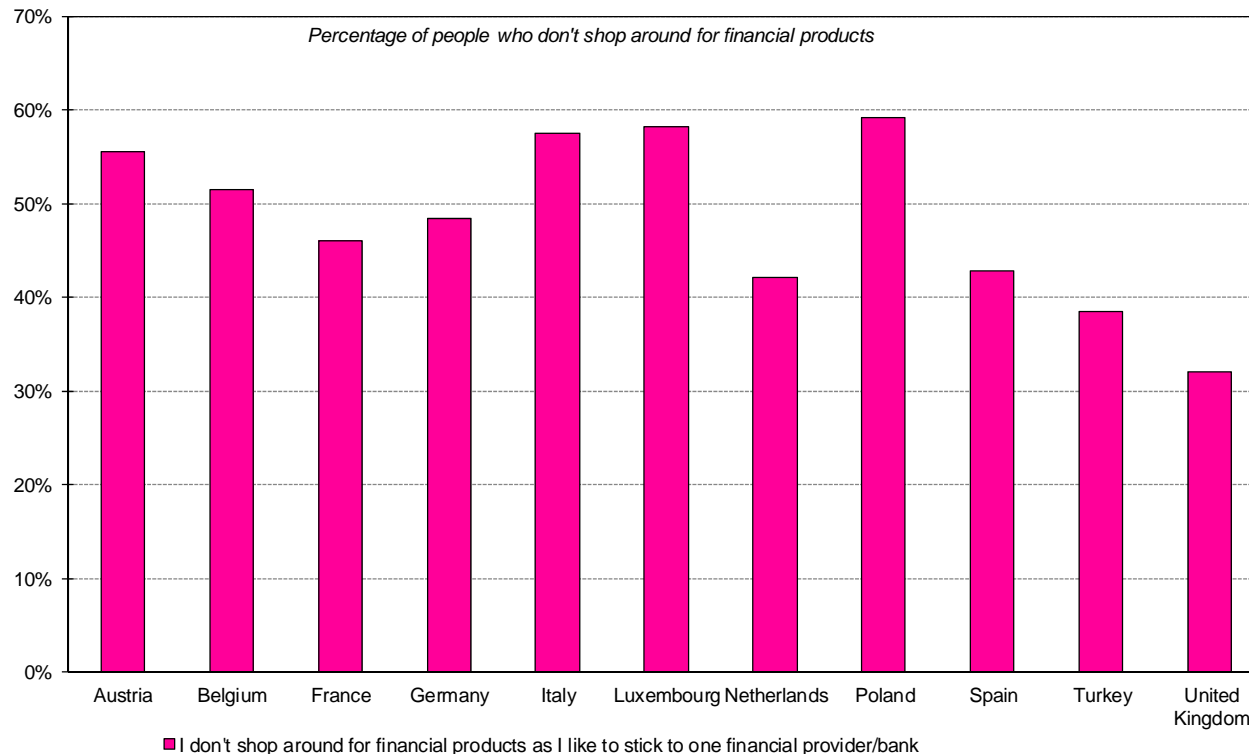
Financial shopping attitude

6



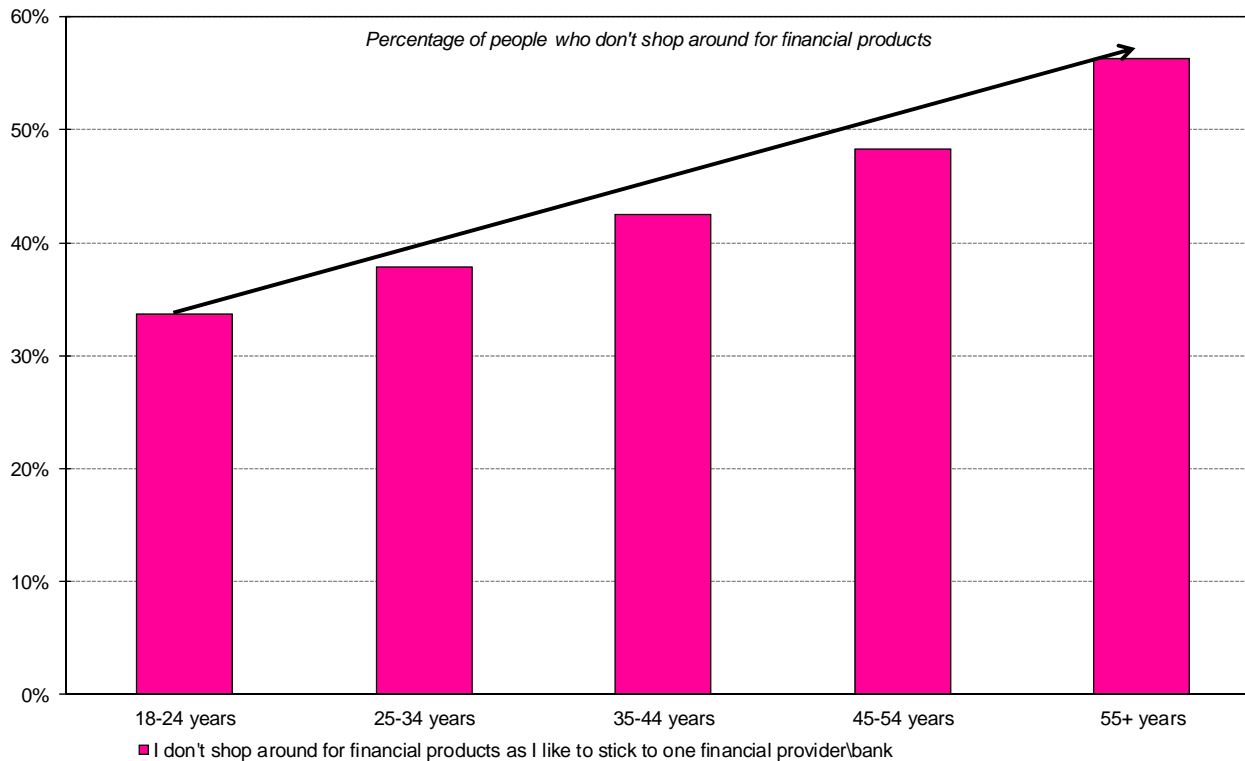
Major differences between countries on which consumers shop around for financial products

Poland has the largest percentage of consumers who do not shop around for financial products because they like to stick to one financial provider/bank. This is almost twice as high as in the United Kingdom, where only one out of three consumers does not shop around for financial products because they like to stick to one financial provider/bank.



The number of consumers that do not shop around for financial products is highest among older people

The level to which people shop around for financial products decreases as people become older. Older people stick to one financial provider/bank more frequently than young people.



Contact Information

7



Contact List

Country	Contact Name	Contact Phone	Contact Email
	Andrea Hansal	+43 16800050148	andrea.hansal@ing-diba.at
	Liesbeth Van De Craen	+32 25476490	liesbeth.van-de-craen@ing.be
	Maire Ginhoux	+33 607566202	maire.ginhoux@ingdirect.fr
	Patrick Herwarth von Bittenfeld	+49 692722266886	P.HerwarthvonBittenfeld@ing-diba.de
	Elisa Pavan	+39 0255226563	Elisa.Pavan@ingdirect.it
	Pierre-Olivier Rotheval	+352 44 99 5626	pierre-olivier.rotheval@ing.lu
	Ian Bright	+44 2077676656	Ian.Bright@uk.ing.com
	Ewa Szerszen	+48 228204117	Ewa.Szerszen@ingbank.pl
	Patricia Leiva Asenjo	+34 916349244	patricia.leiva@ingdirect.es
	Buket Okumus	+90 212 335 1066	buket.okumus@ingbank.com.tr
	Martin Rutland	+44 1189381969	Martin.Rutland@ingdirect.co.uk
	Ian Bright (Economist)	+44 2077676656	Ian.Bright@uk.ing.com
TNS NIPO	Robbert Keller	+31 20 5225 963	robbert.keller@tns-nipo.com